



CIBJO
CONGRESS
2023

SPECIAL REPORT
SUSTAINABLE DEVELOPMENT
COMMISSION

Moving beyond responsible sourcing towards a shared understanding of our sustainability impacts

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CIBJO's Responsible Sourcing Blue Book and associated policy guidance and Responsible Sourcing Toolkit offer the organisation's members, and the wider jewellery industry, clear and concise guidance on how

to improve and demonstrate performance in ensuring the integrity and responsibility of their supply chains.

Like all sectoral guidance covering a broad and diverse set of players operating across different locations and business environments, the responses and resulting actions of different companies will likely vary a great deal. The



John Mulligan, President of the CIBJO Sustainable Development Commission.

tremendous range of materials, supply chains and product lines that comprise the global jewellery sector, alongside the very different scales, capacities and resources of specific companies, will undoubtedly mean responsible sourcing policies will be implemented in very divergent ways, with varying levels of diligence and detail.

As CIBJO guidance makes very clear, this is a *journey*. And it is a journey we all have to embark on. Inaction or avoidance is not an option.

We also need to acknowledge that the level

of expectation and scrutiny applied to industry leaders along the jewellery supply chain will require them to respond to a wider set of challenges. The world is facing unprecedented environmental and social challenges, and companies across all sectors need to consider how they remain relevant in the face of systemic risks and structural change.

Expectations and Opportunities

The COVID-19 pandemic is widely cited as having reinforced what was already a growing trend among consumers; that is, spending patterns and brand loyalty are being increasingly shaped by sustainability issues and corporate responses to address social and environmental problems.

A Deloitte survey of around 10,000 people in six countries, testing public attitudes to a range of issues before and after COVID-19, suggested an increasingly “activist” perspective among consumers, as they demand change from business leaders and corporations¹. Similarly, recent research has also indicated that consumers now expect brands to be proactive in ways that might previously have been left to governments².

This is particularly significant for producers of luxury goods crafted from raw materials. No

1 #GetOutInFront Global Research Report, Deloitte, December 2020.

2 <https://www.worldwildlife.org/publications/an-eco-wakening-measuring-awareness-engagement-and-action-for-nature>



matter how vital or intrinsic we may believe the role of beauty, creativity and symbolism in our lives, as expressed via jewellery, these elements cannot be isolated from the pressing and, sadly, growing threats to global stability and prosperity – from climate change, biodiversity loss and persistent poverty and inequality. As a market that is wholly dependent on discretionary spending, the jewellery sector may have to make additional efforts to move beyond demonstrating that it is exercising due diligence in managing its supply chains. Companies will likely need to consider not only how they minimise their possible negative impacts, but how they might also contribute to potential positive outcomes of demonstrable benefit to the planet and its people.

This is, of course, also an opportunity, as brands and products associated with a clear awareness of sustainability issues, and which are able to demonstrate a commitment to supporting positive change, will likely prosper – building customer loyalty, and enhancing their reputation, their resilience and, ultimately, their corporate value.

There is also further opportunity for positive impact when we consider the nature of precious metals and gemstone supply chains and look upstream to where materials are sourced. Responsible jewellery leaders have long been aware that their value chains often originate in fragile low-income economies, where government resources and capacities are often limited, and the socio-political environment can be highly volatile.

There has been a tendency in some markets to avoid materials from high-risk locations. However, it can be argued that if jewellery and luxury goods companies are to demonstrate an awareness of their wider impacts, and seek to maximise their positive contributions, they should not turn their backs on vulnerable peoples in developing or frontier economies. Responsible corporate actors can support and catalyse positive change in challenged locations and communities, and provide clear and immediate

proofs to local stakeholders of the benefits of sustainable business practices.

Demonstrating Wider Value and Purpose

Fortunately, there is firm and growing evidence



that industry leaders across the jewellery and precious metals and gemstone sectors are increasingly mindful of their roles and responsibilities in locations and economies that may otherwise struggle to provide livelihoods and income growth opportunities. This has, for example, been a feature of how the formal gold and diamond sectors have evolved over the last decade or so, with industry leaders showing



they understand the importance of wider value creation and distribution. These businesses are increasingly proactive in seeking to contribute to local beneficial development impacts, well beyond precious mineral or gemstone sales or particular market and product lines.

This question, of how to communicate and demonstrate a company or brand's wider purpose and value, is often answered by referencing the UN's Sustainable Development Goals (SDGs)³. While these 17 goals – a "shared blueprint for peace and prosperity for people and the planet, now and into the future" – were developed with governments in mind, to galvanise their policies and actions on a wide range of social and environmental objectives, they provide companies with a broad framework to direct their engagement on the issues covered by the SDGs. They also offer businesses specific indicators that can be used to measure and describe progress⁴.

3 <https://sdgs.un.org/goals>

4 Although research firm PwC suggests that only a minority of businesses referencing the SDGs are setting quantitative targets linked to achieving the goals, and very few are reporting quantitative

Recognising the role of private enterprise and responsible business in driving progress on the SDGs, the UN Global Compact offers a principle-based framework for businesses, focusing corporate attention on 10 principles to drive action on the SDGs, covering key areas of human rights, labour, the environment, and anti-corruption⁵. (The 10 principles are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.)

If consumers and wider society are increasing their demands on companies and brands to demonstrate awareness and responses to global challenges, all businesses would be advised to develop a firm understanding of these measures of their progress, firm indicators and quantitative measures of progress will likely become increasingly demanded by consumers and regulators seeking to avoid "green-/SDG-washing."

5 <https://unglobalcompact.org/>

frameworks. While issues of materiality and credibility – what a company can realistically be expected to have an impact on, given its “reach,” resources and obligations – will vary widely, corporate inaction or delays will likely cause increasing public concern and consumer anxiety, as pressures and crises accumulate.

We are now placed right in the middle of what the UN has termed the *Decade of Action*, targeting the delivery of transformative actions by 2030. The end of the decade will be significant for many key sustainability objectives, but it is now critical to act if we are to have any chance of addressing our burgeoning environmental problems. The challenge of galvanising near and mid-term action to accelerate progress is particular pressing when we consider the issues of climate change and bio-diversity loss. Science, and our increased understanding of tipping points and cascading risks⁶, reinforces the urgency of implementing positive change to avoid catastrophic consequences.

CSR vs ESG vs Sustainability

Although they are often used interchangeably, and they clearly overlap, there are very significant differences between the terms Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR) and how they are used more widely to describe corporate commitment to sustainability. Given their interpretation and application will have implications for how plans and actions are framed and prioritised, we suggest business leaders consider those differences and where their organisations are positioned on their sustainability journey:

- CSR typically refers to “looser,” voluntary and self-regulating initiatives to channel or demonstrate progressive corporate behaviour, whereas ESG is often more quantifiable and enforceable.
- CSR focuses on creating a positive brand image and boosting corporate reputation, whereas ESG focuses on

⁶ See, for example, https://www.oecd-ilibrary.org/environment/climate-tipping-points_8dd5e-292

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specific performance targets, metrics and milestones, with defined audit and disclosure procedures.

- Sustainability is the umbrella that covers both CSR and ESG.

The global trend has, over recent years, been to shift priorities from CSR to ESG strategies. That said, the recent politicisation of ESG in some



countries, particularly among the investment community, has led many corporate actors to move to a wider focus on sustainability and responsible business.

Similarly, the growing concern regarding the



misuse of environmental and sustainability goals for superficial marketing and promotional purposes has led to corporate claims of action being rejected as “green-washing” or “SDG-washing.” However, the main conclusion we can probably draw from the overarching trends of the last half decade has been that companies need to demonstrate they have integrated sustainability goals and actions into their core business plans and can demonstrate their impacts in a credible, transparent and consistent manner.

Progress and Momentum

Fortunately, the jewellery industry has taken significant steps to demonstrate its sensitivity to these trends, while becoming increasingly confident in its ability to implement change and contribute to wider social and environmental progress. This is reflected in a number of significant and wide-reaching industry initiatives.

For example, last year, the **Responsible Jewellery Council (RJC)** reasserted its intention to direct its (and its members) attention towards addressing five priority goals to deliver on specific SDGs, identified as being of highest relevance to jewellery supply chains:

1. SDG 5 Gender equality
2. SDG 8 Decent work & economic growth
3. SDG 12 Responsible consumption and

production

4. SDG 13 Climate action
5. SDG 16 Peace, justice and strong institutions

The Watch and Jewellery Initiative 2030 (WJI2030), drawing together a growing number of major luxury brands, has stated its intention of using CEO leadership and industry collaboration to drive sectoral progress on three ‘key pillars’:

1. Building climate resilience
2. Preserving resources
3. Fostering inclusiveness

These pillars are associated with time-bound “minimum commitments,” reflective of the WJI2030’s awareness of the need for urgent action.

The Gold Industry Declaration of Responsibility & Sustainability Principles has also pulled together 14 key gold market associations across the whole gold supply chain, from mine to market (including CIBJO, RJC and WJI2030), to publicly state their commitment to driving progress on 10 key issues:

1. Responsible sourcing.
2. Sustainable Development Goals (SDGs)
3. Human rights
4. Diversity, equity, and inclusion
5. Indigenous peoples and vulnerable populations

6. Climate change reporting
7. Climate change emissions reduction
8. Formalisation/professionalisation of Artisanal and Small-Scale Gold Mining (ASGM)
9. Industry-wide collaboration
10. Reporting on progress

Finally, in transitioning its Responsible Sourcing Commission to have a wider focus on the industry's sustainability impacts (in the form of the Sustainable Development Commission), the **World Jewellery Confederation (CIBJO)** has signalled its commitment to supporting greater member and industry awareness of jewellery's potential social and environmental consequences and contributions.

As CIBJO President Dr. Gaetano Cavalieri highlighted in his recent address to the United Nations⁷, it is vital to develop an industry-wide understanding that the jewellery sector should provide both sustainable and social development opportunities in the countries and regions where its stakeholders reside.

Acknowledging the shift in consumer and societal expectations and scrutiny, Dr. Cavalieri made the additional key point: "This is a not only a moral imperative, but a business requirement as well...consumers of high-end jewellery products are more than inclined to demand that the products they buy demonstrably provide social and economic benefit along the entire supply chain."

7 <https://www.cibjo.org/cibjo-president-addresses- united-nations-ecosoc-high-level-segment/>



CIBJO President Gaetano Cavalieri delivering the World Jewellery Confederation's statement to the UN Economic and Social Council's 2023 High Political Forum at the United Nation's headquarters in New York on July 17. Seated alongside him is CIBJO's UN consultant Dr. Hanifa Mezoui, who is a former head of the ECOSOC's NGO section.

Abandoning "business as usual" to reorientate companies to consider a wider set of risks and possible outcomes may initially seem daunting. But if jewellery business leaders have not yet embarked on this journey, the time to do so is now. However, they should find comfort and confidence in the fact that they are certainly not alone, and there are very substantial tools and reference points to guide them along the way.



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