

# THROUGH THE LOUPE



## SUSTAINABILITY IN DIAMOND TRADING: BUILDING A RESPONSIBLE FUTURE

The diamond industry has long been synonymous with luxury and elegance, symbolising the height of human achievement and craftsmanship. In the 21st century, however, the industry is also embracing principles of Environmental, Social, and Governance (ESG), with a strong focus on sustainability. From mining to trading and retail, every facet of the diamond value chain is evolving to ensure economic viability, while making positive contributions to environmental preservation, social development and robust governance standards.

### **Ethical Sourcing and Responsible Mining**

Sustainable practices in diamond trading start at the source: the mines. Ethical sourcing ensures that diamonds are mined in ways that respect both human rights and the environment. This includes implementing safety measures to protect workers, such as providing proper equipment, safe working conditions and minimising exposure to harmful substances. Promoting fair labour practices includes offering fair wages, prohibiting child and forced labour and respecting workers' rights to organise. On an environmental level, sustainable mining practices are designed to reduce the ecological footprint by minimising land disruption, managing waste responsibly, reducing water usage and restoring ecosystems post-mining.

Namibia plays a crucial role in supporting these values as part of the Kimberley Process Certification Scheme (KPCS), a global initiative established in 2003 to reduce the flow of conflict diamonds. The KPCS has been instrumental in certifying 99.8% of diamonds entering the market as conflict-free, aligning with the Governance (G) component of ESG by ensuring transparency and ethical compliance in diamond supply chains.

Namibian mining leaders, Namdeb and Debmarine Namibia have pioneered responsible mining practices, setting high standards in environmental protection. Namdeb has made significant strides in land rehabilitation efforts, with over 1,300 hectares of land restored in 2023. This land is being rehabilitated for community use, helping to support local biodiversity. The company's commitment to sustainability also includes conserving water resources, minimising environmental impact, and ensuring that its activities result in a net positive contribution to biodiversity.

Specialising in offshore diamond mining, Debmarine Namibia employs advanced technologies to recover diamonds with minimal environmental impact. In 2023, the company produced around 1.4 million carats, contributing significantly to Namibia's diamond output. The company uses innovative seabed recovery techniques that ensure minimal disruption to the marine ecosystem. Approximately 99% of the sediment it discharges is returned to the ocean floor, where it settles back naturally.

Debmarine's commitment to sustainability is evident in its use of advanced technologies, which not only recover diamonds efficiently but also preserve the marine environment. This, coupled with its local empowerment efforts and substantial investments in Namibia's economy, strengthens its position as a key player in the country's diamond mining sector. These initiatives reflect the Environmental (E) aspect of ESG, demonstrating the industry's commitment to preserving natural resources.

### **Transparency in the Supply Chain**

Transparency is critical to fostering trust in the diamond trade, as today's consumers increasingly seek assurance about the origins of their purchases. A 2022 Bain & Company report highlighted that over 60% of diamond buyers in the U.S. and Europe consider ethical sourcing essential when choosing a diamond.

Blockchain technology has become a game-changer for the diamond industry, providing an unalterable record of a diamond's journey. De Beers Group's Tracr blockchain platform for instance, launched in 2019, offers verifiable provenance for diamonds each year. For Namibia, adopting blockchain will further reinforce its commitment to responsible sourcing, aligning with Governance (G) standards under ESG by enhancing transparency and accountability across the supply chain.

## Environmental Stewardship

The diamond industry is intensifying its commitment to environmental sustainability, with companies like Debmarine Namibia and Namdeb leading initiatives aimed at reducing ecological impacts and promoting responsible resource management. At Debmarine Namibia, environmental functions are guided by the principles of reuse, reduction and recycling, which are critical to minimising operational impacts. In diamond extraction processes, Debmarine Namibia uses seawater to treat diamond-bearing gravel, while desalinated water is employed exclusively for the crew's domestic needs on board their vessels. Each vessel is equipped with one or two desalination plants powered by the engines' heat, allowing them to generate approximately 2,500 tons of potable water per month, sufficient to meet crew needs and ensure self-sufficiency.

Namdeb, operating on land, has also taken steps toward environmental stewardship, with a comprehensive rehabilitation program addressing over a century of mining activities in the Tsau//Khaeb (Sperrgebiet) National Park. Since 2008, when the Namibian government approved Namdeb's Rehabilitation Plan, the company has removed more than 126,000 tons of scrap from its mining license areas. This ongoing program is restoring ecosystems and preparing the land for future community use, reflecting Namdeb's commitment to reversing environmental impacts through thoughtful, long-term planning.

Both companies' efforts underscore the importance of environmental stewardship in diamond mining and align with global ESG principles, setting standards for sustainability within the industry.

## Social Responsibility and DIAMAN's Contributions

Beyond mining, Namibia's diamond industry also plays a central role in uplifting communities, aligning with the Social (S) component of ESG. The Diamond Manufacturer's Association of Namibia (DIAMAN) is actively engaged in sectors that address critical needs, from healthcare and public safety to education and youth development. DIAMAN's focus on these essential areas reflects the diamond industry's commitment to social development, creating a positive impact that reaches beyond economic contributions.

Through its investments in healthcare, DIAMAN supports improved access to medical services, particularly in underserved areas. In education, the association funds programs designed to expand opportunities for students, including vocational training initiatives that equip young Namibians with essential skills. DIAMAN's community engagement extends to cultural preservation and local events, nurturing a sense of national pride while contributing to economic resilience. This multi-faceted approach highlights DIAMAN's role in creating a more inclusive society where the benefits of diamond trading are shared with communities.

The NAMDIA Foundation has demonstrated a steadfast commitment to social responsibility, investing over N\$40 million in initiatives spanning education, healthcare and sports development since 2019. Likewise, the Namdeb-Debmarine Foundation contributed over N\$15 million in 2023 toward scholarships, healthcare programs and other projects that create broad-based social impact.

### The Future of Sustainable Diamond Trading

Looking ahead, sustainable practices aligned with ESG are not merely a trend; they are essential to ensuring the diamond industry's future. By embracing technological advancements, adhering to ethical standards and committing to environmental and social responsibility, the diamond industry can remain resilient and respected in an evolving global landscape.

For Namibia, championing sustainability and adhering to standards such as the Kimberley Process are key to securing a competitive advantage. By capitalising on this demand and leveraging technologies in providing provenance, Namibia can ensure that every diamond it trades reflects its commitment to ESG values. Every diamond, after all, represents more than beauty or value, it is a promise fulfilled, embodying both Namibia's dedication to sustainable practices and its vision for a better future.

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Namib Desert Diamonds (Pty) Ltd

[ceo@namdia.na](mailto:ceo@namdia.na)

+264 (0) 8333 111 11

[www.namdia.na](http://www.namdia.na)

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