

# INTEGRITY IN THE DIAMOND VALUE CHAIN

Integrity is about adopting moral values and sustainable practices throughout the so-called diamond value chain, from the extraction of the rough diamonds to the point they are set in a piece of jewelry.

Integrity encompasses a variety of (inter)national legislation and (self-)regulation, awareness and information campaigns, dedicated tools and knowledge-sharing and capacity building programs, all aimed at creating a more transparent, ethical and sustainable diamond industry.

## KPCS

Preventing trade in conflict diamonds  
Challenges

- Scope
- Effectiveness
- Governance

## REGISTRATION & LEGISLATION

- Registration (FPS Economy)
- AML
- KYC

## DISCLOSURE

- Natural vs Synthetic diamonds
- Product Disclosure Requirements
- Belgian Legislation
- DPA - Terminology Guide

## RJC

- Jewelry Supply Chain
- RJC Code of Practices (CoP)
- Audits

## DDI

Artisanal and Small-Scale Mining  
Formalizing through Maendelo Standards

## WDC

System of Warranties (SoW)  
2018 updated declaration

- Conflict Free
- AML
- Human Rights
- Labor conditions
- Anti-corruption

## MyKYC

- KYC information sharing network
- Currently India, Belgium soon also UAE

*"We have become **much too lenient with those breaking their word and commitments** to all involved in the industry"* – Stéphane Fischler

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# COMPLIANCE

The diamond sector is often viewed as an industry with big bling, shady actors and questionable practices. That may to some extent be true for some diamond centers, but cannot be said to be the case for the Belgian diamond sector.

The AWDC Legal & Compliance department makes it its daily duty to make the Antwerp diamond industry as compliant as possible by raising awareness and providing all companies with adequate resources and instruments to implement all legal and administrative requirements as well and as transparently as possible.



**REGISTRATION**  
- FPS Economy



**RISK ANALYSIS**



**DIAMOND OFFICE**

= AWDC (authorized economic operator AEO)  
+ Govt (FPS Economy & FPS Finance)  
100% physical control of all shipments  
- Documented origin / weight / value / classification



**AML & COMPLIANCE**

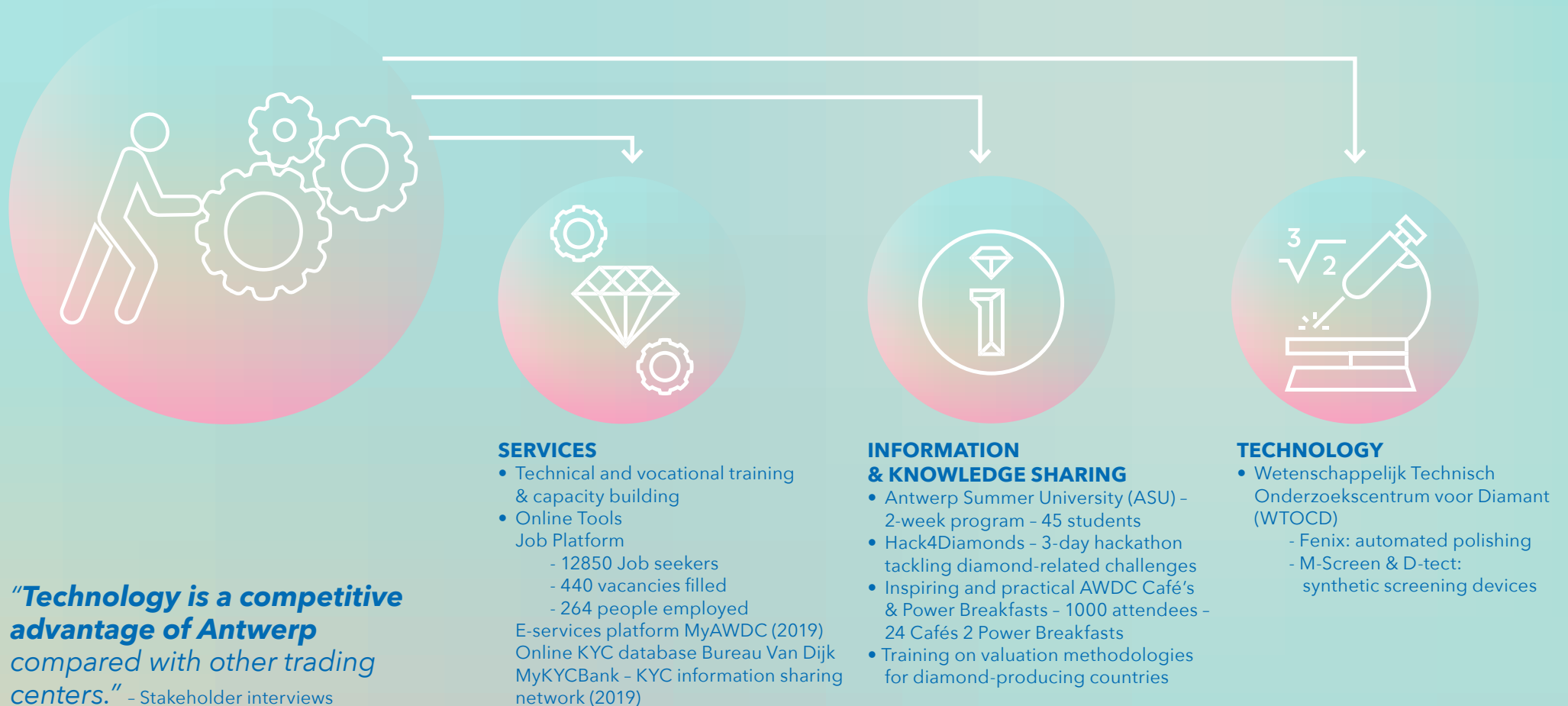
- Consultation with and outreach to stakeholders
- Helpdesk & tools
  - Seminars
  - Templates & docs
  - KYC database Bureau Van Dijk
  - Instructional movie
  - MyKYC Bank

**“Compliance and reputation: those two topics are closely linked.** It is related to the end consumer expectations. We talk about the ability of the whole diamond industry to bring back trust on the market. Transparency is a key aspect to gain back the trust. We need to showcase our responsibility in the supply of diamond, also on the mining side: tackle human right issues, increase anti-corruption and AML.” - Stakeholder interviews

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# INNOVATION AND FUTURE OF THE INDUSTRY IN ANTWERP


The diamond industry historically has not been a hotbed of innovation by any stretch of the imagination. Diamonds have essentially been mined, sold and polished in much the same way for a hundred years, while its trading methods have been borderline anachronistic. Change, however, is on the way, albeit mostly fragmented, scattered across isolated initiatives and various commercial devices. The future growth and sustainability of the Antwerp industry, as in any industry, depends on innovation, including the transmission of skills. Those that initiate change will have a better opportunity to manage the change that is inevitable.



# ECONOMIC IMPACT IN DIAMOND-PRODUCING COUNTRIES

The nature of our business implies we trade goods from all around the world. Whether these rough and polished diamonds originate from large-scale, stock-listed mining conglomerates or (in)formal artisanal and small-scale mining, the trade in Antwerp is de facto linked to the impact in and challenges of these operations, especially in developing, producing countries.


Ensuring our industry provides a positive impact on socio-economic and environmental levels is at the core of our actions.

**85%**   
OF WORLD PRODUCTION

LARGE SCALE  
MULTINATIONALS  
Publicly listed

Russian Fed.  
Botswana  
Canada  
South Africa  
Angola

Socio-economic & environmental contract with society  
Reclamation "Clean up as you go"  
Beneficiation • Employment  
• Training  
• Locally-sourced supplies  
Diversification

**15%**   
OF WORLD PRODUCTION

DIRECTLY  
**13MN**  
PEOPLE



INDIRECTLY  
**80-100MN**  
PEOPLE

ARTISANAL  
SMALL-SCALE  
MINING (ASM)

Informal  
Unregulated  
Undervalued  
Unsafe

Sierra-Leone  
Guinée  
DRC  
Angola  
...

Formalizing  
• DDI Maendeleo Standards  
My Fair Diamond  
• Fully Traceable, Fair Prices,  
Health & Environment  
Education  
• Diamond Valuation Training

*"There is **no reason for mining**  
if there is **no return for producing countries**"*

- Peter Karakchiev

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# GOVERNANCE OF INDUSTRY

Good governance in the diamond industry is something that is situated on different levels; it can be company directed, or steered through a wide variety of organizations. These, often scattered initiatives, could benefit from a more coordinated approach and collaboration amongst each other. AWDC can contribute to this dialogue by disclosing its own working systems, both internally and with external stakeholders.

*"Promoting good governance is one of the main roles for AWDC if it wants to maintain leadership. **Governance and leadership go hand in hand**"*

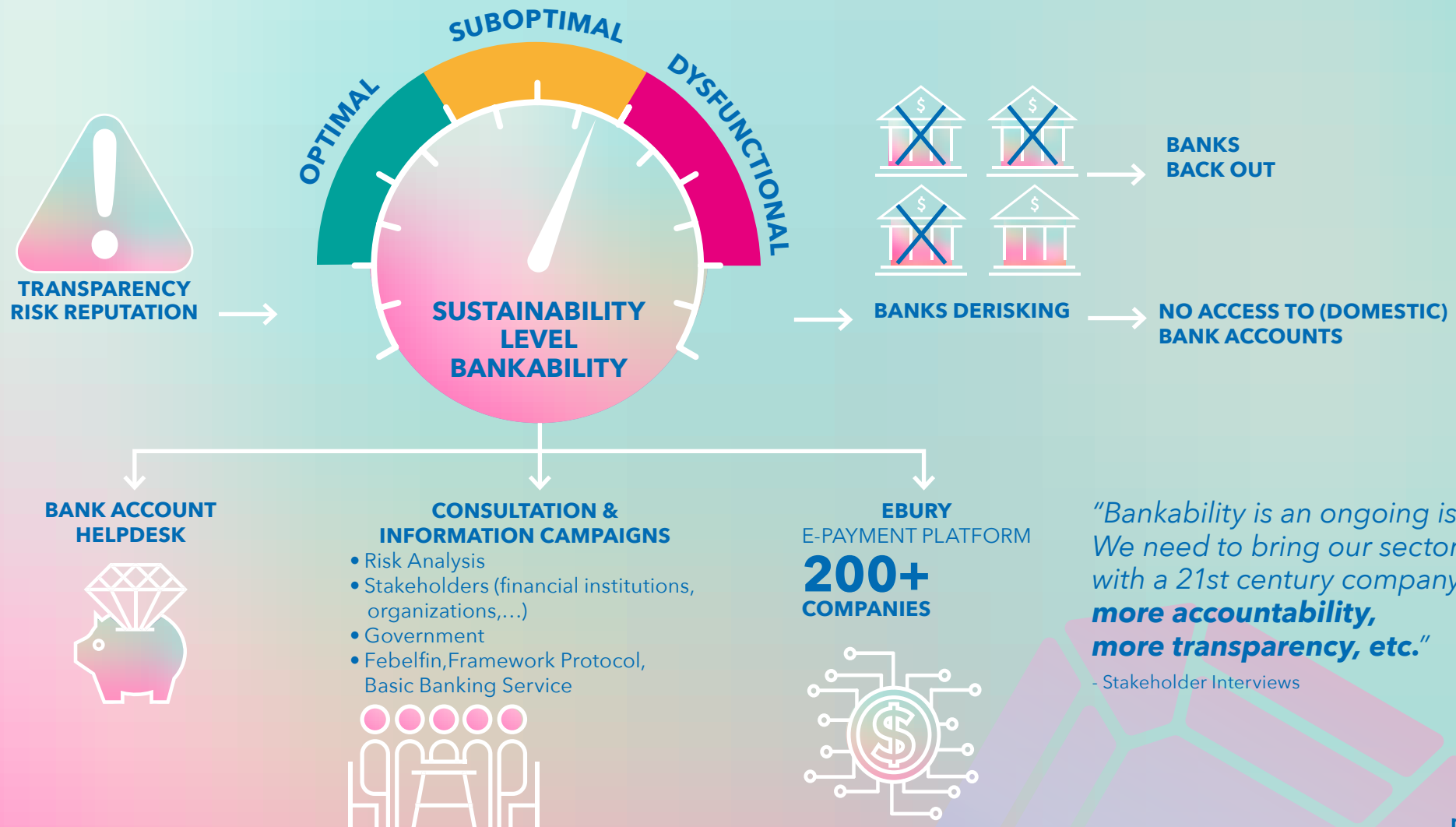
– Didier Backaert



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# BANKING & FISCALITY

Having access to a bank account and bank financing are two of the most valuable tools of the diamond trader. Banks' derisking policies, resulting in the absence of sustainable access to basic banking services, such as bank accounts and payments are reaching a critical point that puts the sustainability and viability of the Antwerp diamond industry in peril.



# DIVERSITY, LOCAL ENGAGEMENT AND COMMUNITY INTEGRATION

In spite of the perception of being a closed and unwelcoming community, the diamond industry is one of the most international and multi-cultural industries in Belgium: a mini-United Nations one could say. People of over 70 different nationalities live and work together on a daily basis within 1 square mile, maintaining a deep respect for each other's cultures and religions. This open atmosphere is often referred to as an important competitive advantage over other centers. Building bridges is therefore a key element in AWDC's approach.



**PUBLIC**  
Perceived  
as closed industry



**INDUSTRY**  
Multinational & Cultural Diversity  
perceived as competitive strength

- 2000 visits behind the scenes
- Community Celebrations (Diwali, Purim)
- Diamond Year "In Antwerp We Speak Diamond, Diamond Capital since 1447"
  - Food festival Brilliant Foodies - #4000 visitors
  - City quest Expedition Diamond - #100 participants
  - Primary School Syllabus - #3000 kids

*"Diversity must remain the great asset of Antwerp. Each group brings its own networks and experience. Having said that, each community should ensure each of its members stay in good standing and contribute positively to the industry but also to our city and country. Unfortunately, most have remained insular, without feeling the need to reach out and understand the trade-off: a license to operate against a contribution to the benefit of all. **It is necessary to change the mentality, to encourage people to step out instead of remaining enclosed in their communities. They have to feel and behave like contributing citizens of their city and country**",*

- Stéphane Fischler

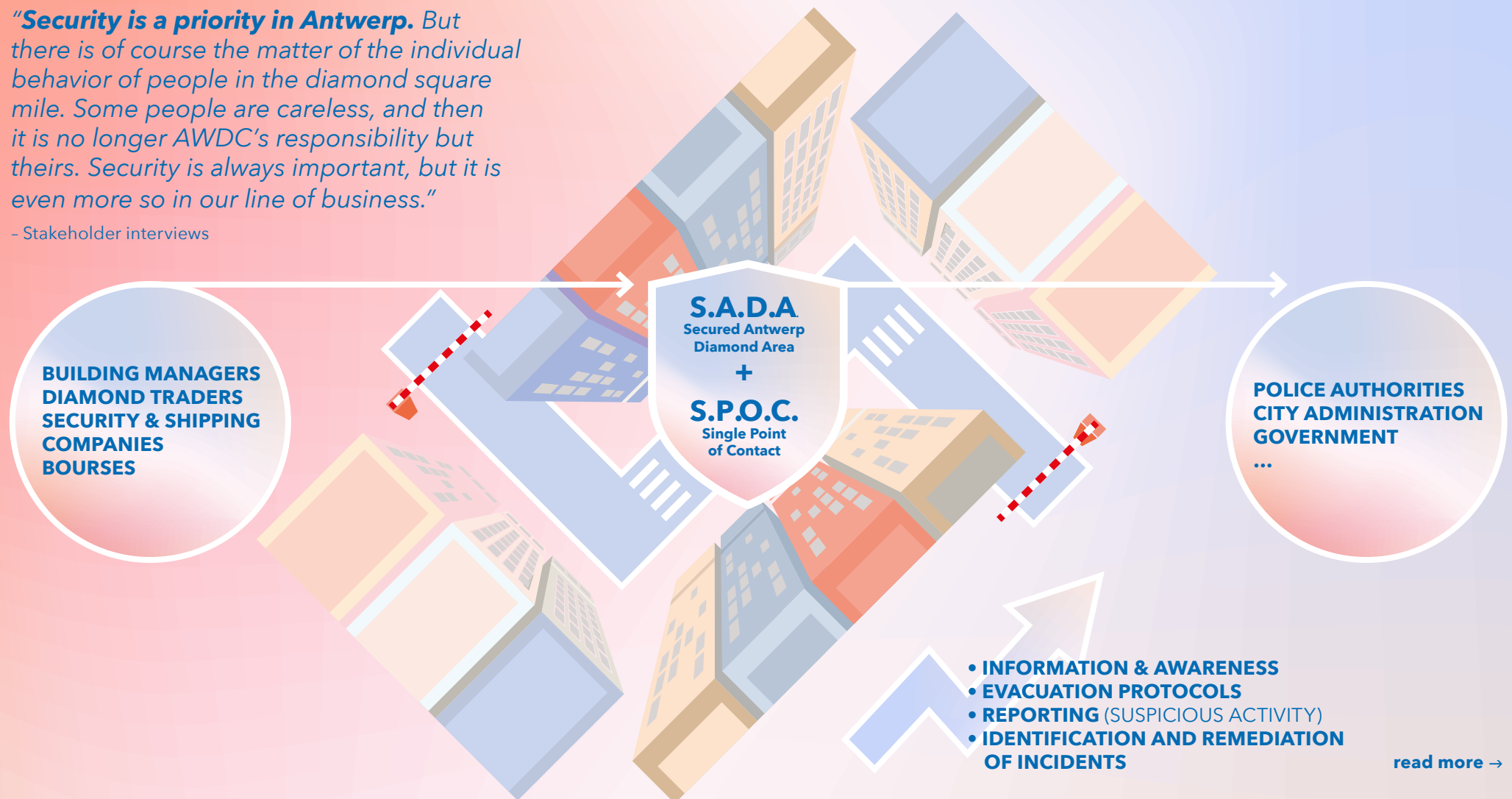


# SECURITY AND SAFETY

As with any high-stake and high-value industry, tight and proactive security is of critical importance for the Antwerp diamond industry. In 2013, the AWDC set up the AWDC Security Office (AWDC SO). The mission of AWDC SO is to safeguard the personnel, products, assets, visitors, reputation and information of the Secure Antwerp Diamond Area (S-ADA) against all internal and external threats, and to support, enable and facilitate its business. The AWDC SO also acts as Single Point of Contact (SPOC) for the S-ADA building managers, the bourses, private security companies active within the area, the insurance industry, the City of Antwerp, government services, state security and Local as well as Federal Police, with whom we cooperate closely.

***"Security is a priority in Antwerp. But there is of course the matter of the individual behavior of people in the diamond square mile. Some people are careless, and then it is no longer AWDC's responsibility but theirs. Security is always important, but it is even more so in our line of business."***

- Stakeholder interviews

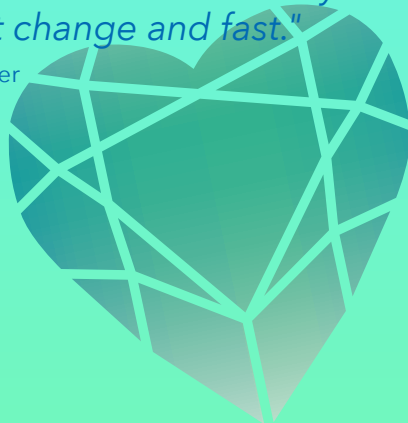




# AWDC OFFICE SUSTAINABILITY

***"The streets could be more attractive but it's up to the city of Antwerp to make that happen. Diamond dealers wrongly disregard this current state as they are primarily focused on security. But when you take a look at what other trading centers, like India and Dubai, have done for their diamond sector, you see quite a difference. Antwerp is not only recognized the world around as THE historic diamond trading center but a also leading one. But it fails to deliver on appearance. And perception becomes reality. Things must change and fast."***

- Stéphane Fischler



As the umbrella organization of the Antwerp diamond industry, it's AWDC's responsibility to lead by example, also concerning office sustainability. With about 80 employees, the sustainable impact of our daily practices has to be managed properly and we try to inspire the Antwerp diamond companies to adopt sound social and environmental habits.

## ENERGY

- Improved roof insulation
- A.C. reduced Global Warming Potential
- Reduced Energy Consumption
  - 80% LED implementation
  - Renewed Server
  - New high voltage cabin
  - Standby mode & lights off policy

## QUALITY OF LIFE

- Upgrade Diamond Square Mile
- Pop-up park (tbd 2019)

## MOBILITY

- Extra facilities for cyclists
- Economy Class Flights
- Car Policy <135gr CO<sub>2</sub> emis.

## WASTE

- Paper reduction
- Confidential paper containers
- Extended (paperless) e-services platform MyAWDC (2019)



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