



DIAMOND GUILD AUSTRALIA



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Gemmological Association of Australia

CONFLICT DIAMONDS (BLOOD DIAMONDS) FAQ

What are conflict diamonds?

Conflict diamonds are diamonds that have been sourced and traded through illegal means in order to fund conflict. The term was coined in the last 1990s when rebels in some African countries used diamonds to fund armed movements against legitimate governments and caused many human rights abuses.

At the height of the problem, diamonds from these sources accounted for around 4% of the world's diamond supply. With the initiatives the industry has put in place, they now account for considerably less than 1%.

What is being done about the problem of conflict diamonds?

Since the late 1990's, the world's diamond industry has been taking steps to address the problem of conflict diamonds. Working with international governments, the United Nations and other humanitarian organizations, two important programs were established in 2003 to ensure only legitimately sourced diamonds are traded. These programs are the Kimberley Process Certification System (KP) and the System of Warranties (SoW). All diamonds traded after 1 January 2003 are required to comply with these programs.

Australia is one of 69 countries that are signatories to the Kimberley Process.

What is the Kimberley Process Certification Scheme?

The Kimberley Process sets rules for the import and export of rough diamonds, ensuring that every shipment of diamonds that crosses a border must be certified, numbered and sealed. The diamonds are shipped in tamper-resistant containers and accompanied by government validated certificates in order to verify the diamonds have been sourced from legitimate sources not involved in funding conflict.

Can you explain how the System of Warranties works?

The diamond industry adopted a System of Warranties to further assure consumers of their diamonds. Once imported and ready to be traded, a written statement must accompany all invoices, guaranteeing that the diamonds or diamond jewellery being sold are from legitimate sources.

Under this system, every buyer and seller of polished diamonds and jewellery containing diamonds must make the following assurance statement on all invoices:

"The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds."



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Diamond traders and diamond jewellery manufacturers are required to keep records of their invoices and have them audited on an annual basis.

Where do Conflict Diamonds originate ?

African countries where there has been civil unrest: Sierra Leone, Liberia, Ivory Coast, Angola and the Democratic Republic of Congo. Today more than 99% of diamonds are certified to be from conflict-free sources through the UN-mandated Kimberley Process.

Do diamonds provide any benefit to African countries?

Diamonds, like other natural resources, are vital to the economic development and prosperity for a number of countries in Africa and elsewhere in the world. Revenue is used to provide important infrastructure and health and education services.

Many countries rely on the sale of diamonds. The diamond mining industry is the largest single employer in Namibia after the government. In Botswana, it is estimated that 25% of employment is directly or indirectly attributable to diamonds.

What good does the diamond industry do?

The diamond industry employs around 10 million people globally directly and indirectly. Diamonds, like other natural resources, are vital to the economic development and prosperity for a number of countries, not only in Africa.

Diamonds bring joy and happiness to many people, helping them to celebrate the love, commitment and the milestones in their lives.

What are my responsibilities as a diamond jewellery retailer and DGA member and or GAA member?

You should have in place an auditable means which you can use to prove all diamonds you sell comply with the World Diamond Council Kimberley Process (should you be called upon to do so), as well as being knowledgeable in so far as being able to answer any questions of concern.

Be proactive and have a system in place where you can track each diamond back to which supplier it came from and where the invoice and warranty are. If it is old stock without a warranty, write to the supplier to ask for their written assurance that they supply conflict-free diamonds.

To be confident you are KP and SoW compliant:

1. Make sure you are purchasing diamonds from legitimate well-renowned and ethical diamond merchants.
2. Make sure the invoices from your diamond and diamond jewellery suppliers contain the System of Warranties assurance statement.



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3. Write to any of your suppliers that are not including the warranty statement and ask them to provide this (example letter is attached).
4. Keep records of invoices for diamonds and records of which supplier your diamonds originate from so that you are able to prove your diamonds are Kimberley Process compliant. It is recommended that records be kept for 5 years.
5. Refrain from purchasing diamonds from suppliers who are either ignorant about the Kimberley Process and whose invoices do not contain the System of Warranties assurance statement.

My customer is seeking assurance that the diamond they are buying is from a source free from conflict:

- * Explain the measures in place globally to stop the illicit trade in diamonds. Stress that today more than 99% of the world supply of diamonds are certified to be free from conflict.
- * Tell them that they should only buy from a reputable jeweller and highlight that you are a member of The Diamond Guild of Australia and/or the Gemmological Association of Australia, subject to high ethical standards.
- * Reassure them that the diamond they are buying is from a conflict-free source and explain that you are compliant with the Kimberley Process system.
- * Suggest they go to the www.diamondfacts.org website to learn more about conflict diamonds and the measures that are in place that protect the legitimate trade in diamonds.

Where can I find more information on this important issue?

The World Diamond Council has established a website to provide full information and resources on the subject for trade members and consumers: www.diamondfacts.org.

The following members of the Diamond Guild would be more than happy to assist with any questions you have:

Daniel Storch
Storch & Co
Ph 02-9264 5874
daniel@storchco.com.au

Lonn Miller
Miller Diamonds
Ph 02-9283 4222
lonn@millerdiamonds.com