

SECTOR DOUBLE MATERIALITY ASSESSMENT FOR THE DIAMOND SECTOR

This sector DMA was commissioned by the Antwerp World Diamond Centre (AWDC), and was executed by Sustenuto

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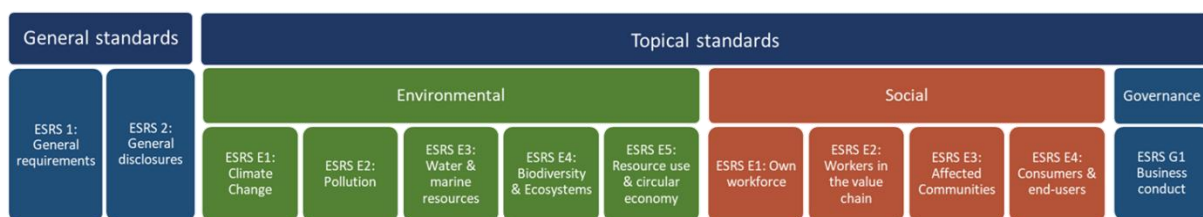
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INTRODUCTION

Under the **Corporate Sustainability Reporting Directive (CSRD)**, large companies must include a sustainability statement in their annual management report and seek third-party assurance for this statement. A company is classified as "large" if it meets two of the following criteria: (1) Annual turnover exceeding €50 million; (2) A balance sheet total exceeding €25 million; (3) More than 250 employees. Given the high-value nature of diamonds, many diamond companies in Antwerp meet these thresholds.

The CSRD is accompanied by **twelve European Sustainability Reporting Standards (ESRS)**. ESRS 1 and 2 are mandatory for all companies, covering general disclosure requirements related to topics such as corporate governance, business models, and risk management. The other ten standards are "topical" standards that cover various environmental, social, and governance (ESG) topics. To determine which of these topical ESRS are relevant to them, companies must conduct a double materiality assessment.

Figure 1: The European Sustainability Reporting Standards (ESRS)



Double materiality is a key concept in the CSRD. It means that sustainability can be relevant to companies in two ways. First, a company's activities—and those of other actors in its value chain—can have positive or negative sustainability impacts ("impact materiality"). Second, sustainability issues can pose financial risks or opportunities for the company ("financial materiality"). A DMA helps companies identify which topics are material from either or both perspectives.

While conducting a DMA can be time- and resource-intensive for companies, the Antwerp diamond industry exhibits a relatively high degree of homogeneity, so that the findings from DMAs across the sector are likely to exhibit similarities. This is why the Antwerp World Diamond Centre (AWDC) has commissioned a **sector DMA**. This sector DMA provides a strong foundation that individual companies can use, although they will still need to tailor the results to fit their specific circumstances.

Approach

The sector DMA involved four steps, which are aligned with the approach described in the CSRD, the ESRS, and accompanying guidance (notably EFRAG's [Materiality Assessment Implementation Guidance](#)).

- 1) **Context analysis:** A macro-level analysis of the diamond industry's value chain and stakeholders, with attention to regulatory changes and the specific context in Antwerp. This step identified key activities and stakeholders across the value chain.
- 2) **Longlist of issues:** A longlist of potential sustainability issues (impacts, financial risks, and opportunities) was compiled based on desk research.
- 3) **Materiality assessment:** The materiality of each of the sustainability issues was assessed through a combination of desk research and targeted stakeholder consultations.
- 4) **Integration and selection of material topics:** Material sustainability issues were mapped back to the ESRS standards, in order to identify those topics that diamond companies should consider reporting on, depending on their specific operating context.

STEP 1: CONTEXT ANALYSIS

1.1. The diamond value chain

The diamond value chain entails six more or less distinct stages (figure 2). Below, we zoom in on each of these stages, identifying key activities; actors; stakeholders that are potentially affected by business activities; inputs and outputs; locations; and trends.

Figure 2: The diamond value chain



Diamond mining	
Activities	Exploration, open-pit mining, underground mining, marine mining, alluvial mining
Actors	<ul style="list-style-type: none"> ▪ Mining companies: Diamond production is dominated by a small number of large mining firms, with two firms (De Beers and ALROSA) responsible for over half of global diamond production. Smaller mining companies and artisanal and small-scale mining (ASM)—low-tech, labour-intensive, and mostly informal mining—comprise the remaining share of production. ▪ Workers: Mining requires semi-skilled and skilled workers, who may or may not be unionized. ▪ Regulators: Obtaining the necessary permits is key for a mining company. ▪ Local communities, civil society groups: Securing a “social license to operate” is crucial for mining companies to operate. ▪ Financial stakeholders: banks and investors
Potentially affected stakeholders	<ul style="list-style-type: none"> ▪ Mine workers may be positively or negatively impacted by mining activities ▪ Local communities may be positively or negatively impacted by mining activities ▪ Environment (as silent stakeholder) may be positively or negatively affected by mining activities ▪ (Employees of) Subcontractors and suppliers
Inputs	Mining equipment and machinery, labor, water, energy, infrastructure, capital, knowledge.
Outputs	Diamonds, by-products, waste, emissions
Locations	Russia, Botswana, Canada, Angola, Democratic Republic of Congo, South Africa, Namibia, Zimbabwe.
Trends	<ul style="list-style-type: none"> ▪ Gradual depletion of traditional mining deposits that can be profitably mined through open-pit mining will be depleted. Mining companies will have to look at non-traditional deposits and types of mining, including underground mining and marine mining. ▪ Competition from synthetic diamonds
Trade in rough	
Activities	<ul style="list-style-type: none"> ▪ Sorting and grading by mining company (close to the mine) or by specialized firms (often in Antwerp, Israel, US, or Dubai) ▪ Transport of diamonds ▪ Diamond trade in primary or the secondary market.
Actors	<ul style="list-style-type: none"> ▪ Primary market: mining firms (De Beers) and authorized buyers ▪ Secondary market: diamond traders, bourses, specialized auction and tender houses. ▪ Regulators: focus on traceability, AML, and sustainability ▪ Technology providers ▪ Financial stakeholders
Affected stakeholders	<ul style="list-style-type: none"> ▪ Employees of diamond trading companies, security companies, transport companies ▪ Local communities ▪ Governments of diamond producing countries

Inputs	<i>Rough diamonds, data (including certificates), infrastructure (transport, security), technology (valuation, grading, sorting), capital, expertise</i>
Outputs	<i>Rough diamonds, certificates, data, emissions from transport</i>
Locations	<i>Belgium, Dubai, India, Israel</i>
Trends	<ul style="list-style-type: none"> ▪ Geographical shifts in rough diamond trade, marked by rise of competing trading hubs (Antwerp, Dubai, India). ▪ Strong focus on supply chain transparency and origin following the Russia-Ukraine war. ▪ Rise of online tendering platforms ▪ Rise of synthetic diamonds ▪ Volatility in rough diamond prices
Diamond manufacturing	
Activities	<i>Analysis and planning, sawing and cleaving, bruting and polishing</i>
Actors	<ul style="list-style-type: none"> ▪ Specialized firms of different sizes ▪ Skilled workers ▪ Diamond traders ▪ Regulators ▪ Financial stakeholders
Affected stakeholders	<ul style="list-style-type: none"> ▪ Employees of diamond manufacturing companies ▪ Local community ▪ Environment (as silent stakeholder) ▪ Suppliers and subcontractors
Inputs	<i>Rough diamonds, skilled labor, technology and equipment, water, chemicals</i>
Outputs	<i>Polished diamonds, diamond powder, waste, heat and emissions, wastewater</i>
Locations	<i>India (Surat) accounts for >90% of diamond manufacturing. Belgium, Israël, and China maintain a smaller, more high-end diamond manufacturing industry.</i>
Trends	<i>Growing importance of technology in diamond cutting and polishing.</i>
Trade in polished	
Activities	<ul style="list-style-type: none"> ▪ Sorting and valuation ▪ Diamond trading through direct sales and through auctions and bourses; ▪ Sales to retailers and jewellers ▪ Transport of diamonds
Actors	<ul style="list-style-type: none"> ▪ Diamond traders, bourses, auction and tender houses ▪ Regulators: focus on traceability, AML, and sustainability ▪ Technology providers ▪ Financial stakeholders
Potentially affected stakeholders	<ul style="list-style-type: none"> ▪ Employees of trading companies ▪ Employees of security companies ▪ Employees of transport companies
Inputs	<i>Rough diamonds, sorting and valuation equipment, traceability systems, capital</i>
Outputs	<i>Diamonds, by-products, waste, emissions</i>
Locations	<i>Belgium, Dubai, India</i>
Trends	<ul style="list-style-type: none"> ▪ Geographical shifts in diamond trade, marked by rise of competing trading hubs (Antwerp, Dubai, India). ▪ Strong focus on supply chain transparency and origin following Russia-Ukraine war. ▪ Rise of online sales platforms ▪ Rise of synthetic diamonds
Jewelry production	
Activities	<i>Design, casting, metal forming and shaping, stone setting, polishing and finishing, assembly</i>
Actors	<ul style="list-style-type: none"> ▪ Jewelry designers and manufacturers ▪ Skilled craftspeople (e.g. goldsmiths, polishers) ▪ Technology providers ▪ Retailers and wholesalers ▪ Consumers ▪ Regulators ▪ Financial stakeholders
Potentially affected stakeholders	<ul style="list-style-type: none"> ▪ Employees of jewelry designers and producers ▪ (Employees of) Suppliers and subcontractors
Inputs	<i>Precious metals, gemstones and diamonds, equipment, software, skilled labor, energy, chemicals, water</i>
Outputs	<i>Jewelry, metal scraps and dust, wastewater, emissions</i>

Locations	Italy, India, China, Thailand, USA
Trends	<ul style="list-style-type: none"> ▪ Growing attention for sustainability ▪ Demand for customized jewelry ▪ Shift towards online sales ▪ Competition from fashion jewelry and synthetic stones
Retail	
Activities	Sales and marketing, customer service, inventory management
Actors	<ul style="list-style-type: none"> ▪ Retailers ▪ Consumers ▪ Suppliers ▪ Employees ▪ Regulators ▪ Financial stakeholders
Affected stakeholders	<ul style="list-style-type: none"> ▪ Employees of jewelry retailers ▪ (Employees of) Suppliers and subcontractors ▪ Consumers
Inputs	Jewelry, loose gemstones and diamonds, store infrastructure, labor, energy
Outputs	Sold jewelry, post-sales support services, waste
Locations	United States, China, India, Europe, Middle East, Japan, online platforms
Trends	<ul style="list-style-type: none"> ▪ Growing attention for sustainability ▪ Demand for customized jewelry ▪ Shift towards online sales ▪ Competition from synthetics

1.2. The Antwerp diamond industry

Three dominant business models can be distinguished in the Antwerp diamond community.

Type I companies

- Larger, integrated, and often multinational firms that add value across different segments of the value chain: manufacturing, trade (in rough and/or polished), and in some cases also mining, jewelry manufacturing, retail, or service delivery.
- Most of these companies are De Beers Sightholders.
- Growing sustainability pressures from lawmakers, clients, suppliers (De Beers), and investors.

Type II companies

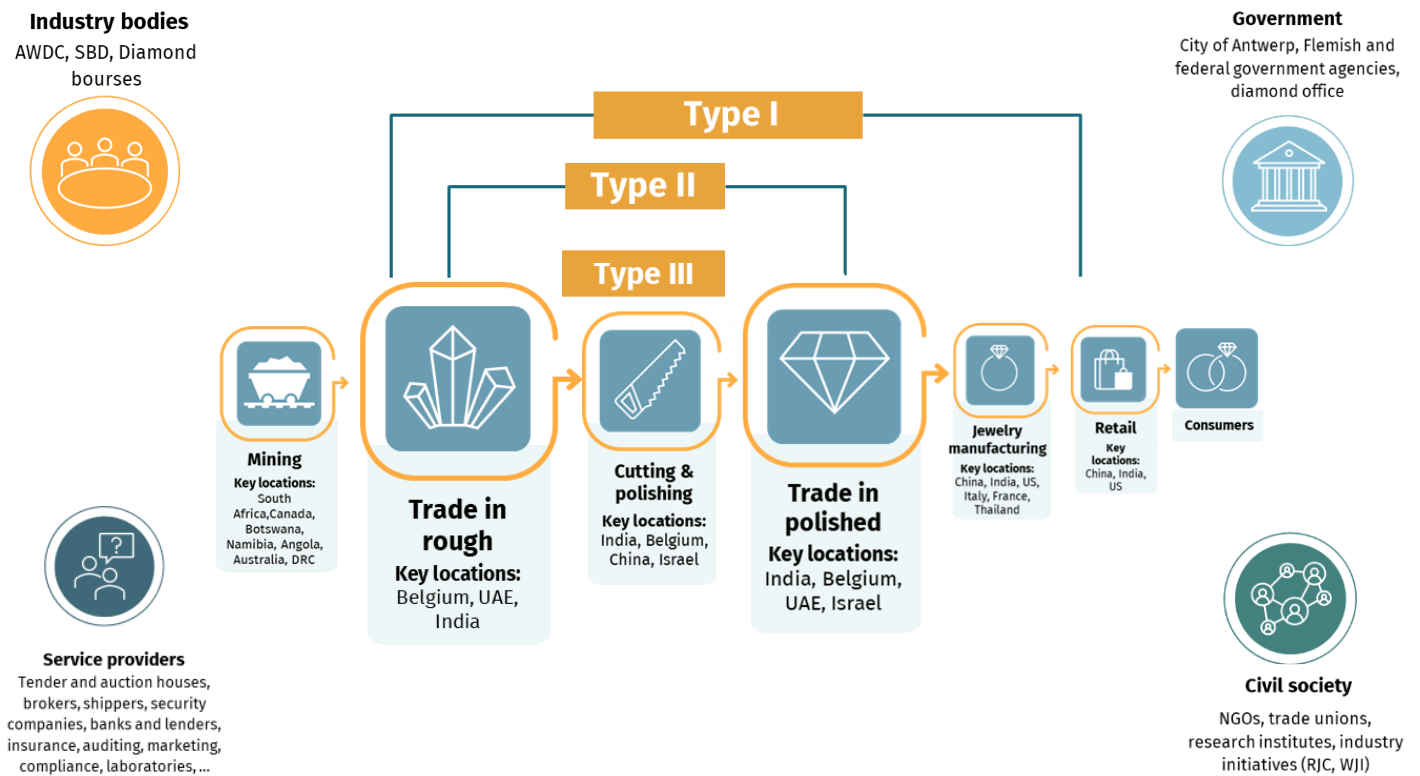
- Companies of different sizes whose primary value-adding activity is the wholesale trade in rough and/or polished diamonds. While these firms are typically not involved in diamond manufacturing, some work with sub-contractors.
- Primary focus has long been on compliance with AML laws and conflict diamonds. Now, there are increased pressures to ensure end-to-end transparency. Larger firms in particular are coming under pressure from lawmakers and (corporate) clients to pay more attention to sustainability issues.
- Facing strong competitive pressures, notably from the UAE

Type III companies

- A relatively small number of companies that specialize in manufacturing larger, high-value stone
- Like others in the sector, these companies face growing pressures from high-end clients.

These companies are situated at the heart of an ecosystem that involves a wide range of stakeholders, including government actors, civil society, industry bodies, and an array of private service providers. Of particular relevance for this assessment is the role of tender and auction houses that act as intermediaries connecting diamond sellers to buyers, and who are often the first point of call for clients seeking sustainability information.

Figure 1: The diamond ecosystem in Antwerp



1.3. A changing sustainability context

While sustainability is not new to the mining industry, discussions on ethics in diamond trading have long focused rather narrowly on conflict diamonds and financial crime. Recently, however, diamond traders have also started facing scrutiny about sustainability issues. This growing attention for sustainability results from a number of trends.

Legal pressures

- Companies are expected to abide by various “soft law” standards in the field of responsible business conduct. Key texts include the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, and the UN Convention against Corruption.
- In recent years, soft law standards are increasingly integrated into hard legislation. Key examples include new European rules in the domain of sustainability reporting (CSRD) and due diligence (CS3D). Broadly speaking, these sustainability rules oblige companies to identify and report (CSRD) and to take action to mitigate (CS3D) risks for human rights and the environment.
- Financial stakeholders (banks and investors) are also subject to tightening sustainability rules. Examples include the EU’s Sustainable Finance Disclosure Regulation, and the Taxonomy Regulation.
- Specifically in the Belgian context, diamond traders have to abide by a range of rules to combat money laundering (Royal Decree of 1 July 2020) and to ensure the integrity of the diamond trade. Several of these regulatory efforts build on the Kimberley Process Certification Scheme. A full overview can be found on the [AWDC website](#).
- The Kimberley Process Certification Scheme (KPCS) is a hybrid mechanism that combines regulatory and voluntary elements. Established in 2003, it is an international certification scheme designed to prevent conflict diamonds from entering the rough diamond market. It mandates participating countries to implement national legislation, establish controlling authorities, and commit to

transparency and data exchange. Countries can only trade rough diamonds with other participants who meet the scheme's minimum requirements, and international shipments must be accompanied by a KP certificate guaranteeing they are conflict-free. The World Diamond Council's System of Warranties (SoW) is a voluntary system that extends the logic of the Kimberley Process to the trade in polished diamonds.

Voluntary sustainability standards

- The World Diamond Council's System of Warranties (SoW) is a voluntary system that extends the logic of the Kimberley Process to the trade in polished diamonds.
- The Responsible Jewelry Council (RJC) Code of Practice is a voluntary sustainability standard that covers a wide range of sustainability topics, from business ethics through to labor rights and environmental management. The number of companies certified under the RJC CoP has grown steadily in recent years.
- The Watch and Jewelry Initiative (WJI) has in recent years emerged as another important initiative. However, while the WJI also includes some mid-stream actors (including large diamond traders-manufacturers) amongst its supporting members, it primarily caters to the interests of the large jewelry brands.
- The Maendeleo Diamond Standards are a voluntary sustainability standard developed by the Diamond Development Initiative (DDI) that applies specifically to artisanal miners. They want to ensure that artisanal mining promotes decent work and the environment, and does not contribute to human rights violations.

Pressures from clients

Large companies throughout the diamond value chain have started imposing sustainability requirements on clients and suppliers. Large brands and retailers have elaborate supplier policies that include expectations in the field of responsible business conduct including, in many cases, the need to obtain RJC certification. Likewise, De Beers expects its Sightholders to comply with Best Practice Principles, which include ambitious sustainability requirements.

The Russia-Ukraine war

At the same time, sustainability pressures are overshadowed by the war in Ukraine. This conflict, along with the expectations to cease sourcing Russian diamonds, has led to significant supply shocks and has re-ignited older debates on conflict diamonds. The diamond industry is now facing unprecedented pressures to ensure end-to-end transparency, creating a new market for traceability solutions. While transparency is an important step towards a more sustainable diamond value chain, it does not, in and of itself, guarantee sustainable production.

The rise of lab-grown diamonds

Recent years have seen the emergence of lab-grown or synthetic diamonds, which are often promoted as a more sustainable alternative to mined diamonds. The sustainability claims surrounding lab-grown diamonds are largely based on the absence of many environmental and social issues traditionally associated with diamond mining. Regardless of the accuracy of these claims, the rise of lab-grown forces the natural diamond industry to confront its unsustainable image and practices.

Sources that were consulted for this context analysis can be found in appendix 1

STEP 2: LONGLIST OF SUSTAINABILITY ISSUES

To create a longlist of relevant sustainability issues, we analyzed the full spectrum of topics, sub-topics, and sub-sub-topics included in the ESRS. We relied on desk research, which involved reviewing a wide range of sources, including sustainability standards and online databases, scientific research, government reports, news websites, NGO reports, and professional literature (see appendix 1). The result of this review was a comprehensive longlist with 74 “issues” that are linked with potential negative sustainability impacts (34), positive sustainability impacts (12), financial risks (20), and financial opportunities (7).

STEP 3: MATERIALITY ASSESSMENT

Our materiality assessment combined an internal and an external assessment. For our internal assessment, we relied on the desk research that was carried out in step 2, combined with our in-house expertise on diamonds and extractives. Specifically, the author of this report has carried out extensive field research in mining areas, and was previously involved in a project with AWDC on sustainability due diligence in the diamond industry, which also involved a value chain mapping and risk analysis. The external assessment involved a targeted stakeholder consultation.

In this section, we will first describe the results of the internal assessment. Next, we describe the results of the external assessment (stakeholder consultation). Finally, we will integrate the results of the internal and external assessment.

3.1. Internal assessment (desk research)

Negative impacts

Explanation

Negative impacts are adverse effects that may be caused by a company’s activities or those in its value chain (!) on people, the environment, or society. The materiality of negative impacts depends on two main factors: severity and likelihood.

Severity is determined by three parameters:

- **Scale**, or the gravity or intensity of an impact. Scale may range from low-intensity impacts with limited harm; to high-intensity impacts such as severe human rights violations or catastrophic environmental impacts.
- **Scope**, or the breadth of an impact. May range from impacts that affect one or a few individuals in one locality; to impacts with a global scope.
- **Remediability**, or the ease with which an impact can be reversed or mitigated. May range from impacts that can be easily reversed, to impacts that are irreversible.

Likelihood refers to the probability that an impact will occur. Likelihood may be affected by factors such as location (e.g. countries with weak vs strong governance), type of activity (e.g. artisanal vs industrial mining), existing risk management systems (e.g. robust anti-corruption measures). Hence, likelihood can vary significantly between companies.

Approach

- For all 35 issues included in our list with negative impacts, we assigned a score of 0-5 for scale (low-intensity to high-intensity), scope (local to global), remediability (easy to impossible) and likelihood (unlikely to very likely).
- Next, we determined the severity score, as the average score of scale, scope, and remediability.
- The general approach for determining the materiality score is to multiply the severity and likelihood scores. However, the CSRD (as outlined in ESRS 1, Paragraph 45(c)) specifies that “in the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.” This ensures that severe human rights impacts with low likelihood are not excluded from

the double materiality assessment (DMA). To address this, we have adjusted the weightings for likelihood based on the type of human rights impact. For issues like fair wages and job security, which are crucial for a decent living standard, we assigned a slightly lower likelihood rating. The likelihood rating was further reduced for issues such as community rights and occupational health and safety. Finally, for severe human rights violations that threaten physical integrity (e.g., armed conflict or child labor), the likelihood weighting was reduced even more significantly.

- Materiality scores were recalculated to percentages to enhance comparability, and all issues were then assigned a materiality rating, from low to critical.

Results (see table 1)

- Three of the 34 issues were rated “very high” (70-79%), twelve issues were rated “high” (60-69%) and ten issues as “medium-high” (50-69%), and six issues as “medium-high” (50-59%).
- Key topics linked with negative impacts are “Workers in the value chain”, “Climate change”, and (to a slightly lesser degree) “Affected communities”
- Significantly, potential negative impacts in the diamond value chain are primarily located upstream, in the mining and manufacturing stage.

Table 1: Issues linked with negative sustainability impacts

Topic	Issue	Scale	Scope	Remed.	Likel.	Score	Rating
Workers in value chain	Health and safety in mining and manufacturing	4,5	4	4	4	79%	Very high
Climate change	Value chain emissions in mining and manufacturing	4	5	4	4,5	78%	Very high
Affected communities	Impacts of mining on living environment and land rights	4	3	4	4	70%	Very high
Workers in value chain	Security of employment in mining and manufacturing	4	4	4	4	69%	High
Workers in value chain	Adequate wages in mining and manufacturing	4	4	4	4	69%	High
Affected communities	Security-related impacts of mining: community conflicts, contribution to armed conflict, relations between security forces and communities	5	2	4	2,5	67%	High
Workers in value chain	Forced labour in (artisanal) mining	5	2	4	2	65%	High
Workers in value chain	Child labour in (artisanal) mining	5	2	4	2	65%	High
Biodiversity	Biodiversity losses and degradation of ecosystems in mining	4	4	4	4	64%	High
Business conduct	Lack of transparent and sustainable corporate culture	5	4	3	4	64%	High
Circular economy	Waste in mining and manufacturing	4	4	4	4	64%	High
Business conduct	Corruption and money laundering	4	5	3	4	64%	High
Water	Water consumption mining and manufacturing	4	4	4	4	64%	High
Affected communities	Threats to human rights defenders in mining	5	2	4	1	63%	High
Affected communities	Impact on land rights and livelihoods of local (indigenous or non-indigenous) communities	4	3	3	3	60%	High
Water	Water discharges in mining and manufacturing	3	4	4	4	59%	Medium-high
Pollution	Water, soil, and air pollution in mining	3	4	4	4	59%	Medium-high
Business conduct	Management of relationships with suppliers	4	4	3	4	59%	Medium-high
Pollution	Air pollution in mining and manufacturing	4	3	3	4	53%	Medium-high
Consumers	Product integrity and transparent product information	3	3	4	4	53%	Medium-high
Water	Negative impacts on marine ecosystems of marine mining	4	2	4	4	53%	Medium-high
Own workforce	Security of employment	4	3	3	3	49%	Medium
Own workforce	Discrimination and equal treatment (gender, ethnicity, ...)	4	3	3	3	49%	Medium
Own workforce	Adequate wages	4	3	3	3	49%	Medium
Climate change	Own emissions	2	5	2	4	48%	Medium
Own workforce	Health and safety	3	3	2	3	48%	Medium
Own workforce	Work-life balance	4	2	3	3	44%	Medium
Own workforce	Privacy	4	2	3	3	44%	Medium
Pollution	Pollution of living organisms in mining	3	3	4	3	40%	Medium
Pollution	Pollution of food resources in mining	3	3	3	3	36%	Low
Pollution	Use of hazardous chemicals in mining and manufacturing	4	2	3	3	36%	Low
Circular economy	Waste own activities	2	2	2	4	32%	Low
Own workforce	Worker representation	3	3	2	2	32%	Low
Water	Water consumption own activities	2	2	3	3	28%	Low

Positive impacts

Explanation

Positive impacts refer to positive effects that a company’s activities may have on people, the environment, or society. It is important to underline that positive impacts are distinct from actions that merely mitigate or compensate for negative impacts. They represent added benefits, not just the

avoidance of harm. The materiality of positive impacts is determined by their significance and likelihood. Significance is determined by scale (from insignificant to game-changing) and scope (from local to global).

Approach

- For all twelve issues, we assigned a score of 0-5 for scale, scope and likelihood.
- Next, we determined the significance score, as the average score of scale and scope.
- The materiality score was determined by multiplying the significance and likelihood score.
- Based on the materiality scores, all issues were assigned a materiality rating.

Results (see table 2)

None of the twelve issues was rated “critical” (>80%), and only one issue was rated as “very high” (economic empowerment of communities and workers). Again, issues with a medium or low materiality rating can still give lead to positive impacts, but the magnitude of these positive impacts, and/or the likelihood of them occurring, is relatively lower.

Table 2: Issues linked with positive sustainability impacts

Topic	Issue	Scale	Scope	Likel.	Score	Rating
Affected communities	Economic empowerment of communities through local content creation (jobs, business opportunities, skills upgrading, etc.)	5	4	4	72%	Very high
Other	Tax payments to host governments	4	4	3	48%	Medium
Affected communities	Community development programs (e.g. schooling, infrastructure, social services, etc.)	3	3	4	48%	Medium
Own workforce	Skill development and career growth	4	2	4	48%	Medium
Value chain workers	Capacity building of suppliers (e.g. health and safety training)	4	4	3	48%	Medium
Business conduct	Robust AML and anti-corruption measures	4	4	3	48%	Medium
Own workforce	Sector leadership in working conditions, diversity, ...	4	3	3	42%	Low
Own workforce	Efforts to ensure work-life balance	4	3	3	42%	Low
Consumers	Responsible and transparent marketing	4	4	2	32%	Low
Biodiversity	Efforts to restore / conserve / strengthen land, oceans or ecosystems	4	3	2	28%	Low
Climate change	Efforts to strengthen local climate resilience	4	2	2	24%	Low
Climate change	Renewable energy production	2	3	2	20%	Low

Financial risks

Explanation

Financial risks refer to possible negative effects of sustainability-related issues on a company’s turnover, position, cash flows, access to finance, cost of capital, etc. The materiality of financial risks is determined by their magnitude and likelihood.

Approach

- For all twenty issues, we assigned a score of 0-5 for magnitude and likelihood.
- Next, we determined the materiality score by multiplying magnitude and likelihood.
- Based on the materiality scores, all issues were assigned a materiality rating.

Results (table 3)

Seven issues were rated “critical”. This clearly shows that sustainability topics create significant financial risks for diamond companies. In particular, financial risks may be related to a lack of policies and processes in the field of responsible business conduct, which can lead to a loss of market share, as well as reputational and liability risks. Other important risks relate to competition from synthetic diamonds (which are marketed as a more sustainable alternative), and the finite nature of diamonds as the key resource in the diamond industry.

Table 3: Issues linked with financial risks

Topic	Issue	Magnitude	Likelihood	Score	Rating
Circular economy	Finite nature of diamond deposits	5	4	80%	Critical
Business conduct	Legal and reputational risks of corruption and money laundering	5	4	80%	Critical
Business conduct	Cost of adopting and integrating new traceability solutions	4	5	80%	Critical
Consumers	Loss of market share to more "sustainable" synthetic diamonds	5	4	80%	Critical
Business conduct	Loss of market share to more compliant and more sustainable companies	5	4	80%	Critical
Business conduct	Costs for complying with new regulations related to anti-bribery, AML, responsible sourcing, sustainability	4	5	80%	Critical
Business conduct	Lack of adequate due diligence could lead to liability risks, reputational risks, and loss of market share in premium markets	5	4	80%	Critical
Communities	Reputational and legal risks of association with conflict diamonds	5	3	60%	High
Business conduct	Loss of market share to less compliant and sustainable companies and diamond centers	5	3	60%	High
Consumers	Breaches of consumer privacy can lead to legal liability and fines, and can undermine consumer trust	4	3	48%	Medium
Governance	Reputational costs and possible legal risks of working with unethical suppliers	3	4	48%	Medium
Climate change	Compliance and investment costs needed to meet decarbonization requirements	2	4	32%	Low
Climate change	Asset exposure to climate risks - operational disruptions, insurance costs, asset impairment	3	2	24%	Low
Pollution	Compliance and investment costs to meet tightening environmental regulations	2	3	24%	Low
Own workforce	Lack of attention for worker welfare may lead to productivity losses and absenteeism	2	3	24%	Low
Climate change	Energy costs: price fluctuations	2	3	24%	Low
Water	Dependency of diamond manufacturing on availability of water	3	2	24%	Low
Own workforce	Financial and operational risks (e.g. penalties, shutdowns) of non-compliance with labour laws	3	2	24%	Low
Consumers	Reputational damage and legal liabilities due to greenwashing legislation	3	2	24%	Low
Communities	Direct: operational, reputational legal risks due to deterioration of relation with local communities	3	2	24%	Low

Financial opportunities

Explanation

Financial opportunities refer to possible positive effects of sustainability-related issues on a company's turnover, position, cash flows, access to finance, cost of capital, etc. The materiality of financial opportunities is determined by their magnitude and likelihood.

Approach

- For all seven issues, we assigned a score of 0-5 for magnitude and likelihood.
- Next, we determined the materiality score by multiplying magnitude and likelihood.
- Based on the materiality scores, all issues were assigned a materiality rating.

Results

One issue received a priority rating. In line with financial risks, this issue relates to the positive financial impacts (mostly in terms of access to premium markets of adhering to sustainability requirements. Significantly, better access to finance was assessed as having a relatively low likelihood compared to other sectors, due to the challenging relationship with the financial sector.

Table 4: Issues linked with financial opportunities

Topic	Issue	Magnitude	Likelihood	Score	Rating
Business conduct	Reputational and commercial (access to premium markets) gains linked with transparent governance, responsible sourcing, ethical certification, and participation in industry initiatives	4	5	80%	Critical
Business conduct	Better access to finance for sustainable companies	5	2	40%	Low
Own workforce	Productivity improvements, higher worker retention, and reputational gains due to investments in worker welfare	3	3	36%	Low
Own workforce	Investment in skills and training can help address skills gap	3	3	36%	Low
Climate change	Cost savings of improved energy efficiency	1	5	20%	Low
Water	Reduced operating costs due to better water management and efficiency	1	5	20%	Low
Climate change	Reputational and financial gains of transitioning to renewable energy	2	2	16%	Low

3.2. External assessment (stakeholder consultation)

Explanation

The CSRD sets a clear expectation that companies involve “potentially affected” stakeholders in their DMA. Often, companies send out standardized surveys to stakeholders, who are asked to express their views on the materiality of a range of topics. While this method is straightforward and easy to scale, it often results in superficial feedback, as stakeholders might not fully understand the topics, and don’t have the opportunity to share more nuanced insights. Moreover, many companies tend to focus on a narrow set of stakeholders that is relatively easier to approach, while overlooking more vulnerable stakeholders that can be affected (positively or negatively) by business activities.

Approach

We deliberately opted for a more targeted approach that focuses on those stakeholders with particular expertise, or with the capacity to speak on behalf of a wider group of stakeholders. Moreover, rather than asking these stakeholders to submit their answers in writing, we engaged them in in-depth interviews. This approach allows stakeholders to share nuanced information, enables real-time clarification, and fosters mutual learning and understanding. Prior to the interviews, we shared the longlist of sustainability issues (step 2) with stakeholders, asking them to reflect on the following:

- Do you understand all issues in the list?
- Are there critical issues that you think are missing?
- Which issues, in your opinion, should be prioritized, and why?
- Are there any issues that you believe should be de-prioritized or removed from the list?

In total, 13 stakeholder interviews were conducted. An overview can be found in appendix 2. Each interview lasted 30-90 minutes. Given the sensitive nature of some of the topics, we decided not to record the interviews, nor to disclose the names of organizations or individual respondents. Instead, we took notes during the interviews, linking them to the different sustainability issues in the longlist.

Results

In the tables below, we list the key outcomes of the stakeholder consultation in relation to negative impacts, positive impacts, financial risks, and financial opportunities

Table 5: Stakeholder feedback on negative impacts

Topic	Feedback
Climate	<ul style="list-style-type: none"> • Emissions prioritized by 3 stakeholders, deprioritized by 4 stakeholders • Own emissions deprioritized by two stakeholders
Pollution	<ul style="list-style-type: none"> • Air, soil, water pollution prioritized by 3 stakeholders
Water	<ul style="list-style-type: none"> • Water consumption in value chain prioritized by 2 stakeholders
Biodiversity	<ul style="list-style-type: none"> • Prioritized by 3 stakeholders, with one identifying it as the number one topic
Own workforce	<ul style="list-style-type: none"> • Considered important by most diamond companies. 2 stakeholders prioritized work-life balance, but only in relation to diamond manufacturing.

Workers in value chain	<ul style="list-style-type: none"> Adequate wages (6 stakeholders) and health and safety (3 stakeholders) seen as priority topics Child labour and forced labour prioritized by 1 stakeholder, deprioritized by 1 stakeholder
Communities	<ul style="list-style-type: none"> Impacts on living environment prioritized by 5 stakeholders, deprioritized by 1 stakeholder. Threats to human rights defenders prioritized by 1 stakeholder
Consumers	<ul style="list-style-type: none"> Product integrity and transparency prioritized by 2 stakeholders
Business conduct	<ul style="list-style-type: none"> Transparent and responsible corporate governance prioritized by 5 stakeholders Corruption and money laundering prioritized by 2 stakeholders

Table 6: Stakeholder feedback on positive impacts

Topic	Feedback
Own workforce	<ul style="list-style-type: none"> Skills training prioritized by 1 stakeholder
Communities	<ul style="list-style-type: none"> Local content prioritized by 7 stakeholders Positive impact of CSR and community development programs prioritized by 4 stakeholders
Consumers	<ul style="list-style-type: none"> Responsible and transparent marketing prioritized by 2 stakeholders
Business conduct	<ul style="list-style-type: none"> Supplier engagement and training prioritized by 3 stakeholders Long-term positive impacts of anti-corruption and AML prioritized by 3 stakeholders

Table 7: Stakeholder feedback on financial risks

Topic	Feedback
CE and resource use	<ul style="list-style-type: none"> Finite nature of diamond deposits deprioritized by 2 stakeholders
Governance	<ul style="list-style-type: none"> Legal and reputational risks of corruption and ML prioritized by 5 stakeholders Costs of complying with new sustainability regulation and associated traceability requirements, as well as the lack of harmonized standards, prioritized by 3 stakeholders Loss of market access due to weak due diligence prioritized by 3 stakeholders

Table 8: Stakeholder feedback on financial opportunities

Topic	Feedback
Business conduct	<ul style="list-style-type: none"> Reputational and commercial gains of supply chain transparency and responsible sourcing prioritized by 6 stakeholders Access to finance was highlighted by 2 stakeholders as being important, as banks are starting to pay more attention to sustainability issues.

4.1. Integration of results

Instead of incorporating stakeholder feedback into our scoring, we used stakeholder feedback to re-evaluate the results of our internal assessment. Where appropriate, we adjusted the rating of issues.

- Negative impacts:** Adequate wages moved from very high to priority. Biodiversity losses and Business conduct moved from high to very high. Pollution in mining moved from medium-high to high.
- Positive impacts:** Community empowerment moved from very high to priority, while community development, supplier relations, and AML and anti-corruption moved from medium to very high.
- Financial risks:** the finite nature of diamonds was downgraded from priority to very high.
- Financial opportunities:** business conduct moved from very high to priority. Access to finance moved from medium to high.

Table 7: Integrated materiality assessment: negative impacts

Topic	Issue	Rating
Workers in value chain	Health and safety in mining and manufacturing	Priority
Affected communities	Impacts of mining on living environment and land rights	Priority
Workers in value chain	Adequate wages in mining and manufacturing	Priority
Climate change	Value chain emissions in mining and manufacturing	Very high
Biodiversity	Biodiversity losses and degradation of ecosystems in mining	Very high
Business conduct	Lack of transparent and sustainable corporate culture	Very high
Workers in value chain	Forced labour in (artisanal) mining	High
Workers in value chain	Child labour in (artisanal) mining	High
Workers in value chain	Security of employment in mining and manufacturing	High
Affected communities	Security-related impacts of mining: community conflicts, contribution to armed conflict, relations between security forces and communities	High
Circular economy	Waste in mining and manufacturing	High
Business conduct	Corruption and money laundering	High
Water	Water consumption mining and manufacturing	High
Affected communities	Threats to human rights defenders in mining	High
Pollution	Water, soil, and air pollution in mining	High
Affected communities	Impact on land rights and livelihoods of local (indigenous or non-indigenous) communities	High
Water	Water discharges in mining and manufacturing	Medium-high
Business conduct	Management of relationships with suppliers	Medium-high
Consumers	Product integrity and transparent product information	Medium-high
Water	Negative impacts on marine ecosystems of marine mining	Medium-high
Own workforce	Security of employment	Medium
Own workforce	Discrimination and equal treatment (gender, ethnicity, ...)	Medium
Own workforce	Adequate wages	Medium
Climate change	Own emissions	Medium
Own workforce	Health and safety	Medium
Own workforce	Work-life balance	Medium
Own workforce	Privacy	Medium
Pollution	Pollution of living organisms in mining	Medium
Pollution	Pollution of food resources in mining	Low
Pollution	Use of hazardous chemicals in mining and manufacturing	Low
Circular economy	Waste own activities	Low
Own workforce	Worker representation	Low
Water	Water consumption own activities	Low

Table 8: Integrated materiality assessment: positive impacts

Topic	Issue	Rating
Affected communities	Local content creation (jobs, business opportunities, skills upgrading, etc.)	Priority
Affected communities	Community development programs (e.g. schooling, infrastructure, etc.)	Very high
Business conduct	Supplier engagement and training	Very high
Business conduct	Robust AML and anti-corruption measures	Very high
Other	Tax payments to host governments	Medium
Own workforce	Skill development and career growth	Medium
Own workforce	Sector leadership in working conditions, diversity, ...	Medium
Own workforce	Efforts to ensure work-life balance	Medium
Consumers	Responsible and transparent marketing	Medium
Biodiversity	Efforts to restore / conserve / strengthen land, oceans or ecosystems	Low
Climate change	Efforts to strengthen local climate resilience	Low
Climate change	Renewable energy production	Low

Table 9: Integrated materiality assessment: financial risks

Topic	Issue	Rating
Business conduct	Legal and reputational risks of corruption and money laundering	Priority
Business conduct	Cost of adopting and integrating new traceability solutions	Priority
Consumers	Loss of market share to "sustainable" synthetic diamonds	Priority
Business conduct	Loss of market share to more compliant and more sustainable companies	Priority
Business conduct	Costs for complying with new regulations related to anti-bribery, AML, responsible sourcing, sustainability + lack of harmonized standards	Priority
Business conduct	Lack of adequate due diligence could lead to liability risks, reputational risks, and loss of market share in premium markets	Priority
Circular economy	Finite nature of diamond deposits	Very high
Communities	Reputational and legal risks of association with conflict diamonds	High
Business conduct	Loss of market share to less compliant and sustainable companies and diamond centers (Dubai, India)	High
Consumers	Breaches of consumer privacy can lead to legal liability and fines, and can undermine consumer trust	Medium
Governance	Reputational costs and possible legal risks of working with unethical suppliers	Medium
Climate change	Compliance and investment costs needed to meet decarbonization requirements	Low
Climate change	Asset exposure to climate risks - operational disruptions, insurance costs, asset impairment	Low
Pollution	Compliance and investment costs to meet tightening environmental regulations	Low
Own workforce	Lack of attention for worker welfare may lead to productivity losses and absenteeism	Low
Climate change	Energy costs: price fluctuations	Low
Water	Dependency of diamond manufacturing on availability of water	Low
Own workforce	Financial and operational risks (e.g. penalties, shutdowns) of non-compliance with labour laws	Low
Consumers	Reputational damage and legal liabilities due to greenwashing legislation	Low
Communities	Direct: operational, reputational legal risks due to deterioration of relation with local communities	Low

Table 10: Integrated materiality assessment: financial opportunities

Topic	Issue	Rating
Business conduct	Reputational and commercial (access to premium markets) gains linked with transparent governance, responsible sourcing, ethical certification, and participation in industry initiatives	Priority
Business conduct	Better access to finance for sustainable companies	High
Own workforce	Productivity improvements, higher worker retention, and reputational gains due to investments in worker welfare	Low
Own workforce	Investment in skills and training can help address skills gap	Low
Climate change	Cost savings of improved energy efficiency	Low
Water	Reduced operating costs due to better water management and efficiency	Low
Climate change	Reputational and financial gains of transitioning to renewable energy	Low

STEP 4: SELECTION OF MATERIAL TOPICS

Our analysis identified two critical topics: responsible business conduct and value chain workers. These topics are certainly not new to the diamond industry, and many companies are already undertaking action to address these topics. Our analysis has also identified two topics with “very high” materiality: climate change and affected communities. The main reason why climate change figures as a “very high” instead of a “critical” topic is because a number of stakeholders expressed the view that climate change was less of an issue for the industry. However, given the substantial greenhouse gas emissions associated with diamond mining in particular, it will be difficult for companies to argue that climate change is not a material issue.

Table 12: Overview of material topics and key issues

Rating	Topics	Key issues	Single or double
Critical	Business conduct (ESRS G1)	<ul style="list-style-type: none"> • Transparent corporate culture (or lack thereof) • Supplier management • Corruption and bribery 	Double
	Workers in the value chain (ESRS S2)	<ul style="list-style-type: none"> • Adequate wages (mining and manufacturing) • Health and safety (mining and manufacturing) • Child labour and forced labour (mining) • Positive impacts through job creation 	Single (impact)
Very high	Climate change (ESRS E1)	<ul style="list-style-type: none"> • Climate change mitigation: greenhouse gas emissions throughout the value chain (particularly mining) 	Single (impact)
	Affected communities (ESRS S3)	<ul style="list-style-type: none"> • Access to clean water (mining) • Impact on land use and availability (mining) • Security-related impacts (mining) • Impact on human rights defenders (mining) • Rights of indigenous peoples (mining) • Positive impacts through local content (mining and manufacturing) 	Single (impact)
High	Biodiversity (ESRS E4)	Negative biodiversity impacts of mining: deforestation, soil erosion, water and soil pollution, etc.	Single (Impact)
	Pollution (ESRS 2)	<ul style="list-style-type: none"> • Water and soil pollution caused by mining • Indoor air pollution in manufacturing 	Single (impact)
	Water (ESRS E3)	<ul style="list-style-type: none"> • Water consumption in mining • Impacts of marine mining on marine ecosystems 	Single (impact)
Moderate	Own workforce (ESRS S1)	<ul style="list-style-type: none"> • Work-life balance • Equal opportunities • Health and safety • Skills and training 	Single (impact)
	Consumers (ESRS S4)	<ul style="list-style-type: none"> • Transparent product information • Product integrity (also in relation to lab-grown) 	Single (financial)
	Circular economy and resource use (ESRS E5)	Finite nature of diamond deposits	Single (financial)

FROM SECTOR DMA TO INDIVIDUAL DMA

Diamond companies can safely assume that the critical topics listed in table 12 (“Business conduct” and “Workers in value chain”) are material, and should be included in the sustainability statement. To determine if any (or more) of the remaining topics is material, two additional steps should be taken.

Step 1: Customizing the DMA

Critically evaluate the materiality ratings of different topics in light of the company’s operating context. In particular, the **likelihood** of impacts, risks, and opportunities can vary based on factors like:

- The types of activities that a company (e.g. only trading or also manufacturing) or actors in its supply chain (e.g. only industrial or also artisanal mining) are engaged in;
- The location of these activities (e.g. in Antwerp, or in a location with less strict labour laws). To determine location risks, you can rely on sources like the [Amfori BSCI country risk database](#);
- The type of business partners (e.g. large and compliant suppliers vs small and non-compliant suppliers; renowned and demanding clients vs clients that pay limited attention to sustainability);
- The existence of robust due diligence and risk management systems at the level of your company or at the level of suppliers.






Ideally, you also **talk to important stakeholders**—such as suppliers, clients, and employees—in order to understand their view on important topics. Collecting feedback does not need to be complicated. What is important is to keep track of who you talk to, and what has been discussed.

To give companies a head start, we already provide **an indication (not a final assessment)** of the materiality of different topics and sub-topics for the three company types that were identified in step 1: vertically integrated companies (Type I); traders (Type II); and manufacturers (Type III).

Table 12: Overview of material sub-topics per company type

ESRS - topics	Sub-topic	Type I	Type II	Type III	Materiality type
ESRS E1: Climate change	Climate change adaptation				
	Climate change mitigation				Impact
	Energy				Impact
ESRS E2: Pollution	Pollution of air				Impact
	Pollution of water				Impact
	Pollution of soil				Impact
	Pollution of living organisms and food resources				
	Substances of concern				Impact
	Substances of very high concern				
	Microplastics				
ESRS E3: Water & marine resources	Water				Impact
	Marine resources				Impact
ESRS E4: Biodiversity & ecosystems	Direct impact drivers of biodiversity loss				Impact
	Impacts on the state of species				
	Impacts on the extent and condition of ecosystems				Impact
	Impacts and dependencies on ecosystem services				
ESRS E5: Circular economy	Resources inflows, including resource use				Financial
	Resource outflows related to products and services				
	Waste				Impact
ESRS S1: Own workforce	Working conditions				Impact
	Equal treatment and opportunities for all				Impact
	Other work-related rights				
ESRS S2: Workers in the value chain	Working conditions				Impact
	Equal treatment and opportunities for all				
	Other work-related rights - child labour and forced labour				Impact
ESRS S3: Affected communities	Economic, social and cultural rights				Double
	Civil and political rights				Impact
	Rights of indigenous peoples				
ESRS S4: Consumers & end-users	Information-related impacts				Financial
	Personal safety of consumers and/or end-users				
	Social inclusion of consumers and/or end-users				
ESRS G1: Business conduct	Corporate culture				Double
	Protection of whistle-blowers				
	Animal welfare				
	Political engagement and lobbying activities				
	Management of relationships with suppliers				Double
	Corruption and bribery				Double

Legend

	Priority topics – non-negotiable
	Very high materiality
	High materiality – requires further assessment
	Medium materiality – requires further assessment
	Not material

Step 2: Setting a materiality threshold

Once companies have compiled a ranking of material topics, they must decide on a “materiality threshold”, or the point at which a topic becomes important enough to report on. We strongly advise all diamond companies to, as a minimum, report on the critical topics identified in this DMA—**business conduct, workers in value chain—possibly complemented with other topics that are material as a result of the specific operating context of the company.**

However, for larger companies and for companies working with high-end suppliers (e.g. De Beers Sightholders) or -clients, it makes absolute sense to adopt a more ambitious approach, by also including topics with a “very high”, “high”, or even “moderate” materiality rating.

From DMA to reporting

While detailed reporting guidance is outside the scope of this exercise, we offer a final step to help companies get started with the reporting process. In table 13, we provide a list of all 37 disclosure requirements (DR) that are linked with the topics identified in this sector DMA that have critical or very high materiality; as well as those linked with cross-cutting standard ESRS 2. We have also highlighted the disclosure requirements that should be prioritized, either because they are mandatory for all companies (dark green), or because they are particularly relevant for diamond companies (lighter green).

Table 13: Material topics and disclosure requirements

ESRS n°	DR n°	Title
ESRS 2: General disclosures	BP-1	General basis for preparation of the sustainability statements
	BP-2	Disclosures in relation to specific circumstances
	GOV-1	The role of the administrative, management and supervisory bodies
	GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies
	GOV-3	Integration of sustainability-related performance in incentive schemes
	GOV-4	Statement on due diligence
	GOV-5	Risk management and internal controls over sustainability reporting
	SBM-1	Strategy, business model and value chain
	SBM-2	Interests and views of stakeholders
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities
IRO-2	Disclosure Requirements in ESRS covered by the undertaking’s sustainability statements	
ESRS E1: Climate change	E1-1	Transition plan for climate change mitigation
	E1-2	Policies related to climate change mitigation and adaptation
	E1-3	Actions and resources in relation to climate change policies
	E1-4	Targets related to climate change mitigation and adaptation
	E1-5	Energy consumption and mix
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits
	E1-8	Internal carbon pricing
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
ESRS S2: Workers in Value Chain	S2-1	Policies related to value chain workers
	S2-2	Processes for engaging with value chain workers about impacts
	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns
	S2-4	Actions on material impacts on value chain workers
	S2-5	Targets related to value chain workers
ESRS S3: Affected communities	S3-1	Policies related to affected communities
	S3-2	Processes for engaging with affected communities about impacts
	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns
	S3-4	Actions on material impacts on affected communities
	S3-5	Targets related to affected communities
ESRS G1: Business conduct	G1-1	Business conduct policies and corporate culture
	G1-2	Management of relationships with suppliers
	G1-3	Prevention and detection of corruption or bribery
	G1-4	Incidents of corruption or bribery
	G1-5	Political influence and lobbying activities
	G1-6	Payment practices

Initial reporting guidelines

- *The DR listed under **ESRS 2 (“General disclosures”)** are mandatory for all companies, regardless of the results of their DMA. It contains a series of DR related to issues such as the company’s business model, governance frameworks, and risk management systems. For IRO-1, we provide a template that companies can modify and use in their own reporting (see below).*
- **Once a topic is identified as material, all corresponding DR become mandatory.** *These DR typically relate to **policies, actions, and targets** that companies have in place to manage material sustainability issues. In some cases, companies also have to provide specific metrics. However, most of these metrics are linked with environmental topics. For social standards ESRS S1-S4 and governance standard ESRS G1, reporting requirements are mostly qualitative.*
- *It is essential to note that the DR under the topical standards follow the “**comply or explain**” principle. In practice, this means that if a company currently does not currently have policies, actions, or targets in relation to a topic, it must explain why this is the case, and if it has any plans to adopt policies, actions, or targets in the future.*
- *The EU has foreseen **transitional periods** for certain topics and DR, such as value chain data and biodiversity reporting. These transitional periods are designed to give companies additional time to gather the necessary data and to establish the required processes before full reporting obligations take effect. Companies should review these transitional provisions and use them when deemed appropriate.*

Model text for ESRS 2 IRO-1

“In conducting our double materiality assessment (DMA), we used the sector DMA for the diamond industry provided by AWDC as a foundational basis. We decided to retain the priority topics identified in this sector DMA as material (business conduct, workers in value chain, climate change). Recognizing that the materiality of topics can vary based on the specific operating context of a company, we undertook additional steps to fine-tune the sector assessment.

First, we critically evaluated the materiality ratings of sustainability issues linked with topical standards ESRS E2-E5, S1, and S3-S4. We paid particular attention to how the likelihood of these issues is affected by:

- *Types of activities: As a company engaged in [insert specific activities, e.g., both trading and manufacturing], we assessed how these functions influence our sustainability impact. For instance, [insert specific example related to types of activities].*
- *Geographic location: We considered the regional risks associated with operating in- or sourcing from [insert specific location(s)], using tools like the Amfori BSCI country risk database to identify specific location-based risks.*
- *Business partners: We examined our supplier base to identify risks related to particular suppliers.*
- *Risk management systems: We evaluated the robustness of due diligence and risk management systems, both within our own company and at the supplier level.*

Secondly, we complemented this internal review process with feedback from key stakeholders, including [insert specific stakeholders, e.g., suppliers, clients, and employees]. This feedback allowed us to better understand the specific sustainability concerns relevant to our business. For example, [insert specific finding from consultations, e.g., heightened concerns about artisanal mining or local community impact], which were underrepresented in the sectoral assessment.

Thirdly, based on the results of this internal assessment and stakeholder feedback, we compiled a ranking of material topics, and set a materiality threshold. In addition to the priority topics identified through the sector DMA, we also identified [insert reference to topical standard] as material.”

Annex 1: Sources

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Annex 2: List of stakeholder interviews

Date	Duration	Type	Objectives
23/aug	90 min	Local government	Understand priority topics for local government; better understand the local regulatory context.
29/aug	45 min	Auditor	Understand priority topics for auditors
30/aug	60 min	Industry association	Understand the diamond value chain and associated impacts.
9/sep	40 min	Digital service provider	Understand the diamond value chain and associated impacts, understand priority topics for different stakeholders.
9/sep	45 min	Diamond manufacturer	Understand the situation in diamond manufacturing, including relevant sustainability impacts.
11/sep	45 min	Financial stakeholder	Understand the views and priority topics of the financial sector.
11/sep	60 min	Mining company	Understand the diamond value chain and the topics that are deemed important by the mining industry.
12/sep	90 min	Industry initiative	Understand the priority topics of downstream actors (retailers and jewelers)
20/sep	30 min	Financial stakeholder	Understand the views and priority topics of the financial sector.
27/sep	60 min	Diamond auction / tender house	Understand the diamond value chain and the priority topics for different stakeholders.
27/sep	60 min	Diamond trader-manufacturer	Understand which topics appear as relevant to a trader manufacturer in Antwerp.
30/okt	60 min	Trade union representative	Understand impacts, risks, and opportunities related to the situation of Antwerp diamond workers
30/okt	60 min	Research institute	Validate results of the double materiality assessment