COSMOS
Navigate the Compliance Universe

Report on Supply Chain Compliance Volume 2, Number 2. January 25, 2019
Blockchain is the jewelry industry's new best friend

Blockchain technology has emerged as a game-changer for a wide variety of industries, even as the technology's most famous representative, Bitcoin, struggled through 2018. Applications of the technology range from smart contracts mapping products to complicated supply chains. In a January 2018 brief, Transparency International introduced several different and innovative initiatives underway, from regions all over the globe:

- Land governance applications in Brazil, Sweden and Georgia.
- Voting applications across the world.
- Various supply chain management initiatives.
- Distribution of humanitarian aid in Jordan.

One application mentioned in the brief is Everledger, a blockchain platform used for a variety of projects, including being used as a global registry of diamonds. The aim of the registry is to give every stone a unique ID to prevent counterfeiting and curb the trade in conflict minerals. "Blockchain is immutable; it cannot be changed, so records are permanently stored," says Leanne Kemp, founder of Everledger. "Information on the blockchain is cryptographically proven by a federated consensus, instead of being written by just one person."

Mapping precious cargo

Everledger is not the only company targeting the lucrative and risky business of precious stones and minerals. The jewelry industry has entered the world of blockchain in a big way. Two major initiatives involving the biggest names in the jewelry business are making use of the digital ledger that blockchain technology provides to standardize global jewelry supply chains. The jewelry industry is known for having more cottage industries than big corporate players, and for having deep-rooted problems with labor, environment and corruption. The introduction of one system of control and verification (i.e.; blockchain) can help reduce the many problems in the jewelry supply chain, and give consumers the transparency they desire.

In a Forbesarticle on the initiatives, Andrea Hill describes how a bucket of gold mined by a family from their land can be traced all the way to the end product that is sold to a consumer thousands of miles away. The process involves managers at every level — mining, refining and manufacturing — who enter serial numbers for the raw gold into an app with access to a blockchain platform. That data is immutable and permanent, and, if every manager along the line does their job and punches in the serial number at each step along the supply chain, traceable back to its source.

The problem is not the technology itself, but the implementation of the processes required to make full use of the platform. "The challenge will be enlisting supply chain operations — many of which are still very manual," Hill writes. "Supply chain partners must have the will to standardize processes and to write procedures for their computer systems to transmit relevant data to the blockchain platforms."