

RAPAPORT



SUSTAINABLE DEVELOPMENT GOALS

SOCIAL RESPONSIBILITY

What thought leaders have to say on the most important
topic in our industry right now

22 MARTIN RAPAPORT

"We must create a reality where it pays to be good."

24 AVI KRAWITZ

The push for a traceable and transparent supply chain is as much about profits as it is about principles.

28 IRIS VAN DER VEKEN

How the UN's 17 Sustainable Development Goals can help companies boost consumer confidence.

30 DAVID KELLIE

Natural diamonds are going beyond climate change to deliver on a broader concept of sustainability.

32 FERIEL ZEROUKI

De Beers' GemFair program is lifting up artisanal mining communities so they can make a dignified living under ethical working conditions.

34 MONICA STEPHENSON

Empowering female miners in Tanzania is the mission of the Moyo Gems initiative.

36 HAYLEY A. HENNING

Greenland Ruby places a high value on human rights and environmental protection.

38 FARAI MAGUWU

Despite its claims of progress, the Kimberley Process continues to greenwash Zimbabwe's conflict diamonds.

40 GWYNETH BORDEN

Diamond Foundry aims to better the jewelry world with its lab-grown stones, carbon-neutral rating and social programs.

42 DIAMOND DEALERS

Diamantaires have embraced responsible sourcing as a cornerstone of their trade.

44 JEWELRY RETAILERS

Four US jewelers weigh in on whether their clients are concerned about products' ethical origins.

46 PAOLA DE LUCA

By recycling, upcycling and reusing our materials, we can meld the past with the present to create a greener future.

48 ALEXIA CONNELLAN

Ensuring the well-being of the local people is a top priority when sourcing precious gems and metals.

50 ALEXANDRA MOR

The jewelry ecosystem needs to evolve on a large scale that takes nature, humanity and the big financial picture into account.

RESPONSIBILITY

BY MARTIN RAPAPORT

SOCIAL

The role of business is expanding. While the need to provide good products at competitive prices remains the same, the definition of “good products” is rapidly evolving. Social responsibility can be seen as a quality attribute that increases the “good” of a product. As in all quality improvements, the higher the quality, the greater the cost and price. Consumers choose from a range of quality/price combinations. Some consumers want higher-quality socially responsible products and are willing to pay more for them; others don’t.

While many in our trade would like to do the right thing and provide high-quality, good, socially responsible products, it is up to consumers to decide what they want and how much they are willing to pay for it. Essentially the level of social responsibility is up to consumers. They will get the level of social responsibility they are willing to pay for — no more and no less.

The trade can have a positive impact by marketing and communicating the advantages of socially responsible jewelry products. Essentially, driving socially responsible demand through competition.

We should recognize that the flip side of good products is bad products that hurt people and society. There is a broad range of socially irresponsible actions that reduce the “quality” of our products and industry. Violation of human rights is the greatest evil, but environmental damage, unsafe or unfair working conditions and a host of other factors influence the “quality” of our products.

Furthermore, bad actions promote more bad actions. If someone bribes a government official or engages in other illegal activity that lowers their costs, legitimate companies are at a competitive

disadvantage. Without a level playing field, you can’t have fair competition. Illegitimate firms gain extra profits, encouraging other firms to engage in bad practices. Just as you can have good, socially responsible competition, you can have bad, socially irresponsible competition.

While fighting evil may discourage some unethical behavior, it does not solve the problem. The way forward is to encourage, promote and reward good behavior and good products. This requires differentiating, labeling and certifying good products. We must reward good behavior and set the stage for socially responsible added value. We must transcend altruism and create a market where it pays for businesses to be good.

“WE MUST
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Creating “good” supply chains offers a responsible alternative to unknown sources of supply that may include “bad” products. Essentially the best way forward is to offer good products. And fortunately that is what is happening today.

The diamond and jewelry industry is on the slippery slope of legitimacy. Day by day more efforts are being made to identify and monitor good supply chains. The Responsible Jewellery Council (RJC) is leading the way

by establishing socially responsible standards and creating a transparent auditing system. Many organizations such as the Alliance for Responsible Mining, Impact, De Beers and others are working hard to help the artisanal sector meet fair trade standards that empower impoverished communities. International trade groups such as the World Jewellery Confederation (CIBJO) are uniting to support the UN Sustainable Development Goals. Visit the Rapaport.com/src resources section for information about organizations and companies working on social responsibility.

It is important to recognize that the move to social responsibility is a process. Things are not perfect and there are legitimate concerns about greenwashing. For example, those that shamefully support the legitimization of Zimbabwean diamonds involved in human rights abuses hurt the image of all diamonds, including good diamonds that benefit society.

On the other hand, we should accept the implementation of partial solutions to complicated problems. For example, rough diamonds sourced from legitimate mines but cut in factories that are not audited. While we must never support harmful products, we should support partial legitimization. We must encourage the good parts of the supply chain even if at this stage we cannot audit the entire supply chain. As long as we are completely transparent about the limitations of our claims we should not be afraid to disclose what's good about our products.

There are other issues that require serious industry discussion. For example, the move to an auditable supply chain disenfranchises the artisanal sector, which has very high monitoring

Can we reconcile these two ideas? Can free, fair, open, competitive markets optimize social responsibility? To what extent should companies forgo profits and engage in altruistic activities?

Who decides the balance between social responsibility and profits?

The primary thesis of this article is that society votes for the level of social responsibility it wants with money. There must be a direct positive correlation between profitability and social responsibility. Social responsibility must be demand-driven. The extent and value of social responsibility must be

decided by supply and demand.

Are customers willing to pay more for socially responsible products? How much more? Do employees decide where to work based on ethical considerations? Will suppliers ensure the legitimacy of their supply chain if there is sufficient profit in doing so?

We should recognize that altruism and charity are not sustainable unless appreciated by customers and supported by profits. While government regulation may play a role in regulating social responsibility, it discourages positive development by increasing costs without driving profits.

"SOCIAL RESPONSIBILITY MUST BE DEMAND-DRIVEN"

"SOCIETY IS QUESTIONING THE ROLE AND PURPOSE OF BUSINESS"

and auditing costs. The same is true for smaller manufacturers. Will the unintended consequences of audited supply chains hurt smaller companies?

CONCLUSION

Society is questioning the role and purpose of business. Is the primary role of business to make profits for shareholders or to benefit stakeholders and society? Are companies making too much money? Do companies have an obligation to create a fairer society?

Hillel the Elder said, "If I am not for myself, who will be for me? And being only for myself, what am I? And if not now, when?"

Milton Friedman wrote, "There is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."

The way forward is for the jewelry industry to recognize and support the added value that social responsibility brings to our products. We must increase demand for our socially responsible products by promoting and marketing the benefits they bring to society. We must increase the supply of socially responsible products through transparent supply chain certification.

For our industry to succeed in the development of socially responsible jewelry, we must create sustainable demand that offers our trade economic benefit. When it comes to social responsibility, the bottom line is the bottom line. We must create a reality where it pays to be good. ■

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SUNDAY, AUGUST 29, 1 P.M. TO 4 P.M. PACIFIC TIME

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A boy writes on a blackboard at Mokobaxane Primary School in Orapa, Botswana, part of a De Beers community initiative.

THE VALUE OF VALUES

The push for a traceable and transparent supply chain is as much about profits as it is about principles.

BY AVI KRAWITZ

“**T**here’s a lust toward trust,” Leanne Kemp jokes as she explains the movement driving businesses to embrace sustainability. Since 2015, the company she founded and heads, Everledger, has been on a mission to facilitate that trend, using its blockchain-powered platform to help diamond and jewelry businesses keep a transparent record of their products’ provenance.

Everledger is not the only one doing so. Over the past half-decade, several industry initiatives have gained steam, including Tracr by De Beers, Sarine Technologies’ Journey program, and the Diamond Origin Report service from the Gemological Institute of America (GIA). That’s in addition to the growing membership in organizations and trade bodies that set standards for responsible sourcing and sustainability.

The shift is part of a global trend that’s seeing more industries showcase their values and the good they’re doing, Kemp observes.

“The mantra has always been to look after shareholders, but over the last decade, there has been a pivot to focus on stakeholder value,” she explains. “That means more than just employees and shareholders that need to be understood and valued. It’s about people and the planet, and how the wider supply chain affects all those.”

In the diamond and jewelry pipeline, there’s been a flurry of companies publicizing their environmental, social and corporate governance (ESG) policies recently. De Beers has made sustainability central to its messaging with its Building Forever 2030 program, and the likes of Signet Jewelers, Richemont, Lucara Diamond Corp. and Alrosa all published extensive sustainability reports in the past few months — documents that were not previously part of the trade’s typical investor or public relations strategy.

FROM ‘DO NO HARM’ TO ‘DO GOOD’

The United Nations laid the groundwork for this newfound focus when, in 2012, it formulated its 17 Sustainable Development Goals (SDGs) to provide a framework for companies’ social-responsibility strategies.

For its part, the diamond and jewelry industry has made efforts in recent decades to adopt policies that would keep it on an ethical path, even if it has often faced criticism for its sourcing practices. Its most famous initiative, the Kimberly Process, was devised to stem the flow of conflict diamonds, while the Responsible Jewelry Council (RJC) has enabled more extensive auditing through its Code of Practices and Chain of Custody standards for minerals.

In May, the RJC aligned with the UN by joining the latter’s Global Compact SDG Ambition platform, which aims to accelerate the adoption of sustainability objectives in the business community. The RJC also established a task force to measure the SDGs’ impact on the industry and educate its members on the UN goals. “We began by uniting the industry

behind a common set of standards, and now we are uniting the industry again as we up our ambition from ‘Do no harm’ to ‘Do good,’” declared RJC executive director Iris Van der Veken at the time of the announcement.

FINANCIAL INCENTIVE

The end goal of all these initiatives is to increase consumer confidence, says David Bonaparte, president and CEO of US umbrella organization Jewelers of America (JA), which requires its members to sign a code of conduct in line with industry standards.

But it’s not just consumer demand that’s driving ethical sourcing programs. A major catalyst is actually the financial markets, according to Kemp, as there is real money behind the trend. Asset management giants such as BlackRock and Fidelity have put sustainability practices at the core of their investment programs, she says.

Financing based on green, social and sustainability goals in North America grew by an average of 76% year on year between 2016 and 2020, according to Climate Bonds Initiative, which works to mobilize the bond market toward climate change solutions. Luxury companies such as Prada, Chanel, Burberry and Cartier have all issued bonds with sustainability strings attached.

“So it’s beyond a marketing ploy,” Kemp stresses. “Financial instruments are now being underpinned by such information and data, and unless you can get true transparency and visibility across the supply chain, there is a risk for any company.”

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PRIORITIES: PRICE AND STYLE

While financiers have seamlessly pivoted to prioritizing the ESG component of their funding, consumers appear to be taking longer to change their mind-sets.

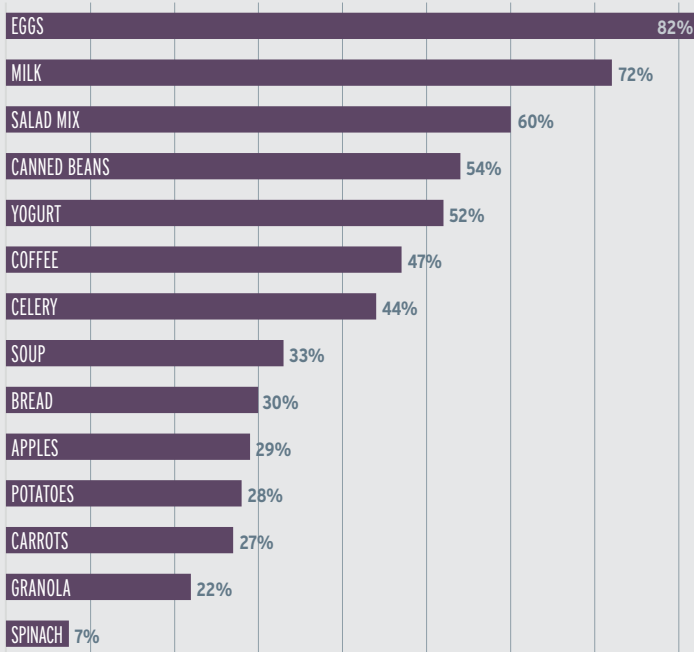
Most observers agree that people are not coming into stores in droves asking questions about the origins of diamonds or gold, or the social practices of the jeweler and its suppliers. First and foremost, consumers are looking for the right brand, price and design, says Patrick Bennett, founder of Successful Consultants, which works with jewelry and luxury brands. Responsible sourcing is lower on customers’ list of priorities.

For jewelers, then, it’s more about staying ahead of the curve, Bonaparte explains. “It’s inevitable that consumers will become more aware of responsible sourcing issues, ask questions, and come to expect that everything they are buying is responsible” — and when they do, declarations of sustainability will give them the confidence to buy.

NETWORK EFFECT

A bigger conversation driving transformation in the industry is about digitization, says Bennett, a self-described jewelry technologist. Consumers are doing a lot of research online, looking at companies and jewelry on social media, and that’s where they forge a deeper connection with the values of a brand. ►

PREMIUM PAID FOR ORGANIC PRODUCTS



Based on research from the US Department of Agriculture's Economic Research Service, using grocery store purchase data from 2004 to 2010 to estimate retail premiums for commonly purchased organic foods relative to their nonorganic counterparts. Premiums have declined as demand for organic products has increased in the last decade, the AP reported in 2019, citing a Nielsen survey.

"This is where they see founders, owners, executives and teams that want to make a change and do things differently," Bennett notes. "I think that's where the conversation gets more traction on sustainability."

Social media has drawn greater attention to millennials and Gen-Z shoppers, who are more sensitive to sustainability issues, agrees Mark Hanna, chief marketing officer at US-based jewelry wholesaler Richline Group.

Younger consumers will find a product more enticing if it has documentation proving it was sourced responsibly, especially if it's through blockchain technology, he says. A Richline-commissioned survey of affluent alumni from Bryant University showed that 44% of respondents would choose to switch to eco-friendly or socially responsible goods, while 68% said they were willing to pay more for such goods.

PREMIUM PRODUCT

SCS Global Services reports similar results. Some 35% to 40% of consumers today consider values in their purchasing decisions, says Stanley Mathuram, the consulting firm's vice president of sales and marketing.

"That is continuing to grow, and in the next five to 10 years, the dominant buying market will be based on a population that aligns with these values and is willing to pay a premium for

them," he says. "This is a complete value add, and we want to expand the pie of people willing to pay a premium."

With the younger generation increasingly skeptical of the jewelry market's green claims, he continues, SCS has been developing a sustainability standard for diamonds, which it plans to unveil at the JCK Las Vegas Show in late August. It hopes to replicate the momentum that sustainability certification has gained in other industries such as forestry, agriculture, livestock and poultry.

Sales of organic commodities, for instance, rose 31% between 2016 and 2019, according to research that SCS cites from the US Department of Agriculture, and organic products sell at a 20% premium over nonorganic foods.

TACKLING DIAMOND TRACKING

SCS's 133-page standard covers the entire diamond supply chain, laying out the ESG requirements for mined and lab-grown stones and placing an emphasis on carbon neutrality and traceability. It is working with Australian company Source Certain International to confirm mines of origin. Given a diamond, Source Certain claims to recognize the chemical elements of the deposit — or growth machine, in the case of synthetics — that birthed it. The company has data from kimberlite deposits in Australia, Canada, Russia and South Africa, a spokesperson recently told Rapaport — though Mathuram confirms that no miners have signed up yet for the SCS program.

Other groups have been tackling traceability in different ways. The GIA has partnered with various miners and manufacturers to analyze the rough before it gets polished, creating a "fingerprint" for the stone that it can track and document on its origin reports.

Blockchain programs such as Tracr and Everledger form a registry of transactions involving each diamond. For that to work, though, companies participating in the programs need to be on the same technology platforms, says Hanna. He points to the "tech gap" as the biggest challenge facing the development of Trust Chain, a jewelry blockchain program that Richline partnered with IBM to establish but has since put on hold.

"Unless you're working with mainly large corporations, the interoperability setup costs are quite high," Hanna explains. "I can't tell a small manufacturer that they need to be part of this program but need to spend tens of thousands of dollars on their systems so I can get the information I need."

RETURN ON INVESTMENT

The largest cost of putting these systems in place is the backend, agrees Kemp, but she says companies could consider it part of their general web tooling expenses.

Mathuram argues that the cost of certification is a marginal consideration, though he acknowledges that it depends on the

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size of the organization. For a large mining operation, the cost of certification “is a fraction,” he says.

Furthermore, many contend, there’s no need to take the additional expense out of consumers’ wallets.

“The cost is minimal to join organizations like the RJC that provide the resources to help jewelers implement responsible sourcing techniques and practices,” Bonaparte says. “I’m not hearing from retailers that they are passing that onto the consumer.”

In any case, the value of social responsibility tends to bear out in branding, says Kemp. “This is not about the consumer paying more. Companies want to bear the cost in their brand because they know it’s the right thing to do. It’s about standing out and making a difference in the world — enabling the brand to be better and answer to a different target market.”

GAINING AN EDGE

Premium brands arguably have an advantage in this area, says Bennett, since they have the resources to put sustainability at the forefront and create a narrative around it. As such, he reports, many modern luxury brands are gaining market share, leading to concerns that smaller businesses — diamond dealers and mom-and-pop jewelry retailers — are being left behind. At the very least, the market is segmenting into companies that can demonstrate responsible sourcing, and those that cannot.

That said, cooperation is a key part of making sustainable strategies work. As a consultant, Bennett tries to bring together like-minded parties that can create opportunities to buy transparently produced diamonds. The RJC also encourages its members to work with each other; Signet Jewelers — the largest jeweler in the US — states in its Responsible Sourcing Protocol that it expects all its suppliers to join the RJC. And Everledger has developed a platform for its clients — which include diamond manufacturers and retail jewelers — to interact with each other on the same blockchain system.

A LASTING IMPRESSION

Jewelers are increasingly building marketing programs around source verification, or are getting the tools to do so from third-party providers like Everledger and Sarine. Through a mobile app or other means, they can share the story of a diamond or jewel with the customer. Details like where and how the diamond was mined, cut and polished add more layers that stay with the product well beyond the sale, Kemp says.

“Consumers are feeling a lot more trust in terms of the connection with the retailer,” she states. “What we are seeing is that goods are moving faster if origin is embedded.”

Whether they’ll pay more for such a piece of jewelry remains to be seen, although Mathuram and others are confident they will. If anything, it’s economics rather than ethics that is driving this movement, according to Hanna, who urges the trade to get on board.

“You’re either going to be trusted and documented, or you’re not going to exist,” he cautions. “Our industry still has a long way to go when it comes to branding and marketing. Trust and reputation are a central part of that.” ■

THE SUSTAINABLE DEVELOPMENT GOALS



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ZERO HUNGER



GOOD HEALTH & WELL-BEING



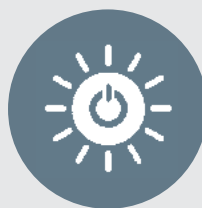
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GENDER EQUALITY



CLEAN WATER AND SANITATION



AFFORDABLE
& CLEAN ENERGY



DECENT WORK &
ECONOMIC GROWTH



INDUSTRY, INNOVATION
& INFRASTRUCTURE



REDUCED INEQUALITIES



SUSTAINABLE CITIES
& COMMUNITIES



RESPONSIBLE CONSUMPTION
& PRODUCTION



CLIMATE ACTION



LIFE BELOW WATER



LIFE ON LAND



PEACE, JUSTICE &
STRONG INSTITUTIONS



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The end goal of all these initiatives is to increase consumer confidence, says David Bonaparte, president and CEO of US umbrella organization Jewelers of America (JA), which requires its members to sign a code of conduct in line with industry standards.

But it’s not just consumer demand that’s driving ethical sourcing programs. A major catalyst is actually the financial markets, according to Kemp, as there is real money behind the trend. Asset management giants such as BlackRock and Fidelity have put sustainability practices at the core of their investment programs, she says.

Financing based on green, social and sustainability goals in North America grew by an average of 76% year on year between 2016 and 2020, according to Climate Bonds Initiative, which works to mobilize the bond market toward climate change solutions. Luxury companies such as Prada, Chanel, Burberry and Cartier have all issued bonds with sustainability strings attached.

“So it’s beyond a marketing ploy,” Kemp stresses. “Financial instruments are now being underpinned by such information and data, and unless you can get true transparency and visibility across the supply chain, there is a risk for any company.”

“WHAT WE ARE
SEEING IS THAT
GOODS ARE MOVING
FASTER IF ORIGIN IS
EMBEDDED”

PRIORITIES: PRICE AND STYLE

While financiers have seamlessly pivoted to prioritizing the ESG component of their funding, consumers appear to be taking longer to change their mind-sets.

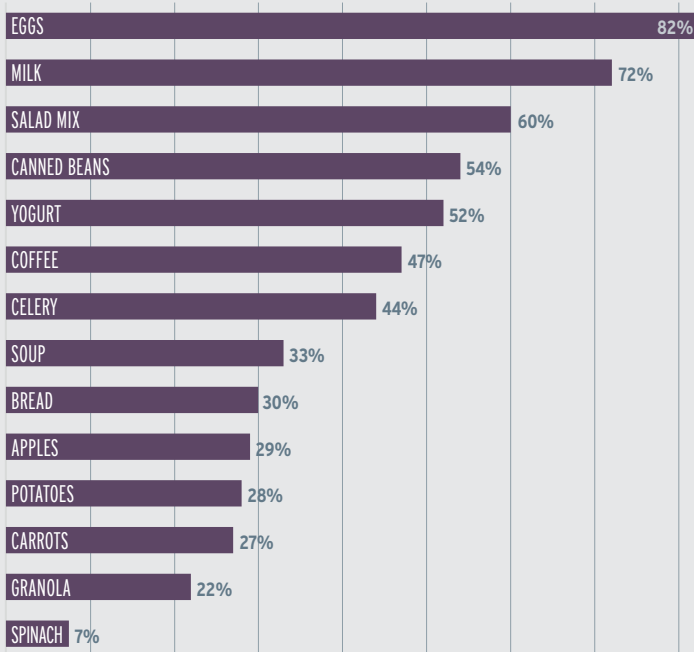
Most observers agree that people are not coming into stores in droves asking questions about the origins of diamonds or gold, or the social practices of the jeweler and its suppliers. First and foremost, consumers are looking for the right brand, price and design, says Patrick Bennett, founder of Successful Consultants, which works with jewelry and luxury brands. Responsible sourcing is lower on customers’ list of priorities.

For jewelers, then, it’s more about staying ahead of the curve, Bonaparte explains. “It’s inevitable that consumers will become more aware of responsible sourcing issues, ask questions, and come to expect that everything they are buying is responsible” — and when they do, declarations of sustainability will give them the confidence to buy.

NETWORK EFFECT

A bigger conversation driving transformation in the industry is about digitization, says Bennett, a self-described jewelry technologist. Consumers are doing a lot of research online, looking at companies and jewelry on social media, and that’s where they forge a deeper connection with the values of a brand. ►

PREMIUM PAID FOR ORGANIC PRODUCTS



Based on research from the US Department of Agriculture's Economic Research Service, using grocery store purchase data from 2004 to 2010 to estimate retail premiums for commonly purchased organic foods relative to their nonorganic counterparts. Premiums have declined as demand for organic products has increased in the last decade, the AP reported in 2019, citing a Nielsen survey.

"This is where they see founders, owners, executives and teams that want to make a change and do things differently," Bennett notes. "I think that's where the conversation gets more traction on sustainability."

Social media has drawn greater attention to millennials and Gen-Z shoppers, who are more sensitive to sustainability issues, agrees Mark Hanna, chief marketing officer at US-based jewelry wholesaler Richline Group.

Younger consumers will find a product more enticing if it has documentation proving it was sourced responsibly, especially if it's through blockchain technology, he says. A Richline-commissioned survey of affluent alumni from Bryant University showed that 44% of respondents would choose to switch to eco-friendly or socially responsible goods, while 68% said they were willing to pay more for such goods.

PREMIUM PRODUCT

SCS Global Services reports similar results. Some 35% to 40% of consumers today consider values in their purchasing decisions, says Stanley Mathuram, the consulting firm's vice president of sales and marketing.

"That is continuing to grow, and in the next five to 10 years, the dominant buying market will be based on a population that aligns with these values and is willing to pay a premium for

them," he says. "This is a complete value add, and we want to expand the pie of people willing to pay a premium."

With the younger generation increasingly skeptical of the jewelry market's green claims, he continues, SCS has been developing a sustainability standard for diamonds, which it plans to unveil at the JCK Las Vegas Show in late August. It hopes to replicate the momentum that sustainability certification has gained in other industries such as forestry, agriculture, livestock and poultry.

Sales of organic commodities, for instance, rose 31% between 2016 and 2019, according to research that SCS cites from the US Department of Agriculture, and organic products sell at a 20% premium over nonorganic foods.

TACKLING DIAMOND TRACKING

SCS's 133-page standard covers the entire diamond supply chain, laying out the ESG requirements for mined and lab-grown stones and placing an emphasis on carbon neutrality and traceability. It is working with Australian company Source Certain International to confirm mines of origin. Given a diamond, Source Certain claims to recognize the chemical elements of the deposit — or growth machine, in the case of synthetics — that birthed it. The company has data from kimberlite deposits in Australia, Canada, Russia and South Africa, a spokesperson recently told Rapaport — though Mathuram confirms that no miners have signed up yet for the SCS program.

Other groups have been tackling traceability in different ways. The GIA has partnered with various miners and manufacturers to analyze the rough before it gets polished, creating a "fingerprint" for the stone that it can track and document on its origin reports.

Blockchain programs such as Tracr and Everledger form a registry of transactions involving each diamond. For that to work, though, companies participating in the programs need to be on the same technology platforms, says Hanna. He points to the "tech gap" as the biggest challenge facing the development of Trust Chain, a jewelry blockchain program that Richline partnered with IBM to establish but has since put on hold.

"Unless you're working with mainly large corporations, the interoperability setup costs are quite high," Hanna explains. "I can't tell a small manufacturer that they need to be part of this program but need to spend tens of thousands of dollars on their systems so I can get the information I need."

RETURN ON INVESTMENT

The largest cost of putting these systems in place is the backend, agrees Kemp, but she says companies could consider it part of their general web tooling expenses.

Mathuram argues that the cost of certification is a marginal consideration, though he acknowledges that it depends on the

"THIS IS NOT ABOUT THE
CONSUMER PAYING MORE.
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size of the organization. For a large mining operation, the cost of certification “is a fraction,” he says.

Furthermore, many contend, there’s no need to take the additional expense out of consumers’ wallets.

“The cost is minimal to join organizations like the RJC that provide the resources to help jewelers implement responsible sourcing techniques and practices,” Bonaparte says. “I’m not hearing from retailers that they are passing that onto the consumer.”

In any case, the value of social responsibility tends to bear out in branding, says Kemp. “This is not about the consumer paying more. Companies want to bear the cost in their brand because they know it’s the right thing to do. It’s about standing out and making a difference in the world — enabling the brand to be better and answer to a different target market.”

GAINING AN EDGE

Premium brands arguably have an advantage in this area, says Bennett, since they have the resources to put sustainability at the forefront and create a narrative around it. As such, he reports, many modern luxury brands are gaining market share, leading to concerns that smaller businesses — diamond dealers and mom-and-pop jewelry retailers — are being left behind. At the very least, the market is segmenting into companies that can demonstrate responsible sourcing, and those that cannot.

That said, cooperation is a key part of making sustainable strategies work. As a consultant, Bennett tries to bring together like-minded parties that can create opportunities to buy transparently produced diamonds. The RJC also encourages its members to work with each other; Signet Jewelers — the largest jeweler in the US — states in its Responsible Sourcing Protocol that it expects all its suppliers to join the RJC. And Everledger has developed a platform for its clients — which include diamond manufacturers and retail jewelers — to interact with each other on the same blockchain system.

A LASTING IMPRESSION

Jewelers are increasingly building marketing programs around source verification, or are getting the tools to do so from third-party providers like Everledger and Sarine. Through a mobile app or other means, they can share the story of a diamond or jewel with the customer. Details like where and how the diamond was mined, cut and polished add more layers that stay with the product well beyond the sale, Kemp says.

“Consumers are feeling a lot more trust in terms of the connection with the retailer,” she states. “What we are seeing is that goods are moving faster if origin is embedded.”

Whether they’ll pay more for such a piece of jewelry remains to be seen, although Mathuram and others are confident they will. If anything, it’s economics rather than ethics that is driving this movement, according to Hanna, who urges the trade to get on board.

“You’re either going to be trusted and documented, or you’re not going to exist,” he cautions. “Our industry still has a long way to go when it comes to branding and marketing. Trust and reputation are a central part of that.” ■

THE SUSTAINABLE DEVELOPMENT GOALS



NO POVERTY



ZERO HUNGER



GOOD HEALTH & WELL-BEING



QUALITY EDUCATION



GENDER EQUALITY



CLEAN WATER AND SANITATION



AFFORDABLE
& CLEAN ENERGY



DECENT WORK &
ECONOMIC GROWTH



INDUSTRY, INNOVATION
& INFRASTRUCTURE



REDUCED INEQUALITIES



SUSTAINABLE CITIES
& COMMUNITIES



RESPONSIBLE CONSUMPTION
& PRODUCTION



CLIMATE ACTION



LIFE BELOW WATER



LIFE ON LAND



PEACE, JUSTICE &
STRONG INSTITUTIONS



PARTNERSHIPS FOR
THE GOALS

GOOD BUSINESS

Iris Van der Veken discusses how the UN's 17 Sustainable Development Goals, along with leadership, trust and transparency, can help companies boost consumer confidence.

RIS, YOU HAVE BEEN A STRONG ADVOCATE OF SUSTAINABILITY FOR OVER 20 YEARS. WHY ARE THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGS) SO IMPORTANT NOW?

The 17 SDGs are the sustainability agenda for the world as agreed by 193 countries. They are about people, prosperity, planet, peace and partnerships. They are about leaving no one behind. It is an excellent framework for any company to use to develop its sustainability strategy.

Over the coming years, every organization in the global jewelry and watch industry should look at how they can make the SDGs an integral part of how their company operates. We need more sustainable business models focused on meeting the evolving needs of societies around the world. In other words, companies need to integrate human rights policies, health and safety, decent labor practices, product integrity, and climate action into their core business practices.

The Responsible Jewellery Council (RJC) has also used this SDG framework to develop a road map for the global jewelry and watch industry through multi-stakeholder consultation. We are focused on SDG 5: Gender Equality, SDG 8: Decent Labor, SDG 12: Responsible Production, SDG 13: Climate, and SDG 17: Partnerships. We have launched a partnership with the United Nations Global Compact in New York focusing on education and training for smaller enterprises.

Education is key to helping our members understand how this framework can really deliver business value. We are working closely with the World Jewellery Confederation (CIBJO) on promoting this work within the wider industry. We have also recently set up an expert SDG task force co-chaired by Richemont and De Beers Group to develop reporting metrics based on international reporting standards to help our companies report on progress. All these efforts will help companies build strong, purpose-driven business models that will enhance consumer confidence.

WHEN YOU STARTED AT THE RJC AS EXECUTIVE DIRECTOR, YOUR APPROACH TO LEADING ON THE SDG AGENDA SET YOU APART FROM EVERYONE ELSE. HAVE YOU SEEN POSITIVE CHANGE IN YOUR INTERACTIONS WITH YOUR MEMBERS SINCE THEN?

We see strong leadership in sustainability — the time is now, and inaction is not an option. Within our membership, companies are at varying stages of maturity. Integrating sustainability is hard work and a process of continuous improvement. As our progress report shows, the RJC has continued to grow despite the impact of Covid-19. This shows that responsible business is resilient business. Some companies are truly driven by purpose and morality and a strong belief in the role of business as a force for good. Other members are primarily driven by economics as part of their risk-management strategy. But it is clear that everyone agrees that we live in the decade of trust and transparency, where there are few places to hide. Irresponsible behavior can significantly impact reputation, market value and consumer confidence. I am confident that this sustainability movement will only accelerate.

HOW DO YOU THINK THE JEWELRY INDUSTRY HAS CHANGED IN TERMS OF SUSTAINABILITY?

We are proud of how the industry has advanced. Our industry has always had a set of core values which drive the push toward sustainability. In recent years, there is an increased emphasis, which is being driven by both the industry and the consumer.

On the one hand, we have consumers — millennials, Generation Z and others — who demand more transparency and integrity in the products they choose. This is especially true for jewelry, given the emotional currency it holds in people's hearts and minds. And on the other hand, we are seeing the industry (and in many nations, governments) stepping up to long-held promises of corporate sustainability and responsible investing. Environmental, social and corporate governance (ESG) is on the rise, and we see a real shift in mind-set where leaders are building a true sustainability culture in their organizations — leading on purpose — [in terms of] how they treat people, implement human-rights due diligence, operationalize climate action, manage product integrity, and innovate through sustainable designs and material usage.

WHAT ARE THE BIGGEST CHALLENGES THE INDUSTRY STILL FACES TODAY?

Given the complexity of global supply chains in our industry, and their interconnectedness with communities in scores of countries around the world, there is a broad set of social, economic and environmental challenges that the industry confronts. Issues related to human rights, gender inequality and climate change come to mind foremost. The disruption caused by the pandemic has further underscored the urgency of doubling on efforts to tackle these longstanding challenges by embracing sustainability. This will help businesses build resilience to withstand and recover from crises such as the one we are emerging from.

The jewelry industry enjoys a high profile worldwide, yet is often critiqued for the way business is conducted down the supply chain. Overcoming perceptions about the ethics of supply

chains and nurturing consumer confidence [make for] another major challenge. I applaud the work of the Natural Diamond Council (NDC) on how they are telling the stories of how the diamond industry positively touches the lives of millions of people.

Lastly, it is also widely recognized that the industry faces pressure, as it is losing market share to other luxury products like smartphones, designer handbags, clothes and the travel sector.

Time and again, industries have evolved and adapted to challenges such as these, and I am confident in the ability and strength of our industry to do the same with sustained effort. The SDG road map is critical in showing how we as the global jewelry and watch industry are contributing to the 2030 agenda — the 17 Sustainable Development Goals and leaving no one behind.

WHAT DO YOU CONSIDER THE BIGGEST ACHIEVEMENTS FROM BRANDS IN MAKING THE JEWELRY INDUSTRY MORE SUSTAINABLE?

Many of our brand members, such as Bulgari, Cartier, Chanel, Chopard, Hermes, IWC Schaffhausen, Piaget, Pomellato, Van Cleef & Arpels, and Jaeger-LeCoultre, are at the vanguard of sustainable development in the jewelry and watch industry. Some of the most famous jewelry brands were also founding RJC members.

Brands increasingly understand that their reputation is built on integrity, the quality of their products, and their impact on communities. Hence, they lead by example. Leading brands have embarked on the sustainability journey in their supply chains. This is creating a ripple effect on the broader industry. The industry looks to the major brands for inspiration and direction. We see how they are at the forefront on topics such as women's empowerment, the circular economy and ESG. I invite you to look at the recent CEO leadership video we launched, "Create Beautiful," that reflects this vision.

WHY ARE YOU SUCH A STRONG ADVOCATE ON THE TOPIC OF GENDER EQUALITY?

This is a topic close to my heart — Sustainable Development Goal 5: Gender Equality. Gender equality is a critical milestone

"THE 17 SUSTAINABLE DEVELOPMENT GOALS ARE OUR ROAD MAP TO HUMANITY. WE HAVE A SHARED RESPONSIBILITY ACROSS THE VALUE CHAIN, FROM MINING TO RETAIL – TO LEAVE NO ONE BEHIND. I AM CONFIDENT THAT, AS AN INDUSTRY, WE WILL FURTHER ACCELERATE OUR EFFORTS"



in achieving all 17 SDGs. It is considered a multiplier. In our industry, women drive 90% of jewelry demand globally. The unfortunate reality is that we are not doing enough on this front. In fact, according to the World Economic Forum's 2020 Global Gender Gap Report, it will take 257 years to close the economic gender gap at the current pace. The progress has been far too slow.

Historically, women have been especially vulnerable during crises. Covid-19 is no different, and we see that domestic violence, child marriage, etc. are on the rise. With schools and childcare services closed, women and girls are taking on the bulk of household and caregiving responsibilities. From our industry perspective, artisanal and small-scale mining (ASM) needs our urgent attention. That is why we have started the Generation Equality Roundtables in partnership with CIBJO. We will be launching our Generation Equality Report in August at JCK.

I strongly believe that putting women and girls at the heart of Covid-19 responses will accelerate progress toward a more inclusive recovery and help build more equal and sustainable economies. ■

Iris Van der Veken is the executive director of the Responsible Jewellery Council (RJC). responsiblejewellery.com

THE FULL PICTURE

Natural diamonds are going beyond climate change to deliver on a broader concept of sustainability. BY DAVID KELLIE



For consumers and media alike, the concept of sustainability is a hot topic, and rightly so. But the reality is that most consumers do not take the time to truly understand the positive and negative impacts of their purchases. We use cell phones constantly, but do we ever question the impact of technology production on the planet?

Currently, there is a simplification of the broader concept of sustainability into the singular topic of climate change, despite the truth that sustainability also encapsulates the impact on people and prosperity. There are many areas of the world that lack the typical wealth of developed regions, but are naturally rich in valuable raw materials like diamonds. Think about what would happen if these raw materials didn't exist. A lack of high-quality employment, tax revenues and shared welfare could create a domino effect of damage to communities, wildlife and the planet. In short, sustainability cannot be simplified in the way it is so often covered in the media and pushed onto consumers.

WHAT MOTIVATES US

This creates challenges for brands, businesses and industries. It helps to take a step back and examine the motivation behind a focus on sustainability.

Perhaps it's brand equity: Does presenting your product, brand or company as being "sustainable" create a greater desire that ultimately leads to greater sales and higher profits? Maybe it's "obligation," either through legislation or financial requirements. It could also be a genuine desire to contribute to the welfare of this planet.

The natural diamond industry embarked on the rethinking of sustainability 20 years ahead of many others, on a mission to learn from bad practices. As a relative newcomer to the industry, I have been genuinely impressed by the way we've tackled our challenges. We've advanced much further and faster than many can even imagine. Our motivations? A healthy balance of all the aforementioned.

IMPACT ON COMMUNITIES

Born from the earth billions of years ago, natural diamonds contribute to the more complete definition of sustainability, which, in addition to environmental stewardship, yields extremely advantageous impacts on people and generates prosperity in a responsible way.

The natural diamond industry supports the livelihoods of over 10 million people, many of whom reside in regions of our earth with more limited options. In these places, the industry has worked especially hard in tandem with national governments to transform the presence of raw

natural diamonds into high-quality employment, tax revenues and general citizen welfare. Diamonds have helped build schools, provide skills and education, strengthen healthcare, and protect hundreds of thousands of acres — actually three times more than they use — for biodiversity and endangered species.

And the Covid-19 crisis did everything but crumble

this partnership; over the past year and a half and despite our own financial challenges, the natural industry at large quietly increased its commitment to its employees and their communities and hospitals, in a demonstration of intrinsic and genuine humanitarianism.

DOING THE WORK

Our consumers are changing, and for our industry, it's important to differentiate between the rhetoric found in the press and social media, and the reality of how consumers are behaving.

"IT'S IMPORTANT TO DIFFERENTIATE BETWEEN THE RHETORIC FOUND IN THE PRESS AND SOCIAL MEDIA, AND THE REALITY OF HOW CONSUMERS ARE BEHAVING"

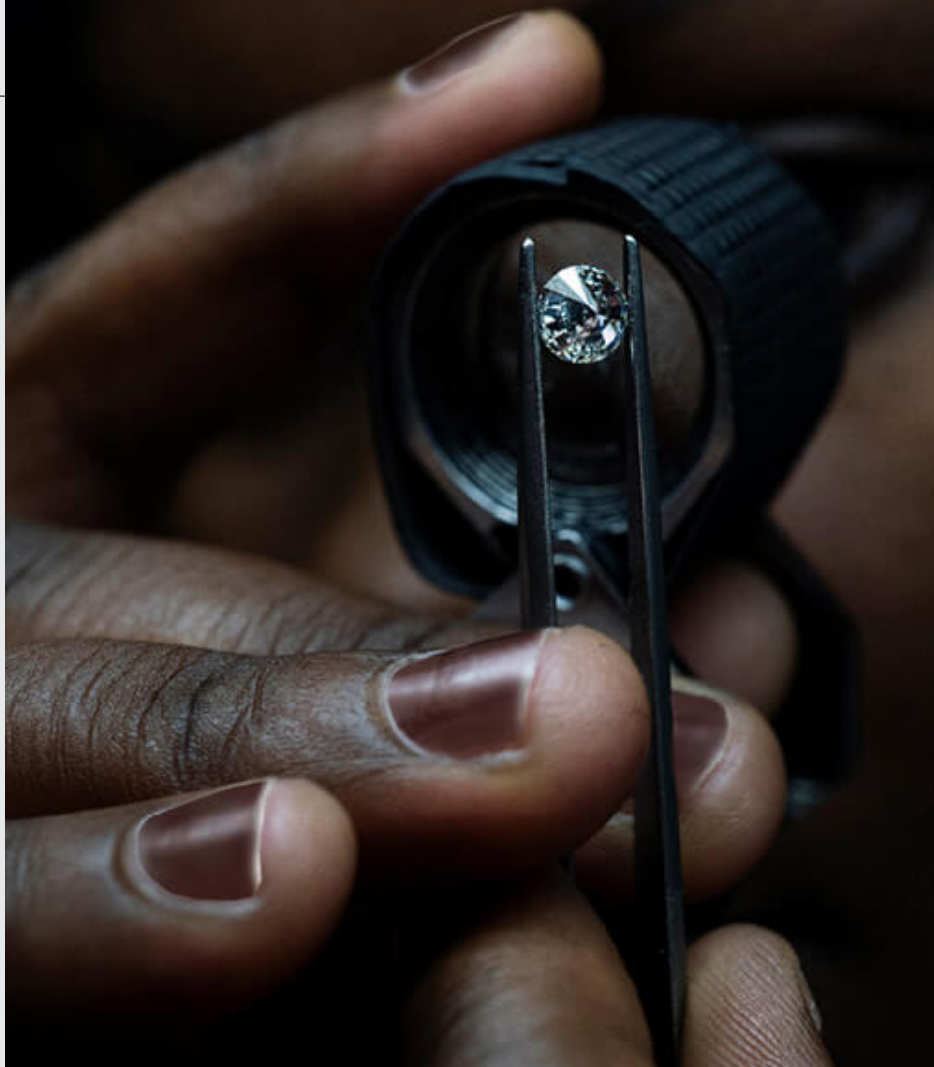
Above: David Kellie.
Opposite: De Beers employee examining a diamond; school children at the Mwadui primary school in Tanzania.

The consumer will believe in the values of an industry only if they trust it. To create that trust, we must all work together to ensure that each of us enriches the reputation of our industry. For this reason, I feel passionately about the work of the Responsible Jewellery Council (RJC), an organization in which members support each other with skills and knowledge, without the need to feel competitive.

The natural diamond industry's legacy reputation has made us collectively work much harder than most to rebalance our narrative. We will never rest on our laurels, but instead continue to strive as businesses and entities to be better at what we do. The work that is being done to improve the welfare of the planet, combined with the innovation that we see daily in the jewelry industry, is clearly being seen and recognized by our consumers.

Please continue to put the complete sustainability values at the core of your businesses, and let's all work together. Because that's what will ultimately lead to a better tomorrow for us all. ■

David Kellie is CEO of the Natural Diamond Council (NDC). naturaldiamonds.com



RAISING THE STANDARDS

De Beers' GemFair program is lifting up artisanal mining communities so they can make a dignified living under ethical working conditions.

BY FERIEL ZEROUKI

The artisanal and small-scale (ASM) mining sector plays an important role in the diamond industry, accounting for around 25% of global supply by volume. However, the sector is largely informal, using rudimentary technology and processes. Miners often lack access to capital, the knowledge to carry out mining safely and in an environmentally responsible manner, or access to the international market. While these dynamics increase the risk associated with sourcing from the ASM diamond sector, the sector provides a crucial livelihood for more than 1.5 million people and their dependents. Perception issues associated with the sector can also impact the reputation of the diamond industry as a whole.

De Beers Group therefore sees the challenges associated with the ASM sector as an industry-wide issue, and we want to play a role as a key industry stakeholder to set an example for responsible sourcing from the sector. In 2018, we introduced GemFair, which was born of our strong belief that purchasing from artisanal miners — and in turn, raising standards in the sector — is the right thing to do. We've set out to create a model that sends a signal that not only must we support the ASM sector, we can establish scalable models that ensure responsible and ethical sourcing of ASM production.

FROM MINE TO MARKET

GemFair's aim is to provide a secure route to market for ethically sourced ASM diamonds, while uplifting standards and improving livelihoods in the sector. Our solution combines dedicated software (the GemFair app) and hardware (a diamond valuation "toolkit," including a tablet) that enables

the digital tracking of ASM diamonds throughout the supply chain, from the mine site where they were discovered to eventually being scanned on the Tracr platform. Traceability and provenance are especially important for diamonds from ASM sources because consumers continue to have a negative view of the sector. So our aim is to change that narrative from the ground up.

While GemFair will only purchase diamonds from its registered members — and will make a fair offer on any diamond offered for sale — members are under no obligation to sell to GemFair. GemFair operates as a diamond buyer, but the program is much more than that. Artisanal miners who join our program also benefit from training and capacity building opportunities to raise their operating and business standards, ensuring that mining is carried out responsibly. GemFair's standards have been developed based on best practices for responsible sourcing. The material issues of the standards align with the OECD's Due Diligence Guidance, while the rest of the requirements form a larger picture of best-practice expectations for the ASM sector. Compliance with the standards is monitored, with our staff visiting mine sites throughout the year. Our management system is also third-party audited.

When we launched in 2018, GemFair had 14 participating mine sites in a small pilot in the Kono district of Sierra Leone. We now have more than 150 mine sites registered in the program and continue to grow. With as many as 25 people working at each site, we estimate there are already approximately 2,250 direct beneficiaries of the program and 13,500 indirect beneficiaries.



Lansana Sawaneh, a food parcel recipient, dividing up GemFair's Covid-19 food parcel donations for his workers; Feriel Zerouki.



ACCESS TO FINANCE

We've also learned a lot about the unique challenges and needs of the ASM sector and have evolved the program accordingly. One such area is in relation to access to finance for our members. It became clear to us early on that preexisting dynamics and interdependencies in the ASM sector were creating a barrier for some miners to engage in the GemFair program fully, as these miners relied on "supporters" within the industry for their financing, who in turn purchased all of the miners' diamonds. These relationships often — although not always — take place under unfair and exploitative arrangements.

In 2019, we launched a Forward Purchase Agreement (FPA) pilot program to provide eligible GemFair members with fair access to finance without leading to debt. Under

by the local community — both shoring up food security and providing supplementary income to local artisanal diamond miners and farmers. We started the program last year, with GemFair hiring diggers and farmers to work on backfilling, and then we handed over the land and made a donation of seedlings at each site. Since March, we've been working with a group of

"TRACEABILITY AND PROVENANCE ARE ESPECIALLY IMPORTANT FOR DIAMONDS FROM ASM SOURCES BECAUSE CONSUMERS CONTINUE TO HAVE A NEGATIVE VIEW OF THE SECTOR"

the FPA, GemFair and the miner develop a work plan, which includes a budget for the mining season. The miner must also agree to adhere to GemFair's wages, safety and environmental standards. GemFair then provides the miner with capital at each phase of the mining activities in exchange for the right to forward purchase the miner's production from the area funded by the contract. The goal of the pilot is to create a win-win solution between the miner and GemFair where the miner receives financing and GemFair can positively influence the improvement of working and business practices.

CULTIVATING THE LAND

Another program we've recently introduced is our responsible mine-site closure program, focused on reclaiming abandoned mining areas and making the land available for cultivation

farmers — 80% of whom are women — providing their wages, tools and seeds as they cultivate the land. The farmers just had their first harvest of several types of vegetables. We also made a significant contribution to ensure food security for our members and their families during the pandemic, delivering more than 4,700 food parcels.

So we've come a long way since 2018 and are proud of our progress, but we have much more to achieve as we look to further expand and scale GemFair, and deliver on our mission to provide ASM diamonds with a secure route to market and to foster the sector's development and formalization. ■

Feriel Zerouki is the senior vice president for corporate affairs at De Beers Group, and general manager at GemFair: gemfair.com

WOMEN'S WORK

Jewelry veteran Monica Stephenson strives to empower female miners in Tanzania through her Moyo Gems initiative.

BY ISABELLA YAN

Monica Stephenson is one of the founding partners of the Moyo Gems project, which helps Tanzanian women miners bring their colored gemstones directly from mine to market with full traceability. At least 30% of global artisanal miners are women, according to Stephenson, who refers to them as “the invisible backbone of the jewelry industry.” Through education, Moyo Gems empowers female miners to work safely, mine better, achieve financial security and create a stable marketplace for fair trade. As a result, Moyo miners make 95%, on average, of the export price of the gems they produce.

What made you decide to specialize in ethically sourced gemstones and go directly to the mines?

When I traveled to east Africa in 2014 for a documentary film, I was really moved by how hard the artisanal miners were working. Over 80% of the world's colored gemstones come from artisanal and small-



scale sources, and I could not believe how passionate these miners were, but yet were not participating fully in the gemstone trade. I thought I could create a business model that buys rough gems (faceted when possible) in Tanzania and Kenya, and then reinvests 10% of sales back into those communities in the form of education (primary and trade schools) and entrepreneurial initiatives. I became an “accidental dealer,” because in 20-plus years in the jewelry industry, I never envisioned myself as a gem dealer, let alone one that goes directly to the source. It takes a certain amount of naivety to think you can pull that off! After this trip, in 2015, [my company] Anza Gems was born.

What were the challenges in setting up an initiative like Moyo Gems?

We wanted Moyo to be a sustainable market system, built around the needs of the women miners of the Tanzania Women Miners Association (TAWOMA). We wanted to shorten the supply chain radically. However, we understood that eliminating local brokers would have an unintended consequence [of causing] animosity toward the market and the women who participate. So we involved local brokers who were chosen by the women for their fairness, and this has proven to be successful in terms of community support. Moyo Gems has been a multi-year and supreme group effort by the collaborating

Above: Monica Stephenson.
Opposite: Women miners
in Tanzania; miners sifting
through gravel.



partners, from its formation to discussions with TAWOMA, [and from there] to involving the local Tanzanian government, holding “Market Days” in which women travel to a central location to sell their goods, marketing their faceted gems, and navigating the challenges in mining communities during the pandemic.

How has Covid-19 affected the Moyo Gems project and the female miners of the country’s Uмба Valley?

Covid-19 shutdowns have been devastating to artisanal miners in Tanzania. International buyers left in early 2020, and there has been very little gem trade happening since. The economy is mostly subsistence and mining, so many people mine just enough to feed their families in a given week.

One way that designers, retailers and others in the US helped in the past year was through donations to Gem Legacy, a nonprofit that usually supports education and vocational training in east

African mining communities. In 2020, Gem Legacy focused on providing food staples and Covid-19 prevention information, and more than 60 miners in the Tanga region received some aid. The other way people helped was through buying the Moyo Gems. No travel to Tanzania meant we had to come up with an alternative to our in-person Market Days. Through the incredible dedication of our local partners [at international development NGO] Pact in the Tanzania office, and TAWOMA, we held two remote Market Days — in late 2020 and early 2021 — that allowed us to buy the miner’s gems and infuse some much-needed money into the region.

The Moyo collaboration offers an exciting model for short supply chains. Do you think it can be easily

replicated in other countries? If so, how would that work?

The idea of shortening the supply chain in a way that directly benefits the miners is a win-win, both for the artisanal miners involved and for the efficiency and traceability aspects of the market.

“Easily replicated” is a big phrase, but we did set up Moyo Gems to be a model or pilot that could be rolled out into other regions. Similar to the Tanga region, we would want to build from a base of some gemological training, and work with local partners in mining regions elsewhere in east Africa and beyond.

There are some other interesting models out there that are addressing various UN sustainability goals, like the Virtu Gem project started by Responsible Jewelry Transformative founder Susan

Wheeler, and Brian Cook’s Bahia initiative in Brazil.

What’s next for Moyo Gems in 2021?

Well, I miss Tanzania terribly, so I hope we can get back to the Tanga region in 2021. We are so happy to have purchased more gems at the remote Market Days, and can’t wait for those gems to be cut by Beth Stier, who facets all of our Moyo Gems. We hope to sell those, [creating] a virtuous circle to allow us to buy more. The Moyo team will continue to plan for ways to support the women miners of Tanga, with more processing opportunities, training and financial empowerment. Moyo allows these women to dream of education for their children, financial security for their families, and increased prosperity for their villages. It’s our dream, too. ■

WHO IS

MONICA STEPHENSON?

With over 20 years working in various aspects of the jewelry industry, Monica Stephenson began in jewelry retail and started her own internet-based business in the late 1990s before helping Amazon launch its jewelry division in the early 2000s. In

2008, she started her award-winning jewelry blog

Idazzle.com, writing about trends and profiling prolific jewelry designers. Curiosity led her to travel to east Africa for the jewelry documentary film *Sharing the Rough*.

She was struck by the tenacity of the people in the east African gem trade and was mesmerized by the beauty of their gemstones. This inspired her to empower east Africans to participate in the international gem trade, by connecting gem miners and dealers to US designers who were concerned about responsible sourcing and origins. In 2015, she founded Anza Gems – from the Swahili word for “begin” – which aims to fuel development in Kenya and Tanzania through fair-trade gem purchasing and giving back to local mining communities. anzagems.com

LAYING THE GROUNDWORK



Gemstone producer Greenland Ruby places a high value on human rights and environmental protection.

BY HAYLEY A. HENNING

Colored gemstones have intrigued human beings for centuries, but it's only recently that specific locations have become synonymous with the quality, color and value of gemstones. It's also true that the nature of colored-gemstone mining has mostly been artisanal, and often questionable, which can explain in some ways the many issues that plague the industry in that regard.

To say the least, supply chains for responsibly sourced goods and a consistent flow of colored gemstones into the marketplace are enormously challenging, which might be reason enough for large-scale manufacturers to shy away. Given the growing concern of consumers about the transparency of the products they buy, and respect for human rights and the environment, it is our responsibility to ensure the survival of our industry with a move toward responsible and sustainable

mining and manufacturing. This is no longer a choice, but needs to be a standard operating procedure. It is also our responsibility to assure our consumers that buying colored gemstones is okay to do — consumer confidence is at the core of our businesses. We must remove the mystery but keep the mystique.

So complex is the colored-gemstone supply chain model, the Responsible Jewellery Council (RJC) only recently incorporated this category into its Code of Practices, allowing colored-gemstone miners to become members for the first time in July 2019. Greenland Ruby was quick on the uptake, and third-party auditing is currently being undertaken, making the company the first colored-gemstone mining operation member and leading the way.

Hayley A. Henning.
Opposite: Greenland
Ruby's Ruby Camp,
where mine employees
live amid an icy
and mountainous
landscape.



SUSTAINABLE MINING

The 2017 opening of a ruby and pink-sapphire mine in a remote region of southwestern Greenland presented a truly unique opportunity to bring a new source of gemstones to the world, with human rights, labor protection, sustainable environmental mining, and product disclosure practices considered along every step of the way. The license to mine, market and sell these responsibly sourced icy treasures was issued by the government of Greenland via the Ministry of Natural Resources, to which Greenland Ruby reports regularly to ensure thorough monitoring of sustainability, social responsibility, and Greenland's stunning nature.

The Greenland Ruby mine at Aappaluttoq is approximately 180 kilometers south of Nuuk. The name is taken from the Greenlandic word for "red," and with good reason — this is where centuries ago, local herdsman out with their reindeer discovered red crystals in the rock in the icy, mountainous landscape, which is surrounded by majestic fjords. Today, the active open pit is located in a drained waterway, which was dredged 10 meters to expose the ruby-bearing rock. Crushing and optical sorting is done at the nearby state-of-the-art processing plant. Tailings (residual from crushed rock) are put back into the lake. Monthly water and biological samples are gathered and analyzed for heavy metal and trace elements, and when we finish our work here, the waterway will be refilled, all equipment and buildings will be removed, and the site will be fully restored to its natural wilderness.

TRANSPARENCY AND TRACEABILITY

Next stop in the route to market is Thailand, where all gems are sent for treatment. Borax is an industry standard process by which fractures leading to the surface of the gem are healed, ensuring stability of our stones. This treatment is irreversible and enables us to responsibly and confidently cut, polish, sort and sell our gems

with little or no risk of return. All gems are tracked along every step of this journey and come with a certificate of origin.

Our customized inventory system was created to meet the demands of consumers — who are increasingly interested in route-to-market transparency — and traces each gem from the mine through processing, cutting and sorting. The structure of our numbering system allows an individual gemstone's story to be told from the moment it emerges from the mine until it reaches its destination in a piece of fine jewelry. All this is approved by the Greenlandic government.

SOCIAL RESPONSIBILITY

The PinkPolarBear Foundation is a Greenland Ruby initiative and was founded in 2019 by the company to support international research into the effects of climate change. Greenland Ruby gives a percentage of proceeds from the sale of each gem to the foundation, and encourages our partners to do the same.

Most of Greenland Ruby's workforce is made up of Greenlandic people. More than a third of our employees are women. Mining is a newer industry in Greenland and represents a much-needed viable alternative to fishing, which, along with tourism, is regarded as Greenland's most crucial future source of income. Our local workforces enjoy all the protections and working conditions guaranteed by Greenlandic law, which is modeled on strict northern European standards.

With today's customers caring passionately about the planet and human rights, Greenland Ruby provides beautiful rubies and pink sapphires that meet and exceed socially conscious shoppers' expectations. ■

Hayley A. Henning is the chief commercial officer at Greenland Ruby. greenlandruby.gl; pinkpolarbear.org

ATROCITIES AT MARANGE

Despite its claims of progress, the Kimberley Process continues to greenwash Zimbabwe's conflict diamonds.

BY FARAI MAGUWU



An illegal diamond dealer from Zimbabwe displays diamonds for sale in Manica, near the border with Zimbabwe.

In the corridors of the Kimberley Process (KP) intersessional and plenary meetings, smartly dressed men and women exchange pleasantries as they gather to review progress in the KP implementation. Various working groups submit reports that all indicate great progress in ensuring traceability of diamonds and the ability of the scheme to stem out conflict diamonds. The generally agreed claim is that the KP has reduced conflict diamonds to a marginal less-than-1% of all diamonds in the global supply chains. In February of each year, the past chair of the KP submits a report to the United Nations General Assembly, highlighting the successes of the Kimberley Process in conflict prevention. To consumers, all diamonds reaching their cities are conflict free. Among the diamonds cleared by the KP as conflict-free are Zimbabwe's Marange diamonds. These are mined in arguably the world's most securitized diamond fields.

A PROTECTED AREA

In 2007, the government placed Marange under the Protected Places and Areas Act (Ch. 11:12). Section 6 of the act states that the minister may declare a protected area "when Zimbabwe is engaged in war and immediately after" and/or "during any other period, if he or she considers on reasonable grounds that it is necessary to make the order in the interests of defense, public safety or public order." This law has been used to declare villages around Marange diamond fields as war zones.

Hundreds of officers from the army, police and Central Intelligence Organization (CIO) have been deployed to this community. Violence has been normalized. Further, this law

\$2B

IN 2016, THEN-PRESIDENT
ROBERT MUGABE
REVEALED THAT ONLY
\$2 BILLION OF A POSSIBLE
\$15 BILLION HAD BEEN
REALIZED FROM MARANGE
DIAMONDS

allows an authorized officer to search any person entering, seeking to enter or being in a protected place (or area), and may detain any such person for the purpose of searching him. Security agents in Marange regularly force their way into people's homes by breaking doors and windows, abducting occupants to a detention center in the community, where they pay a ransom disguised as a fine. They do not produce any search warrants before forcing their way into people's homes. The community lives in constant fear, as these are recurring events, infamously known as "reaction."

TORTURE AND VIOLENCE

The diamond mining area itself is fenced. However, artisanal miners, driven by unemployment and poverty, break into the fenced area at night to mine. Often, this is done after paying an "escort fee" to the mining companies' private security guards or the state security agents. Further, artisanal miners have frequently discovered new diamond deposits outside the companies' premises. As soon as there is evidence of mining activity, the Zimbabwe Consolidated Diamond Company (ZCDC) deploys its security to violently displace the artisanal miners and take over the area.

If captured, artisanal miners who enter the diamond mining area without paying an escort fee are subjected to the worst forms of torture. They are handcuffed, and vicious dogs are set on them. They are mauled for several minutes, then loaded onto ZCDC trucks, driven 40 to 50 kilometers deep into the forest where there are no human settlements, and dumped there. Some succumb to their injuries. While Section 53 of the Constitution of Zimbabwe states that no person may be subjected to physical or psychological torture, the country has not yet ratified the UN Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

GRINDING POVERTY IN A LAND OF PLENTY

A significant identity of Marange diamonds among the Zimbabwean people is lack of transparency and accountability. The diamond mining takes place in arguably one of the poorest communities in Zimbabwe, and there is no evidence of the government investing a portion of the diamond wealth in the Marange community. The state-owned ZCDC has failed the accountability test. In her 2019 report on state enterprises, Auditor-General Mildred Chiri revealed that the ZCDC had failed to account for the use of \$400 million, while also failing to properly account for 352,583.11 carats of stockpiled diamonds. These are not diamonds smuggled by ordinary middlemen. They are smuggled through official channels with KP certificates. Predictably, no one was arrested, let alone investigated.

\$400M

THE ZIMBABWE CONSOLIDATED
DIAMOND COMPANY (ZCDC) FAILED
TO ACCOUNT FOR \$400 MILLION.
ACCORDING TO A 2019 REPORT BY
AUDITOR-GENERAL MILDRED CHIRI



Farai Maguwu.

"SECURITY AGENTS REGULARLY FORCE
THEIR WAY INTO PEOPLE'S HOMES
BY BREAKING DOORS AND WINDOWS,
ABDUCTING OCCUPANTS TO A DETENTION
CENTER IN THE COMMUNITY"

Similarly, in 2016, former President Robert Mugabe revealed that of a possible \$15 billion, only \$2 billion had been realized from Marange diamonds. The rest was looted, possibly with KP certificates. Although these leakages have been brought to the attention of the KP, no action has been taken. To the jeweler in New York or Brussels, the moment they see the KP certificate, they are convinced that these are clean diamonds, yet the disappearing revenues are of significant proportions and have a bearing on the peace, safety and security of the people of Zimbabwe. There is a high possibility that this money from smuggled diamonds might be used to sponsor repression and human rights abuses beyond Marange. ■

Farai Maguwu is the founding director of the Centre for Natural Resource Governance (CNRG), a leading organization working on improved governance of natural resources in Zimbabwe. globalinitiative.net



A BRIGHT ALTERNATIVE

Diamond Foundry aims to better the jewelry world with its lab-grown stones, carbon-neutral rating and social programs.

BY GWYNETH BORDEN

Lab-grown diamond machines at the Diamond Foundry factory. Opposite: Gwyneth Borden.

Lab-grown diamonds offer a traceable, conflict-free, socially responsible jewelry option. Consumer opinion has shifted to value corporate social responsibility, with transparency and environmental issues being at the core. Millennials and Generation Z seek products and companies that improve society, and lab-grown diamonds offer a safe alternative for those who are concerned about provenance and impact. Consumers have many options in the jewelry marketplace; some have chosen other gemstones or have eschewed diamonds altogether because of confusing messaging that has indicated there are no ethically sound alternatives.

THE TOLL OF MINING

Extractive industries like diamond mining are, by their very essence and definition, not sustainable, as they deplete a natural resource and behave irresponsibly toward future generations by ignoring the long-term damage their mine will have on the land, water supply and local population — not to mention their overall carbon footprint. Mining is unsustainable in terms of both future supply and environmental impact.

The global climate crisis is a direct result of daily inaction. The mining exploration process depends heavily on fossil fuels. Diamond mining causes erosion, sinkholes, and loss of biodiversity and wildlife, as well as contamination of soil, groundwater and surface water by emitted chemicals. But it is the human toll of diamond mining that has grown in notoriety, particularly in many regions of Africa, and beginning with apartheid. What is referred to as artisanal mining has its own perils; miners laboring as “artisans” are exposed to dangerous working conditions, live in poverty, and often do not receive anything close to the value of their stones, resulting in employment comparable to effective slavery. Finding value in “artisanal” mining jobs is disingenuous and distracting, when the true responsibility the diamond mining industry must take on is to fix the problems it caused, provide better environmental stewardship, and create real economic opportunities that provide mobility and self-sufficiency.

PART OF THE ETHOS

This is where lab-grown diamonds enter the conversation. Lab-grown diamonds today are being produced at their highest quality yet, providing consumers with a plethora of choices for large-carat diamonds of great quality. Consumers can buy a larger, higher-quality diamond for a fraction of a mined diamond’s cost. Diamonds benefit from an interesting paradox in the sustainability world. Typically, environmentally friendly products come at a higher price point — a point that Bill Gates refers to as a “Green Premium” — which hurts consumer preferences toward environmentally superior products. But in the case of diamonds, the lab-grown alternative costs less, making it a game-changer in the sustainable-products debate.

Diamond Foundry’s ethos is rooted in sustainable innovation, creating beautiful diamond jewelry that avoids the human and environmental impacts that are a by-product of the diamond mining process. We know the provenance of our diamonds and have a vertically integrated supply chain. Not only do we not extract anything from the earth, but we also take it a step further with a carbon-neutral footprint. Our carbon-neutral certification extends beyond our diamond growth process to our entire company’s processes. This was a conscious effort not brought on by media or political pressure or an attempt to right past wrongs, but simply part of the company’s ethos from day one.

At Diamond Foundry, we provide well-paid green jobs that don’t require a college degree, working with community colleges and veteran groups to reach many in the workforce who have been left behind. We are expanding into communities

where older industries have left, providing new opportunities that uplift smaller, more rural areas. We support STEM educational initiatives — science, technology, engineering and math, which prepare people to compete in the global economy. And we are exploring bringing these jobs to African countries by building a foundry on the continent, providing a stepping stone toward participation in high-tech value creation to nations that have been exploited for far too long.

OBLIGATIONS TO FULFILL

The diamond industry has a rich history, and the story is evolving. Companies have an obligation to the communities where they operate to make those places better than how they found them. It’s simply not enough to provide jobs; capacity building and providing transferable skills across industries is the only pathway to a better future. As countries transition away from pollutant-ridden industries, new technologies will be key. Lab-grown diamonds are critical on the path to sustainability — and sustainability is our predominant social responsibility today. ■

Gwyneth Borden is the head of public policy at Diamond Foundry. diamondfoundry.com

“AS COUNTRIES TRANSITION AWAY FROM POLLUTANT-RIDDEN INDUSTRIES, NEW TECHNOLOGIES WILL BE KEY”



DOING THE RIGHT THING

Diamond dealers have embraced ethical sourcing as a cornerstone of their trade.

BY JOYCE KAUF

Trust, reputation, integrity — these words are central to the diamond trade. “Our business is like no other in that we’ve always conducted it on a handshake,” says Maximo Quinones, president and CEO of wholesaler DVG Diamonds in Miami, Florida.

But these lofty ideals have also been tested, especially regarding the sale and use of conflict diamonds. In 2003, the Kimberley Process (KP) was established to ensure that responsible sourcing and accountability would be part of the diamond lexicon. Since then, jewelers have expanded their ethical standards to include transparency on lab-grown diamonds, the use of fair-mined metals, reducing carbon footprints, and promoting inclusivity.

WHERE DO DIAMANTAIRES STAND?

“Corporate social responsibility is ingrained in the diamond business as a whole,” says David

Rakower, president of New York-based manufacturer Joseph Asher Collection. “Our universe of manufacturers around the world

is on board with the standards of the KP. I wouldn’t even know where to get an unethically sourced diamond. Written guarantees of responsible sourcing appear on our invoices and memos; they are a part of the general course of business.”

While he can’t speak as “the voice of every dealer on 47th Street,” Rakower says, “the people I come in contact with are very conscious of doing the right thing — ethically, socially and financially.”

Quinones agrees that “ethical sourcing is essential for a healthy industry,” adding that it is at the foundation of his company. However, he advocates a proactive approach in areas beyond what KP compliance requires. “Robust anti-money-laundering programs are one such socially responsible business practice. We seek out suppliers that take these extra steps to ensure that all diamond distribution is funded legally.”

Dealers should want to work with those types of suppliers, he says. Quinones praises his mentor, the late Phillip “Felipe” Berger — founder of Berger Gems & Pearls Inc. — as a “great diamond dealer” who “always conducted business in a socially responsible way.”

Working with people you trust is vital, affirms Girish Jain, owner of wholesale company Universal Diamonds in Pittsburgh, Pennsylvania. “Working with suppliers and manufacturers to create a product that we can talk about from the standpoint of being responsibly sourced is a very real part of our business.”

That said, he continues, “it also can’t be a blind trust.” Jain is more confident when it comes to assurances of larger diamonds’ origins; he would like to see improved origin tracking on smaller stones and melee, as in the case of Canadamark — an initiative of Dominion Diamond that certifies stones 0.30 carats and over with a laser inscription



“OUR UNIVERSE OF MANUFACTURERS AROUND THE WORLD IS ON BOARD WITH THE STANDARDS OF THE KP”

DAVID RAKOWER



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CATCH-UP”

GIRISH JAIN

and certification card. While he doesn't see enough demand for that yet, he would even like to add his own certification card, giving his “stamp of approval” for a diamond's legitimate origins.

Blockchain may make it possible to enforce stricter measures in the future, dealers believe. Rakower suggests that “the KP may have been the blockchain of the 2000s,” and Jain is hopeful that the digital-ledger technology will have “a place in the diamond industry.”

IS IT WORTH THE MONEY?

The resounding answer is yes. As the adage goes, if something is too good to be true, it probably is — and the price of diamonds is no exception.

In addition to selling loose stones, Quinones produces special-order jewelry, which he insists on fabricating in-house rather than overseas. Although this is more costly, it affords more control over ethical metal sourcing and labor.

“It has always been a tenet of my business — upstream and downstream — that I'm going to operate at the highest level of trust,” he stresses. “Since people know that we are buyers of large diamonds, we are, at times, approached with goods that are unethically sourced. These sellers are not bona fide; you simply have to learn to say ‘no.’”

Rakower would “find it odd” if someone offered him diamonds 20% cheaper than the market value along with “some ambiguity [about] where they came from”; that's an offer he would reject. Conversely, he says, “I can easily be convinced to spend my money with companies that are doing the right thing.”

Indeed, in other industries marketing their products as environmentally friendly, customers are willing to pay extra because they want to be socially responsible, he observes.

Jain would be willing to pay a premium of approximately 10% for “legitimately sourced goods” such as parcels of smaller diamonds with

certificates of origin. “I'd like to test a line of responsibly sourced diamond jewelry, with origin tracking, so that we can provide greater trust and assurance to the end consumer,” he says. “With issues relating to our planet and our people, we want to be at the forefront, rather than playing catch-up within the industry.”

DO BUYERS WANT THESE GOODS?

Successful retail jewelers have their finger on the pulse of the market, and corporate social responsibility resonates with their customers. As such, retailers expect diamond dealers, their trusted partners, to provide only ethically sourced diamonds for them to sell in their stores.

“It is very rare that the conversation even comes up between me and my clients, the retail jewelers,” says Rakower, explaining that he has been working with them for 20 to 30 years, and they are confident that his diamonds have been vetted. “Similarly, the people I work with are straight-shooting, honest, hardworking people who would not try to put something over on their customer.”

Consumers are also more informed. “Given that the younger customers and the much-sought-after millennials are influenced by social media, there is a greater awareness about where a product is sourced, and they often articulate that desire for ethically sourced goods,” says Quinones.

“More and more consumers, including myself, want to know where their money is going,” agrees Jain. “Retailers are in a powerful position because they speak directly to the end consumer and can establish a sense of trust by educating them. Wholesalers don't speak to the consumer, but we need to provide retailers with more materials so that they can inform the consumer and even use responsible sourcing as a point of differentiation to drive the sale.”

Jain also sees a generational shift in the diamond industry that may lead to greater emphasis on social-responsibility issues. “Traditionally, this business has been passed down from generation to generation. But now, many of the newest entrants are joining with higher levels of education and after having begun their careers in other industries, which gives them a broader perspective. We're not going back — we're only going forward.” ■



“IT HAS ALWAYS BEEN A
TENET OF MY BUSINESS...
THAT I'M GOING TO
OPERATE AT THE HIGHEST
LEVEL OF TRUST”

MAXIMO QUINONES

DO CONSUMERS CARE ABOUT SOCIALLY RESPONSIBLE JEWELRY?

Four US retailers weigh in on whether their clients are concerned about products' sustainable origins.

BY PHYLLIS SCHILLER



CATHY CALHOUN

OWNER, CALHOUN JEWELERS
ROYERSFORD, PENNSYLVANIA

"It's hardly an issue for me here in Royersford, but I opened Calhoun Estate Jewelers in Carmel by the Sea in California, and it is an issue out there. Since it's estate jewelry, I present it as pre-loved, that we're repurposing it and it won't hurt the environment. And they love it. They will comment on that there, but not so much here. I haven't noticed an increase in prices from suppliers we use because they are ethically sourced and socially responsible. But if it's presented as such, customers aren't balking at spending for that product. Everyone seems to feel they need to help a cause in some way. I would feel comfortable passing along perhaps a 10% price premium. Here in the northeast, a lot of friends are carrying lab-created diamonds, and a lot of people are putting that out as environmentally friendly. But I don't carry them. In a way, I set myself apart in that way."



DEBBIE FOX

VICE PRESIDENT, FOX FINE JEWELRY
VENTURA, CALIFORNIA

"Our experience is that less than half of our clients inquire about social responsibility. They typically avoid our industry's 'hot' words, instead asking, 'Where did the diamond come from?' or 'Is a lab diamond better than a mined diamond because....' These clients are inviting the discussion of the Kimberley Process, jobs provided and energy used.... In the end, it nearly always comes down to price versus sentiment and rarity. Less than 5% of our bridal clients want a center stone other than a mined or lab diamond, anecdotally. Their primary goal is to preserve the earth or avoid potential mistreatment of workers. [They] choose sapphires, moissanites and occasionally other stones, even though these could have similar effects to a mined or lab diamond. It is not our place, however, to make this value decision for them."



JOHN MOORMAN

VICE PRESIDENT, CARROLL'S JEWELERS, FORT LAUDERDALE, FLORIDA

"Where our customers are concerned is whether the diamonds and gems we sell are ethically sourced. All of our suppliers say they source diamonds from ethically [run] mines, and they do the proper transfer chains. And some American manufacturers are saying they use recycled gold. We have a disclaimer on our website that all our gemstones are ethically sourced and that some of the gold is recycled. Occasionally, the question of conflict diamonds comes up. Maybe one in around 25 customers will ask, and we can have a conversation about it. Sometimes we might show them our estate jewelry department as an option. The majority of our customers don't come in asking about lab-grown – only about one in 10 – [and] what they care about is the price. We introduce it to them as an alternative, showing them lab-grown diamond jewelry – earrings, bracelets, wedding bands, and in settings with real diamond side stones."



JIMMY GREEN

OWNER, J GREEN JEWELERS, SAN ANTONIO, TEXAS

"Of course, everyone cares about being socially responsible. However, only 10% of our clients are asking about it. Mostly younger customers have raised the subject of conflict-free stones. But they don't question it as far as the manufacture of the jewelry. And most of the manufacturing in this country is done under pretty strict guidelines, which is one reason I choose to limit what I do out of the country. I think customers interested in buying conflict-free are willing to pay more for a product where you can show the chain of manufacture and the country of origin. I explain that you might see something similar on the internet that's cheaper because it's made in a country that doesn't have as strict guidelines. You are paying for people not to be enslaved making jewelry under harsh, horrible conditions. I have seen no price resistance to the sale of socially responsible jewelry at all once I explain the price difference."

CIRCULAR THINKING

By recycling, upcycling and reusing our materials, we can meld the past with the present to create a greener future.

BY PAOLA DE LUCA

It's an interesting time for the concept of sustainability. At this stage, it is sometimes used as a propaganda tool. People are talking about it, but they're not really applying it, because they don't know the metrics of implementing it in day-to-day business. Besides the traceability of diamonds, gemstones and maybe gold, how do you measure sustainability practices in your

business and in your design? We are at the beginning of an incredible journey.

You may be dealing with certified transparent diamonds, but the employees at the diamond factory might not be working according to sustainable best practices. Maybe you are subcontracting your manufacturing to a company that is not compliant. We have to define the measurement of what makes a product sustainable.

The concept of circular design is not new. History has taught us that for our ancestors, everything — from furniture to food, fabric and clothing — was meant to be recycled, upcycled and reused. Circularity is about melding the past with the present, mixing it with innovation, and making recycled material components by looking to the future.

Jewelry companies have old, unsold stock. What do they plan to do with it? Remelt the jewelry? Are they just going to unmount the pieces? Or maybe they can reuse these original components, unmount and design around them. We should be utilizing the treasures that we have within the factories, the legacy materials, and the knowledge of how to design something and how to make the prototypes. Consumers say they want to be sustainable. They want to do it, but they don't want to pay for it. Millennials, Gen Z-ers and Gen X-ers are concerned about climate change, yet they are also spending more than EUR 1,000 on an iPhone that will be discarded at some point. Some of the pieces are reused, but some aren't. So all this is going to waste. This is pollution. What are we doing about that, then?



Margherita Burgener
Fiordaliso ear clips in
titanium and gold with
repurposed plastic
bottles and diamonds.

The solution is to buy less, own less, make better use of what we have, be more conscious, speak less and do more, be more active rather than talking — and it has to include everybody, in all age groups.

Everyone thinks sustainability is associated with the green footprint and limiting the production of carbon dioxide. But there are three factors: people, planet and profit. If things are not profitable — as in financially sustainable — change cannot happen. To make lasting changes, we have to be sustainable from a financial perspective. That also means attracting investors who have an awareness of social impact and investments.

“THE SOLUTION IS TO BUY LESS, OWN LESS, MAKE BETTER USE OF WHAT WE HAVE”

Everybody associates sustainability with being good, and of course we want to be good, but you need money to support the system, and people forget that part. Yet there is nothing to be ashamed of. Let's talk about how you need money to support sustainability and to be and do good. Unless we link these different aspects, implementing sustainability throughout the supply chain is never going to happen. And it's going to be a lie. Unless you do make money, and you are aware of how to save money, time, energy — and therefore pollution — you're not going to be sustainable. It's not going to last.

We need to shift our mind-set. The jewelry industry is trailing behind other industries like the fashion world. The fashion industry didn't have expensive, rare materials, so it concentrated on emotional value before the diamond trade did. We have to change everybody's mind — all the stakeholders from the beginning to the end of the supply chain, down to the purchaser. Otherwise, we are just paying lip service. ■

Paola De Luca is the chief executive officer at The Futurist, and cofounder and creative director of Trendvision. thefuturist-pdlg.com; trendvisionforecasting.com

TIPS FOR THE TRADE

- Invest in education and create infrastructure, including technology and innovation departments for circular design.
- Develop new systems that mix tradition with technologies for reducing waste.

Paola De Luca has just completed a degree in circular economy and sustainability from the University of Cambridge. Here are some of the actions she recommends for the industry to optimize its activities from a sustainability perspective:

- Promote upcycling and new business models.
- Partner with recycling-technology companies to develop alternative materials, packaging and distribution platforms. Develop a program that introduces circular economy and circular and modular design to the sector.
- Adopt innovative ideas mirroring the fashion industry — translated for the jewelry sector, which has different challenges (for example, the use of precious natural resources).
- Study business cases from other sectors, including independent designers and small and medium-sized enterprises (SMEs).



Paola De Luca; Anabela Chan earrings in recycled aluminium, 18-karat gold and rhodium vermeil with lab-grown cornflower-blue sapphires, sky-blue spinels, opals, paraiba tourmalines, and white diamonds.



COMMUNITY MINED

For designer Alexia Connellan, ensuring the well-being of the local people is a top priority when sourcing precious gems and metals.

BY SONIA ESTHER SOLTANI



ROYAL

Set in conflict-free platinum and recycled 18-karat green gold, the Royal earrings feature 12.65 carats of oval, unheated, Siberian amethyst cabochons, sourced from the old stock of a retiring gem cutter; 1.75 carats of oval, unheated, Ethiopian Welo opals, sourced from an AGTA and JBT gem dealer; 1.08 carats of round, unheated, Ceylon golden sphenes; and 1.5 carats of Australian fancy-yellow diamond melee, sourced from an NCDIA and AGS dealer.

Before becoming an award-winning designer, Alexia Connellan was a passionate gemstone collector. She would go to the main fairs, and when a stone captured her expert eye, she would start asking the dealer questions. Uppermost in her mind then, as now, was the impact that sourcing a specific gem would have on the community it came from. In her design practice, she uses ethically sourced colored gemstones from artisanal and small-scale miners (ASM), and recycled, post-consumer diamond melee whenever possible. From an aesthetic point of view, she says she prefers old-cut diamonds.

Producing jewelry in an ethical and sustainable fashion suits her overall vision. She often uses old stock, whether it was mined over 25 years ago and never sold, or was simply forgotten in the back of the cutter's safe. She applies the same thorough checks to the other materials she uses in her jewels, sourcing platinum from a refiner that buys the metal from conflict-free sources and provides signed documents from all the suppliers. She purchases recycled gold from a Scientific Global Services (SGS)-certified supplier.

The recipient of three American Gem Trade Association (AGTA) Spectrum Awards, the New Jersey-based Connellan has been an advocate for change, hoping to encourage people in the industry to take small, incremental steps toward more sustainable sourcing.

WHAT DOES SUSTAINABILITY MEAN TO YOU?

Sustainable means different things to different people. Some people are primarily concerned with the environment, some are more concerned with the lives and well-being of people in mining communities, and others are concerned with a combination of both. I am concerned with both, but for me, the lives and well-being of people will always come first. That is why I do not support a large company buying/leasing land from a country and pushing the local people who used to mine there out of a livelihood. Sure, it might be more “environmentally sustainable” and receive all the right certifications, but if it’s not helping local people live good lives where they can feed their families, then it’s no better in my mind. They won’t care about the cleaner water or air unless their basic needs are met. That is why I think the local people must be asked what these large corporations can do to better their lives and futures. Those large companies should help them, considering that they make such large profits by using those communities’ natural resources. I guess you could call it “compassionate capitalism.” If you are negatively impacting the local community, then no matter how many certifications you get, you are not truly “sustainable” in my mind.

IS IT MORE EXPENSIVE FOR A DESIGNER TO BUY RESPONSIBLY SOURCED GEMS?

There is a general thinking that sustainably sourced gems do tend to cost more than ones that are not. This is definitely true for gems that are offered by bigger companies and large mining operations.



REGENCY

These earrings won an AGTA Award in Summer 2016 – second place in the Bridal Wear category. Set in conflict-free platinum, they feature unheated, mint-color tourmalines from Afghanistan – 5.27 carats of pear-shaped stones and 2.92 carats of cushion-cut ones – along with 2.5 carats of post-consumer and Canadian diamond melee.



PHOENIX CROWN

These earrings in recycled 18-karat yellow gold and conflict-free platinum contain 4.43 carats of cushion, unheated, orange spessartite from Nigeria, sourced from an AGTA and JBT gem dealer; 2.81 carats of orange sapphire melee (heated and unheated) from Tanzania, sourced from the old stock of an AGTA and ICA sustainable gem dealer; 4.8 carats of pear and marquise post-consumer and Canadian diamonds, and Canadian diamond melee. Like all her other creations, they are handmade in New York “by well-paid and much-loved jewelers,” says Connellan.

They must pay a large premium to get an outside source to certify their operations and process — if they are honest! However, it is possible to find reasonable — and even “cheaper” than standard-priced — sustainably sourced gems, but it takes more work. You must be willing to work with smaller suppliers, ask more questions, take more time, ask around, and verify that what they say is true. Doing this, you can find great sustainable gems at a great price. I recommend going to gem fairs and asking lots of questions, going directly to a gem cutter, or sourcing from someone with a background in geology and/or gem mining. The closer you get to the source, the lower the price. This just takes more time, determination, and risk assessment and management.

LOOKING BACK ON YOUR EXPERIENCES SEEKING THE MOST HOLISTIC APPROACH TO YOUR DESIGNS, WHAT WOULD YOU DO DIFFERENTLY?

The sourcing for the pieces [featured here] happened between 2006 and 2016. If I had to redo them now, I’d try and get 100% post-consumer diamonds, as I have learned that Canadian diamonds have greater environmental and social issues than I knew of at the time. I’d also aim to get ASM gold as opposed to recycled gold. But it’s all a good start! My sourcing isn’t perfect, and I get better each time I create a piece. But my intention to do good for the environment and help people on the ground has remained the same.

alexiaconnellan.com ■

Alexandra Mor.



A SHIFT OF CONSCIOUSNESS

The jewelry ecosystem needs to evolve on a large scale that takes nature, humanity and the big financial picture into account.

BY ALEXANDRA MOR

Responsible business is all about relationships — with ourselves, with our communities and with mother nature. While the jewelry industry primarily uses natural materials, its relationship with nature is disconnected and abused. The mining industry dumps 180 million tons of hazardous waste into water streams every year. This mistreatment of our environment and the collateral damage inflicted upon indigenous communities calls for serious and lasting change.

Nature unconditionally provides us with raw materials, and in return, businesses need to invest the time and resources to build a strong connection between humans and the environment. It's not about being trendy; we need to consider our responsibility in a much larger context. This is an opportunity only we humans have: to act independently and influence future outcomes. It is not even a revolution, but a much-needed evolution.

This is not to say the fine-jewelry industry hasn't made efforts to evolve in terms of responsible business practices. However, as someone who has witnessed firsthand the negative impacts on mother nature and respectable efforts to help offset them for over a decade, I am sad to say that production, gemstones, metals and other material-sourcing in the chain of supply is in need of a tectonic shift of consciousness in order to make a serious impact. Fortunately, there is a palpable change in the awareness of consumers, especially young luxury consumers, for both environmental and socially responsible business practices. I believe this is key to helping usher in a new consciousness, and why I decided to launch my consulting firm, Circles of Stones.

In an effort to leave a lasting mark in my industry, I realized that I needed to prioritize work with leadership and industry stakeholders. The philosophy and mission of Circles of Stones is grounded in the concept of sustainability with a purpose. By holistically evaluating the identity of a brand, the company and its product, Circles of Stones seeks to identify specific actions that will bring about effective change. I am inspired to support leaders as they embark on efforts to bring about sustainable transformation for their community and environment.

THE BROADER VIEW

Being a responsible jeweler is no longer just about sourcing sustainable materials, nor is it about the Kimberley Process. It is about aligning efforts and strategies from A to Z. Without complete alignment, all the positive effort and consideration won't mean much for long-term success.

When lab-grown diamonds were first introduced, many jumped to categorize them as a sustainable alternative to natural diamonds. At first glance, it seemed like the perfect alternative to harmful mining practices. Although the mining industry has numerous negative impacts on our environment, the livelihoods of many communities rely on it. Sourcing responsibly requires taking a step back to look at all the constituent parts, their relationships, and making choices that will not only provide short-term results, but reconsider systems and processes on a larger scale.

When sourcing materials, we need to look into the three core elements: whether the material supports the people, the environment, and our business and financial needs. It is less about the materials themselves and more about our perception, awareness, and openness to a new way of thinking. On both a personal and a business level, balancing our needs while taking into consideration people, nature and the spirit of things is essential to the development of an industry. We can discover ways to simultaneously complement business values and create an ecosystem that is mindfully maintained for future generations.

While the initiatives developed in the past 20 years work to build better policies in the jewelry industry, our practices are lacking some inherent ingredients: collaboration and, in many cases, integrity. Our certification systems are not leading any change; they are simply stirring the mud, moving the dust from one side of the room to another. Transparency is vital and is the foundation to building relationships within the industry as well as with consumers. The only way for companies to accomplish transparency is through open communication with all key stakeholders, built on high levels of information disclosure, clarity, and accuracy — as well as an openness to recognizing faults and improving practices.

Gemstones as well as precious metals like gold, silver and platinum can be recycled over and over and will never lose quality. Both collectors and suppliers should be encouraged to look at their inventory and mounted jewelry and see what can be reused for new pieces. That is why bespoke has been a major focus for Alexandra Mor since its inception. We have been purposely offering this service since the brand was launched in 2010. The gems clients bring for the bespoke process may not always have a high market value, but the emotional attachment to the jewel is priceless. And that's exactly how we treat it.

SOLUTIONS, NOT CHALLENGES

I am a great believer in being proactive rather than reactive. "Challenge" is not a term I would use in regard to responsible sourcing. Once we use the term "challenge," we already compromise, and arrive at the table with half the potential and capacity to see the whole picture. As a designer and business owner, as well as in my personal life, I choose to focus my intention and attention on solutions. This is how my tagua seed collection ►



came about. Instead of focusing on the poaching issue and the killing of elephants, I focused on opening up to what could be a solution. When we switch to that mind-set, a whole universe of options will appear at our doorstep.

Production is often at the heart of a company's activities, and most will understandably avoid tinkering with the production process without a compelling reason. Sourcing sustainably can incur direct short-term costs, both in materials and in the switching costs. Sustainable transformation with regard to these activities should be closely monitored, since they can become a major source of resistance within a company. As the cost-benefit analysis and risk management can take time, this transformation may well be the longest to complete. It is important to provide support to the stakeholders and consider these changes holistically, weighing them against the overall benefits of sustainability.

Companies should reevaluate their use of materials. Using more recycled materials is a good first step, and fine-jewelry players can consider pushing this further by embedding circular principles into their model, allowing customers to trade in or redesign old jewelry. There are also opportunities in product innovation, where smaller brands and young designers are already finding success with alternative materials like found objects.

ETHICS VS. ECONOMICS

There is a prevailing belief that sustainability is more expensive. This may be true, but I believe it is only for the short term. If you are a brand with distinctive and recognizable designs, you will have the ability to charge a premium price. Small brands that embed sustainability and are credible can prove successful, too.

Fully committing to improving sustainability practices will undoubtedly impact companies' bottom lines. On materials alone, there is up to a 20% to 25% cost increase when switching to fair-trade gold to ensure it is mined in ethical conditions. The effect is the same with responsibly mined gemstones, which have an average cost increase of 10% to 15%. The question remains as to how much of these costs customers will be willing to absorb, but it is unlikely that it will be the totality.



Alexandra Mor in her studio, creating bespoke jewelry; Majestic ring with white pearl, tagua seed, and carved ebony.

Many companies will find it difficult to quantify the return on their sustainability investments. With regard to compliance, this is a straightforward issue. With regard to areas of competitive advantage, however, companies need to link sustainability to a business case. We need to prioritize compliance first and then competitive advantage. Compliance often relates to regulations in waste management, pollution and energy efficiency, as well as human rights and labor responsibility. It is also an issue that concerns investors. A recent study by the Boston Consulting Group (BCG) and Massachusetts Institute of Technology (MIT) found that 44% of investors would divest from companies with poor sustainability performance.

It is estimated that by 2025, 20% to 30% of global fine-jewelry sales will be influenced by sustainability considerations, from environmental impact to ethical sourcing practices. A business that wants to be part of the future will need to structure its operation and finances around long-term profits. Generations of modern consumers have grown up with an acute concern for the environment and, as a result, an acute sensitivity to which companies acknowledge that focusing on the bottom line is no justification for jeopardizing the environment. Unsustainable business will accumulate levels of bad faith that no amount of greenwashing can hide. There is opportunity in finding ways to satisfy the needs of sustainability-focused consumers. ■

Alexandra Mor is the creative director of her eponymous high-jewelry brand, as well as the founder of Circles of Stones, a boutique global consulting firm that specializes in mindfully driven sustainability projects and bringing the best out in people and companies. alexandramor.com; circlesofstones.com