

JEWELRY

Gold supply chain must be decarbonized to achieve net-zero emissions

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The precious metals and jewelry industries look for new ways to meet climate goals set at COP26. Image credit: World Gold Council

By NORA HOWE

As governments, corporate leaders and consumers band together to tackle environmental issues, the jewelry industry is looking to implement solutions to make the mining and refining of precious metals more sustainable.

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During the inaugural event of a new virtual series by **Initiatives in Art and Culture** (IAC) and Berkshire Hathaway-owned **Richline Group**, "Boldly Building the Future," precious metal industry experts discussed successes from COP26, such as steps toward clear carbon trading and deforestation. Admittedly, however, the jewelry industry has plenty more to accomplish, especially within mining and refining.

"COP 26 was not a victory, but it was not a car crash," said John Mulligan, director and climate change lead at the **World Gold Council**. "We moved a step closer to clearer carbon trading, which will hopefully give us a clearer carbon price, we had an agreement on deforestation, which is important as it ties the issues of biodiversity closer to client climate objectives.

"The agreement on methane was particularly important, as it is a key greenhouse gas, and as we talk about carbon dioxide, methane actually has a far more immediate impact," he said. "If you can remove or curb it, you might have a more immediate impact."

Decade of action

Following the recent COP26 conference in November, where world leaders and business executives gathered to meet the growing demand for sustainable industries ([see story](#)), achieving net-zero carbon emissions by 2030 has become a top priority.

"If you're going to have an impact by 2030, you need to act immediately," Mr. Mulligan said. "People will start measuring sectors' impacts against this, and will expect them to report on them in clear and consistent ways."



Tiffany & Co. aims to inform consumers of each step of its sourcing process and supply chains. Image credit: Tiffany & Co.

With this, transparency or clarity on disclosure has become paramount to sustainability strategies.

For instance, the Task Force on Climate-Related Financial Disclosure (TCFD) has become a framework for large-scale corporations and organizations, such as World Gold Council, to report on their own impacts and exactly what they are doing to alleviate environmental footprints.

In 2019, the London Bullion Market Association (LBMA) expanded its Responsible Gold Guidance to include ESG, and has set new standards for refiners in regards to how they are meeting new requirements to earn LBMA's listing.

"We are also conscious that this is only one part of the value chain, and that we have to work really closely with the upstream in terms of how we devise a transition plan for the industry," said Ruth Crowell, CEO of [London Bullion Market Association](#).

"We can all report and talk about our individual companies and how we're trying to reach net zero, but for the materials and for the metals themselves, we need to come together to have a transition plan for each metal or for each material in the jewelry world."

Within the gold, silver and other precious metals spaces, refining is a major opportunity for sustainable practices. However, refining processes have not been significantly upgraded since the early 1970s.



Richemont is prioritizing recycled metals for its jewelry houses. Image credit: Richemont

The refining process requires intense chemical treatments, such as hydrochloric and nitric acid, and while these chemicals work effectively, they use a significant amount of energy and water.

"Not a lot of attention has been paid to [this process] probably because it is effective," said Grant Angwin, independent advisor to the precious metal industry. "However, now there is more attention being paid to what we can do to reduce its carbon footprint."

Supply chains

In response to increased demand for transparency, jewelers have started disclosing information related to their supply chains.

In terms of sourcing materials, Swiss luxury conglomerate Richemont is committed to transparency and traceability in raw material sourcing and continues to work collaboratively with industry organizations and business partners to promote best practices across its full supply chain.

More than 90 percent of the gold Richemont purchases is certified by the Responsible Jewelry Council (RJC) and comes from recycled origins.

Richemont's IWC Schaffhausen became the first Swiss luxury watchmaker to achieve certification against the RJC's strict chain of custody standard. Other houses within the group are currently working towards obtaining this certification ([see story](#)).

In addition to precious metals, last year Tiffany & Co. introduced transparency through mine-to-diamond traceability.

The LVMH-owned jeweler now shares the full craftsmanship journey of its newly sourced, individually registered diamonds that are 0.18 carats or larger. The announcement in late 2020 came a year after Tiffany became the first luxury jeweler to provide the provenance region or countries of origin of its individually registered diamonds as it adds transparency to its sourcing of raw material ([see story](#)).

"If you look at material emissions, it all comes down to mining," World Gold Council's Mr. Mulligan said. "We estimate that close to 99 percent of emissions across the entire gold supply chain are associated with mining, and at least 80 percent of those are associated with electricity."

"So we know where the emissions come from, now we have to consider what we can do to change that," he said. "It's not going to be easy, but it is actually the same task that is needed in every single economic sector all of them must find ways to decarbonize their energy sources."

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