

WATCHES AND JEWELRY

Opaque supply chains, unsustainable production processes bedevil hard luxury

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The watches and jewelry sector has to up its act in terms of supply chain transparency and sustainable practices. Image credit: Positive Luxury

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Crafted from infinitely recyclable materials and designed to be treasured and handed down through generations, fine jewelry and watches known as "hard luxury" products should sit at the intersection of luxury and sustainability.

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However, opaque supply chains and unsustainable production processes have flourished beneath the industry's opulent veneer but the tide is changing. Like many industries, the impending climate crisis and changing consumer priorities are forcing hard luxury brands to reckon with their unsustainable actions and pursue planet-positive production along their entire supply chain.

"Sustainability is the future, whether achieved through considered sourcing, the use of new materials, the exploration of new business models or a combination of the three," said Amy Nelson-Bennett, co-CEO of Positive Luxury, London.

Positive Luxury certifies organizations with the Butterfly Mark, a trust mark that is independent evidence of their positive impact on nature and society. The company works with brands across sectors to foster best practices in their manufacturing and retailing.

This latest report from Positive Luxury shines the light on one luxury sector that has come in for more scrutiny from consumers and observers.

It is estimated that by 2025, 20 percent to 30 percent of fine jewelry purchases will be somewhat influenced by sustainability considerations, according to a new report from [Positive Luxury](#) titled, "[The Future of Jewelry & Watches: Positive Solutions for People & Planet.](#)"

Simultaneously, the inexorable rise of rental and resale is providing access to a wider range of consumers looking to enter the hard luxury market.

The Positive Luxury report outlined the main sustainability issues facing hard luxury and presented a range of solutions that organizations can use to create a more sustainable future, as well as a competitive advantage for their brand.

Key issues

Protecting finite resources. Mining for desirable materials such as gold and precious gems comes with a significant environmental impact.

For each carat of natural diamond mined industrially, companies move up to 250 tons of earth, use 127 gallons of water and release 143 pounds of carbon dioxide into the atmosphere, according to Positive Luxury.

While practices of large-scale mining practices may be improving often highly regulated and exceeding environmental compliance small and informal mining faces different challenges to access green technology.

Lacking environmental management systems or regulatory pressures, they may resort to hazardous materials and highly polluting methods to process metals.

In addition, informal mining adversely degrades ecology and the surrounding communities that are often unethically forced into production labor.

Despite this, deforestation in the Brazilian Amazon caused by illegal gold mining increased by more than 90 percent between 2017 and 2020, per the report.

Outdated mining practices have left and are still leaving a trail of environmental destruction across Africa and South America, with issues of tailings management, the depletion of ground and surface water, and toxic chemicals leaving a mark even after mines have been closed.

As consumer demands for traceability and transparency continues to increase, luxury brands will have to carefully consider with which suppliers they partner.

"It is our belief that it will also be necessary to use innovative new materials that will reduce their overall environmental impact," Positive Luxury said in the report.

Social impacts of mining. Equally as concerning as the environmental impact of mining are the social impacts.

More than 1 million children are engaged in child labor in informal mines and quarries.

As well as environmental management, large-scale mining must bring development and contribute to surrounding communities improving wellbeing by activating local economies and bringing access to health and education to remote places where governments may not have strong presence, the Positive Luxury report suggested.

Unfortunately, this is rarely the case for informal mining which employs more than more than 500,000 people only in Peruvian mining zones alone, per the report.

"They still exacerbate gender inequalities, as the compensation and benefits are paid to men on behalf of their families, increasing women's economic dependence on men," the report said. "The structural changes caused by the opening of a mine are also thought to increase instances of sexual and gender-based violence.

"Given this information, it is critical that luxury organizations seek out certified suppliers and conduct regular audits, ensuring that their workers are protected from mining's negative impacts."

Fast jewelry. Emulating the trajectory of ready-to-wear clothing brands, companies have hopped on the production of fashion-led, cheaply made jewelry and watches to keep pace with fast-changing aesthetic trends.

While it is mostly the charge of fast-fashion brands, luxury labels should be wary of dropping production standards to meet consumer demands for continual newness, according to Positive Luxury.

Four score

Positive Luxury's take is that sustainability is the future of luxury jewelry and watches.

Whether that sustainability is achieved through considered sourcing, use of new materials, exploration of new models or a combination of the three, luxury brands will not be able to connect with consumers without rebuilding themselves as sustainable businesses, the company said.

Purchase behavior is increasingly influenced by a brand's environmental actions. Currently, 29 percent of United States consumers and 34 percent of Chinese consumers "often" or "always" agree that this is a key part of their decision-making process.

The impact of this is that not only do luxury jewelry and watches brands need to become more sustainable, they

need to get better at communicating this clearly to their consumers.

Per Positive Luxury, there are four key actions that jewelry and watch brands can begin taking to become more sustainable.

First, explore planet-positive materials.

Access to traditional luxury materials is declining as finite materials either run out or become too ecologically impactful to gather.

Instead, luxury brands should explore unorthodox material sources such as e-waste and carbon capture technology. By seizing these materials, brands can gratify consumers' rising eco-conscious consumption.

Next, brands should undertake supplier audits.

It is a brand's responsibility to ensure its suppliers meet its eco-standards. Consumers are well-attuned to greenwashing attempts.

Brands should use certified suppliers and provide shoppers with full supply chain transparency to ensure end-to-end production responsibility.

Third, consider products' full lifecycle.

Repair, replacement and remodeling services should be as much a part of hard luxury brands' businesses as new product design.

Brands should foster a life-long relationship with consumers to ensure their products do not end up in the waste stream due to repairable damage or resolvable taste changes.

Finally, investigate waste reduction along the supply chain.

Besides the resulting jewelry and watches, hard luxury brands must ensure processes along the supply chain are undertaken in the most responsible manner.

From auditing suppliers to redesigning packaging, brands must think holistically to reduce unnecessary waste.

"Luxury brands will not be able to connect with consumers without rebuilding themselves," Ms. Nelson-Bennett said.