

# "Switzerland's Ethical Gold Revolution: Forging a Sustainable Path in the Global Gold Industry"

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Gold holds a historical, economic, and cultural significance in Switzerland. The country's expertise in gold refining, financial services, and craftsmanship, especially watches, coupled with its reputation for stability and neutrality, contribute to its importance in the global gold industry and its relevance for the country's economy.

Switzerland is known for its precision, adherence to international standards, and the quality of its products. To defend its position and reputation, it must propose concrete ways for the gold to become more sustainable and impactful.



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## **Sustainable gold: an economic pillar and a social responsibility.**

Gold still plays a very important role in the economy and in finance. Gold trades daily more than any other financial assets (\$130bn are traded every day). Despite many people believing "recycled gold" is good enough and that no more gold should be extracted as it hurts the planet, the average annual production of gold ranges around 3,140 tons (\$175bn every year at current price). More than half of this production is sold to financial institutions, demonstrating continued confidence in the value of gold in the global economy.

For investors, Gold has a proven track record of improving risk-adjusted returns and has often provided the liquidity needed to meet liabilities in times of financial turbulence. This is a vital asset for investors as well as a shield in times of uncertainty. The current geopolitical situation clearly increases the attractiveness of gold for financial players.

Behind the undeniable qualities of gold, one must remember the less visible but equally crucial reality: the mining industry rests largely on the shoulders of artisanal miners. These men and women mine gold in often difficult and dangerous conditions and their well-being and working conditions are often neglected.

## **Artisanal miners, faced with precarious working conditions, deserve recognition and support.**

Many people live from gold, and particularly people at the base of the pyramid. Artisanal and small-scale gold miners (ASGM) play a critical role in generating direct and indirect income for more than 20 million workers around the world. With 700 tons of gold newly mined by ASGM, it is the source of about 20% of the world's gold production and has the potential to be an economic driver to foster the sustainable development of mineral-rich communities.

However, the sector faces challenges such as the widespread use of mercury, unsafe working

conditions, the use of child labour and, in some cases, conflict finance and money laundering. A significant proportion of ASGM producers are marginalized and endure a precarious financial situation, exacerbated by gold price fluctuations and sales conditions imposed by intermediaries, as well as limited or no access to basic financial services.

Disengaging from ASGM sources being unhelpful to not solve causes of these challenges, the Swiss State Secretariat for Economic Affairs, together with the Swiss Association for Responsible Gold



and its members, created the Swiss Initiative for Better Gold in Artisanal and Small-Scale Mining.

**Switzerland, leader in sustainable gold.**

More than 70% of the world's gold is refined in Switzerland, according to UN and WWF estimates. At the heart of the historic gold hub, Swiss players are increasingly positioning themselves as leaders in the promotion of ethical gold. Refineries such as MKS PAMP or Metalor are leading by example, investing in innovative technologies to ensure the legitimate provenance of gold, while refusing to collaborate with artisanal mines that do not comply with environmental and social standards. Traceability represents a solution to avoid money laundering, corruption, and unfair and unethical behaviour along the value chains. A country recognized for its role in international finance and in luxury, Switzerland shall take a stand in the theme regarding gold, striving to shorten value chains to favour the suppliers and the clients.

**“Swiss Better Gold”, a sustainable gold model.**

The Swiss Better Gold initiative, created more than 10 years ago, has allowed for more than 11,000 kg of responsibly produced gold to be exported, generating in exchange more than \$9 million in impact premiums for miners participating. This success is not just a financial victory but represents a real social and environmental breakthrough.

Putting traceability and responsibility at the heart of its action, Swiss Better Gold is paving the way towards a more ethical and sustainable gold industry. The initiative promotes the formalization and improvement of the living and working conditions of artisanal

miners, the true pillars of this industry. By integrating them into the legal and responsible circuit, it builds a fairer and more equitable value chain, which is also more respectful of the environment (reforestation projects, technical incentives to replace mercury with cyanide, etc.).

More specifically, for every kilo of "Swiss Better Gold" gold produced, an impact bonus of CHF 1,000 (approx. \$1,120) rewards artisanal mines for their efforts and contributes to the Swiss Better Gold technical assistance fund.

**The Swiss Positive Gold fund: a responsible investment solution.**

Building on initiatives such as Swiss Better Gold, the Geneva-based company de Pury Pictet Turrettini launched an investment fund two years ago with the support of MKS PAMP and the Pictet Group: the Swiss Positive Gold fund aims to provide investors with gold that has a positive and measurable impact on artisanal mining communities and the environment. To do so, it undertakes to comply with the following criteria:

- The selected gold mines meet strict criteria for responsible operation and follow the most stringent ESG rules in the industry.
- Priority is given to sourcing from artisanal mines validated by the Swiss Better Gold association.
- Thanks to its alliance with MKS PAMP, the Swiss Positive Gold fund benefits from a secondary premium market, with impact gold purchased at a higher price being resold at a higher price: investors in the fund can therefore sell their units and recover the associated impact premium.

The article delves into various significant facets of gold within Switzerland's context and the broader global gold industry. First and foremost, it underscores the historical, economic, and cultural importance of gold in Switzerland. The nation's proficiency in gold refining, financial services, and craftsmanship, particularly in watchmaking, bolsters its standing in the global gold sector.

**Investors too can offer economic and social opportunities to artisanal miners.**

Investors who subscribe to the fund can thus contribute to improving the living and working conditions of artisanal miners and protecting the environment. Sustainable gold is a burgeoning movement that offers both economic and social opportunities. Initiatives such as Swiss Better Gold and the Swiss Positive Gold fund are helping to make gold a more responsible metal, benefiting both local communities and the environment.

However, much more needs to be done to ensure that the gold industry is fully sustainable. Governments, businesses, and consumers all have a role to play in encouraging responsible gold production.

By choosing sustainable gold, consumers can send a strong message to businesses and governments that they are willing to pay more for a product that is both good for people and good for the planet. It is time to build up on the pilot case of Swiss Positive Gold fund in structuring a broader secondary market, allowing the global investors to invest freely in Swiss Better Gold and speed up the formalization of artisanal miners and small mines.