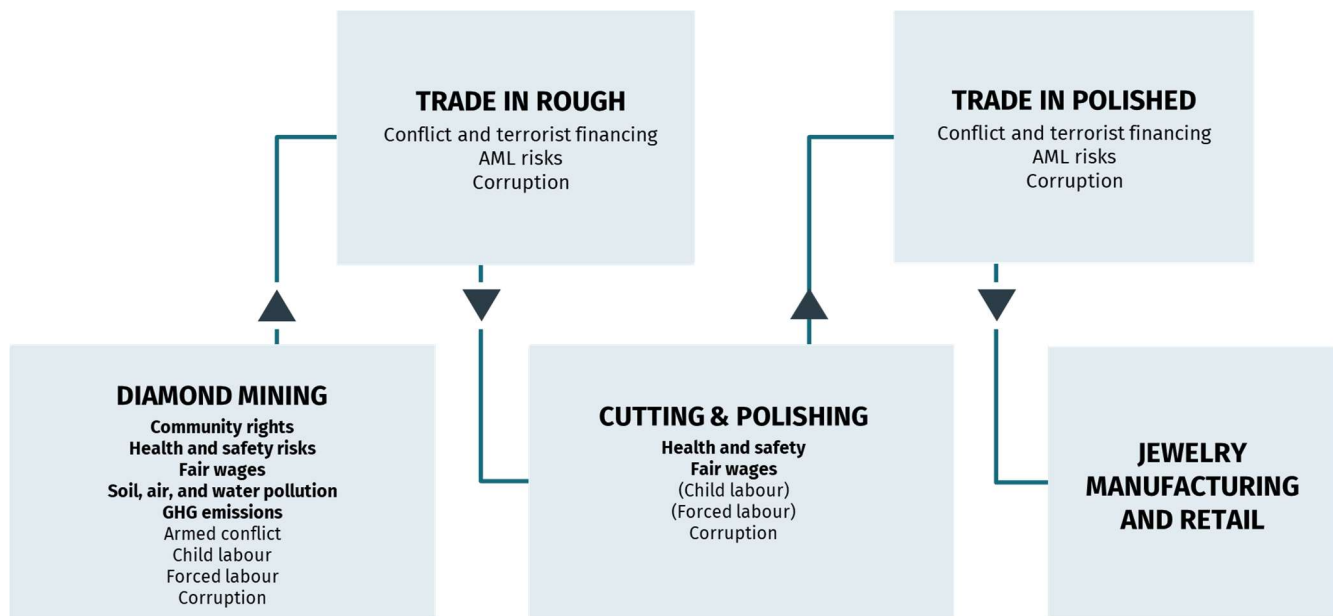


Sustainability risks in the diamond industry

What does available evidence say?

Diamond mining, polishing, and trading create important opportunities for countries, firms, and workers. At the same time, a number of sustainability challenges persist across the sector. Diamond companies are increasingly expected to engage with these risks. This briefing note is meant to support this process, by providing an overview of key sustainability risks throughout the diamond supply chain.

Overview: sustainability risks in the diamond supply chain



Child labour

- ♦ Child labour is mostly associated with artisanal mining. Artisanal mining is classified by the International Labour Organization as one of the worst forms of child labour, implying that “*no child under 18 should work in this sector under any circumstances*”ⁱ. No evidence could be found of child labour in industrial mining. However, mining companies may be indirectly linked with child labour when conducting business with artisanal miners. According to the US Department of Labour, evidence of child labour in diamond mining exists in the Central African Republic, the Democratic Republic of Congo, Guinea, Liberia, and Angolaⁱⁱ.
- ♦ Until the mid-2010s, child labour was regularly reported in the Indian diamond manufacturing industry (which is concentrated in and around the city of Surat)ⁱⁱⁱ. No evidence could be found that child labour is still an issue of concern.

Forced labour

- ♦ Forced labour encompasses a wide range of situations in which individuals experience coercion in their working environment, which may include restrictions on the freedom of movement, (threats of) violence, withholding identity documents or wages, excessive overtime, and debt bondage^{iv}.
- ♦ Debt bondage is common in artisanal mining, with miners becoming indebted to mining financiers and traders^v. More serious instances of forced labour, such as human trafficking and physical coercion, have been reported among others in the Central African Republic^{vi}. No evidence could be found of forced labour in industrial mining. Yet mining companies may become indirectly linked with forced labour when conducting business with artisanal miners. Diamond producing countries with a high risk of forced labour include the Central African Republic, Democratic Republic of Congo, Zimbabwe, Cameroon, and Angola^{vii}.
- ♦ In the 1980s-1990s, debt bondage and violence were commonplace in Indian diamond manufacturing^{viii}. These more extreme forms of forced labour seem to be a thing of the past.

Health and safety

- ♦ Mining is considered to be one of the most dangerous occupations worldwide, and entails a wide range of physical, psychosocial, and health risks. Examples include respiratory disease, unsanitary conditions in mining camps, and musculoskeletal disorders due to repeated heavy lifting.^{ix} Health and safety risks are particularly pronounced in artisanal mining, where workers often lack basic protective equipment. Most large mining companies have established health and safety procedures. However, accidents regularly occur. For instance, in 2017, eight miners died during a flooding accident in one of Alrosa’s biggest Russian diamond mines^x.
- ♦ In Surat (India), larger and generally well-organized diamond firms operate alongside thousands of smaller workshops, many of which operate outside regulatory control. Many of these small workshops are poorly ventilated and lack basic sanitation^{xi}. Workers often live and sleep in dire conditions, and are exposed to poisonous fumes^{xii}.

Fair wages

- ♦ While artisanal mining may offer a way out of poverty for some, for most people it is primarily a means of survival^{xiii}. Workers are typically promised a profit share, but end up working for food, lodging, and small and irregular cash payments.
- ♦ Diamond cutters in Surat (India) reportedly earn very low (piece-rate) wages. Work in diamond cutting is highly unstable, and the war in Ukraine (and the lull in supply of Russian

diamonds) has put further downward pressures on wages^{xiv}. Problems of job continuity and low wages are compounded by a lack of social protection^{xv}.

Community impacts

Industrial mining and artisanal mining can pose substantial threats to surrounding communities, which could be at risk of dispossession, or may suffer from adverse health or environmental impacts. Several high-profile cases demonstrate that community impacts are an important concern in the mining industry. In 2022, Amnesty International raised a series of concerns about the activities of a junior diamond miner (Meja Mining) in Sierra Leone^{xvi}. In 2020, security forces employed by UK-based Petra diamonds reportedly abused and killed artisanal miners in Tanzania^{xvii}.

Environmental degradation

- ♦ Industrial mining emits pollutants and greenhouse gases into the atmosphere, notably through the use of large machinery. This affects air quality, causes acidification, and contributes to global warming.
- ♦ The removal of soil and vegetation in industrial and artisanal mining may exacerbate erosion. Moreover, deforestation is an indirect but important contributor to global warming.
- ♦ Water pollution is an issue of concern in both industrial and artisanal mining^{xviii}. In large mines, the failure of tailings dams has repeatedly led to catastrophic spills of mine waste, polluting nearby waterways, and impacting agricultural lands and villages^{xix}.
- ♦ Industrial mining (including ocean mining^{xx}) may involve large-scale habitat loss^{xxi}. Artisanal mining, while smaller in scale, often takes place in ecologically sensitive areas like riverbeds and coastlines.
- ♦ Diamond producing countries that score low on Yale University's Environmental Performance Index include Liberia, Angola, Guinea, Lesotho, Sierra Leone, and Tanzania^{xxii}.

Armed conflict

- ♦ The extraction of- and trade in diamonds can contribute to financing armed conflict, and armed conflict is obviously linked with risks for violations of human rights and environmental norms. However, links between diamond mining and conflict are complex, and mining can also contribute to peace.^{xxiii}
- ♦ Risks for conflict funding are more pronounced in artisanal mining, although industrial mines have also been known to act as a source of rents for rebel groups.
- ♦ The EU maintains an indicative and non-exhaustive list of conflict affected and high-risk areas (cahraslist.net). Key diamond-producing countries on the list include Zimbabwe, Cameroon, the DRC, and the Central African Republic.^{xxiv}

Corruption

While corruption is not a sustainability risk per se, it can impede the development or enforcement of labor or environmental laws, can become a drain on public resources that enable the enjoyment of human rights (e.g. education or healthcare), and can impede access to justice (through the judicial system).^{xxv} According to the Corruption Perceptions Index, diamond producing countries with a heightened risk of corruption include the DRC, Zimbabwe, Central African Republic, Liberia, Cameroon, Russia, Sierra Leone, Angola, Tanzania, and India.^{xxvi}

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