

EXECUTIVE SUMMARY

Producing luxury goods comes at a high price – not only in financial terms, but also for the environment as well as the people involved in the supply chains. The extraction and processing of raw materials, operation of manufacturing sites, and transportation are all associated with significant environmental impacts. These include air and water pollution, soil degradation, landmass movements and deforestation. Enormous chemical inputs and land transformation are responsible for the fragmentation and destruction of ecosystems and have vast negative effects on freshwater, forests, and wildlife. In addition, the mining and processing of raw materials in particular can be associated with human rights breaches, such as child and forced labour or land grabbing (WWF 2018). Negative impacts resulting from the combined crisis of climate change (IPCC 2021) and global biodiversity loss (SCBD 2020) are becoming increasingly evident. As a result, consumers and legislators worldwide are starting to be more aware of the negative impacts associated with production and consumption and therefore increasingly demand transparency and due diligence from companies for the environmental and social impacts along their entire value chain. In 2018, WWF examined the 15 biggest Swiss industry players to assess how well prepared luxury watch and jewellery manufacturers were for the challenges ahead, how far they could trace their supply chain and how they worked with their suppliers and business partners to protect the environment and people. The report came to the sobering conclusion that only a few brands analysed were able to trace their parts of their supply chain and had taken sufficient measures to prevent, reduce or mitigate risks of negative impacts on the environment ([access the full 2018 report here](#)).

Against this backdrop, WWF has conducted a renewed assessment of how watch and jewellery brands present solutions to align luxury goods with a contribution to the wellbeing of society and the environment. The 2023 WWF Watch and Jewellery Rating aims to shed light on the sustainability performance of watch and jewellery brands by focusing on their global value chain, particularly the sourcing of critical raw materials such as gold. The rating will show how more ambitious companies are improving the current state and perception of the sector, how others still fall short of what is considered responsible business practices, and what is generally needed to reduce the sector's impact on the environment.

Sustainability rating of luxury watch and jewellery brands

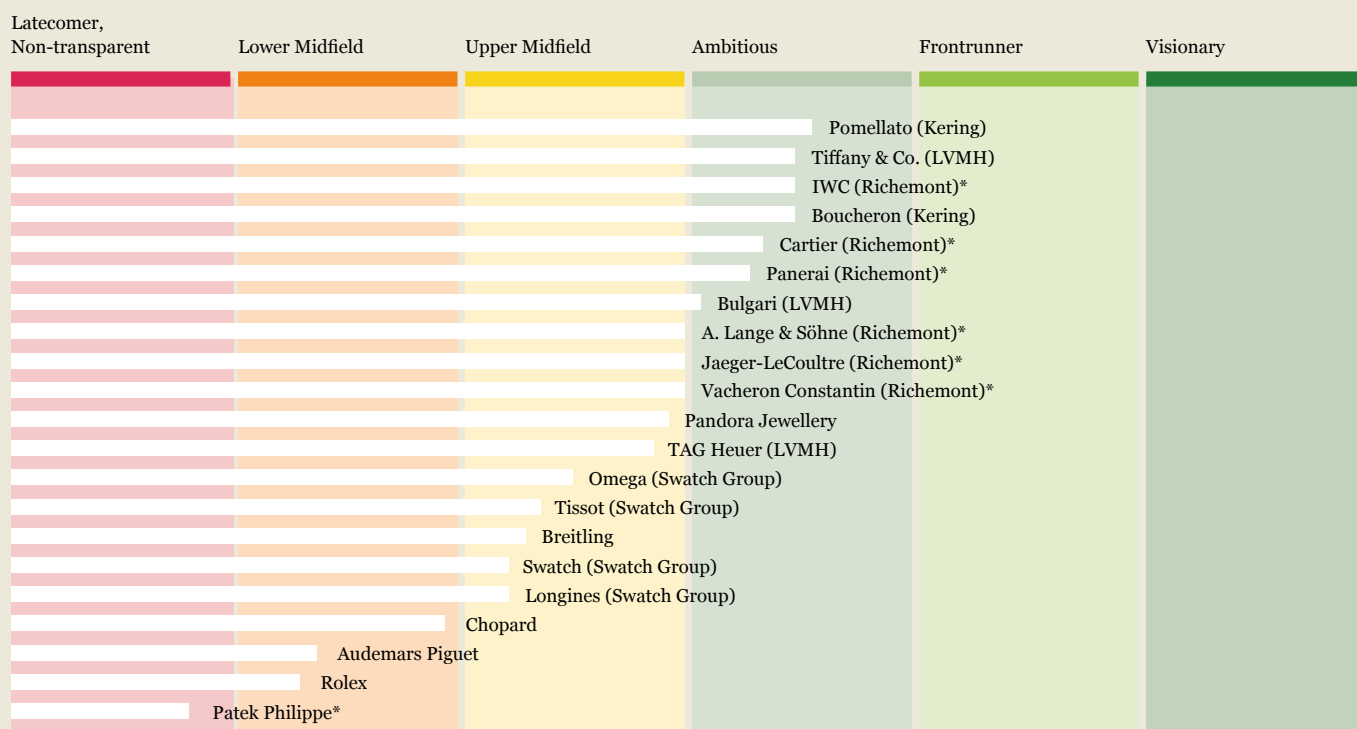


Figure 1: Results of the sustainability rating

Among the 21 assessed brands, 14 took the opportunity to comment on and complete WWF's pre-assessment while the remaining seven did not complete the initial assessment and therefore needed to be evaluated based only on publicly available data. Brands that did not complete the pre-assessment and were only rated on publicly available data are marked with a * in the chart. If individual brands are part of a group, the group name is indicated in brackets after the brand name.

WWF rated 21 of the most well-known luxury watch and jewellery brands with regards to their sustainability performance. The rating analyses brands' performances in the sector with regards to their sustainability strategy, climate action, biodiversity and water stewardship, human rights management, circularity approaches, traceability and transparency in their supply chains, monitoring and reporting of sustainability activities and stakeholder engagement.

The results show that brands affiliated with larger groups such as Kering (relevant brands: Pomellato, Boucheron), Richemont (relevant brands: A. Lange & Söhne, Cartier, IWC, Jaeger-LeCoultre, Vacheron Constantin, Panerai), and LVMH (relevant brands: Tiffany & Co., TAG Heuer, Bulgari) have benefitted from sustainability efforts at the group level. Among these, seven brands demonstrate a commitment to responsible business practices labelled as "ambitious" in this rating. The sustainability efforts of the majority of brands analysed in this rating fall within the "upper midfield" score range. Three brands scored in the "lower midfield". Patek Philippe stands out as the only brand labelled as "non-transparent", implying a lack of available information regarding its sustainability commitments. It is evident that no brand was ranked in the two highest categories, highlighting the significant room for improvement that remains in the industry.

The more detailed results illustrate that there has been significant progress in certain areas since 2018. Especially in terms of materiality analysis and monitoring as well as reporting and disclosure the industry has made substantial advances. The importance of climate protection has also been acknowledged. Some of the brands have already set ambitious climate strategies and science-based greenhouse gas (GHG) emission reduction targets.

However, there is still a great need for further development towards more supply chain traceability and transparency in the industry - two crucial prerequisites for meeting and reporting on all other sustainability targets. The industry's performance regarding stakeholder engagement is currently rather limited: Most companies are not yet engaging their suppliers, employees, and consumers in a targeted and comprehensive way in their sustainability efforts. Above, many companies in the sector are still at the very beginning in the areas of water, biodiversity, human rights stewardship, as well as the implementation of circular approaches.

MOVING TOWARDS RESPONSIBLE BUSINESS PRACTICES

While the overall sustainability performance of the watch and jewellery sector leaves much to be desired, as the results of the rating show, there are individual brands that are already thoroughly engaged with sustainability issues and have developed approaches and measures that can serve as examples for other industry stakeholders. By adjusting their own business practices and engagement with suppliers, each brand can have a positive impact and influence the industry as a whole. Accordingly, the report presents best practice examples of start-ups and established industry players that have developed innovative approaches to improve sustainability, circularity, transparency, and traceability within their value chain. These can focus on a specific topic, raw material or method, but also cover the entire business model and therefore represent the diversity of possible solutions that companies can apply to their own operations.

WWF is calling on brands in the watch and jewellery sector to:

- Increase traceability and transparency along supply chains.
- Conduct a materiality analysis for the development and implementation of a comprehensive sustainability strategy.
- Integrate sustainability into business practices.
- Improve governance and management of climate, biodiversity, water, and human rights impacts throughout the value chain.
- Adopt circular approaches to reduce the use of primary materials.
- Monitor impacts and publicly report on relevant sustainability issues.
- Collaborate with industry peers and engage with stakeholders.

POWERFUL CONSUMPTION DECISIONS

With their purchasing decisions, consumers can directly influence the priorities of companies and contribute to an improved sustainability performance. The report presents various opportunities for consumers to exert a positive influence:

- Demand higher levels of transparency. Buy from brands that are committed to the highest levels of traceability and are shouldering the responsibility of achieving transparency along their entire supply chains. Ask about the origin, working conditions, environmental impact, certification, and standards when buying watches or jewellery.
- Practice responsible consumption. Aim at reducing the consumption of new, resource-intensive products while focusing on buying watches and jewellery from companies committed to responsible, transparent sourcing and production practices. Jewellery and watches can also be shared, traded, or loaned for special occasions instead of buying new pieces.
- Reuse and repurpose. When certain items are no longer needed, consider extending their lifetime by reselling them or giving them up for recycling. In recent years, the second-hand market for watches and jewellery has experienced significant growth, creating many opportunities for resale.
- Advocate for more sustainability. Support collective action to advocate for responsibly sourced products. Whenever possible, engage and vote for better policies and regulations to protect nature and human rights.

This report is intended to make an encouraging and constructive contribution to the industry's shift towards greater responsibility, transparency, and accountability.