

WWD Studios
Executive Briefing Report

THE DIAMOND DOSSIER

Presented in partnership with
the Diamond Producers Association.





Every diamond is unique, with its own story to tell. Diamonds inspire and celebrate our most meaningful moments and relationships, but they also make a significant contribution to the lives of millions around the world.

Introduction

SUSTAINABILITY. AUTHENTICITY. TRANSPARENCY. These are some of the keywords embraced by today's new luxury customer - especially the socially, politically and environmentally active and aware Millennials.

As this discerning demographic cohort comes fully into force (Accenture projects Millennials will garner 30 percent of all retail expenditures in the U.S., or about \$1.4 trillion, by next year), fashion and luxury brands have pivoted their sourcing, product development and supply chain strategies to align with the demands of these consumers.

And this means not only touting sustainability, but revealing the impact brands and products have from a socio-economic perspective.

For diamonds and fine jewelry, the initiatives have been bold and redefining. Leading the effort is the Diamond Producers Association (DPA), which commissioned a groundbreaking study to help luxury brands, retailers and consumers more clearly understand the impact of diamond mining and production while showcasing - in a transparent and inclusive way - how the industry operates and provides a robust economic base for communities around the globe.

In this WWD Studios Executive Briefing Report, key findings of the DPA study, Total Clarity, will be explained as well as how the report serves as a plan of action for the industry.

“Showcasing how the diamond industry provides a robust economic base for communities around the globe.”



Chloe Grace Moretz wearing Forevermark diamond earrings.



An employee examines a diamond during the cutting and polishing process in Surat, India. The diamond industry employs approximately one million people in India, making it incredibly important to communities and families across the country.

PHOTO CREDITS: NU PHOTOS/WWD/SHUTTERSTOCK; DE BEERS GROUP

Overview

REPRESENTING MORE THAN half of the global market for diamond jewelry, the U.S. market is a \$43 billion business, growing about 4 percent year over year. And according to the DPA, Millennials represent 59 percent of “the value of diamond jewelry demand, while making up only a quarter of the population.” From a consumer behavior perspective, Millennials are savvy shoppers who want the most value culled from their purchases. For many, luxury purchases are investments in fashion. Millennials also “have a strong interest in products that offer authenticity, rarity and preciousness,” the DPA stated.

Millennials, as previously noted, are also concerned with the environment and the impact their purchases have on local communities. In a 2016 Harvard Business Review column, Andrew Winston, co-author of the *Green to Gold*, and the author of *Green Recovery* and *The Big Pivot*, said that the luxury industry could no longer “ignore sustainability.”

Winston’s column was passed around board rooms as companies self-assessed their corporate social responsibility and sustainability efforts. In the article, Winston said social norms are evolving while celebrities “are more invested than ever” in advocating for sustainability as well as environmental and social causes.



99.8% of diamonds are certified conflict-free through the Kimberley Process.

Conflict-free commitment

The author said given the prominence of celebrities and influencers “in the fashion and luxury worlds, their beliefs, statements, and demands on companies matter” and noted that “leading companies in this space have been acting on many of these pressures for years.”

Winston cited Tiffany and Forevermark (a De Beers company), who have certified their diamonds using the independent Kimberley Process as conflict-free, as brands taking market leadership. The Kimberley Process Certification Scheme (KPCS), which is managed by the U.N., the WTO and several diamond industry entities, essentially “imposes extensive requirements on its members to enable them to certify shipments of rough diamonds as ‘conflict-free’ and prevent conflict diamonds from entering the legitimate trade,” noted the Kimberley Process organization.

“Under the terms of the KPCS, participating states must meet ‘minimum requirements’ and must put in place national legislation and institutions; export, import and internal controls; and also commit to transparency and the exchange of statistical data,” the organization stated in its mission. “Participants can only legally trade with other participants who have also met the minimum requirements of the scheme, and international shipments of rough diamonds must be accompanied by a KP certificate guaranteeing that they are conflict-free.”

Winston’s article was soon joined by other Op-Ed articles and blog posts urging luxury brands to prioritize sustainability efforts. For the DPA and its members, the work was already well underway and by 2017 the organization had teamed up with Trucost (a part of S&P Global) to “undertake a world-first comprehensive analysis of the total value contribution of the DPA members, considering all material socioeconomic and environmental benefits and impacts,” according to the authors of the report.

“The study sought to capture not only the economic benefits of diamond mining, which are well understood, but also the social and environmental benefits and impacts associated with the production process,” the researchers said.

Jean-Marc Lieberherr, CEO of the Diamond Producers Association, said in a statement earlier this year when the research was released that the report marks “an industry first.”

Meeting consumer demands

“Diamond producing companies representing three-quarters of the world’s production have come together to provide a window into the impacts and benefits of their activities on the

PHOTO CREDIT: PETRA DIAMONDS



Leading diamond producers invest significantly in career development, training, and apprenticeship programs, and building transferable skills for employees and local community members.

“This independent research report breaks outdated stereotypes and misconceptions and identifies the next set of challenges that must be met to continue to evolve and improve as an industry.”

PHOTO CREDIT: RIO TINTO

communities and environments of the countries and regions in which they operate,” Lieberherr said. “This independent research report breaks outdated stereotypes and misconceptions and identifies the next set of challenges that must be met to continue to evolve and improve as an industry. It also provides a baseline for industry participants and observers to track future progress.”

Lieberherr told WWD that the impetus behind creating the Total Clarity report had much to do with aligning with the needs of today’s consumer. “Now more than ever, consumers want to know where the products they buy come from and understand the social and environmental impact of their purchases,” he explained. “This is particularly true for diamonds. A billion-year-old natural diamond is a promise of love, commitment and sincerity - and with that comes a legitimate expectation of transparency.”

The DPA’s CEO went on to say that Trucost was able to “examine and then quantify the collective socio-economic and environmental impact of our Members’ diamond mining activities.”

“Total Clarity is a new education platform through which we can now transparently inform consumers about the various realities of the diamond industry today as well as tell the stories of the people, communities and geographies that the modern diamond mining sector impacts,” Lieberherr added.



Leading diamond producers work with local governments and communities on responsible mine closure, to ensure any excavated rock is returned to the earth and reclaimed as part of the natural landscape.



Revenue from diamond mining in Botswana provides free primary education for all Botswanan children.

PHOTO CREDITS: DE BEERS GROUP; DEBSWANA DIAMOND COMPANY

Analysis

WHILE THE IDEA OF offering consumers greater transparency - in products, services and even government and policy-making - might seem like a recent phenomenon, it actually dates back to the 1950s and the “right to know” movement. Over the past decade, though, the idea has gained steam as consumers want to know more about how products are made and where they are sourced.

In a 2013 scholarly article in the *Journal of Cleaner Production*, Arthur P.J. Mol, of the Environmental Policy Group at Wageningen University in The Netherlands, said the “rise of transparency on the public and political agendas is not an accident or fad, soon to be replaced by another timely topic in sustainability politics and governance.”

“Transparency will remain a key topic in global value chains and will further develop as it piggy-backs on wider social developments such as globalization, the information age, and the shifting role of states in environmental governance,” Mol noted. “Transparency in value chains is bound up with positive connotations: the more transparency the better it is for the sustainability of chains and for the empowerment of consumers and civil society.”

But for many industries and business segments, the drive to be “greener” also coincided with changes in the Information Age, as Mol pointed out. Through social media, blog posts and other new media channels, misinformation has mushroomed. And that presents a problem for anyone looking for supply chain clarity.

Lieberherr told WWD that there is a growing expectation of transparency “in all industries, and the diamond sector has made significant progress over the past 15 years.”

“Providing up-to-date education and transparency about the diamond sector are key objectives for the Diamond Producers Association,” he explained. “We also want to ensure that the public understands the reality of diamond mining today, because we believe many decades-old misconceptions still exist, which we wish to correct. The reality is that modern diamond

“The research offers insights into the realities of the diamond-producing industry that are simply being overlooked.”

PHOTO CREDIT: DE BEERS GROUP



It takes a trained eye and years of experience, supported by the latest diamond planning technology, to determine each rough diamond's value based on its likely polished outcome.

mining is responsible and greatly benefits local communities in producing countries.”

Positive impact

In the Trucost report, which was authored by over a half-dozen senior analysts at S&P Global, a key finding was that “DPA members created net benefits of \$16 billion annually, with socio-economic and environmental benefits outweighing environmental and socio-economic impacts by almost 1,700 percent.”

“A very large proportion of that value (roughly 80 percent) is infused into local communities through high-quality employment, local purchasing of goods and services, and monies paid to the government that is, in turn, reinvested locally,” Lieberherr explained. “Very few products have such an impact. In addition, diamond mining has a small environmental footprint, compared to similar industries, (transportation, retail, power, telecom) because it uses relatively little land and recycles more than 80 percent of the water it uses. It also works with local governments and communities on responsible mine closure, to ensure any excavated rock is returned to the earth and reclaimed as part of the natural landscape.

Authors of the Trucost report also said the most important benefits generated by DPA members “were linked to the direct and indirect benefits of local procurement of goods and services [\$6.8 billion or \$206 per polished carat, or 40 percent of total benefits] and the payment of wages and benefits to employees and contractors [\$3.9 billion or \$116 per polished

\$16B

Net positive socioeconomic and environmental benefits of diamond production stays largely within local communities

1/3

Per polished carat, natural diamond carbon emissions are 1/3 of the carbon emissions for lab-grown diamonds

“The diamond sector has made significant progress over the past 15 years. The reality is that modern diamond mining is responsible and greatly benefits local communities in producing countries.”

carat, which is 23 percent of total benefits]. The creation of highly remunerated employment opportunities represent a key contribution of the DPA members to local livelihoods in communities surrounding the mine sites.”

So if the impact of diamond production has been positive, why has the media not reported on it?

Part of the problem is that the media industry is infused with its own biases due to a variety of factors, which is mostly because of consolidation. In a 2007 scholarly article, “Media Mergers and Media Bias with Rational Consumers,” by Simon P. Anderson and John McLaren in the Journal of the European Economic Association, the authors noted that media business owners “have political motives as well as profit motives, and can influence public opinion by withholding information that is pejorative to their political agenda - provided that their agenda is not too far from the political mainstream.” It’s also an environment where good messages get lost, and where the motto, “If it bleeds, it leads,” takes prominence.

Environmental stewardship

Another issue is that there are fewer professional reporters working today. U.S. government data counts the number of full-time daily news reporters at about 30,000 today, which is down from over 41,000 ten years ago. Simultaneous to that decline in reporters, is the growing number of bloggers and influencers who have specific agendas and often perpetuate misinformation because negative news drives traffic.

And this is what makes the “Total Clarity” report so valuable. The research offers insights into the realities of the diamond-producing industry that is simply being overlooked.

Aside from the economic impact, researchers at S&P Global found diamond production to be greener than one might expect. “The industry’s environmental impact is almost entirely due to energy use and greenhouse gas emissions, which - per polished carat - are the equivalent to two-and-a-half iPhones,” Lieberherr told WWD. “When you consider how quickly we replace our phones in comparison to the enduring life of a diamond, it really puts the issue into perspective.”

And there are other benefits as well. The DPA CEO also said the Trucost study found “that the carbon emissions of each carat of natural diamond are about 3-times less than that of a lab-grown diamond.”

“If that sounds counter-intuitive, think about it this way: Lab-grown diamonds take about two weeks to make, versus the millions or billions of years that it can take for a natural diamond to form,” Lieberherr explained. “It requires an enormous amount of energy to consolidate a million-year process into two weeks. The energy to extract the diamond that has been formed naturally by the earth is much less than the energy required to produce a LGD.”



The wind farm at the Diavik Mine in Canada's Northwest Territories provides up to 10% of the mine's power needs.



DPA Members recognize the many benefits of a diverse workforce and aim whenever possible to employ members of local communities. Efforts to increase diversity also include programs to increase mentorship and leadership opportunities for women.

PHOTO CREDITS: RIO TINTO; DOMINION DIAMOND MINES

Environmental Technician, Justin Grandjambe, on the job in Northwest Territories, Canada.



CASE STUDY

Bringing mining home: Justin Grandjambe

Behind the scenes of bringing diamonds from mine to market is a huge supporting cast ensuring the process goes without a hitch.

Justin Grandjambe is one of them.

Grandjambe, 38, is an environmental technician at Diavik Diamond Mine - the largest producing mine in the Northwest Territories. Originally from Fort Good Hope, he now calls Yellowknife home along with his wife and two sons.

His duties align with requirements under land use and water licenses issued to Diavik, ensuring the mine is operating at the

highest environmental standards. It's a varied job and every day has the potential to bring something different - from environmental sampling and spill follow-up, to safely and respectfully steering wildlife away from camp.

Grandjambe said he chose to work in the mining industry because of the opportunities it offered. "After working a number of jobs in Yellowknife, the mining industry seemed like a place in which I could pursue a career," he said.

He found the opportunity he was looking for as an environmental technician.

Since his initial training in environmental sampling, Grandjambe's 13 years at Diavik have been marked by a steady progression of professional development and career growth. Today, his

PHOTO CREDIT: PETRA DIAMONDS



Modern day diamond mining puts worker safety first.

resume packs a real punch - largely gained on-the-job.

"I have had the chance to access many training opportunities," Grandjambe said. "I've taken the Aboriginal Leadership Development program offered with the Southern Alberta Institute of Technology; Environmental Monitoring certification through the GNWT Apprenticeship and Occupational Certifications program; and the ArcGIS Technology Specialty Certification program through the Northern Alberta Institute of Technology."

Grandjambe believes his new profession has also opened doors in his personal life.

"My job comes with an excellent income and great benefits," he said. "Soon after I started working at Diavik, my wife decided she wanted to go back to school. She completed her degree in education, and I was able to support her and our family through the entire process. I don't think we could have done that with the kind of work I was doing before Diavik."

Beyond the direct and immediate benefits of well-paying job like his own, Grandjambe believes that NWT mines are helping his territory in other ways as well. "They make donations

to local organizations, support educational and literacy initiatives and help fund community sports and events. These are all things that make our communities better places to live."

For Grandjambe, the decision to be a part of the NWT's mining industry has been a positive experience. "I'm lucky. I get to work outdoors with great people, learn new things all the time, and take home a good paycheck," he said. "I went into the mining industry to provide a better life for my family, and so far, I feel like I'm doing just that."

"I went into the mining industry to provide a better life for my family, and so far, I feel like I'm doing just that."

PHOTO CREDIT: RIO TINTO

Solutions

FROM ONE INDIVIDUAL AND family (as seen in the adjacent DPA Case Study) to entire communities, leading diamond producers are empowering people, changing lives for the better while simultaneously working to control and minimize their environmental impact DPA officials have said. But no one is resting on their laurels, and in many ways the greatest work and impact likely lies ahead.

To better understand the scope of the undertaking, it's important to point out that the world's top diamond producers are comprised of seven companies: ALROSA; De Beers Group; Dominion Diamond Mines; Lucara Diamond Corp.; Murowa Diamonds; Petra Diamonds; and Rio Tinto. Collectively, these companies employ over 77,000 people across the globe and in eight countries in four continents. The DPA members represent 75 percent of the world's total diamond production.

Libby Bernick, managing director and global head of Trucost Corporate Business, said the Trucost "Total Clarity" report "marks the first time Trucost has seen an industry come together to measure its environmental, social and economic benefits and impacts."

"This data provides a baseline for future progress on issues, including environmental impact," Bernick said adding that the research will foster "greater transparency on environmental and social performance to the capital markets."

In regard to next steps, Lieberherr said it is important to note that each DPA member "has been engaged in publishing sustainability reports and improving their own operations for many years."

"They have all aligned with the United Nations' Sustainable Development Goals (SDGs)," the DPA CEO said. "We are not perfect, no industry is - but we are working to be better. What is new, though, is that we have a common picture and common measures that allow us to benchmark ourselves with other industries and monitor our progress. It is a very important step."

The UN's sustainability goals were set in 2015 and include 17 specific areas that need to be addressed - and with a due date of 2030. The goals include "zero hunger" and "no poverty" as well as gender equality, and clean water and sanitation. It targets the creation of sustainable communities and cities, improving education and fostering industry and innovation, among other goals.

"DPA members have identified two areas in which they are working together to develop and adopt best practices to accelerate progress: employee health and safety and green gas emissions," Lieberherr told WWD. "From there, we will see if we can make collective commitments as a sector, including along the SDGs, of which we have identified five as key priorities for the

"The Total Clarity report marks the first time Trucost has seen an industry come together to measure its environmental, social and economic benefits and impacts."

next two years. We will report regularly on our members' individual progress and on collective initiatives."

The DPA has activated members to share best practices and collaborate on the SDG goal areas, and said that moving forward, the DPA "will report on ongoing sustainability progress to share individual and collective progress made by DPA Members toward these objectives and, in general, toward achieving United Nations Sustainable Development Goals."

This includes the launch of the DPA Total Clarity Platform, which is "designed as a transparent and reliable source of information on the socio-economic and environmental impact of the diamond industry."

The report can be found at www.Total-Clarity.com and on Instagram at [@TotalClarityDiamonds](https://www.instagram.com/TotalClarityDiamonds). The DPA said the platform "builds on the Trucost findings to bring to life the reality of large-scale diamond mining through hard data and illustrated case studies."



DPA Members purchase the bulk of the goods and services needed for their operations from local businesses, creating a significant, lasting impact on local economies.



PHOTO CREDITS: DEBSWANA DIAMOND COMPANY; ALROSA

Education and social programs benefit not only mine employees but also the surrounding communities.



Local communities derive significant benefits from DPA Members' investments in infrastructure - mine hospitals are an important provider of primary health care.



Leading diamond producers invest significantly in conservation efforts, protecting 3 times more land than they use for mining.

PHOTO CREDITS: DEESWANA DIAMOND COMPANY; DOMINION DIAMOND MINES

Executive Q&A

DPA Chief Executive Officer Jean-Marc Lieberherr



WWD Studios: Why is the "Total Clarity" report needed to be disseminated into the market and why now?

Jean-Marc Lieberherr: Not only is DPA providing a window into the realities of the modern diamond mining sector, but this independent research sheds light on the evolution and transformation of our

industry over the past 15 years. Since the creation of labgrown diamonds, some misconceptions about diamond mining have been amplified. And DPA wants to ensure that consumers have access to the facts.

But this report is not just about telling the story of modern diamond mining, it will also provide a reference point for future progress, as DPA Members work individually and collectively to address some of the challenges and opportunities identified in the report.

WWD Studios: How does clarifying issues around the industry's workforce practices, environmental impact and socio-economic impact serve retailers and stakeholders in the diamond industry?

J-M L: Total Clarity provides retailers with the research and information they need to respond to today's consumer questions. Consumers and brands rightly expect the diamond industry to be held to the light and we need to respond to this expectation with increased and ongoing transparency on how we impact the communities and the environment in which we operate.

WWD Studios: And from a consumer's perspective, how does greater industry transparency play into their decision making in regard to making diamond and luxury product purchases? Why is this important?

J-M L: Increasingly, consumers are purchasing goods and brands aligned with the causes and values they believe in. With Total Clarity, and its range of insights on how diamonds do good in the world, consumers can feel confident buying and wearing a natural diamond. Roughly 80% percent of the total benefit created by DPA members is retained by local communities through

employment, local purchasing, sourcing of goods, social programs (healthcare, training, education, charities) etc. that impact millions worldwide, including in India and Africa.

"Roughly 80% percent of the total benefit created by DPA members is retained by local communities... that impact millions worldwide, including in India and Africa."

Additional Resources

Diamond Producers Association

<https://diamondproducers.com/>

Five Essential Diamond Truths Infographic

<https://diamondproducers.com/diamond-truths-infographic/>

The Kimberley Process

<https://www.kimberleyprocess.com/en>

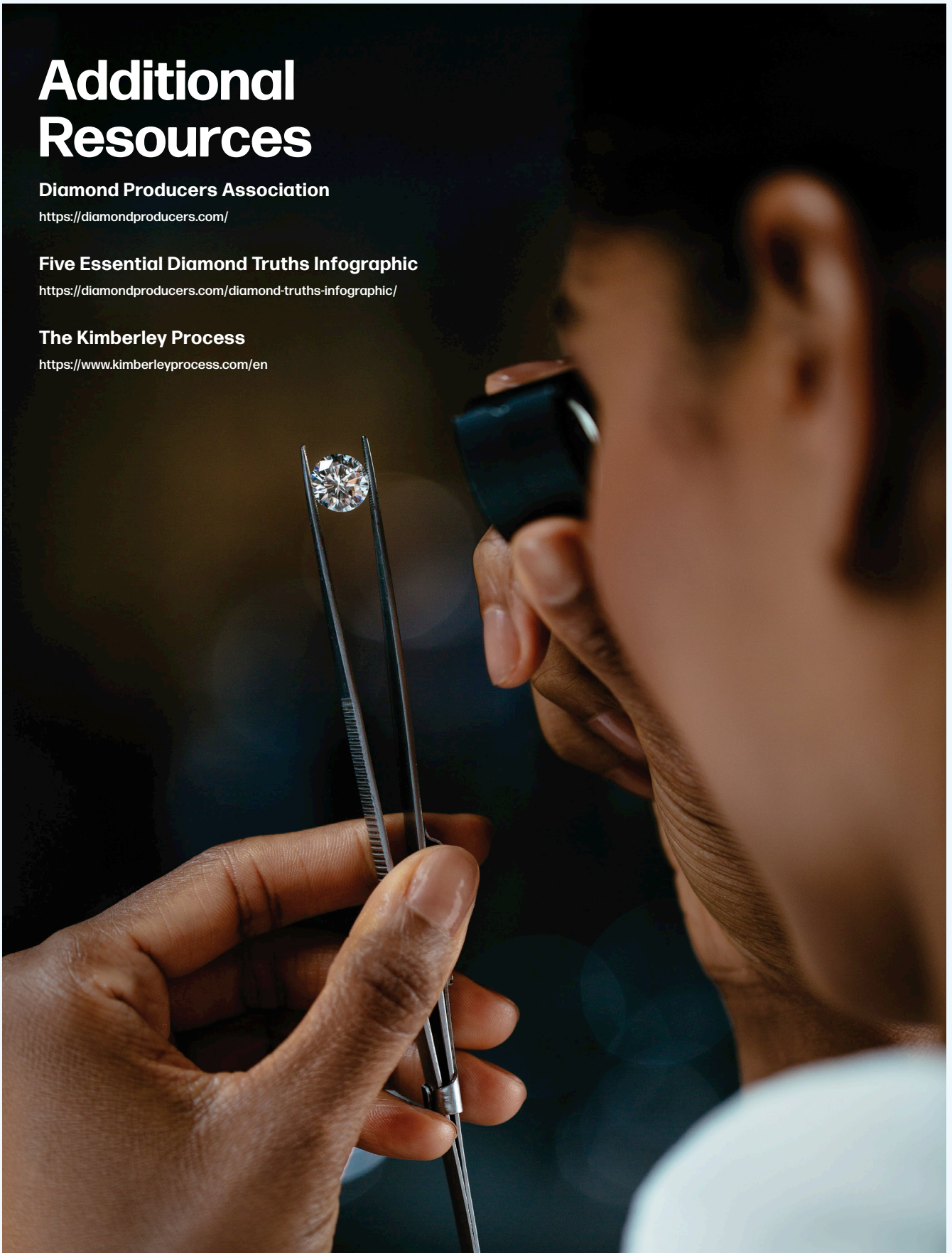


PHOTO CREDIT: DIAMOND PRODUCERS ASSOCIATION