



Jewellery: increasingly responsible sourcing

About OCIM

The OCIM group of privately held companies has a long and successful history as a Trader and Financier of Strategic Assets. Established in Paris in 1961, OCIM is headed by a third-generation member of the founding family. Besides its core historical business in Real Estate, OCIM has diversified into other strategic tangible assets such as coinage Precious Metals via its Geneva-based subsidiary. As a Merchant, OCIM trades physical metals across the full value chain, from producers to end users. As a Financier, OCIM invests in a wide variety of instruments and provides financing to the value chain with equity, debt, and alternative investments.

The major players in the sector are exploring three ways at the same time: improving the traceability of deliveries, restricting sourcing and playing a direct part in improving the social and environmental conditions under which metal is produced. This three-pronged approach involves individual initiatives, but also increasingly advanced cooperation.

Given the environmental and social challenges it faces, the precious metals sector is being urged by its stakeholders to move towards a more sustainable model than has sometimes been the case in the past. Downstream players in the value chain bear a particular responsibility, because by scrupulously selecting their partners and making their sourcing conditional on strict sustainability criteria, they have the opportunity to directly influence all the practices of upstream players, right up to the extraction and processing of minerals.

Pressure from legislators, but also from customers

There are two reasons for this general trend towards more responsible practices.



The first is regulatory. Legislators are imposing increasing pressure on companies to adopt more virtuous practices. The European CSRD (Corporate Sustainability Reporting Directive) aims to improve and above all harmonise the disclosure of environmental, social and governance (ESG) information by companies from 2024, encouraging them to adopt strategies that are both readable and ambitious. More recently, the European Parliament also adopted the Corporate Sustainability Due Diligence Directive (CSDDD), forcing companies to improve traceability.

The second reason stems from the demands of end customers, who are increasingly sensitive to the impact of their consumption and are now demanding proof of sustainability before they buy a jewel. This demand is all the more compelling given that the jewellery industry relies on the supply of precious stones and metals, a large proportion of which comes from small-scale producers who face particularly sensitive issues: precarious working conditions, quality of equipment, difficult access to formal channels and fairness in the redistribution of income.

Schemes divided into three complementary components

What are the major players in the jewellery industry doing in these conditions? Sustainable development policies have long been formalised in order to provide a framework for initiatives and ensure that they take place over the long term. Three avenues are being explored. The first is to strengthen the traceability of raw material deliveries to guarantee consumers that their jewellery is not tainted by human rights or environmental abuses. The second is to restrict sourcing to countries and regions that comply with minimum regulations. The third is to improve the social and environmental conditions of production by providing

direct support to cooperatives and by intervening in the extraction and transformation process through training, equipment supply and financing projects.

Responses that are both collective...

These actions are carried out in two different ways. Firstly, they are collective, based on increasingly strong cooperation between the jewellers themselves, but also with public and private institutions, scientists and NGOs. Dedicated bodies have been set up to define industry standards and pool human and financial resources. This is the case, for example, with the Swiss Better Gold association, which brings together the major players in the Swiss jewellery industry, such as Audemars Piguet, Cartier and Chopard, and the Alliance For Responsible Mining. Their common objective is to guarantee jewellers that their precious metal supplies are based on fair remuneration for the entire value chain, and to support artisanal miners' cooperatives in their efforts to adopt more responsible practices through the implementation of concrete projects in the field.

Another key initiative is the Responsible Jewellery Council (RJC). This not-for-profit organisation seeks to promote and certify ethical practices worldwide throughout the gold and diamond supply chain by defining standards and issuing official certifications to companies that meet them.

... and also individual

In addition to these collective responses, jewellers are also addressing this issue at their level, to ensure the sustainability of their own sourcing. All the players in the sector have taken steps in this direction. For the largest of them, these are largely centralised, so that the best practices can be shared across their entire



by RJC for the sustainability of its supplies. Specific governance has also been designed around a new body, the Gold Sourcing Committee, whose role is to define standards, validate sourcing and monitor all links in the chain. Finally, a set of tools and processes has been designed and put in place to identify as far upstream as possible, then assess and manage any risk to the sustainability of the supply chain.

For its part, LVMH is committed to equipping all its strategic supply chains with a dedicated traceability system by 2030, guaranteeing total transparency for products and all their components. This objective involves a number of stages: firstly, knowledge of the countries of origin for strategic raw materials, followed by the implementation of supplier mapping tools defined according to the sector and the maturity of the supply chain. For each of the raw materials concerned, including of course precious metals, the Group has implemented an ambitious certification process, based on the most rigorous standards in the sector. This approach is reminiscent of that of Kering. This other French global player has imposed very strict sourcing standards on all its suppliers. These are regularly updated, and form the basis for ensuring that practices comply with the social and environmental criteria defined by the Group and its various companies. While 95% of the main raw materials used by the Group are now traceable, 100% of the gold purchased for jewellery is already defined as responsible.

And this is only the beginning, as the first phase of these strategies to make sourcing more responsible will soon be coming to an end, and the next stages are already being studied by the management teams of the major players in the jewellery industry. To the great benefit of the raw materials producers themselves!

portfolio of brands. This is particularly true of Richemont, whose Varinor processing plant is certified



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