

The Fairtrade gold project was first organised by Fairtrade International and the Alliance for Responsible Mining, with mining organisations from Bolivia, Colombia, Ecuador, and Peru. Fairtrade and Fairmined gold launched in February 2011 in the UK, with a goal to roll out in other countries and capture 5 per cent of the gold jewellery market over a 15-year period. Pictured here, the first ingot of Fairtrade gold in the hands of Manuel Reinoso, artisanal miner at La Victoria SA Mining Enterprise Peru and Vice Chair at Alliance for Responsible Mining.



A New Gold Standard

Unless you have had your head buried deeply in guilt-free sand for the past year or two, you cannot have failed to notice a global push towards so-called 'ethical sourcing' of precious stones and metals. *QP* looks at the reasons behind the move and asks whether it will ever be more than window dressing for luxury brands and a conscience leveler for consumers. **Avril Groom**

There can be scarcely anyone on earth who is not aware of the rising price of gold. This inexorable growth – from \$300 an ounce to around \$1,500 in not much more than a decade – has had a number of consequences. Gold watches and jewellery have become ever more desirable both as investments and outward symbols of wealth and success – the industry used a record \$92 billion dollars' worth of gold last year. The price of other rare metals such as platinum has risen too. And, partly because industrial-scale gold production cannot be expanded quickly, there is a modern day gold rush among small-scale miners. Whereas the classic 19th-century gold rushes were confined to places like California or the Yukon, this one is virtually global.

Impoverished people in a whole slew of third-world and emerging countries across South America, Africa and Asia are equally aware of gold prices, see the metal as a means to make a living and do not have the luxury of being fussy about working conditions. Estimating the numbers involved in small-scale mining is very difficult – a new report by the Fairtrade Foundation reckons a total of about 15 million people worldwide, with families and ancillary services taking the total of people dependent on artisanal mining to around 100 million. And that report is very timely – just as the African wars of the late 1990s put the focus on blood diamonds and forced the gem industry to

introduce a rigorous self-regulation policy in the form of 2003's Kimberley Process, now the spotlight is on precious metals and how ethical and responsible they are, and February 2011's official launch of Fairtrade and Fairmined gold in London has given the subject practical expression.

Tight lipped

Ethics, the environment and corporate social responsibility have become big social issues in recent years and one on which the luxury goods business has apparently acted slowly. In fact, most have made strides, particularly in their own environmental practices, but they do not make much noise about it for one good reason.

As someone involved in a small luxury organic food company said to me recently: "The big luxury groups are so vast and under such scrutiny that if they put a foot wrong they will be pilloried. Better to say nothing about their practices, even when good, than to claim the moral high ground only for someone to unearth an underage worker in one of their suppliers." Add to this the fact that, despite major efforts to improve working conditions at and environmental effects of industrial mines, the industry remains very complex and involves many stages, and one can see why this is an issue that a number of major brands are not prepared to comment on.

However, some are beginning to reveal the strict guidelines by which they now work. With German thoroughness, A Lange and Söhne has a code of conduct for suppliers covering everything from health and safety through child labour to environmental management and what it calls "responsible gold practice". As a leader in jewellery watches, Piaget is a prime mover in this area and says it, "has decided to reduce impact on the environment by ensuring that we use raw materials that have been extracted and processed according to the strictest standards and by implementing strong company ethics," a stance which the company believes enhances its brand image.

Taking responsibility

Piaget is a founder member of the Responsible Jewellery Council, whose growing influence now encompasses some 260 firms including many of the biggest names in luxury watches and jewellery and which held a major conference at this year's Baselworld, bringing the issue alive at the heart of the business and promoting a new Chain-of-Custody initiative that aims to determine the origin of gold in the supply chain, in line with the US's Dodd-Frank Wall Street Reform Act that comes into force this spring. "Our membership, which has grown from 14 companies in 2005, has a clear commitment to adhere to our code of practice on ethical, human rights, social



Left and opposite, bottom row: Becoming a willing poster boy for the Fairtrade and Fairmined campaign, in January this year, jeweller Stephen Webster – more usually associated with his Mount Street store and celebrity followers – recently travelled to Peru to see for himself what life is like in small scale and artisanal mining communities and why the introduction of Fairtrade and Fairmined certification is so important to their future.

and environmental practice,” says Council CEO Michael Rae. “This makes good sense as consumers across the world, especially the young, increasingly care about the products and services they buy and about where and how they were made.”

Vartkess Knadjian, CEO of Backes & Strauss and, as both a diamond dealer and watch manufacturer, someone involved in all aspects of the precious metals and gems industry, says he is, “very proud of the way the industry has regulated itself and opened up since the blood diamonds issue. All the major producers of rough diamonds have strict compliance measures that enable us to guarantee we are getting safe, clean stones. Issues do crop up – like the recent Zimbabwean diamonds incident – but they get picked up.

“There are further safeguards – Canada has a system of certificates from producer BHP and De Beers has its Forevermark of traceability [launched in the Far East two years ago and now being expanded] to give peace of mind to both retailers and consumers.” On the issue of gold, Knadjian says: “We do not go to the mine but to established refiners who have strict practices and are totally transparent. That said, any industry has risks and a very small percentage of unethically-traded stones and metals probably do get through.”

Sustainability commentator Jem Bendell estimates the amount of ‘bush gold’ in the main market to be around five per cent but this is an under-estimate according to Greg Valerio, founder of Cred ethical jewellers, who has been promoting ethical metals for 15 years and is one of the architects of the Fairtrade gold initiative. “It is the only guarantee of transparency and traceability, from mine to retailer, in the gold industry,” he says. “It is structured so there is no incentive to cheat.”

Growing concern

It is also, he admits, on a tiny scale as yet. Those 15 million artisanal miners may form 90 per cent of the industry’s workforce but they only produce ten per cent of the gold. So far only a handful of mines in Colombia, Bolivia and Peru have been certified and this has taken years but it makes a huge difference to the miners’ lives.

“They are organised into groups so they can sell gold and buy equipment at better prices,” says Bendell. “They get support from NGOs and charities, and the ten per cent Fairtrade premium helps them invest in welfare measures.” According to Valerio, seeing such improvements has made more artisanal miners in South America eager to join and the Foundation is already working with miners in Africa, with eventual designs on Asia too. “I believe that in five years’ time, Fairtrade will make up five to seven per cent of gold jewellery and watches in Britain where consumers are very ethically conscious,” he continues.

The February launch has given it a higher profile. Modish and highly respected jeweller Pippa Small has been working with Fairtrade gold from Bolivia for four years. A former anthropologist she was, she says, “always aware of the exploitation and environmental effects of large-scale mining and set out to work with tribal and artisanal people to help them and raise awareness”.

Now she has been joined by the launch’s poster boy – the rock world’s favourite jeweller and creative director of super-trad brand Garrard, Stephen Webster. He made a video about his tour of mines in Peru – both those certified Fairtrade and those not – and is launching a range of Fairtrade engagement and wedding rings. “Mining can never be an environmentally helpful or risk-free industry but we have to make it the best we can,” he says. “I was shocked by the conditions for most small-

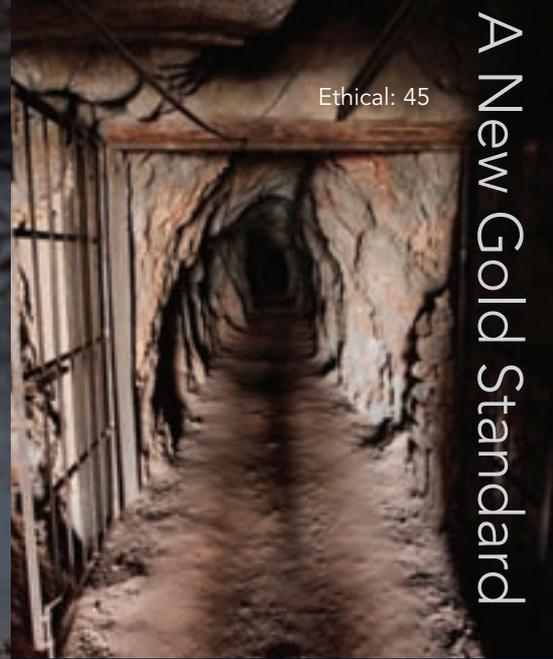
scale miners compared with those in industrial mines,” he says. “The worst is the handling of toxic processing chemicals like mercury and cyanide because they cannot afford a better way. The Fairtrade system means they can, and there is an extra five per cent premium if they stop using them.”

Duty of care

Webster believes the Fairtrade mark and certificate will make an already emotional purchase even more special and believes changing attitudes will give ethical stones and metal added cachet long-term. He is currently absorbing the extra costs involved but the Fairtrade Foundation’s report found that a quarter of customers would be prepared to pay more for guaranteed ethical items.

Knadjian points out that, “there are still areas of the world where people don’t care about provenance as long as a watch looks fabulous,” but Gregorio is encouraged by the way, “China, as the biggest market, still copies Western trends and if we start to view traceability as important perhaps they will too”. He does, however, have serious doubts about whether big luxury brands’ commitment is any more than window dressing. “One big brand recently announced an ethical gold strategy with a Honduras mine to minimise environmental effects,” he point out, “but it produces less than five per cent of the company’s gold.” To this end, Gregorio will shortly co-author a report questioning the ethical credentials of the ten top watch and jewellery brands.

There is certainly still a long way to go but, if as Rae claims, “there is a new consumer mindset of caring about the origins of products,” lack of supply may be the only obstacle to the advance of ethical gold and stones – and not one which campaigners like Gregorio, Webster and Small will regret.



Right and above: Valerio Condori from the Peruvian village of Cuatro Horas, holds a nugget of gold from the local mine. Today there is an equitable distribution of the proceeds of production among all workers with a portion of the profit being invested back into the village. This has already resulted in a school, electricity, a doctor and a pharmacy.



Members of the Responsible Jewellery Council

- Accurist Watches Limited. Joined: January 2009
- Baume & Mercier. Joined: March 2008
- Bottega Veneta. Joined: May 2010
- Boucheron. Joined: August 2006
- Bulgari SpA. Joined: August 2006
- Cartier. Joined: May 2005 (Founder)
- Chanel Horlogerie/Joaillerie. Joined: May 2007
- Chaumet. Joined: October 2005
- Chopard. Joined: March 2010
- Christian Dior Couture. Joined: August 2010
- Fabergé Suisse SA. Joined: October 2009
- Fred. Joined: October 2005
- Girard-Perregaux. Joined: April 2010
- Gucci. Joined: November 2009
- Harry Winston. Joined: April 2008
- Jaeger-LeCoultre. Joined: March 2008
- JeanRichard. Joined: May 2010
- Louis Vuitton. Joined: October 2005
- Montblanc. Joined: July 2007
- Piaget. Joined: October 2005
- TAG Heuer. Joined: October 2005
- Tiffany & Co. Joined: May 2005 (Founder)
- Vacheron Constantin. Joined: August 2010
- Van Cleef & Arpels. Joined: October 2005
- Zenith. Joined: October 2005

Further information:

www.fairtrade.org.uk
www.responsiblejewellery.com

