

# 2008 Report

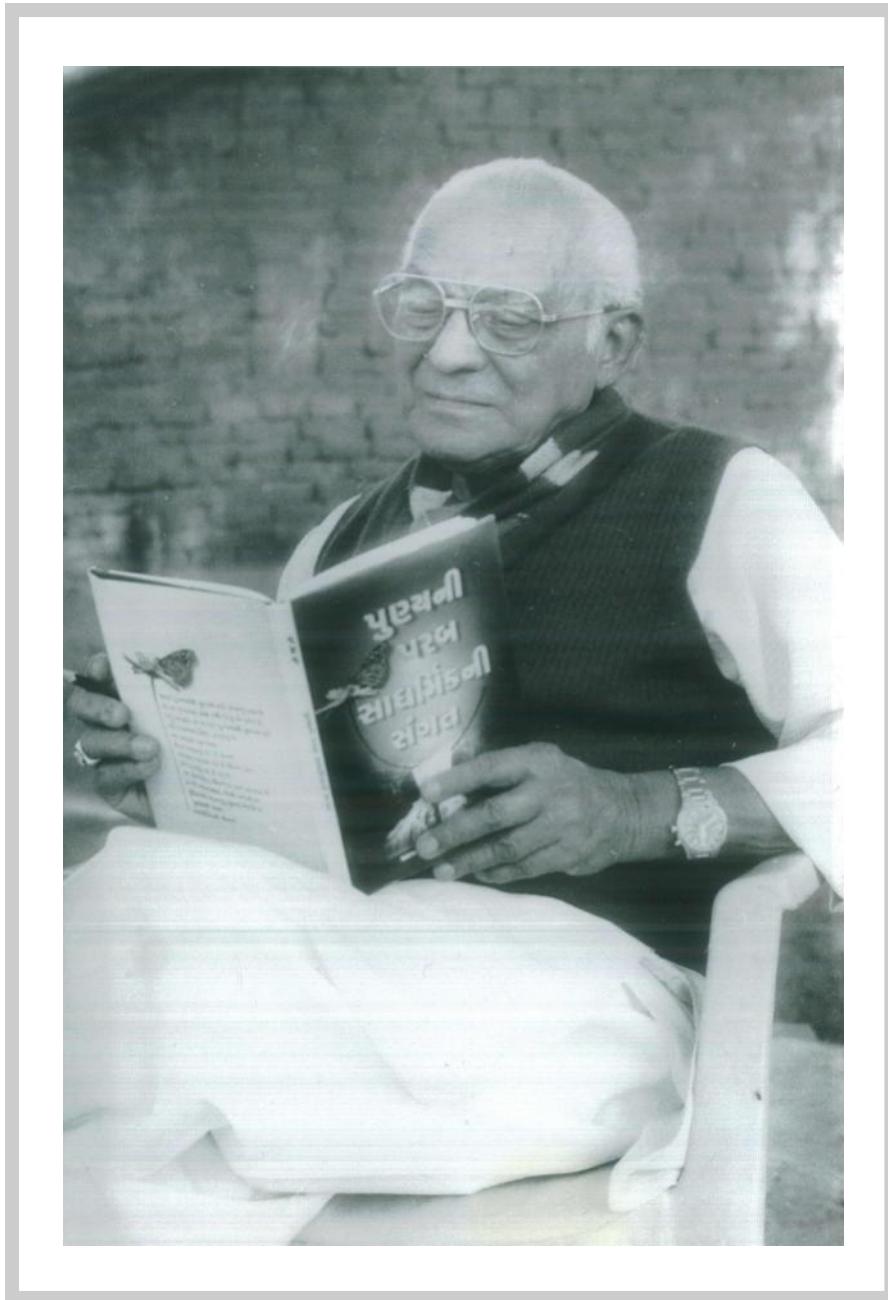


## Corporate Social Responsibility



[www.rosyblue.com](http://www.rosyblue.com)

# In Memory of Mr. Ramniklal Mehta



Mr. Ramniklal Mehta

May 4th 1920 - April 7th 2002

*Today the Rosy Blue Group is driven by the values and behaviours  
Ramniklal Mehta passed on to the co-founders  
Arunkumar Mehta and Bhanuchandra Bhansali.*

*This first CSR Report 2008 is dedicated to Ramniklal Mehta.*

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# Welcome

## I

## Message from the Founders



In 1960, when we first founded the company, we had a very simple idea on how to run our business: with **HONOUR** and **INTEGRITY**. Our little firm was known at that time as B. Arunkumar, a tiny office and a small diamond polishing workshop.

Since then the company has evolved into The Rosy Blue Group, a global leader of our industry. Over the years our children and their children have taken over the management of the company. The transformation has been so great since that I do not understand many of our company's activities today, but I do know this: we continue to work with and develop our business with honour and integrity.

Today I'm explained about the modern day ideas of Corporate Social Responsibility, which are great philosophies of running a business, I am proud to say that we have been following such concepts long before they were created.

Being socially responsible is at the very core of our business and our successes. Without our strict code of ethics and great sense of responsibility, we could not have grown and succeeded the way we did.

Sincerely,

*B. H. Bhansali*

Bhanuchandra Bhansali  
Co-Founder of Rosy Blue



*"I believe that companies such as Rosy Blue must take the lead in taking CSR a step further. CSR is as much as anything a way of thinking about and doing business. And that way of thinking needs to be mainstreamed across business operations and into company strategy. It is the right path forward for doing business in the diamond industry."*

Arunkumar Mehta - Co-Founder of Rosy Blue



B. Arunkumar founded in 1960

Arunkumar Mehta—Bhanuchandra Bhansali

# Message from the Governor of Antwerp

PROVINCIE ANTWERPEN



DE GOUVERNEUR

Antwerp, 26 February 2009

As Governor of Antwerp, I am proud of the major industries in Flanders we represent: the port of Antwerp, petrochemicals, fashion and the diamond industry.

Antwerp has always played a key role in the history of diamonds, ever since the 15th century. It is the most important diamond trade center in the world, with an annual import and export of over 42 billion US dollars. More than 80 % of the world's rough diamonds, 50% of the cut diamonds and 40% of the industrial diamonds are traded here. The diamond sector accounts for 8% of the total exports of Flanders, and 5 % of Belgium's total exports, diamonds being the number 1 export product outside the EU. It is therefore an important ambassador for the country and one of its economic mainstays. (Source AWDC)

The diamond industry has evolved and is moving forward to more transparency. In general, expectations of business conduct are rising all over the world and another trend therefore is a growing debate about what this concretely means for a company and how they have to manage corporate responsibility and sustainability.

I am proud to say that, to a certain extent, the onset of the Kimberley Process Certification Scheme lays in our city. Since, in 2000, here in Antwerp, the World Diamond Council has been created to pool the diamond industry's efforts to fight conflict diamonds. The creation of the World Diamond Council and its vital role to fight conflict diamonds have deeply contributed to the success of the multi-stakeholder Kimberley Process.

There is increasing focus on the private and public sectors to be proactive in the area of CSR. Various challenges are coming from international organizations, the governmental and nongovernmental organizations, banks, customers, shareholders and other stakeholders to be informed not only on the financial figures, but on relevant topics such as business ethics, human rights and social performance, health and safety and environmental compliance.

I support the initiative of the Rosy Blue Group to publish its first CSR report and I am convinced this is the way to go forward and hope other companies will follow this direction. Even more important is that the diamond industry should not hesitate, in this difficult time, to completely engage in adopting new business standards. Transparency, anti-money laundering measures, ethics and sustainable development are key elements in this new business environment. It is time that the diamond community takes up the challenge of Corporate Social Responsibility. Only through this, the industry will be able to turn diamonds into sustainable prosperity diamonds.

Cathy Berx  
Governor of Antwerp

# Message from the CEO



The Rosy Blue Group has a history of responsible business conduct. The success of our family business, founded by my eldest brother Arunkumar and our uncle Bhanuchandra Bhansali, is due in no small part to strong family values – integrity, diversity and accountability.

I believe that Rosy Blue's employees, suppliers, customers and other stakeholders have maintained their relationships with us partly because of our uncompromising adherence to these family values.

Over the past 45 years our family has evolved from a very humble beginning to a multinational corporation that offers employment to over 10,000 people. As one prospers, one's social responsibilities increase. We share our business successes by giving back to our community, our town, our country and the world in which we work and live. Hence, value for what we have must be at the core of our thinking.

The global economy of the 21st century is creating new economic opportunities. But succeeding in these complex times will take more than improved technology and a higher turnover – it will demand new kinds of engagement of a company. Indeed, one of the major challenges for companies today, lies in providing responsible leadership in times of significant change.

As time passed, Rosy Blue has played a pioneering role in many instances with respect to CSR initiatives. Since 2005, we have adhered to the Best Practice Principles of De Beers and we became an active founding member of the Responsible Jewellery Council.

In 2007, we formalized our CSR strategy across the group. A global team has been appointed and has the responsibility for the implementation and progress of our CSR strategy.

In addition, we developed our own internal Rosy Blue CSR model and pre-audit model and CSR extranet that goes beyond legal compliance and focuses on ethical business practices.

As a public sign of Rosy Blue's commitment to corporate responsibility and sustainability, in June 2008, we signed the United Nations Global Compact, the world's largest voluntary initiative to promote corporate responsibility. We are committed to promote its 10 principles in support of human rights, labour rights, the environment, and anti-corruption. We will continue to work on these different areas.

For the first time, Rosy Blue has published a Corporate Social Responsibility Report for the 2008 period to provide an insight into our activities.

Rosy Blue has made major strides towards the fulfillment of its CSR goals. We would never have been able to achieve this without the involvement of our CSR Advisory Board, the University of Antwerp Management School, our suppliers, our customers, our employees in all sections of our organization. On behalf of the entire Group Associates, I would like to express my gratitude and appreciation for this.

Sincerely,

Baron Dilip Mehta  
Group Chief Executive Officer



# Message from the Group Associates<sup>1</sup>



*"I cannot think of more accurate reflection of our company values than how it treats the people who work with us. Supporting the well-being of each individual and building a culture where people can prosper is the right thing to do. We all feel good about doing what's right not just today but for the next generations to come."*

Harshad Mehta -  
Member of the Group Associates -  
Member of the Family Council -  
Member of the Group Executive Management

## *"Taking a responsible stand in increasingly challenging times"*



*"Running any family business has its set of challenges. As generations continue, families grow and family members increase. And as with any organization or groups of people, the larger the size, the more the opinions and these can lead to differences in basic concepts and ideas."*

*Rosy Blue means the world to my associates and me, and though we each have different ideas for our business, we take great pride in one fact: our foundation is virtually the same. We believe in doing business with a strong sense of social responsibility and morality, a fact that not only guides us, it completely defines us.*

*This foundation crosses all of our barriers, from the various countries in which we operate, to the diverse nationalities of our employees, through to all the generations of our family.*

*Socially responsible practices is the base upon which we continue to grow a sustainable business."*

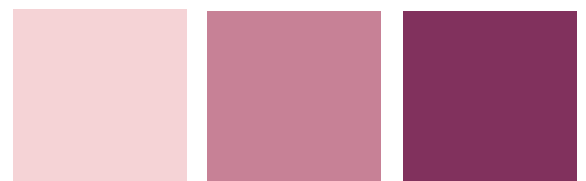
Amit Bhansali -  
Member of the Group Associates -  
Member of the Family Council -  
Member of the Group Executive Management



*"At Rosy Blue, we construct our CSR activities by focusing on the company's distinctive strengths and move forward with each one of them – with real dedication and commitment."*

*By uniting our efforts as a group, we aim to advance and to achieve the aspiration of being a responsible company, while committing to every one of our stakeholders' economic, social and environmental expectations."*

Russell Mehta -  
Member of the Group Associates -  
Member of the Family Council -  
Member of the Group Executive Management





*"“Together We Sparkle”. We work together on a daily basis with partners, employees, suppliers, manufacturers and others to help create a more sustainable approach to high-quality Jewelry production, to create a great workplace, to promote diversity, to help build stronger local communities, and to minimize our environmental footprint.”*

Dipu Mehta -  
Member of the Group Associates -  
Member of the Family Council -  
Member of the Group Executive Management



*"We believe that irrespective of the industry you are in, the growth of any company depends on the economical, environmental, and social sustainability of your community. We also understand that it is in our best interest to contribute to areas including human rights, business ethics, environmental policies, community development, corporate governance, and workplace for the sustainability of the community.*

*Together, we can contribute to a better world. That is what Rosy Blue has always stood for and is the cornerstone of our Founder’s Principles.”*

Rihen Mehta -  
Member of the Group Associates -  
Member of the Family Council -  
Member of the Group Executive Management

## *“The beginning of the Rosy Blue Group CSR journey”*



*“Our commitment to Corporate Social Responsibility is as important as finding the right diamonds for each consumer.*

*Our focus on supply chain management, community involvement and health and safety, ensures that that each diamond produced represents the heart and*

*soul of Rosy Blue.*

*Our efforts enable us to give our employees, our customers and consumers the satisfaction that they are working with a valuable and socially responsible product.”*

Vishal Mehta -  
Member of the Group Associates -  
Member of the Family Council -  
Member of the Group Executive Management



*“As my grandfather, father and uncles take me through nearly 50 years of our company’s history, I learn of the challenging steps and turns they took that turned a small workshop in India into a global leader of the Diamond Industry.*

*Our company’s foundation goes beyond our family members! It is embedded in the very DNA of our Rosy Blue and goes to includes every stakeholder of our company from our hardworking manufacturing workforce, to the men and women that run our offices, up to the directors and goes beyond to include our customers and suppliers, all of whom have been contributors to strengthening this foundation.*

*Without this philosophy of business, which today has formally developed into our wonderful CSR strategies, no growth could have been enjoyed in a long-term, sustainable manner.*

*One thought has echoed throughout Rosy Blue across three generations and that is the central importance of responsibility, our company’s most intangible, and most valuable asset.”*

Ravi Bhansali -  
Member of the Group Associates -  
Member of the Family Council





# Message from the Corporate Affairs Committee



Over the years the Rosy Blue Group has developed into a major international diamond business and worked with many individuals, communities and countries along the way.

We have a long track record and an enduring tradition of respect, contribution and care in the countries where we operate.

Thank you for your interest in our organization and, particularly, our socially responsible practices.

Corporate social responsibility has always been part of the culture of the Rosy Blue Group. In fact, our company's core values were a key factor in my joining this global family business in 2002.

What is new is the way we have organized our business, social and environmental initiatives around the concept of an internal CSR model as part of the business strategy and how we have implemented initiatives such as Best Practice Principles and UN Global Compact around the world in a structured manner.

We have initiated the first pilot projects of the Responsible Jewellery Council standards and will have a third party audit at the end of this year.

My great appreciation goes to the Group Associates, the Group Executive Management, the CSR Advisory Board, the personal advisor of the CEO, the Global Corporate Compliance Team and all our employees who are implementing our internal CSR model from the ground up and remain equally dedicated to and involved in our CSR journey. A special word of thanks to Francis Lappen, Keshav Tahilramani, Palitha Jayasekera and Francis Abraham for their continuous guidance and encouragement to integrate our CSR model throughout the Group.

It is no coincidence that we publish our first CSR report this year - even though we are in a time of major change within our industry and facing enormous pressure to control costs. We believe the timing is right to communicate how we are evolving and engaging ourselves in sustainable practices. Greater transparency and accountability, open dialogues with all our stakeholders is essential for our business and industry.

This is the start of our CSR process, it will take time, but it also brings opportunities for change and dynamics.

It is our hope that this report will help to provide a clearer understanding of the Rosy Blue Group's CSR initiatives. We welcome and greatly appreciate any comments or opinions you may have at [csr@rosyblue.com](mailto:csr@rosyblue.com).

Sincerely,

Iris Van der Veken  
Manager Corporate Affairs Global



Francis  
Lappen



Keshav  
Tahilramani



Palitha  
Jayasekera



Francis  
Abraham

## Reporting approach: We are committed to achieving accurate reporting and verification

This is our first corporate social responsibility (CSR) report. It covers the year ended 31 December 2008.

This report is completely made internally including all content and design.

Relevant data from the past and data between 31 December 2008 and the date of issue of this report are clearly indicated in the footnotes.

Our report is based on the standards of the Global Reporting Initiative (GRI). The GRI is an independent organization that aims to develop, promote and distribute a global accepted and standardized framework for all types of CSR reporting. Although we have not declared an application level for this report, we have included the index at the end of our report for informative purposes.

Since 2008 Rosy Blue has supported the United Nations Global Compact (UNGC), which brings businesses together with UN agencies, labour organizations, civic organizations, and governments to advance 10 universal principles in the areas of human rights, labour, environment, and anti-corruption. The commitment to these principles is further outlined in this report.

# 1 Executive Summary

Ethical business conduct and compliance with applicable laws and regulations are fundamental aspects of Rosy Blue Group's corporate culture. In 2007, our Group Associates decided to integrate CSR across our business operations into our company strategy. A Global Corporate Affairs Department was established in Antwerp in charge of overall management on compliance activities across the Group.

This corporate structure combined with local CSR-AML compliance officers in each entity was formed to reinforce the Group's commitment to accountability and integrity and to assure that resources are available for all CSR-AML compliance officers to raise concerns or seek guidance about compliance standards.

The CEO and the Group Associates, together with the Corporate Affairs Committee have established a strategy with Key Performance Indicators and targets on CSR for 2008-2011. The following areas of focus are defined: CSR, Business Partners, Workplace, Health & Safety, Environment and Community.

We track performance and set targets for each of our key pillars of CSR. Our achievements in 2008 and our CSR strategy for 2008-2011 are summarized in the table on p37. Our intention is to report on the KPI index in 2009.

Since 2007, the Global Corporate Affairs Department has conducted 13 pre-audits at the Rosy Blue locations. If corrective actions are required, the Global Corporate Affairs Department will closely follow this up within a strict timeframe in coordination with the local CSR-AML compliance officer.

To facilitate the reporting from our global base, a CSR extranet was developed in 2007. Global reporting is managed through this platform to ensure that all entities carry out their duties in accordance with laws, regulations and the global compliance standards.

As Sightholders of the DTC, we have been working hard on the implementation of the Best Practice Principles throughout the Group. Since 2005, we have had desktop reviews and on-site visits by the third party auditor SGS. The Rosy Blue Group has successfully been rated as "compliant".

Since 2005 we are a founding member of the Responsible Jewellery Council. We are preparing for the first RJC audits at the end of 2009.

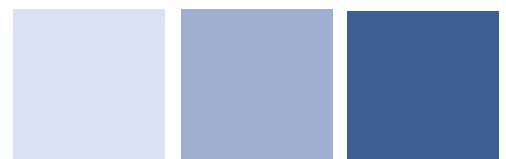
In *CSR in Action* you will find different cases in workplace, health & safety, environment and community involvement.

Since this is the first CSR report, we clearly want to state that this is just the initial stage of our CSR implementation efforts. We live in an ever changing world. Therefore, we have to adapt ourselves and will continue to refine our compliance system in the future.

Although we know that we face many CSR challenges ahead, step by step we are moving forward. We must work together with all our stakeholders to achieve the same goal.

We need to evolve to sustainable development. All the efforts of the players small and large throughout the supply chain will determine our collective success in achieving a more sustainable future.

We welcome your feedback at [csr@rosyblue.com](mailto:csr@rosyblue.com)



# 2 Our Business at a Glance

The Rosy Blue Group was founded in 1960 by Arunkumar Mehta and Bhanuchandra Bhansali. The company started as a small Mumbai workshop, but soon became a network of specialist businesses, each able to successfully fulfill client needs. This eventually formed the platform for a global company which provides employment to over 10,000 people.

## MINING

Our close relationship with the major mining companies—the Diamond Trading Company (“DTC”), BHP Billiton Diamonds, Rio Tinto Diamonds and Alrosa—empowers us to source and distribute both volume and variety of diamonds.

## MANUFACTURING SKILLS

We are a key player in the diamond business with a global client base. Our reputation in the industry is unparalleled in terms of both quantity and quality. We would like to emphasize that our primary focus is in manufacturing. The polished and rough dealing activities are there to create efficiency and scale in our manufacturing operations, thus enabling us to provide consistent supply to our polished and jewellery clients.

We have established core centres of excellence in diamond manufacturing around the world. Our state-of-the-art factories are both efficient and innovative, constantly upgrading to meet the highest technical skills. Our production range includes rounds (from 0.005pts to 10cts+) to calibrated princess diamonds (from 0.03pts to 10cts+) and a wide variety of fancy shapes.

## GLOBAL NETWORK & DISTRIBUTION

Through our global network of offices we are able to place a large spectrum of goods - rough & polished - from small full cuts to large stones. Our large distribution in all consumption centres including clients from Place Vendome in Paris and major watch brands in Switzerland to Wal-Mart in Bentonville. We are in a privileged position to have a 5% market share of local polished sales in all major trading centers. Our sales & marketing teams further enhance this global reach with co-branded and private label marketing programs in tandem with retailers.

- 1960: B. Arunkumar & Co. founded and established by Bhanuchandra Bhansali and Arunkumar Mehta.
- 1969: B. Arunkumar & Co. becomes a DTC Sightholder.
- 1973: Rosy Blue established in Antwerp. Start international expansion.
- 1975: Rosy Blue becomes a DTC Sightholder.
- 1988: InterGold Seepz Jewellery unit established.
- 1999: Successful \$100m receivables securitization with rating P-1 (Moody's) / F-1 (Fitch). Rosy Blue Group turnover exceeds \$1bn. Rosy Blue becomes core client of BHP.
- 2001: Successful \$100m stock securitization with rating A2 (Moody's) / A (Fitch).
- 2002: Rough buying and polished contracting arrangements in Russia. Increased receivables securitization to \$150m with same ratings.
- 2004: Orra brand launched. Renewal of \$150m receivables securitization with same ratings.
- 2005: RB South Africa becomes DTC Sightholder. Successful increase of stock securitization with rating A2/A from \$100m to \$150m.
- 2007: Renewal of DTC Sightholder contract. Appointment as a Rio Tinto Select Diamantaire.
- 2008: Renewal of DTC Sightholder contract.

## EXPERTISE

Through our ever-active team of global buyers and manufacturing centers, we are able to procure goods from the markets worldwide, in large quantities/qualities and fulfill our customers' demands in a consistent and timely manner. With a \$1.8bn business, our economies of scale allow us to offer unparalleled value.



Today, we are present in 14 countries and employ over 10.000 people

## JEWELRY MANUFACTURING

Inter Gold is our jewelry manufacturing arm. As one of India's largest diamond jewelry company, We supply quality jewelry to a variety of segments and businesses.

Our marketing and distribution network spreads throughout the globe with special expertise in the United States, Europe, Japan, and Asia Pacific; each backed by a local service desk.

## ROSY BLUE RETAIL CHAIN

ORRA - The Diamond Destination - is India's largest and exclusive specialty diamond jewelry retail chain.

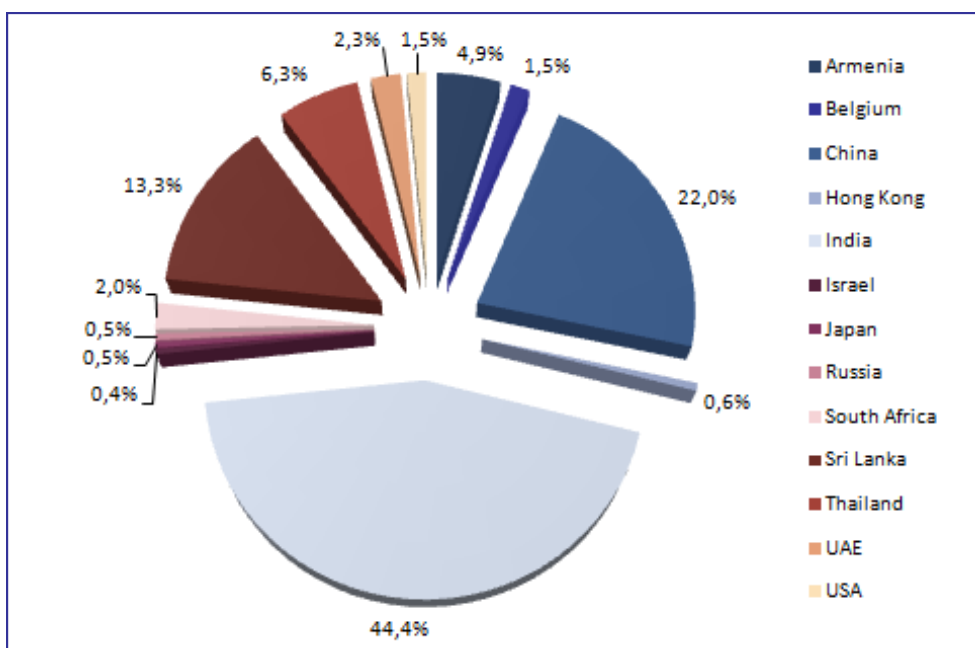
Set in an international format, ORRA retails through 35 exclusive high street boutiques in 23 cities across India. Within 2 years of launch, ORRA was counted among the top 5 jewelry brands in the country.

In 2005 we earned the prestigious distinction of being voted as the 'BEST JEWELLERY RETAIL CHAIN OF THE YEAR'.

## OUR UNIQUE SELLING PROPOSITION

- Financial strength and stability
- 'Stable' rough supplies
- Understanding of market dynamics
- Pipeline integrity guarantee
- Strategic downstream partnerships
- Huge quality and size range from in-house production
- Global track record in branded and "special cut" programs

## OUR PEOPLE



## OUR GLOBAL PRESENCE



Presence <sup>2</sup>	Rough Sales	Rough Manufacturing	Polished Sales	Jewellery Manufacturing	Jewellery Sales	Retail
Belgium	■	■	■		■	
India	■	■	■	■	■	■
UAE	■		■		■	
USA			■	■	■	
Hong Kong			■		■	
Israel	■	■	■			
Japan			■		■	
South Africa		■	■			
Thailand		■				
Sri Lanka		■				
Armenia		■				
China		■	■		■	
Russia	■	■				
Luxembourg	Holding company					



# 3 The Diamond Pipeline

## 3.1

## From Mine to Consumer

We are committed to working closely together with all stakeholders to ensure an ethical diamond jewellery supply chain and to build an industry consensus.

The diamond jewelry supply chain (known as the diamond pipeline) is the process that brings diamonds from the earth to consumers. The different stages include exploration, mining, sorting, polishing, dealing, jewelry manufacturing, and ultimately retail. The entire process varies in terms of length of time depending on the size of the stone. Usually the process occurs within 18 to 30 months, with larger stones moving faster through the value chain.<sup>3</sup>

- Consumers need to be confident
- Changing consumer attitudes
- Disclosure of information is essential
- We are selling dreams and emotions

### EXPLORATION

Diamonds are found all over the world with companies investing in exploration, always looking for new, substantial sources of diamonds. The main diamond producing countries are Angola, Australia, Botswana, Canada, Democratic Republic of Congo, Namibia, Russia, and South Africa.

### FORMATION

Diamonds obtain their unique and beautiful structure deep inside the earth from extreme heat and pressure, beginning 3,3 billion years ago. The carbon atoms within the diamond bond into pyramidal structures, making them among the hardest minerals on Earth. Given the immense time it takes for a diamond to be formed, the following stages are more important to the global supply chain.



<sup>3</sup> Source: [www.diamondfacts.org/about/formation.html](http://www.diamondfacts.org/about/formation.html)

## MINING <sup>4</sup>

Once diamonds are detected, there are different types of mining operation used to extract them depending on the environment in which they are found. The majority of diamonds are extracted on an industrial scale by:

- open pit mining (excavation to reach diamonds on the surface of the ground) and
- underground mining (excavation up to, and in some instances, over 1km below ground).

Following extraction, the ore containing the rough diamonds goes through many stages of crushing and processing before it can be sorted and classified.

Diamonds are also extracted from alluvial deposits, where they are removed from sand, gravel and clay that has been naturally transported by water erosion and deposited along either the banks of a river, the shoreline or on the bed of the ocean. This process is called alluvial mining and is undertaken on an industrial scale by:

- coastal and inland mining (removal of overburden, such as sand and soil, to find diamonds) and
- marine mining (excavation of diamonds from the seabed).

Diamond mining on a non-industrial scale is undertaken involving individuals, families and communities and using the most basic equipment, such as sieves and pans – this is known as artisanal mining.

## SORTING <sup>5</sup>

Once processed at the mine, rough diamonds are delivered to sorting experts to be sorted and valued into different categories in preparation for sale. There are thousands of different categories into which diamonds can be sorted, dependent on size, shape, quality and colour. The majority of diamonds fall within a range of standard colours from colourless to faint yellow or brown tints. Some very rare diamonds, known as 'fancies', are bright colours, such as pink, blue or green. A perfectly transparent diamond with no colour or hue is considered to be the purest, but all rough diamonds have some distinguishing marks, known as inclusions, which make each one unique.

The best quality diamonds in terms of colour and clarity are distributed to the gem market with an accompanying Kimberley Process certificate to prove that they are from conflict free sources<sup>6</sup>. The remainder is used for industrial purposes, such as cutting and drilling.

## CUTTING AND POLISHING <sup>7</sup>

Gem quality diamonds are usually distributed to one of the main diamond cutting and trading centers in

Belgium, India, Israel, USA, China, Thailand and South Africa. Once they arrive at the diamond centers, experts (known as 'diamantaires') cut and polish the rough diamonds into shapes, such as the round brilliant, oval, pear, heart and emerald cuts. Polishing follows cutting, before the diamonds are again classified by their cut, colour, clarity and carat weight – also known as the 'Four Cs'.

## JEWELLERY MANUFACTURING <sup>8</sup>

Wholesalers or manufacturers buy amounts of unset, polished diamonds. Wholesalers sell these to jewelry designers, manufacturers or retailers. Manufacturers will produce diamond jewelry designed and commissioned by a retailer or other jewelry designer. They may also create jewelry, designed by in-house teams, and sold direct to retailers. The System of Warranties is used as a declaration on the invoice for each transaction of polished diamonds to assure industry purchasers and consumers that their diamonds are from conflict free sources.

## RETAIL

The final stage of the diamond pipeline is when diamond jewelry is sold by retailers to the consumer.



Orra - retailshop India

<sup>4</sup> [www.diamondfacts.org/about/mining.html](http://www.diamondfacts.org/about/mining.html).

<sup>7</sup> [www.diamondfacts.org/about/cutting\\_polishing.html](http://www.diamondfacts.org/about/cutting_polishing.html)

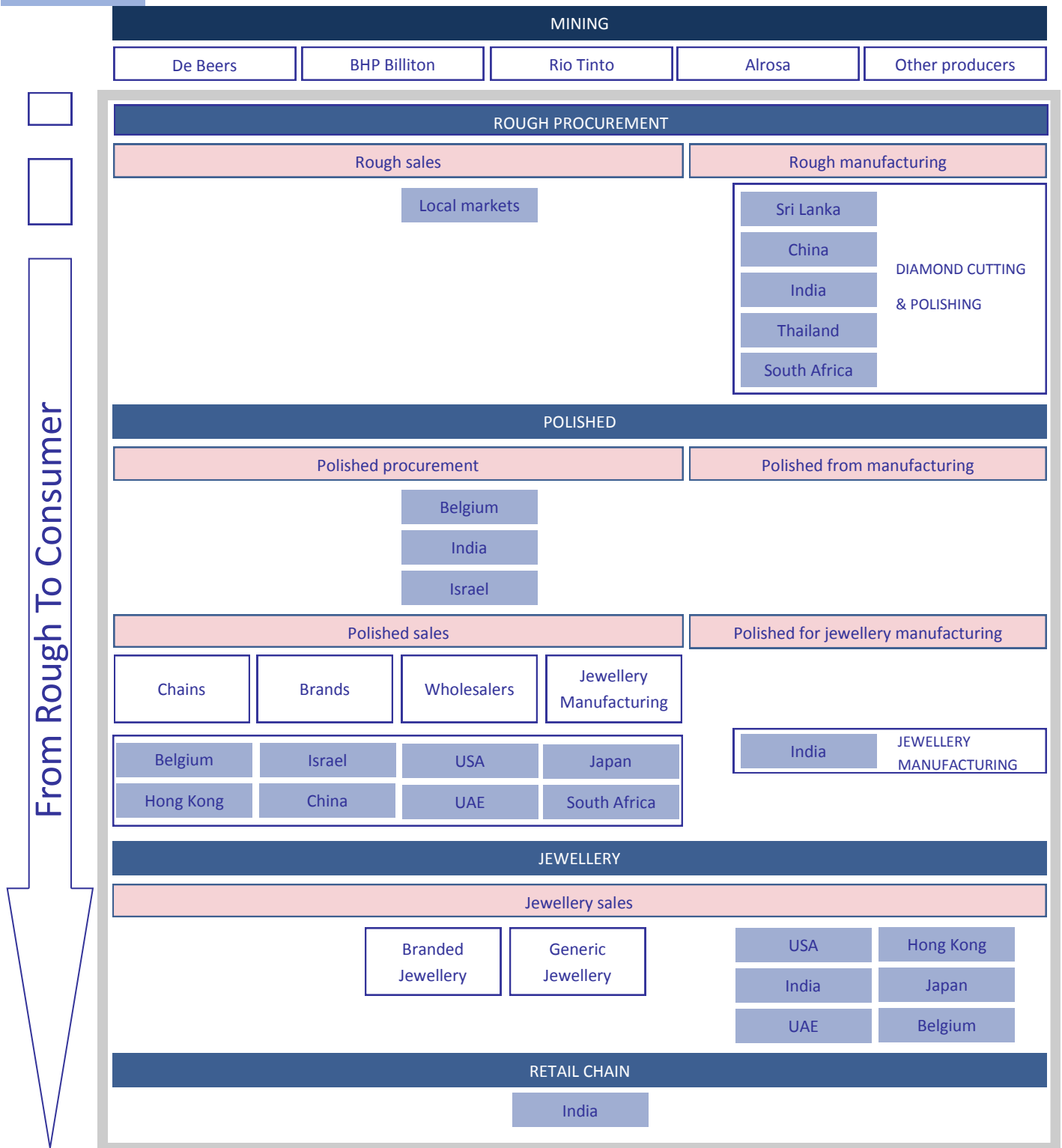
<sup>5</sup> [www.diamondfacts.org/about/sorting.html](http://www.diamondfacts.org/about/sorting.html)

<sup>8</sup> [www.diamondfacts.org/about/manufacturing.html](http://www.diamondfacts.org/about/manufacturing.html)

<sup>6</sup> refer to System of Warranties section p39-40

# 3.2

## Positioning Rosy Blue Group in the Diamond Pipeline <sup>9</sup>

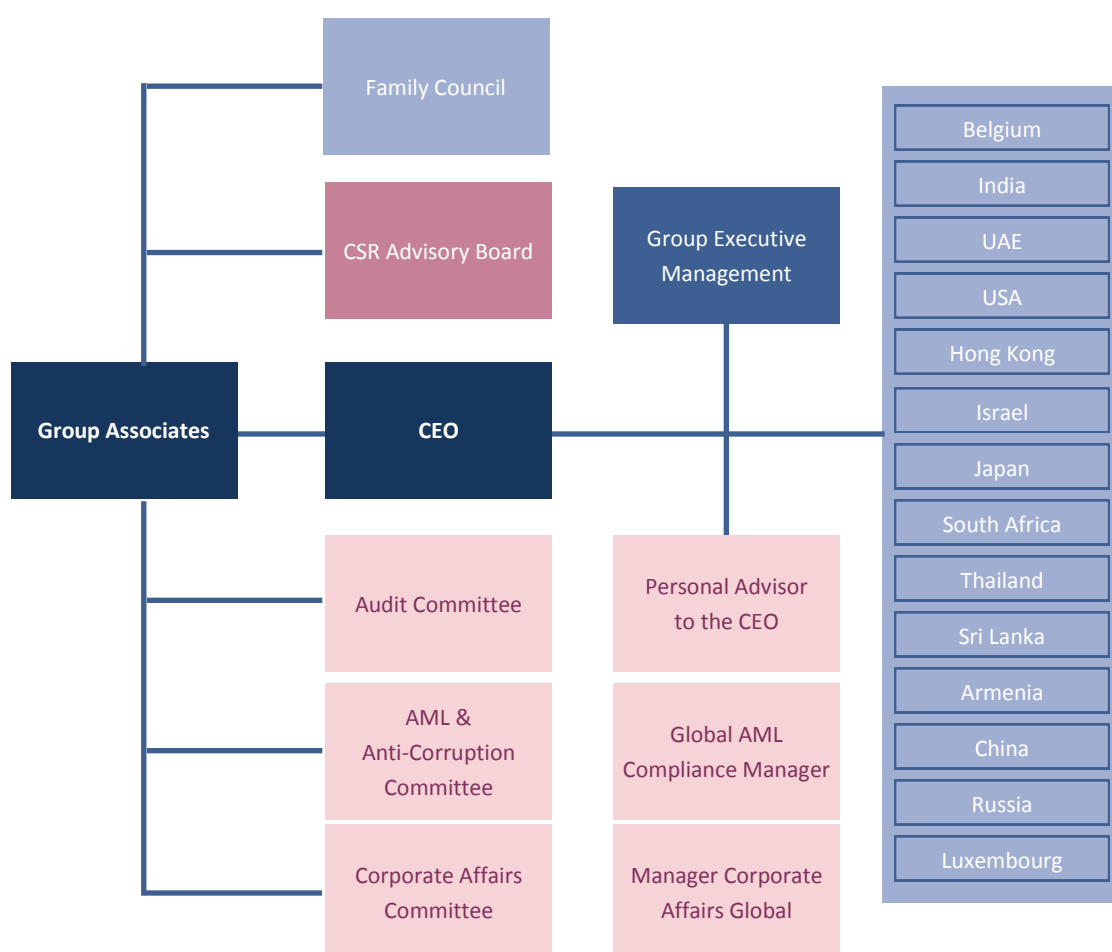


<sup>9</sup> The Rosy Blue Group positions itself from rough procurement to the end consumer

# 4 Corporate Governance

We recognize the importance of good governance for our business. To realize this fundamental goal, we aim to increase management efficiency and transparency by strengthening corporate governance and improving our internal control system. A number of corporate bodies have been established to create a sound balance of reporting.

## CORPORATE GOVERNANCE STRUCTURE



## Chief Executive Officer

The CEO is in charge of the Group's daily management through the Group executive management and regularly reports to and interacts with the following bodies: the Group Associates, Family Council and CSR Advisory Board.

The CEO of the Rosy Blue Group is Baron Dilip Mehta.

## GROUP ASSOCIATES

The Group Associates are responsible for the Group's long term development and strategy as well as controlling and evaluating the company's operations. They also provide the CEO with guidelines and instructions for the daily management of the Group. During the year, the Group Associates review the business plans and strategies for the various businesses in the Rosy Blue Group. The Group Associates also review the financial positions of the different entities on a regular basis and act in order to ascertain that there are efficient systems to follow up and control the business and financial position of the Rosy Blue Group.

The Group Associates currently consist of:

- Baron Dilip Mehta / Dipu Mehta / Vishal Mehta
- Arunkumar Mehta / Russell Mehta
- Harshad Mehta / Rihem Mehta
- Amit Bhansali / Ravi Bhansali

## FAMILY COUNCIL

The Rosy Blue Family Council is an acknowledgment that; participation, open communication, information sharing and constructive debate are needed in today's complex family and business environment.

### FUNCTIONING:

- to represent all family interest;
- to establish a unified and consistent approach to the Group's business strategy;
- to oversee that the business decisions that are made are in line and underwrite the ethical core values of the family;
- to inform all member on critical business and family issues;
- to promote a dialogue on important business issues;
- to make the right decisions through the interaction of family and the business by participating in discussions and advising on the strategic planning of the business.

### MEMBERS:

- All Group Associates
- Rishi Bhansali
- Viraj Mehta



Dipu Mehta



Rihem Mehta



Vishal Mehta



Ravi Bhansali



Rishi Bhansali



Viraj Mehta



## GROUP EXECUTIVE MANAGEMENT - ENTITY LEADERSHIP

The Group Executive Management comprises those who report via designated reporting lines through the CEO to the Group Associates. At year's end 2008 there were 24 Group executive management members.

The Group Executive Management is in charge of the daily operations of the local entity. This objective requires a group of senior executives that are responsible, on a daily basis, for the commercial, manufacturing and distribution activities in their respective regions, as well as the development of regional strategy and investment recommendations. These senior managers are accountable for their entity's performance. Regular meetings are lead by the Group Associates to deal with group wide issues and issues affecting more than one business area, and supply information concerning the local entity's performance.

### MEMBERS:

Belgium:	Amit Bhansali Rajesh Mehta Raj Mehta
India	Russell Mehta Amar Kothari Vijay Jain Rajiv Jhaveri
UAE	Harshad Mehta Rihen Mehta Sanjay Dalmia
USA	Dipu Mehta Ragin Mehta
Hong Kong	Mayank Mehta
Israel	Amish Mehta
Japan	Atul Jhaveri
South Africa	Vishal Mehta
Thailand	Palitha Jayasekera Sanjeev Mehta
Sri Lanka	Keshav Tahilramani
Armenia	Edgar Hovhannisyan
China	Liu Yuzeng David Maier Tonny He
Russia	Nikolei Budanov



## COMMITTEES

### AML AND ANTI CORRUPTION STANDARDS COMMITTEE

The Group Associates have appointed this committee to report globally to the Group Associates on the relevant areas within the framework of anti-money laundering, anti-bribery and anti-corruption compliance standards. There is a Global AML Compliance Manager and Local CSR-AML compliance officers who report according to the standards.

The main responsibilities of the committee are to :

- streamline and integrate policies and procedures, implement internal controls reasonably designed to assure compliance by verifying customer identification, file reports, detect suspicious activities, create and retain records, and respond to law enforcement requests;
- provide for an independent review to monitor and maintain this compliance program;
- coordinate with the Global AML compliance Manager on making sound recommendations on improving processes and procedures to combat money laundering and corruption.

### MEMBERS:

- Nayan Pansare <sup>10</sup>
- Bart Duhamel
- Pranay Narvekar
- B.S. Vadivelu
- Maulik R Shah

Personal Advisor to the CEO:	Chikashi Miyamoto
Global AML Compliance Manager:	Nayan Pansare <sup>10</sup>
Manager Corporate Affairs Global:	Iris Van der Veken

### MEMBERS:

- Baron Dilip Mehta
- Bart Duhamel
- Jayesh Parekh

### AUDIT COMMITTEE

The mission of the Audit Committee is to assist the Group Associates in the following areas:

- financial information;
- internal control and risk management;
- internal audit;
- external audit.

The audit committee oversees the accounting and financial reporting processes and the audit of the financial statements of the Group. It is responsible for the quality of the company's financial reporting through reviewing the interim reports and the annual report. In addition it has the task of evaluating all auditors' work as well as to provide the CEO and the Group Associates with the results of this evaluation. External auditors are appointed locally.



## GLOBAL CORPORATE AFFAIRS COMMITTEE

The committee's role is to expand Rosy Blue Group's social responsibility and sustainable development activities and will be in detail described in this report later.

The responsibilities of the Corporate Affairs and sustainability Committee include the following:

- Review, discuss and monitor the Group's Corporate Social Responsibility work, including all compliance standards (Rosy Blue compliance model, BPP, UNGC, RJC et al).
- Monitor the Group's progress on compliance against strategic objectives and KPI targets.
- Review and discuss the Group's CSR initiatives and goals in light of the Group's overall business strategy, including impact of the initiatives on business objectives.
- Review and discuss the Group's CSR strategy, including discussion of applicable social, economic and environmental trends.
- Ensure alignment between the Group Executive Management and the Group Associates and all the employees on the implementation of the Group's CSR goals.

*"Diamotech is committed to the concept of sustainable development: with economical, ecological and social commitment being equally important in all of our activities."*

Edgar Hovhannisyan -  
Member of the Group Executive Management

## MEMBERS:

- Iris Van der Veken
- Francis Lappen
- Keshav Tahilramani
- Palitha Jayaseekera
- Francis Abraham

*"In recent decades the concept of CSR turned out to be a vital strategy for companies to survive in a ruthless market environment. In the face of today's market condition, businesses must set their priorities, and CSR and sustainability should not be swept aside. Adopting a CSR strategy could be a powerful tool for survival in challenging times."*

Amar Kothari -  
Member of the Group Executive Management

*"ORRA is part of Rosy Blue. It is a professionally run family business and one of the few groups which is present all the way from rough to retail."*

*In a trade where the jewelry retail business is based on trust, integrity, and social responsibility, ORRA has not only won consumer's trust through BIS Hallmarking<sup>11</sup>, certification and education but also believes in building partnerships with all its stakeholders, i.e. suppliers, artisans or employees."*

Vijay Jain -  
Member of the Group Executive Management

*"The concept of Corporate Social Responsibility is deeply ingrained in Rosy Blue's culture. Rosy Blue's mission in the area of CSR is to be a socially responsible corporate entity with focus on job satisfaction to its employees, community development, high customer satisfaction and environmental protection."*

Ragin Mehta -  
Member of the Group Executive Management



## CSR ADVISORY BOARD

The Group Associates established a distinguished CSR Advisory Board; a diverse group of external industry leaders with a shared commitment to our mission of building a sustainable corporate environment.

We thank our CSR Advisory Board members for their steadfast support of giving their feedback, constructive thoughts and continued guidance, strength and encouragement to further develop our standards within the diamond industry.

### MEMBERS:

- Mr. Thomas Leysen  
Chairman, Umicore  
Chairman of the Federation of Enterprises in Belgium<sup>11</sup>
- Baron Luc Bertrand  
Chief Executive Officer, Ackermans & van Haaren
- Mr. Sonjoy Chatterjee  
Director, ICICI Bank
- Mr. Tony Phillips  
Former Chief Executive Officer, Barloworld

*"The diamond industry has undergone a radical change in recent years. The old, secretive industry is being replaced and a more open and responsible way of doing business is taking its place. External groups have undoubtedly played their role, including more sophisticated consumers, civil society and governments. No changes could have taken place, however, without leadership within the industry itself. Rosy Blue has been at the vanguard of the group of new, more responsible businesses within the industry; as a purchaser, processor and retailer with a broad global presence. The company is in a privileged position to drive continued positive change and its move to external CSR reporting is a signal of the company's commitment to transparency, responsibility and continued improvement. It is with this in mind that I have accepted to join the CSR Advisory Board as of 2009."*

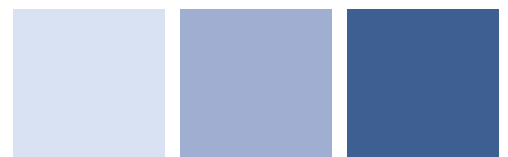
Mr. Thomas Leysen  
Chairman, Umicore  
Chairman, the Federation of Enterprises in Belgium<sup>12</sup>

*"It is with great pleasure that I join the CSR Advisory Board of Rosy Blue."*

*In a highly sensitive sector, diamonds, Rosy Blue has distinguished itself as a well run and ethically conscious company. The consistent adherence to its long term objectives and attention to stakeholders in Europe, in India and other parts of the world, has resulted in great success.*

*Its leadership has maintained a disciplined family approach, which had offered Rosy Blue a long term platform of continuity."*

Baron Luc Bertrand  
Chief Executive Officer, Ackermans & van Haaren



*"The belief that one can be isolated from any or all of one's stakeholders is fallacious.*

*Just as the 2008 financial crisis in the USA has affected banks almost everywhere in the world, so are companies connected to their customers, suppliers, principals, governments, employees and communities.*

*The belief that one's stakeholders can be treated differently and that trade-offs can be made between them has had its day. The modern view is that solutions need to be sought and implemented on the basis of adding value for all stakeholders. Consider for instance the community.*

*There are two reasons to be connected to the community; the first is that it represents, to a large extent, the pool from which employees are drawn and conversely the salaries and wages of employees flow directly to the community. The health of the community impacts directly, as does its stability as well as its attitude to work and so on. The company's reputation can be made or broken in it. Secondly there exists a moral imperative to improve the lot of the community; even more so outside the first world with its (generally) health and social care framework. Without doubt companies that display a caring and conscientious approach gain the respect and trust of their communities.*

*CSR pays dividends. It needs to be transparent in terms of its value (e.g. as a %of profit), balanced enough to give value in the fields of education, music and arts, health, sport and conservation. Continuity is of vital importance to recipients and employee participation is a decided plus. (This can take the form of service on allocation committees or through "allowed" hours in the field with recipients.)*

*Some may view CSR as an additional tax on company profits. Better regard it as an investment for the future.*

*There are equally compelling reasons that companies should respect their customers and their employees. Values and ethics determine the approach and attitude of the company to the law of the land and to its stakeholders. This flows into the area of corporate governance and the company's approach to the husbanding and conservation of our already precious natural environment."*

Mr. Tony Phillips

Former Chief Executive Officer, Barloworld

*"The true significance of CSR lies in initiating practices that appeal and inspire the world .Rosy Blue translates the same, not only by their commitment to Best Practice Principles (BPP) but also through their support to the Black Economic Empowerment in South Africa and the Workers' Trust initiative. I wish them success to continue to steer forward with the same commitment and intensity in the years to come."*

Mr. Sonjoy Chatterjee  
Director, ICICI Bank





# 5 Our Approach to CSR

## 5.1

### Our Vision

In order to be a company trusted by all, we formulated our CSR strategy in line with the guiding principles and the core values of our company.

#### Rosy Blue **CORE VALUES**

Accountability

Diversity

Integrity

#### MAIN GOALS OF CSR STRATEGY <sup>13</sup>

- To promote a culture of compliance and ethical business practices throughout the group
- To continuously evolve in levels of compliance and higher standards in our own RB CSR business model, BPP, RJC and UN Global Compact principles.
- To attract and retain a diverse and talented workforce
- To build a safe and secure working environment in all our operations
- To develop programs to minimize the environmental impact of our activities
- To promote transparent communication to all our different stakeholders

#### Rosy Blue **MISSION STATEMENT**

*“To be the global leader in creating and fulfilling consumer desire for diamonds...”*

*Being a trusted employer to work for.*

*Being our customers most valued supplier.*

#### GUIDING PRINCIPLES

- We value fair and transparent business practices.
- We deliver trust throughout the supply chain.
- We contribute to society where we work and live while respecting the local customs and cultures.
- We promote diversity, accountability and human rights.
- We continue to build health & safety programs – taking that extra step.
- We acknowledge the seriousness of global environmental issues and act to protect the environment.

<sup>13</sup> More information KPI p37

## 5.2

# CSR in a Challenging Environment

In spite of the uncertain economic climate, we continue to invest resources in the Group's compliance model. We believe that CSR is good in good times, but is an undeniable necessity during difficult times.

CSR helps to build trust,  
and trust is a vital commodity in the  
current market conditions.

Expectations of business behavior are rising all over the world. There is more pressure from society than ever on companies to accept their responsibility. It is important that we communicate clearly with all our stakeholders and that they understand what we do and how we are managing compliance.

Just like other industries, our industry has evolved since the past five years to a higher level of transparency. This is an evolving process. The governments, the NGO's, the mining companies and major retailers have played an essential role in educating and creating awareness of ethical business principles.

*"Simply stated, in order to create value for our shareholders and our company, we need to create value for the people in the countries where we are present – our contractors, our employees, our customers, our consumers and the communities where we operate"*

Rajesh Mehta -  
Member of the Group Executive Management



*"Corporate Social Responsibility should not be treated as an obligation. At Rosy Blue, CSR is not an add-on but rather something that is embedded in every business decision that is made and at all levels."*

Rajiv Jhaveri -  
Member of the Group Executive Management



## 5.3

# Our Stakeholders

Everyday we interact with numerous people. We recognize the importance of trust and respect to relationship building. For this reason, we are committed to maintaining and promoting communication with our stakeholders and building a transparent and constructive dialogue with them.

We identified different groups of stakeholders.



### EMPLOYEES <sup>14</sup>

Where would we be without our people? They are the ambassadors of our company.

We are committed to fostering workplaces that are professional, safe, promote teamwork, diversity and trust. We strive to communicate openly with our employees about what we are doing, why and how it affects them. We also seek their feedback and respond to any concerns they may have. We want to be a brand that people are proud to work for.

### COMMUNITIES <sup>15</sup>

We try to invest in meaningful community projects wherever we have major operations.

We aim to build positive relationships, bring economic benefit and help to improve the quality of life. Establishing and maintaining trust with our local communities is something we value enormously.

<sup>14</sup> For more information: CSR in Action p51-59

<sup>15</sup> For more information: CSR in Action p63-70

## BUSINESS PARTNERS

We are committed to maintaining honest and fair relationships with all our business partners.

*"As a long-term client of the DTC, Rosy Blue has participated in the BPP programme since its inception in 2005. Every year since then Rosy Blue has successfully been rated as "compliant". As importantly Rosy Blue has demonstrated its commitment to the overriding ethics of continuous improvement inherent in the BPP Programme through promptly remedying any issues raised in the assessment and audit process.*

*Rosy Blue's commitment to good corporate citizenship extends beyond its embrace of best practice and its laudable solid social investment record. Like De Beers, Rosy Blue is a founder of the Responsible Jewellery Council (formerly the Council for Responsible Jewellery Practices) and has contributed actively to the development of the RJC accreditation standards for the industry as a whole which is due to roll out this year.*

*2009 will be one of the most challenging years for the diamond industry in decades. It will also mark the 40<sup>th</sup> anniversary of Rosy Blue's status as a DTC Sightholder. At a time like this, when consumer confidence is paramount, our collective efforts to ensure the integrity of the industry from mine to marketplace takes on special importance. It is especially encouraging in these circumstances to see business partners like Rosy Blue demonstrating a leadership position in the downstream diamond industry, as well as their commitment to transparency and disclosure through publishing this CSR report."*

Mr. James Suzman  
Director of Corporate Citizenship  
De Beers

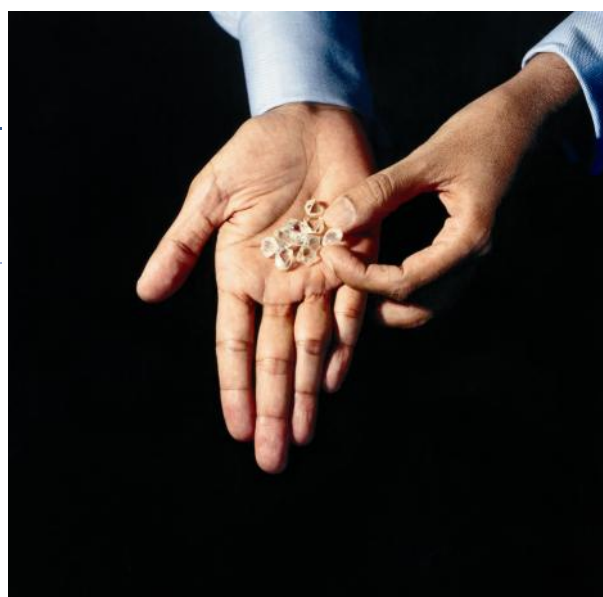
*"Whilst Rosy Blue has an impressive record of leadership in all areas of the jewellery industry, its outstanding contribution is in corporate responsibility. A founding member of the Responsible Jewellery Council, Rosy Blue has also played a signal role with highly innovative product stewardship initiatives such as the Walmart Love Earth traceable jewellery range.*

*This sort of leadership is not easy and takes real courage. It is built on conviction that the consumer deserves jewellery with impeccable provenance, produced to the highest standards. With companies like Rosy Blue the reputation of the industry will flourish and its future be assured."*

Mr. John Hall -  
General Manager, External Relations  
Rio Tinto Diamonds

## CONTRACTORS

Means any natural person, legal entity or business (or any part thereof) who carries out any work on behalf of Rosy Blue in connection with the buying and/or selling, or manufacturing of diamonds or diamond jewellery, where the diamonds are owned or controlled by Rosy Blue. Our commitment is to only work with contractors that abide by our CSR standards.



## CUSTOMERS

We are committed to treat all our customers and consumers fairly and honestly, maintain product quality and integrity, engage in responsible marketing and consumer information practices and address business, social and environmental issues related to our products.



"Signet, like the Rosy Blue Group is a founding member of the Responsible Jewellery Council which was set up as a not-for-profit organization in May 2005. In early 2007 Signet wrote to all of its priority suppliers of diamond and gold jewellery highlighting the importance it places on a responsibly managed supply chain and reminding them of the expectations it places on them as suppliers to Signet. Signet welcomes the continuing opportunity of working with the Rosy Blue Group to further improve corporate social responsibility standards within the sector. By working together, the industry, using its combined influence can be most effective in influencing such improvements for the benefit of all industry participants."

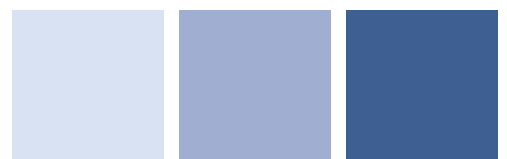
Mr. Terry Burman  
Chief Executive Officer  
Signet Jewelers Ltd

*"Because jewellery carries with it powerful emotions and a promise of beauty, it must live up to its sparkle. Cartier sees corporate responsibility and transparency as critical to the jewellery industry: they are the foundation of trust. The Rosy Blue Group, a fellow founding member of the Responsible Jewellery Council, have positioned themselves as a leader in the industry. I welcome this first CSR report as a means to share, with all their stakeholders, the story of their goals and progress in terms of responsible business practices."*

Mr. Bernard Fornas  
President & Chief Executive Officer  
Cartier International

*"Birks and Mayors takes enormous pride in its industry leading culture that is supportive of Best Practices; specifically ethics, business integrity, sustainability programs and social responsibility. This culture is evident in everything we do, as well as the relationships we maintain. That is one of the many reasons why we are proud to partner with Rosy Blue. They share our vision of corporate responsibility and have built an organization that is supportive of these core values. We look forward to working with Rosy Blue, shoulder to shoulder, in advancing our sustainability platform, and through this partnering, building a lasting and profitable relationship."*

Mr. Thomas Andruskevich  
President & Chief Executive Officer  
Birks & Mayors





## FINANCIAL INSTITUTIONS AND AUDITORS

When seeking financing for our business activities, financial institutions, banks and auditors are vital. We are committed to transparency and integrity in our financial reporting.

*“Corporate Social Responsibility (CSR), functions as a built in self regulating mechanism practiced by the Corporate World ensuring adherence to law, ethical business standards and international norms. In these challenging times, when confidence on business is low and the business practices are looked down, the importance of CSR and its sustained practice is of great importance. CSR can act as a catalyst in bringing the stakeholders confidence and can facilitate overall improvement of business.*

*Diamond Industry has been generally viewed down by the society due to its low emphasis on Corporate Governance and its practice. But in this sector, the effort of ROSY BLUE on CSR has been quite laudable. ROSY BLUE has been one of the pioneers in transparent and ethical business models. Our experiences and business dealings with ROSY BLUE stand as sound testimony to the commitment of the Company in practicing these principles diligently.*

*I take this opportunity to wish all the best to the Company and its Board in its commitment for continued practice of CSR POLICY.”*

Mr. Prasad N.S.  
Chief Executive Officer, Antwerp Division  
State Bank of India

*“Rosy Blue, just like ABN AMRO, is a founding member of the Responsible Jewellery Council. Both our companies are eager to contribute to these sorts of initiatives as we strongly believe that it forms part of our corporate social responsibility to promote sustainable and transparent business practices throughout the industry. As CEO of ID&JG ABN AMRO, I believe that especially in the current market situation a responsible and disciplined business practice will help us manage through these difficult times and will form the basis for future sustainable growth for all stakeholders in the global value chain.”*

Mr. Victor Van der Kwast  
Corporate Executive Vice President & Chief Executive Officer, International Diamond & Jewelry Group  
ABN Amro Bank

*“It is clear that an increasing number of organizations are seen to extend their corporate responsibility beyond the statutory obligation to comply with legislation by voluntary taking steps to more strongly consider in the deployment of their activities the interests of all their stakeholders as well as of the local communities and society at large.*

*Because of the diamond and jewellery industry’s multinational and multicultural orientation and nature, one can only but strongly appreciate diamond and jewellery companies starting to implement corporate responsibility policies.*

*As such, we can only express a positive reaction to Rosy Blue’s intention to publish its first global CSR report in the course of this year.”*

Mr. Paul C. Goris  
Chairman  
Antwerp Diamond Bank

## GOVERNMENTS

We are firmly committed to conducting business in compliance with the laws and regulations in the countries where we operate. We strive to work closely with governmental officials on topics that have impact on our business operations within the industry. It is essential that continuous dialogue is there and that the government helps us find the right frameworks and enables all the industry players to move forward in a responsible business manner.

## MEDIA

We are committed to building reliable relationships with the media. As a consequence we strive to communicate accurately and openly information to all our relevant stakeholders including the media.

## OTHER SIGNIFICANT STAKEHOLDERS

We are committed to engaging with the following organizations that have a significant impact on our industry, particularly for our business.

The **World Federation of Diamond Bourses (WFDB)**<sup>16</sup> was founded in 1947 to unite and to provide bourses trading in rough and polished diamonds and precious stones, with a common set of trading practice. The WFDB provides a legal framework and convenes to enact regulations for its 28 member diamond bourses.

The **World Diamond Council**, which is the body set up by the World Federation, works hand in hand with over 35 Governments, the European Union and the United Nations to rid the Industry of the scourge of conflict diamonds.

The **Responsible Jewellery Council (RJC)**<sup>17</sup> is an international non-profit organization representing over 80 member companies across the gold and diamond jewellery supply chain.<sup>18</sup>

*"I commend Rosy Blue for publishing its first Corporate Social Responsibility Report. The report further evidences Rosy Blue's serious commitment to responsible business practices.*

*As a founding Member of the Responsible Jewellery Council (RJC) and a Participant in the United Nations Global Compact, Rosy Blue is truly a leader in advancing social, environmental and economic sustainability in the diamond industry.*

*As the beautiful physical representation of the highest human emotions of love, affection and commitment, diamonds must also embody a provenance beyond reproach. The diamond industry's customers and stakeholders look to the industry to demonstrate – at every stage of production – responsible performance and proper management of social, environmental and economic risks.*

*This report, coupled with the company's commitment to independent third party verification under the RJC's certification system, demonstrates Rosy Blue's intention to be an exemplary performer in the diamond trading, cutting and polishing sector of the industry."*

Mr. Michael Rae  
Chief Executive Officer  
Responsible Jewellery Council

**Antwerp World Diamond Centre (AWDC)**<sup>19</sup> is the coordinating body and official representative of the diamond sector. It's an official organization, recognized internationally and acting as host, spokesperson and intermediary for the Belgian diamond community.

The **International Diamond Manufacturers Association (IDMA)**<sup>20</sup> was founded and convened for the first time in 1946, in Antwerp. It is committed to fostering and promoting the highest ideals of honesty and best practice principles throughout the diamond industry worldwide, as well as full compliance with all relevant national and international laws. Towards this end, the organization has developed and adopted a Code of Conduct, which is binding on all members

**Bonas & Co. Ltd.** have been DTC brokers to Rosy Blue since 1969. They introduced us to the DTC and helped us gain our first Sight. Since then they have continued to advocate on our behalf with the DTC and have helped us grow through the changing seasons of the diamond industry. Bonas & Co. were instrumental in the growth of our Sight allocation and progression to one of the biggest Sightholders in the world. Building on 140 years in the diamond industry and their close personal relationship with our executive team, Bonas has become trusted advisors on a wide range of issues, from rough sourcing to retail partnerships.

Gemological institutes are charged with confirming the authenticity of diamonds, and describing their quality characteristics.

A diamond grading report will commonly include a plotted diagram of your diamond and significant characteristics, including the cut, color, clarity and carat weight. The report will also describe the diamond's shape, exact measurements, proportions and depth percentages as well as grade the polish and symmetry. It should also comment on the characteristics like fluorescence, graining, and any imperfections in the diamond. Diamond grading reports assure the authenticity and quality of a diamond. Usually stones 0.30 points and bigger are graded in labs.

<sup>16</sup> source: [www.worldfed.com](http://www.worldfed.com)

<sup>17</sup> For more information: Our commitment to Responsible Practices p43

<sup>18</sup> source [www.responsiblejewellery.com](http://www.responsiblejewellery.com)

<sup>19</sup> source: [www.awdc.be](http://www.awdc.be)

<sup>20</sup> source: [www.idma.net](http://www.idma.net)

# 6 Rosy Blue Internal CSR Model

## 6.1

### Strengthening the Compliance System

Ethical business conduct and compliance with applicable laws and regulations are fundamental aspects of Rosy Blue Group's corporate culture. In 2007, our Group Associates decided to integrate CSR across our business operations into our company strategy.

In October 2007 the Global Corporate Affairs Department was established in Antwerp to manage compliance activities across the Rosy Blue Group.

A very clear message from the Group Associates was sent to all the group entities to inform them about the decision to put in place a CSR strategy and the importance to participate in this fundamental philosophy of CSR.

In December 2007, a global seminar was organized in Sri Lanka to launch the new compliance model. All the appointed local CSR-AML compliance officers were trained in the new corporate standards.

This corporate structure in Antwerp combined with local CSR-AML compliance officers in each entity was established to reinforce our commitment to accountability and integrity and to assure that resources are available for all CSR-AML compliance officers to raise concerns or seek guidance about compliance standards.

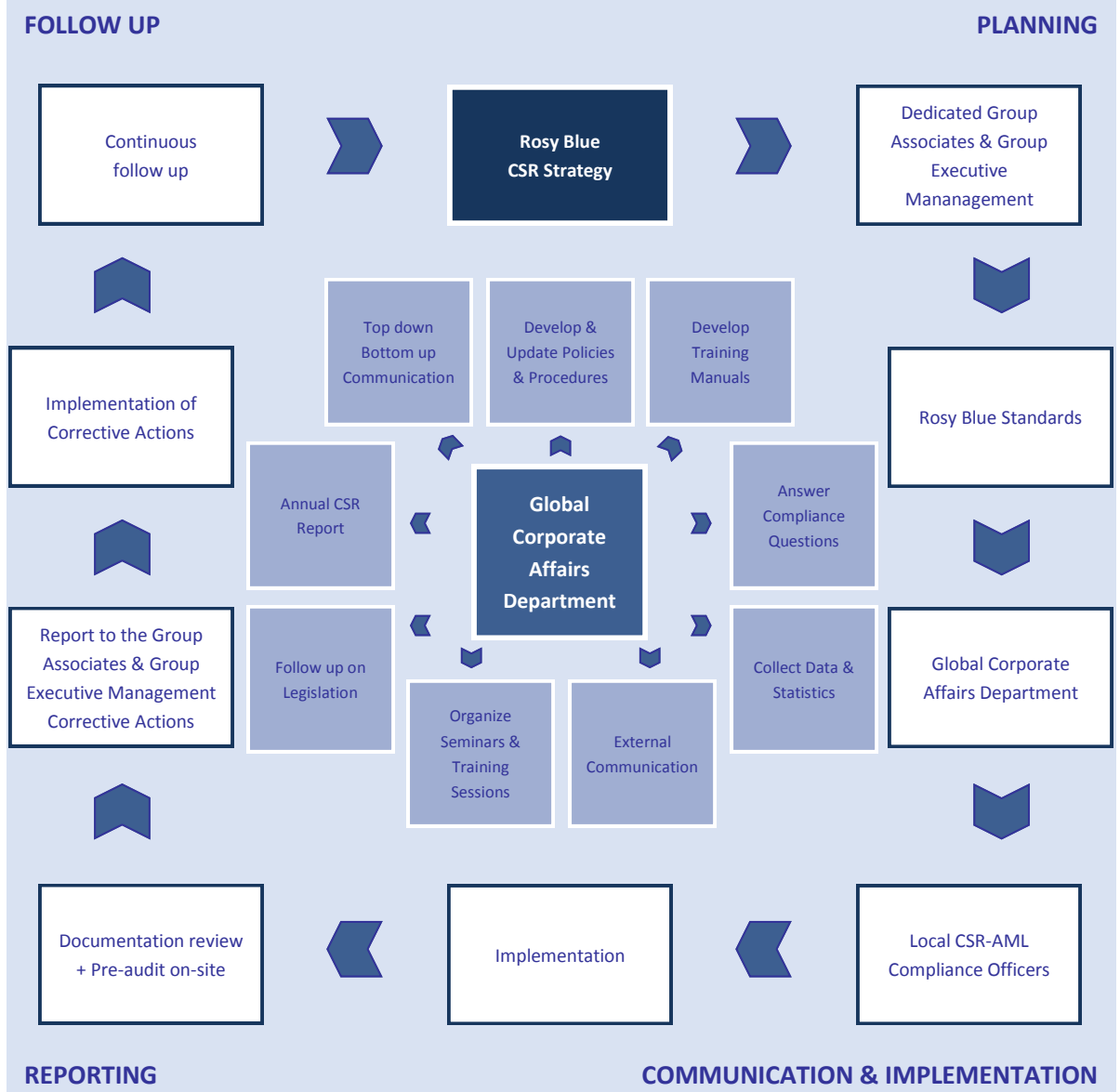
Local officers responsible for compliance in each entity have the authority to issue instructions concerning compliance to their respective entity. By cooperating with other local CSR-AML compliance officers throughout the group, they are working to establish and maintain a comprehensive global compliance structure.

Occasionally we may not meet the standards. These issues are reported to the Group Associates and Group Executive Management. The Global Corporate Affairs Department, together with the relevant CSR-AML compliance officers, manage corrective actions. A corrective plan is agreed upon and continuously followed up. Progress reports are sent to the Group Associates and Group Executive Management until there is a final agreement reached on the level of compliance that had to be applied. Random checks are done regularly and reports from such checks are filed accordingly.

#### MILESTONES

Oct 2007:	CSR Strategy decision by the CEO and Group Associates. Establishment of the Global Corporate Affairs Department.
Dec 2007:	Internal CSR system in place (planning program, content-supporting standard documentations). Seminar in Sri Lanka: system training for the appointed local CSR-AML compliance officers.
Jan 2008:	CSR information management system goes live. Start on-site internal pre-audit visits.
Jan-Apr 2008:	Implementation of CSR system according to strict timeline.
Apr- Jun 2008:	Internal documentation review.
Jun 2008:	Participant of the UN Global Compact.
May 2009	First Rosy Blue Group CSR report.

## INTERNAL CSR MODEL



## GLOBAL CORPORATE COMPLIANCE TEAM



<sup>21</sup> Including Manager Corporate Affairs Global

# Organizational Structure and Responsibilities

The responsibilities are assigned at two main levels: Global Corporate Affairs Department and Local CSR-AML Compliance Officers.

## GLOBAL CORPORATE AFFAIRS DEPARTMENT

### COMPLIANCE

- Accountable for managing overall compliance activities across the Group.
- Development, implementation and maintenance of the Rosy Blue Group compliance policies and procedures according to all the relevant standards and principles<sup>22</sup>:
  - Internal Rosy Blue CSR Model
  - Best Practice Principles
  - Responsible Jewellery Council<sup>23</sup>
  - United Nations Global Compact.
- Oversight of compliance to required policies and regulatory obligations.
- On-going liaison and follow-up with local CSR-AML Officers and compliance teams to monitor progress and obtain input required for compliance reporting.
- Assist with all general compliance reporting required under the Rosy Blue Group's policies.

- Coordination with external audit companies to manage the CSR audit processes.
- Participation in or management of general compliance projects that arise from the compliance oversight activities.
- Helpdesk for compliance questions.
- Review and processing of all completed compliance workbooks.
- Development and updating of training manuals.
- Market & CSR knowledge
  - Industry information
  - Presentations
  - Briefings to key players
- CSR reporting according to Rosy Blue Internal CSR model, UN Global Compact Principles, BPP, RJC et al.
- Reporting pre-audits and follow up
- Report to the Group Associates

### INTERNAL & EXTERNAL COMMUNICATION

## LOCAL CSR-AML COMPLIANCE OFFICERS

- Identification and maintenance of an inventory available to all staff of essential laws and regulations pertinent to the compliance standards of the Rosy Blue Group;
- Adjustment and implementation of the Rosy Blue Group corporate standard guidelines, policies and procedures to the local laws and regulations;
- Implementation of external standards such as BPP Principles, UN Global Compact Principles and RJC Code of Practices.
- Monitoring of compliance with internal policies, procedures and guidelines by performing regular and comprehensive compliance risk assessments and testing;
- Regular reporting of results to the corporate compliance department and to the executive management;

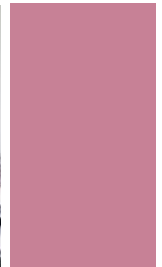
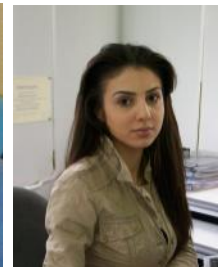
- Communication and distribution of information to the staff, relevant to CSR compliance;
- Training of all staff according to the Rosy Blue Academy training standards and act as advisors on compliance queries from staff members;
- Preparation of pre-audit visits by CSR team or external CSR auditors;
- Following up on corrective actions;
- Communication of issues to Global Corporate Affairs Department and providing assistance in finding constructive solutions to improve our CSR model within the group;
- Continuous communication with global CSR team on general progress of implementation of the standards.

<sup>22</sup> non-exhaustive list

<sup>23</sup> audits planned 4th quarter 2009



## GLOBAL CORPORATE COMPLIANCE TEAM





# Information Management System

## 6.3

To facilitate global reporting, a CSR extranet was developed in 2007. The Global Corporate Affairs Department in Antwerp manages all the reporting through this reporting platform to ensure that all entities carry out their duties in accordance with laws, regulations and global compliance standards.

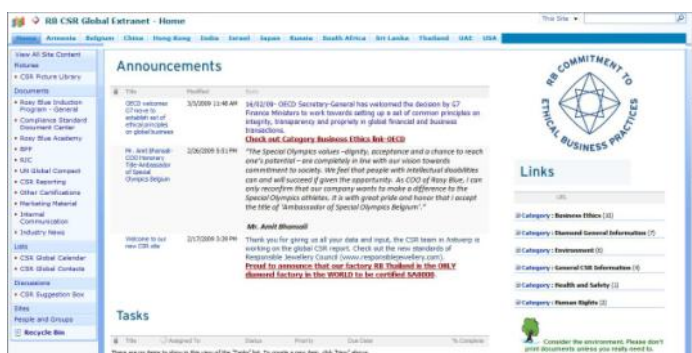
Each country has access to this online system. Every entity manages its reporting locally and uploads other relevant information on this extranet.

Best practices within the Group are shared and explained on the information management system. This allows our entities to learn from each other.

Random checks are done regularly on the reports of the local entities and follow up instructions are given if needed. The highlighted structure explains the content of the site.

- Rosy Blue Induction Program—General
- Compliance Standard Document Center
- Best Practices Rosy Blue
- Rosy Blue Academy
- Best Practice Principles
- Responsible Jewellery Council
- UN Global Compact
- CSR Reporting
- Other Certifications
- Marketing Material
- Internal Communication
- Industry News

Much attention is given to standards compliance documents but also to local legislation, training material, communication toolkits, policies and procedures, and updated information on evolving CSR issues.



Global Corporate Affairs Department  
Bella Mehta, Gwenny D'hauwer, Iris Van der Veken, Valerie Michel



# 7 Key Performance Indicators

## Interview with Amit Bhansali and Russell Mehta

Members of the Group Associates - Members of the Family Council - Members of the Group Executive Management

### How critical is CSR to our business operations?

As a family corporation our commitment to living our values has always underpinned the way we approach our business, manage our operations and decisions. Now we have started the implementation of a formal framework to enhance this commitment. CSR is not about talking or an add on. It is about integrating actions in our Business Strategy and delivering sustainable value for all of our stakeholders.



### What do you expect from the implementation of this new CSR Strategy 2008-2011?

**QUANTIFIABLE AND MEASURABLE RESULTS.** The CEO and the Group Associates, together with the Corporate Affairs Committee have established a strategy with Key Performance Indicators and targets on CSR for 2008-2011. **The following areas of focus are defined: CSR, Business Partners, Workplace, Health & Safety, Environment and Community.** Since this is the first CSR report, we clearly want to state that this is just the initial stage of our CSR implementation efforts. We live in an ever changing world and therefore we have to adapt ourselves and we will continue to fine tune our compliance system in the future.

### Do the current market conditions have an impact on the CSR Implementation?

We are operating in a climate of perpetual change: rough and polished diamond prices are continuously fluctuating, and as the costs of other materials and labour continue to escalate, we need to stay competitive. This dynamics also gives opportunities and we are taking this opportunity to actively implement CSR oriented Management.

We believe by **DOING THINGS RIGHT**, we can earn the support and trust of all our key stakeholders. We are therefore working in various ways to enhance corporate governance and actively implement CSR-oriented management, including transparency and soundness.



We track performance and set targets for each of our key pillars of CSR. Our achievements in 2008 and our CSR strategy for 2008-2011 are summarized in the table below. Our intention is to report on the KPI index in 2009.

Component	Key Outcome	Focus main topics 2008	Status	Strategy 2008-2011	Example of Key Performance Indicator to further develop	Status
CSR	Disseminating and enhancing CSR standards	<ul style="list-style-type: none"> <li>New CSR Vision announced</li> <li>Committee established</li> <li>CSR Extranet (data &amp; information tool) established across the Group</li> <li>Internal control system through documentation review and pre-audit on-site visits</li> <li>External CSR Advisory Board review</li> <li>Preparation first CSR report</li> <li>Membership UN Global Compact</li> <li>Rosy Blue E-Training Academy established</li> <li>Reports according to standards disclosed in a timely manner</li> </ul>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>Annual CSR Report</li> <li>Enhance CSR vision for all group companies</li> <li>Enhance internal audit system - improve internal control systems</li> <li>Ongoing review of CSR reporting</li> <li>Expand training programs to relevant areas</li> <li>Ensure thorough understanding of the CSR system</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of on-site audit reviews</li> <li>Number of questions &amp; queries of all stakeholders</li> <li>Number of external communication with regards to CSR efforts</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
BUSINESS PARTNERS Suppliers Contractors Customers	Ensure that all business partners we work with are committed to responsible business practices and create mechanisms to monitor this	<ul style="list-style-type: none"> <li>Active involvement of RJC</li> <li>Preparation documentation &amp; training material RJC standards</li> <li>Defined business partners list</li> </ul>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>Promote CSR practices among business partners</li> <li>Ensure appropriate contracts with all business partners to set specific measurable indicators to demonstrate contribution to CSR compliance</li> <li>Create CSR communication toolkits &amp; process systems that are outcome focused for contractors and that will evidence compliance standards</li> </ul>	<ul style="list-style-type: none"> <li>Degree of Implementation</li> <li>Percentage of business partners signing the Business Code of Conduct</li> <li>Number of managed business partners with CSR plan and KPIs</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
WORKPLACE	Foster a working environment based on integrity, diversity & accountability	<ul style="list-style-type: none"> <li>Revised Code of Conduct</li> <li>Revised policies and procedures</li> <li>Promote the UN Global Compact 10 principles</li> <li>CSR training sessions</li> <li>Conducted Management and other HR related trainings</li> </ul>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<ul style="list-style-type: none"> <li>Enhance education with practical business cases</li> <li>Introduce a system of rewarding performance in all entities</li> <li>Employee survey on job satisfaction</li> <li>Create initiatives to help encourage work - life balance</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of employees that clearly understand the Code of Conduct and policies and procedures</li> <li>Number of positive feedback from employee interviews</li> <li>Percentage of employees who consider that their business acts responsibly in the society/ community in which it operates</li> <li>Balanced ratios in terms of diversity</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
HEALTH & SAFETY	Fostering a safe and healthy working environment	<ul style="list-style-type: none"> <li>Implemented strong awareness programme on health and safety</li> <li>Implemented best practices in all entities</li> <li>Records for injuries</li> <li>Training certificates of Health &amp; Safety team</li> </ul>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>Actively promote health and safety measurements</li> <li>Ensure that the Rosy Blue Group conducts their businesses in a manner that will safeguard the health and safety of all our employees</li> </ul>	<ul style="list-style-type: none"> <li>Absenteeism rates</li> <li>Injury rates</li> <li>External reports on health and safety</li> <li>Specification of chemical use and disposal</li> <li>Number of trained managers &amp; officers in H&amp;S</li> </ul>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
ENVIRONMENT	Reduce and minimize the environmental footprint of our company	<ul style="list-style-type: none"> <li>Implemented awareness programme</li> </ul>	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>Create control system for environmental performance measurements</li> <li>Create system for managing environmental programme across the Group</li> </ul>	<ul style="list-style-type: none"> <li>Percentage change of energy used in all entities</li> <li>Percentage of recycled materials used in all entities</li> <li>Number of positive environmental reports</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
COMMUNITY	Participative social contribution based on our core values	<ul style="list-style-type: none"> <li>Charitable contributions</li> <li>Community service</li> </ul>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>Create formal system for monitoring social projects across the Group</li> </ul>	<ul style="list-style-type: none"> <li>Community giving as a percent of previous years operating income</li> <li>Percentage of total net working hours spent volunteering</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>

☒ Achieved

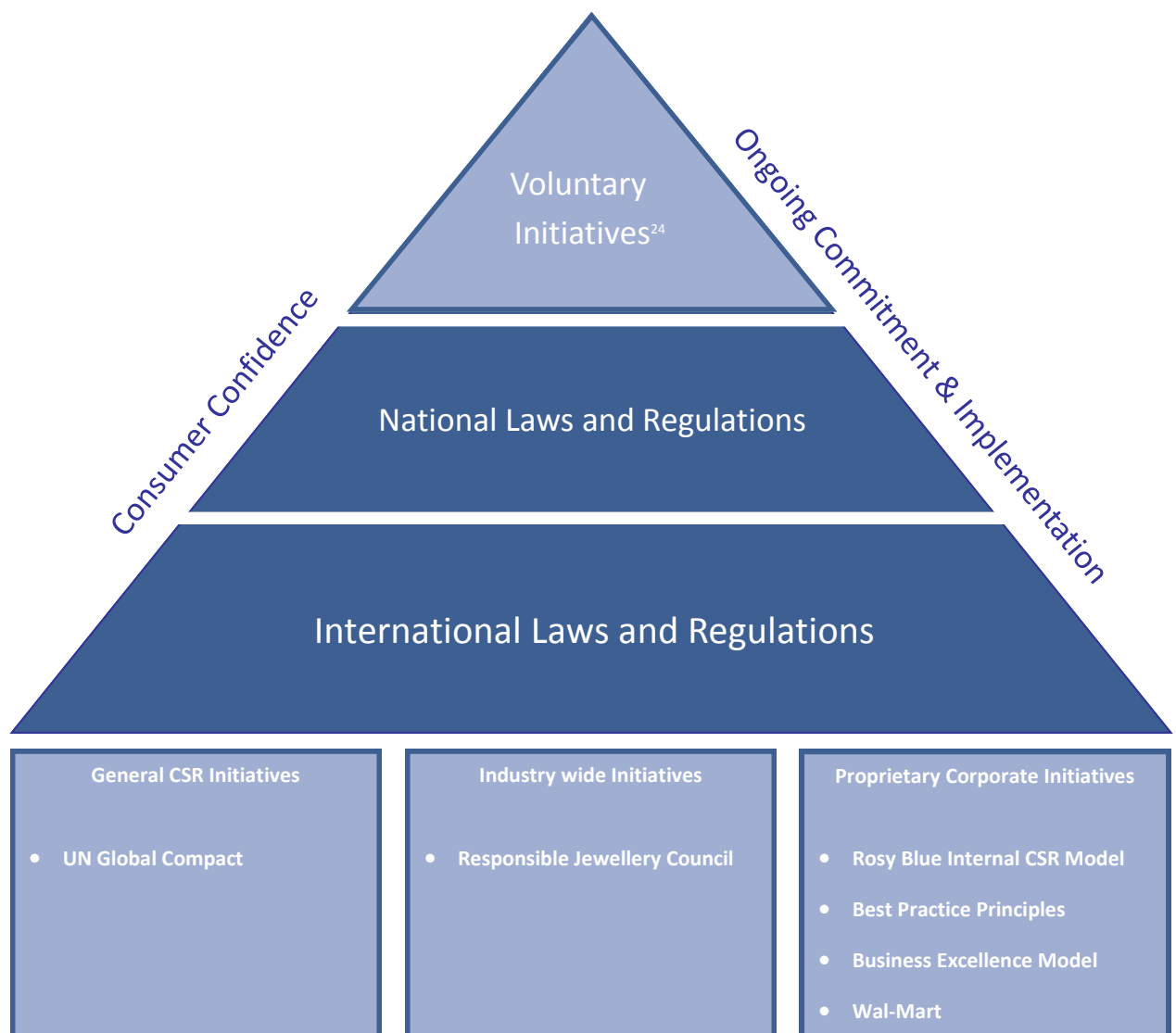
☐ In progress

# 8 Our Commitment to Responsible Practices

## 8.1

### Laws - Regulations - Voluntary Initiatives

#### ROSY BLUE COMMITMENT



<sup>24</sup> non-exhaustive list

## 8.2

# Kimberley Process and System of Warranties<sup>25,26</sup>

### BACKGROUND<sup>27</sup>

The Kimberley Process Certification Scheme started when southern African diamond-producing countries met in Kimberley, South Africa, in May 2000, to discuss ways to stop the trade in 'conflict diamonds' and ensure that diamond purchases were not funding violence.

### ZERO TOLERANCE POLICY TOWARDS CONFLICT DIAMONDS<sup>28</sup>

In July 2000, the global diamond industry made clear to the international community its zero tolerance policy towards conflict diamonds. Dedicated to eradicating the trade in conflict diamonds, it worked closely with the United Nations, governments and non-governmental organizations (NGOs) to create the Kimberley Process Certification Scheme. This system was formally adopted in 2003 and guards against conflict diamonds entering the legitimate diamond supply chain. The diamond industry also adopted a voluntary System of Warranties to assure consumers that their diamonds are from sources free of conflict.

### KIMBERLEY PROCESS REQUIREMENTS<sup>28</sup>

Under the Kimberley Process, diamond shipments can only be exported and imported within co-participant countries in the Kimberley Process. No uncertified shipments of rough diamonds will be permitted to enter or leave a participant's country. This ring-fences conflict diamonds and as such ensures they are unable to enter the legitimate diamond supply chain and thus, cannot be used for illegitimate purposes.



### MEMBERS<sup>29</sup>

The Kimberley Process (KP) is open to all countries that are willing and able to implement its requirements. As of November 2008, the KP has 49 members, representing 75 countries, with the European Community and its Member States counting as an individual participant. KP members account for approximately 99.8% of the global production of rough diamonds.

The rough diamond-trading entity of Chinese Taipei has also recently met the minimum requirements of the KPSCS. Lately, Venezuela has voluntarily suspended exports and imports of rough diamonds until further notice and Cote d'Ivoire is currently under UN sanctions and is not trading in rough diamonds.

- Each shipment of rough diamonds crossing an international border must be:
  - Transported in a tamper-resistant container
  - Accompanied by a government-validated Kimberley Process Certificate
- Each certificate must be resistant to forgery, uniquely numbered and describe the shipment's contents
- The shipment can only be exported to another Kimberley Process participant country
- It is illegal for uncertified shipments of rough diamonds to either be imported or exported by a Kimberley Process participant country
- Failure to comply with these procedures can lead to confiscation or rejection of parcels and/or criminal sanctions
- If any concerns arise regarding a country's adherence to the Kimberley Process, they are investigated and dealt with at an intergovernmental level

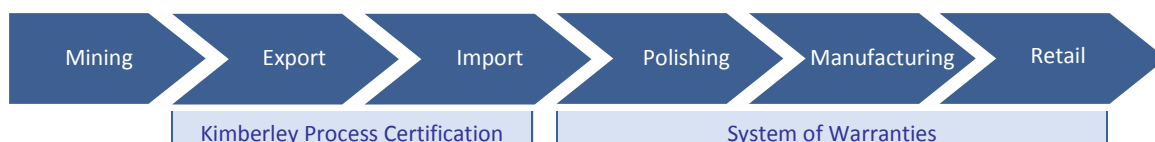
<sup>25</sup> Source: [www.kimberleyprocess.com](http://www.kimberleyprocess.com)

<sup>26</sup> Source: [www.diamondfacts.org/conflict/index.html](http://www.diamondfacts.org/conflict/index.html)

<sup>27</sup> Source: [www.kimberleyprocess.com/background/index\\_en.html](http://www.kimberleyprocess.com/background/index_en.html)

<sup>28</sup> Source: [www.diamondfacts.org/conflict/eliminating\\_conflict\\_diamonds.html](http://www.diamondfacts.org/conflict/eliminating_conflict_diamonds.html)

<sup>29</sup> Source: [http://www.kimberleyprocess.com/structure/participants\\_world\\_map\\_en.html](http://www.kimberleyprocess.com/structure/participants_world_map_en.html)



Kimberley Process participants undergo periodic reviews, along with peer monitoring to ensure compliance. Furthermore, all rough diamond sales are independently audited, and are also subject to separate governmental regulations. Any country that is found not to be in compliance can be sanctioned by the Kimberley Process.

### SYSTEM OF WARRANTIES REQUIREMENTS<sup>28</sup>

In addition to the Kimberley Process, the System of Warranties was developed by the World Diamond Council (WDC) to extend the Kimberley Process conflict free assurance to polished diamonds and provide a means by which consumers can be assured their diamonds are from conflict free sources. The System of Warranties provides assurance that diamonds are from conflict free sources all the way to the diamond jewellery retailer.

Under this system, which has been endorsed by all Kimberley Process participants, all buyers and sellers of both rough and polished diamonds must make the following affirmative 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 undersigned hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds."*

All members of the trade who provide such assurances should keep records of both their customer warranties and their System of Warranties statements from their suppliers. This flow of warranties in and out must be audited and reconciled annually by the company's own auditors. If asked for by a duly authorized government agency, these records must be able to prove that the supplier is in compliance with the Kimberley Process.

Failure to abide by the aforementioned principles exposes the member to expulsion from industry organizations. Under the terms of the Kimberley Process, it will be considered a violation to issue a warranty declaration on a sales invoice unless it can be supported by warranty invoices received for purchases. Failure to adhere to these principles will prompt investigation and could result in expulsion from the various diamond industry institutions.

"The introduction of CSR has elevated both the image and reputation of our industry, which is very necessary in today's world of increased public awareness and exposure to all sorts of opinions and pressures. It has enabled our trade to emerge from a "closet" into an industry open to transparent examination by all."

Amish Mehta -  
Member of the Group Executive Management

### LOOKING AHEAD<sup>28</sup>

The Kimberley Process is constantly being reviewed for improvements. This review is currently being undertaken by the international governments who are members of the Process, with input from NGOs, diamond industry experts and other interested parties. The system is continuously reviewed and improvements are adopted. In addition to the Kimberley Process and System of Warranties, the diamond industry - along with governments and non-governmental organizations (NGOs) - is taking additional actions to eradicate conflict diamonds. For example, the Diamond Development Initiative aims to find sustainable methods of ensuring that diamonds are mined and distributed for the benefit of local communities and local governments.

**"Did you know on July 1st 2008, the World Diamond Council celebrated the fifth anniversary of the Kimberley Process in Antwerp".<sup>30</sup>**



<sup>28</sup> Source: [www.diamondfacts.org/conflict/eliminating\\_conflict\\_diamonds.html](http://www.diamondfacts.org/conflict/eliminating_conflict_diamonds.html)

<sup>30</sup> Global Corporate Affairs Department was present



# United Nations Global Compact

In June 2008 the Rosy Blue Group signed the UN Global Compact, signifying our commitment to operate in a responsible and sustainable manner. We will promote the Global Compact's ten principles and report our progress toward implementing them.



The Global Compact is the world's largest voluntary corporate citizenship initiative, which is committed to aligning the operations and strategies of all types of organizations with the universally accepted principles of the UN, covering human rights, labour standards, environmental protection and anti-corruption.

The Global Compact is not a regulatory organization - it does neither enforce nor measure the behavior or actions of their members. Rather, they rely on public accountability, transparency and the self-interest of companies to initiate and share substantive action in pursuing the ten universal principles upon which the Global Compact is based.

Around 6500 companies in more than 130 countries have declared their support to the Global compact.<sup>31</sup>

This 2008 CSR report has been submitted as Communication on Progress (COP) on April 29th 2009.<sup>32</sup>

On December 10<sup>th</sup> 2008, Baron Dilip Mehta and Mr. Amit Bhansali supported the statement published in the Financial Times worldwide at the occasion of the 60<sup>th</sup> anniversary of the Universal Declaration of Human Rights.



## Human rights

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights, and
- Principle 2:** Businesses should make sure they are not complicit in human rights abuses.

## Labour standards

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labour;
- Principle 5:** Businesses should uphold the effective abolition of child labour; and
- Principle 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation.

## Environment

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.

## Anti-corruption

- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

<sup>31</sup> Source: [www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html](http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html)

<sup>32</sup> [www.unglobalcompact.org/ParticipantsAndStakeholders/search\\_participant.html?detail=Rosy+Blue](http://www.unglobalcompact.org/ParticipantsAndStakeholders/search_participant.html?detail=Rosy+Blue)

## INTRODUCTION

The BPP Assurance Programme is a systematic means of monitoring the compliance of the De Beers Group of Companies, Sightholders and, where relevant, their business partners in the diamond industry. It has been developed to provide evidence to supply chain partners, consumers and other interested stakeholders that the exploration, extraction, sorting, cutting and polishing of diamonds, and the manufacture and sale of diamond jewelry by entities that are owned or controlled by the De Beers Group of Companies or by Sightholders, are undertaken in a professional, ethical and environmentally friendly and accountable way.

The Diamond Trading Company (DTC) has therefore made compliance with the BPPs a legally binding condition of its contracts with Sightholders and, wherever possible, with third parties.

## BPP ASSURANCE PROGRAMME

This program comprises a management system and set of assessment tools, a key element of which is Self-Assessment using the BPP Workbook.

The Best Practice Principles set out various required standards of conduct with regards to three main areas:

- **Business Responsibilities** ensure that all operations act responsibly and ethically and in compliance with the law - for example in sales transactions, supply chain management, sourcing of diamonds, interaction with the local community and other stakeholders and overall business relationships. This applies to the practices of every employee at every level.
- **Social Responsibilities** ensure that business is conducted beyond economic profit and towards generating real social value in the communities in which we operate.
- **Environmental Responsibilities** ensure all operations adopt the highest standards required by law with regard to their impact on the environment.

The BPP Assurance Programme comprises a framework for the implementation of Self-Assessment and Independent On-Site Verification



Compliance with the BPPs is an integral part of Supplier of Choice. The Supplier of Choice Policy Statement confirms that Sightholders (and any part of their Group) must comply and continue to do so in order to be eligible as a Sightholder. The Supplier of Choice Policy Statement entitles the DTC to refuse to accept applications for, or to sell, or to deliver diamonds if the Sightholder (or any part of its Group) does not comply with the BPPs. Acting in a manner inconsistent with the BPPs and the requirements set out in the BPP Assurance Programme documents can constitute a breach of contract entitling the DTC to terminate a Sightholder's appointment (i.e. cease to supply rough diamonds).

The BPP Requirements incorporate best practice measuring and reporting standards, such as the standard of Social Accountability International (SA8000) and the Global Reporting Initiative. BPP workbooks are broadly aligned with the reporting guidelines and performance indicators of the GRI, which help to provide assurance to a range of different stakeholder groups. One of the tangible outputs of the BPP Assurance Programme is a report on the business, social and environmental performance of the De Beers Group and Sightholders.

To ensure the integrity and completeness of Self-Assessment Workbooks, Independent Verifiers annually monitor all Self-Assessment Workbooks. The Independent Verifier will follow up reports where data is not submitted (either at all or in incomplete form) and/or where data is not clear. Non-submission of or a failure to complete the Self-Assessment Workbook will constitute a breach of the obligation to comply with the BPPs and could potentially result in sanctions against the defaulting Group.



## COMPLIANCE RATINGS

### COMPLIANT

Compliant rating means there are no compliance issues that need to be addressed.

### IMPROVEMENT OPPORTUNITY

An Improvement Opportunity is not a compliance issue if a satisfactory solution is found and implemented during the course of an annual Assessment. Improvement Opportunities can also be listed for the record, to assist the Entity towards continuous improvement, or be a limited compliance issue where resolution is beyond the ability of the Entity to resolve (such as instances where various national laws contradict one another). Improvement opportunities do not require a Corrective Action Plan.

### MINOR INFRINGEMENT

A Minor Infringement is any compliance issue that can be rectified within a short period and that, if managed responsibly, is not deemed by the Assessors or Independent Verifiers to result in any adverse impact. Minor Infringements may require a Corrective Action Plan.

### MAJOR INFRINGEMENT

A Major Infringement is any compliance issue that can be rectified within a reasonable period and that, if managed responsibly, is not deemed by the Assessors or Independent Verifiers to result in significant adverse. Major Infringements will require a Corrective Action Plan with milestones/timelines.



### MATERIAL BREACH

A Material Breach is any serious non-compliance issue that contravenes the core BPPs. For the avoidance of doubt, material breaches may include, but are not limited to:

- o The use of child labour or forced labour;
- o Trade in conflict diamonds;
- o Non-disclosure of synthetics, treated diamonds or simulants;
- o Money laundering or the financing of terrorism;
- o Willful or negligent acts or omissions resulting in serious injury or death;
- o Abuse of human rights;
- o Non-payment of minimum wages;
- o Causing a significant adverse effect to the environment; or otherwise bringing the industry into serious disrepute.

Material Breaches require a Corrective Action Plan. A Material Breach may constitute non-compliance with the BPPs and therefore a breach of Supplier of Choice, and may be dealt with accordingly. If the Corrective Action Plan milestones for Major and Minor Infringements are not achieved, to the Independent Verifier's satisfaction, the infringement may be escalated to the next level; e.g. a Major Infringement that is not rectified satisfactorily in accordance with the Corrective Action Plan may become a Material Breach.

Please note that the DTC is entitled to terminate its contract with a Sightholder if:

- i. the Sightholder (or any member of its Group) acts in a manner materially inconsistent with the BPPs (i.e. A Material Breach); or
- ii. the Sightholder (or any member of its Group) acts in a manner inconsistent (but not materially so) with the BPPs and fails to remedy the default (if capable of remedy) within a reasonable period (not being less than 20, nor more than 30, business days) of being requested in writing by the De Beers Group to do so; or
- iii. the Sightholder (or any member of its Group) acts in a manner inconsistent (whether or not materially so) with the BPPs, whether or not such default is remedied in accordance with (ii) above more than three times during the term of the Sightholder's appointment.

### IMPLICATIONS FOR ROSY BLUE

As we are DTC Sightholders, we are contractually obliged to abide by the De Beers Best Practice Principles. Since 2005 we have been audited –desktop review on all our entities and on-site visits at certain entities - and have been found compliant to these standards. Further details will be given in this report.<sup>34</sup>

## 8.5

# Business Excellence Model

The Rio Tinto Diamonds' Business Excellence Model (BEM) has been developed in India in 2003 for the Diamond and Jewellery Industry based on the various National and International standards such as ISO 9000, ISO 14000, OHSAS 18001 etc. With these standards, Rio Tinto seeks to ensure standards, similar to their own, in the companies with which it works. The BEM provides assurance that the companies cutting Rio Tinto-supplied diamonds are meeting appropriate standards, which, in turn, allows retailers and customers to be similarly assured.

The BEM offers a set of management tools to enable organizations to improve their performance. It also enhances standards in the Indian diamond and jewellery industry in four key areas:

- Social responsibility
- Health and safety
- Quality management
- Environmental standards



The Rio Tinto Diamonds' Business Excellence Model does not purport to include required business provisions. Compliance with this standard does not itself confer immunity from legal obligations. Rigorous auditing of the BEM programme is undertaken by DNV, an international certification organization, which also provides comprehensive compliance testing once certification is awarded. Certification is offered to enable rough diamond manufacturers to improve international acceptance of their products and to increase their market share.

Intergold India Pvt. Ltd., an Indian entity of the Rosy Blue Group is participant in the BEM certification programme and is BEM compliant since 2005.<sup>35</sup>

## 8.6

# Wal-Mart

Wal-Mart's Ethical Standards vision is to source ethically through a socially responsible program. Wal-Mart wants to ensure that suppliers selling merchandise to Wal-Mart are manufacturing the products in a manner consistent with Wal-Mart's Standards for Suppliers.

The Standards for Suppliers encompass environmental, health, and safety issues; compensation; working hours; forced labour; child labour; discrimination; compliance with applicable national laws and regulations; and the right of inspection by Wal-Mart or Wal-Mart's designated third party audit firms. Factories are assessed as "Green" if no or low-risk violations are observed by the auditors.

Our factory in India, Intergold India Pvt. Ltd. that supplies Wal-Mart is assessed 'Green' compliant by the Wal-Mart auditors.



# Responsible Jewellery Council

In May 2005, a group of 14 organizations from a cross section of the diamond and gold jewellery business came together to form the Council for Responsible Jewellery Practices. These founding organizations were ABN AMRO, BHP Billiton Diamonds, Cartier (part of Richemont), World Jewellery Confederation, Diamond Trading Company (a De Beers Group company), Diarough, Jewelers of America, National Association of Goldsmiths (UK), Newmont Mining, Rio Tinto, Rosy Blue, Signet Group, Tiffany & Co., and Zale Corporation.

Since 2005, the Council's Membership has grown from 14 to more than 80 organizations committed to advancing responsible jewellery practices. In 2008, the trading name has changed into RJC, the Responsible Jewellery Council.

The Responsible Jewellery Council is an international not-for-profit organization established to reinforce consumer confidence in the jewellery supply chain by advancing responsible business practices throughout the industry from mine to retail.

The Council aims to build 'a community of confidence' across every step of the diamond and gold jewellery supply chain in all geographies, and among businesses large and small. It seeks to work with a wide range of stakeholders in defining and implementing responsible jewellery practices through the RJC's certification system.



The current Council Members are grouped into forums representing different parts of the diamond and gold jewellery supply chain. Council Members are committed to promoting responsible business practices in a transparent and accountable manner throughout the industry from mine to retail. Membership opportunity is open to all businesses and associations participating in the diamond and gold jewellery supply chain and / or engaged in activities that have a potential impact on consumer confidence in diamond or gold jewellery. Businesses that join the RJC and demonstrate that their business practices conform to RJC's common set of standards of responsible practice will have the benefit of recognition against an international certification system. All Commercial Members are working towards achieving RJC Certification since the documents have been released in December 2008.<sup>36</sup>

Rosy Blue is a founding Member and has been actively involved from the start both at Board and Committee levels.

This year we are participating in several pilot projects to implement the RJC standards in our entities.



# PRODUCT INTEGRITY AT ROSY BLUE



**Interview: Rajiv Jhaveri-Atul Jhaveri-Mayank Mehta-Raj Mehta -  
Members of the Group Executive Management**

**As Key Executives of the Rosy Blue Group - what is your view on your role in Rosy Blue's ethical business practices throughout the supply chain?**

## TRANSPARENCY AND TRACEABILITY

All players in the supply chain from exploration, through mining, trading, cutting and polishing, jewelry manufacturing to retail have a significant stake in this process. Accountability for what happens at each level is now spread throughout the supply chain. Since we are guardians of the reputation of our diamonds we take product integrity very seriously. **Transparency and traceability** whether it applies in a manufacturing centre or sales office are priorities.

**What are some of the steps you have taken to address your commitment to compliance in Product Integrity?**

## TRUSTED SUPPLIERS - KIMBERLEY PROCESS AND SYSTEM OF WARRANTIES

It starts of course with the sourcing of our diamonds: we work only with trusted suppliers. All rough diamonds that we buy are from Kimberley Process compliant countries. The Rosy Blue Group complies with the Kimberley Process on rough diamonds and the System of Warranties for polished diamonds.

## PRODUCT DISCLOSURE: ADDED VALUE TO THE DIAMONDS - TRUST

We have a responsibility towards all our customers. We ensure that we proactively and fully disclose product information. We believe our commitment to CSR compliance standards and conducting ethical business practices in all areas such as employment practices, health and safety and environmental standards adds value to the diamonds we sell: **Trust!**

**Do consumers reward companies that are committed to ethical business practices?**

Even though buying a diamond is often an emotional purchase, consumers are critical and they need to have confidence to make the decision. All players in the supply chain play a key role in building this trust and credibility. Our founding membership and commitment to RJC reflects this vision.





# 9 CSR Audits

## 9.1

### Internal CSR Audits by Global Corporate Affairs Department

#### DOCUMENTATION AND SUPPORTING DOCUMENTS REVIEW

Our documentation review concentrates on determining how well an entity is managing the different areas of compliance (business, social and environmental) and what systems are in place to monitor the implementation of the policies and procedures.

This review also allows us to pick up early indications of the areas on which the entity needs to focus.

From this data, we can determine the possible risks that exist within the process or system under review that may affect the level of compliance and how best we can manage through the use of internal controls.

The documentation and supporting documents of all entities have been reviewed since 2008 by the Global Corporate Affairs Department.

*"An organisation should be an organism to reap profits and make corporate behavior more responsible towards ethics, working conditions, environmental sustainability whereby making the world a better place to live"*

Sanjeev Kumar Mehta -  
Member of the Group Executive Management

*"Blue Diamonds Limited is an example of effective integration into the local community. It represents Rosy Blue's ethos - to exist in harmony with our local partners, who include first and foremost our employees, suppliers, the community at large and the country we work within.*

*We conduct our business as model corporate citizens with ethical, social and environmental responsibility that befits our Group's founding principles."*

Keshav Tahilramani -  
Member of the Group Executive Management  
Member of the Corporate Affairs Committee



2008 on-site visit Dubai entities

#### SCOPE OF WORK

- Appropriate identification and management of risks.
- Dissemination of accurate and reliable information in a timely manner.
- Ensuring that actions are in compliance with legislation and policies, standards and procedures
- Achievement of objectives through delivery against programs and plans.
- Fostering continuous improvement in the culture of the organization

## ON-SITE VISITS

Since 2007, we have conducted **13 pre-audits** at the locations. Pre-audit visits are carefully planned. Our entity on-site visits include interviews with management, staff and production workers, personal records verification (age documentation, payroll and production hours) and a site inspection.

At the end of the pre-audit visit we hold a feedback meeting with the executive management and the local CSR-AML compliance officer to summarize the audit results and possible recommendations.

If corrective actions are required, the Global Corporate Affairs Department will closely follow this up within a strict timeframe in coordination with the local CSR-AML compliance officer.

The information we have gathered on our CSR extranet is used in conjunction with other relevant data and supporting evidence from the on-site visit to prepare an internal audit report with all the significant findings for the Group Associates, Executive Management and the local CSR-AML compliance officer. The purpose of this audit report is to monitor the entity's progress with the implementation of agreed audit recommendations.



On-site visit South Africa

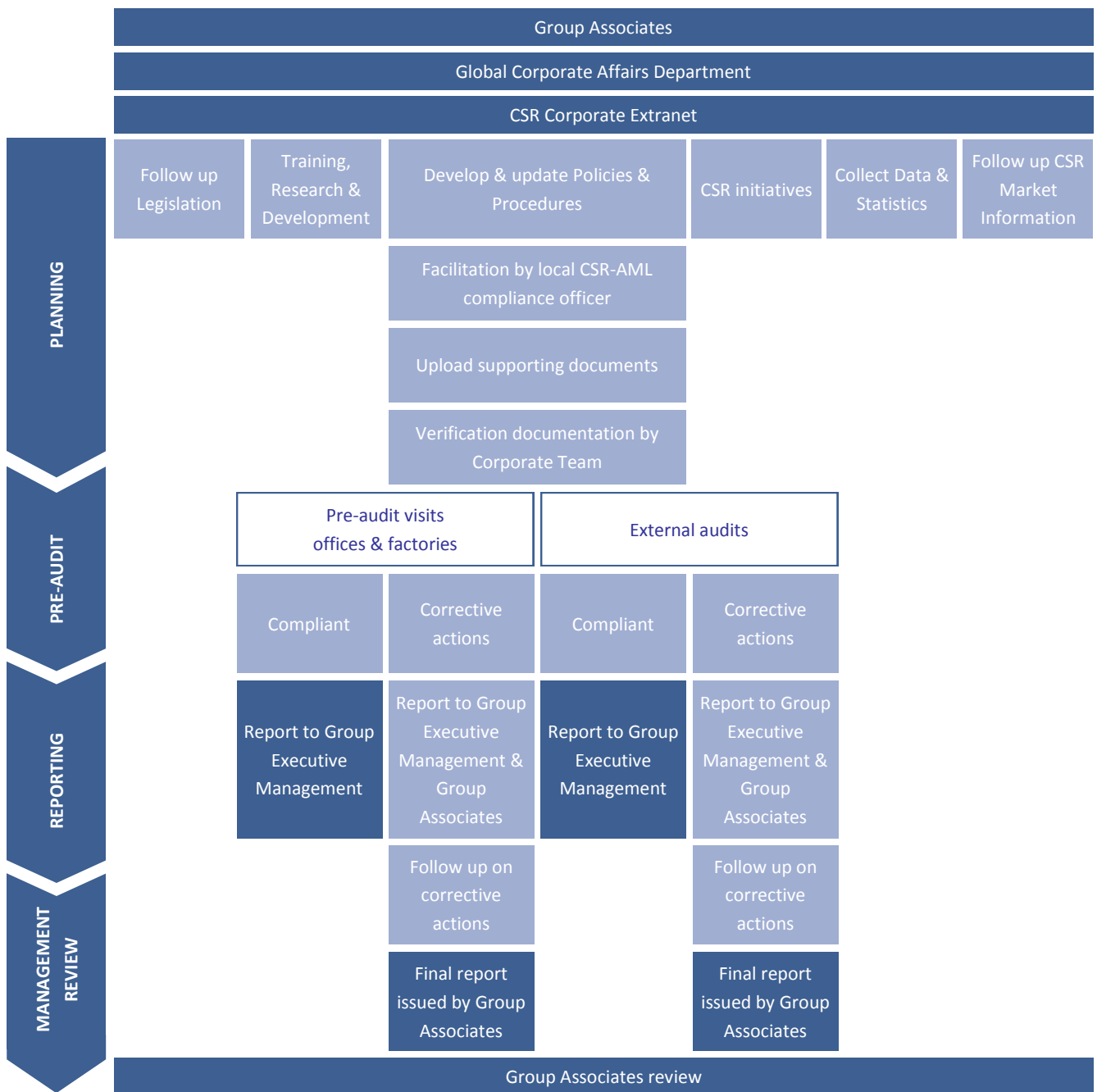


## ON-SITE INTERNAL AUDITS

- Company tour + checklist
- Process & procedure control
  - AML procedure
  - Know Your Customer procedure
  - Cash transactions procedure
  - Business records relevant to AML/CFT compliance
  - Kimberley Process and System of Warranties procedure
  - Declaration on invoices
  - Disclosure procedure
  - Procedure for contractors
  - Employment practices
  - Health & safety practices
  - Human rights practices
  - Open communication
  - Environmental practices
- Documentation review: supporting documents
- Interviews with management and staff
- Training records
- Conclusions
- Corrective Actions
- Follow up

	INTERNAL ON-SITE AUDITS	
	2007	2008
BELGIUM		
USA		
ARMENIA		
CHINA		
HONG KONG		
THAILAND		
SRI LANKA		
RUSSIA		
SOUTH AFRICA		
INDIA		
ISRAEL		
JAPAN		
UAE		

## ROSY BLUE INTERNAL CSR AUDIT REPORTING



### MAIN FOCUS OF PRE-AUDIT VISITS IN 2008:

- Ongoing implementation of all policies & procedures relevant to the compliance standards
- Training in all areas throughout all levels of the organization
- Extra focus on human rights, open communication and health & safety in the factories

## 9.2

# External CSR Audits

Since we are Signholders of the DTC, we have been working hard on the implementation of the Best Practice Principles throughout the Group. Since 2005, we have had desktop reviews and on-site visits by the third party auditor SGS. In 2008 we had 7 minor infringements <sup>(INF)</sup><sup>37</sup>.

Infringements of the BPP audits per country:

	CSR AUDITS EXTERNAL DESKTOP REVIEW			CSR AUDITS ON-SITE ASSESSMENT		
	2005/2006	2007	2008	2005/2006	2007	2008
BELGIUM		1 <sup>INF</sup>				
USA						
ARMENIA		5 <sup>INF</sup>				
CHINA						4 <sup>INF</sup>
HONG KONG						
THAILAND *						2 <sup>INF</sup>
SRI LANKA	1 <sup>INF</sup>	2 <sup>INF</sup>				
RUSSIA						
SOUTH AFRICA						
INDIA **	4 <sup>INF</sup>	4 <sup>INF</sup>			3 <sup>INF</sup>	
ISRAEL			1 <sup>INF</sup>			
JAPAN						
UAE						

\* = SA 8000 compliant since 2005

\*\* = BEM & Wal-Mart compliant since 2005

Main areas of improvement:

- Time registration
- Instructions how to use protective equipment
- Policies and procedures implementation

# 10 CSR in Action

## 10.1

## Workplace

Foster a working environment based on integrity, diversity & accountability

### ENGAGING ON HUMAN RIGHTS

We respect the ten principles of the Universal Declaration of Human Rights and we strive to ensure that human rights are respected by all entities.



Factory in China: Declaration of Human Rights



CEO statement for the 60th anniversary of the Universal Declaration of Human Rights by Baron Dilip Mehta and Amit Bhansali published in Financial Times 10 December 2008.

### CODE OF CONDUCT<sup>38</sup>

In 2008, the Rosy Blue Group revised the Code of Conduct. In addition to legal and compliance standards, our Code explains the standards of behavior throughout the group.

We expect all our people to implement this Code on a daily basis.

Our success depends on our integrity with each other, our customers and our many business partners.

#### ROSY BLUE GROUP CODE OF CONDUCT PROMOTES:

1. Human rights
2. Honest and ethical business conduct
3. Confidentiality and privacy
4. Appropriate use of company funds
5. Prompt internal reporting of any violations of this Code

<sup>38</sup> in 2009 the code of conduct was modified.

## DIVERSITY IN THE WORKPLACE

We employ over 10,000 people in 14 countries.

We have a **balanced workforce** in employment type: white and blue collar. Most of our jobs are in **manufacturing, polishing diamonds**, located in Asia.

The **traditional nature** of our industry is reflected in the high proportion of males employed, particularly in manufacturing operations, while women represent 25% of the total workforce.

At all locations, the majority of the employees come from the **local population**, typically reflecting its **ethnic diversity**. This inherently enhances our relationship with local communities.

## RESTRUCTURING

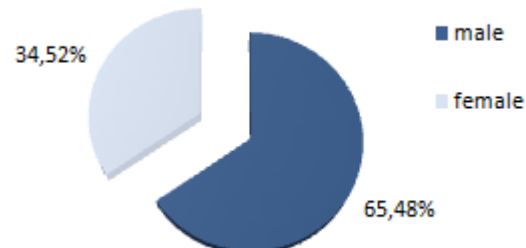
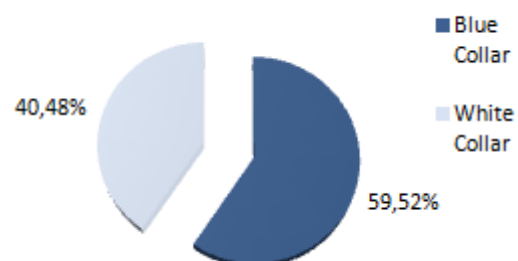
Against the backdrop of the recent economic developments and constantly changing industry, we need to adjust as economic and business conditions change. During 2008, we began a restructuring exercise that will adapt our workforce throughout 2009. The restructuring is managed in a responsible way and in line with the applicable legislation.

## POLICY FRAMEWORK

We realize the need for a policy framework. We have standardized different policies on the relevant compliance areas. This is an ongoing process. Our focus is to streamline all policies and procedures across the Group while respecting the diverse cultures and legal practices of the specific countries.

*"The Chinese economy is one of the fastest growing in the world and this can only bode well for the jewellery industry. However, as a developing country, awareness of initiatives such as CSR is less than in developed nations and Rosyblue, being a global company, must be responsible to implement ethical practices in our business and educate our employees, suppliers and customers of the same."*

Tonny He -  
Member of the Group Executive Management



Rosy Blue Group has the following policies in place to support its commitments to responsible business practices:

1. Business
  - i. Anti Money Laundering Policy
  - ii. Anti Corruption Standards Policy
  - iii. Kimberley Process and System of Warranties Policy
  - iv. Product Integrity and Disclosure Policy
2. Social
  - i. Employment Policy
  - ii. Health and Safety Policy
  - iii. Non-discrimination Policy
  - iv. Child Labour Policy
  - v. Forced Labour Policy
  - vi. Monitoring Policy
  - vii. Human Rights Policy
  - viii. Open communication policy
3. Environmental
  - i. Best environmental Practice Policy
  - ii. Sustainable Development Policy



## DIALOGUE

We aim to achieve a two-way dialogue with employees by listening to employee opinions and concerns while communicating our business strategy.

## OPEN COMMUNICATION

Being open with our people and making them feel involved in the business, is an important part of our culture. We are committed to ensuring that all Rosy Blue employees feel comfortable in giving their opinions and suggestions and raising concerns in confidence.

How are we putting this into practice? All employees can give feedback to the company at any time through various channels including their direct superiors, the human resources department, the CSR-AML compliance officers, and the suggestion box. In the training of compliance we clearly emphasize this important principle of employee engagement.



Since 2005 an annual internal strategic meeting is organized at the Antwerp office.

*We are committed to ensuring that all Rosy Blue employees feel comfortable in raising concerns and reporting violations in confidence.*



## CASE STUDY

**Interview with Francis Abraham - Member of the Corporate Affairs Committee**

**What activities do you organize to promote a positive company culture?**

We want to be a strong employer brand – a company that attracts the best people because it is a good place to work. Being open with our people, and making them feel involved in what we do, is an important part of our company culture. As the CSR - HR Manager India, I follow up closely with my COO and Executive Management, senior and middle management to understand how to go forward in people management and integrate this into our business strategy.

At Rosy Blue we have a tradition where our Executive Management informally meets the employees during the Auspicious Occasion of Diwali. Additionally, an annual get-together with family members is organized where all are encouraged to display their talents. On these occasions, exceptional performers are felicitated. We have a three-day annual sports event wherein all managers and employees participate and compete together.

**How do you manage suggestions of the employees? Have any suggestions been implemented in the past year?**

At Rosy Blue we have an open door policy where employees are encouraged to suggest areas of improvement in both work & employee development/well-being. We also have suggestion boxes kept at prominent locations, which are periodically checked. Occasionally we also have contest for best suggestions.

During the past year, based on the suggestions, Medical Camp was organized for all employees to identify their blood group and to detect serious ailment, if any.

## TRAINING AND DEVELOPMENT

Since January 2008, we have been developing the Rosy Blue Academy: a common training framework in place on our CSR extranet. This web site offers training manuals and relevant legislative overviews on the different compliance areas: business, social and environmental practices. We have been developing our extranet, to make it a comprehensive and useful resource. It provides easy access to all our people policies, as well as all materials relating to training and development.

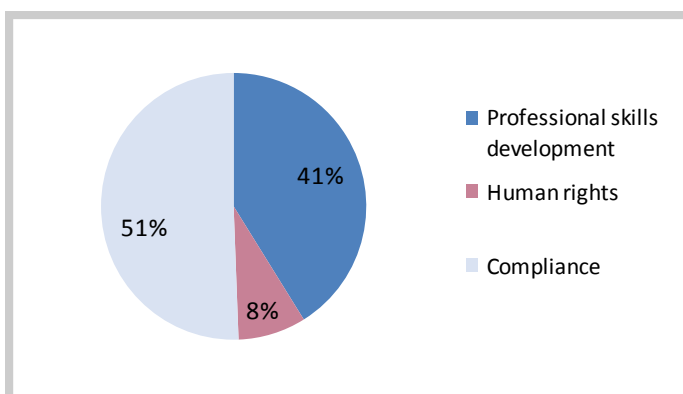
We have also set up a reporting system so we can monitor the registration and timing of all the trainings managed in all entities.

We also recognize the value of professional skills development. Apart from the CSR trainings, the local entities organize their own training sessions according to their needs, such as management development, on-the-job training, technical training, etc.

We will continue to commit resources to training and developing our employees throughout the organization.



### TOPICS GLOBAL TRAINING



**Rosy Blue Academy**  
Training Certificate

We hereby confirm that:

Name: \_\_\_\_\_  
Department: \_\_\_\_\_  
Company: \_\_\_\_\_  
Date: \_\_\_\_\_

Attended the **CSR Training session**

**Topics:**

- Code of Conduct
- Our commitment:
  - o Rosy Blue internal compliance model
  - o UN Global Compact
  - o Base Practices Principles
  - o Responsible (new) Practices (RJC)
- Business Ethics
  - o Bribery and facilitation payments
  - o Anti-Money Laundering
  - o Kimberley Process and System of Warranties
  - o Product disclosure
- Human Rights & Social Performance
  - o Oshara employment terms
  - o Human Rights
  - o Child Labor & Forced Labour
  - o Freedom of association and collective bargaining
  - o Discrimination
  - o Open communication policy for employees to raise concerns
  - o Health & Safety
  - o Our Environmental Commitment

\_\_\_\_\_  
COO

\_\_\_\_\_  
Director of Operations

\_\_\_\_\_  
Manager Operations (Shanghai)

\_\_\_\_\_  
Training Coordinator

## ROSY BLUE ACADEMY

Business	Social	Environment	Professional skills development
AML Anti Corruption standards Kimberley Process System of Warranties Disclosure Product Integrity Supply Chain Management	Employment standards Health & Safety Forced Labor Child Labor Ethical standards Non-discrimination Human Rights Open communication to raise concerns	Environmental Practices & Regulatory work	Induction Program Training IT Training Soft Skills Management Technical Training

## CASE STUDY



“We believe the time is right for our business in China to also evolve in CSR Best Practices. Compliance with business, social and environmental standards represent both opportunities and challenges in China, as elsewhere in the world. High employee participation is key to our successful and ongoing implementation of CSR. It clearly adds value to all our supervisors and workers. We are receiving constructive feedback and we will continue to go forward in this process.”

**Liu Yong - Member of the Group Executive Management**

### Interview with the Global Corporate Affairs Department during an on-site pre-audit visit to China

#### How did you manage the CSR compliance model in China?

We visited the factory regularly and worked closely with the Executive Management on managing compliance in a structured manner. Since January 2008 our Linyi factory also reports on our CSR Extranet. The on-site visits were very interesting because interaction with locals is essential to create commitment and support.

#### What were the priorities?

First of all, the labor law in China has changed: the PRC Labor Contract Law (the LC Law) and the Implementing Regulations of the PRC Labor Contract Law (the Implementing Regulations) became effective on 19 September 2008.

We implemented this new legislation with assistance of a local legal counsel<sup>39</sup>. We want to ensure compliance with the law. All workers received an updated contract and a copy of the labor regulations. This was a challenging task since there is confusion in the interpretation of the legislation on a national and local levels.

Another focus has been health & safety. We have always had a dedicated team that works on health and safety compliance. Now we structured it according to our corporate CSR model, the UN Global Compact standards and BPP.

#### How important was the role of training?

A lot of time was invested in training all the supervisors and workers on all the relevant compliance topics. We are proud to say that supervisors have played a key role in educating their staff. Top-down and bottom-up communication was very important. We prepared local manuals and organized workshops. We would talk to the local workers at random cross-departmental to see if they understood the principles and if we had to adjust the content of our training course.



#### Are there any initiatives on employee and social involvement?

Absolutely. In the factory, workers are very creative. Every year they organize a show for all the employees and their families, with singing, dancing and acting. In 2008, we celebrated the 10th anniversary of our factory. This festivity had a tremendous success.

As you know, in 2008 China suffered its worst earthquake in a generation. The factory as well as our staff made donations to the people of Wenchuan County, Sichuan province.



<sup>39</sup> E-bulletin Allen & Overy, February 2008: PRC Labour Contract Law

## CASE STUDY



"We at Rosy Blue Thailand are very proud of our achievements, from being the first diamond cutting factory in Thailand to be certified ISO 9001:2000 compliant and to be currently the **ONLY** diamond cutting factory in the world to be certified under the prestigious "social accountability international SA8000."

We can never claim to be successful as a company if we have ignored or failed in our social responsibility. With each employee's commitment, understanding and contribution we will continue with our vision to make a better world tomorrow" **Palitha Jayasekera**

### Interview with Palitha Jayasekera

Member of the Group Executive Management - Member of the Corporate Affairs Committee

#### How do you engage your employees?

We have a system of different committees, representing all the workers. They select projects and collect contributions by the management and workers and are continuously following up on the progress of the projects.

Suggestions of employees are very welcome and are all recorded and answered. Many suggestions have been implemented during the last year.

#### Are there any initiatives to assist employees in finding a balance at work and at home?

Our factory works to establish an internal environment that enables employees to work with enthusiasm and provides for their overall well-being. Each year, we organize a 'children's day' on the 2nd Saturday of January. The children of the workers are invited to visit their father/mother in their workplace to understand what they do. On a regular basis, festivities are taking place and we try to involve the families of the workers. We also have children's nursery on our site that is managed by a trained person in childcare to assist employees whenever they have no person to take care of their kids during work hours.

**"Did you know that Rosy Blue Diamond Co. is the only diamond cutting company in the world to be certified SA8000 compliant and the first diamond cutting company to be certified ISO9001:2000 compliant?"**

#### Can you give some of the important projects on social involvement that your entity supports?

First of all, we support an initiative to eradicate drug addiction by joining projects of H.R.H. Princess Ubonrat Rajkanya to involve youth in sports and other extracurricular activities. In this endeavor we were placed first in the northern region and runner-up for whole of Thailand.

Every year on the 31<sup>st</sup> of May, we organize a Tobacco-Free Youth day, when we select and counsel smokers to quit smoking. Our company also hosts the 'world anti drugs day' by joining with local government agencies and schools in order to have essay competitions in schools, aerobic exercise contest and other activities.

For the celebration of H.M. the King's birthday, we planted 60,000 trees.

We also donated several study, sports and agricultural items to rural schools in the provinces. Our employees regularly donate their blood to mark H.M. the Queen's birthday. We have built 2 rest areas opposite the factory for public and employees with a shelter from rain and cold.

We have helped to renovate houses belonging to underprivileged employees with contributions from our employees and the company. Scholarships are offered by our company to employee's children presented by the governor of Phitsanulok, Thailand. If any of our employees would like to plant mushrooms at home as a secondary income, we have nursery for mushrooms and we conduct classes called "the mushroom project."





### Foster a safe and healthy working environment

#### DAILY PRIORITY

We are committed to making Rosy Blue a safe and healthy place to work.

Every effort is made to ensure that the Rosy Blue Group conducts their business in a manner that will safeguard the health and safety of all our employees.

#### HEALTH AND SAFETY PROCESS

At Rosy Blue, all operating entities have a health and safety governance process in place. Each business operates according to a policy that is compliant with the legal framework. These policies detail responsibilities throughout the operation highlighting the fact that each Executive Manager has nominated a Health and Safety Manager to be responsible for health and safety performance of the entity.

In 2008, the total number of employees actively involved in health and safety worldwide is 202. This number represents the Health and Safety Managers, Health and Safety Officers and employees trained in fire drill and evacuation. This team with expertise works together to provide a safe working environment.



Antwerp fire drill: employee receives instructions from fireman

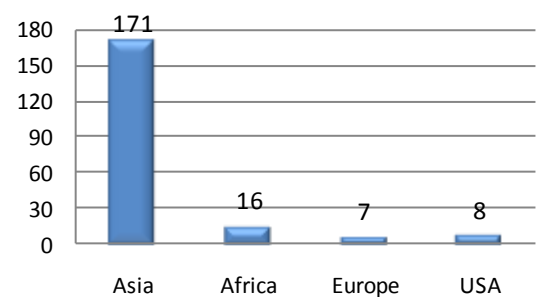
#### PERIODIC AUDIT

The health and safety team conducts periodic audits to identify and correct hazards. We require employees to report injuries and accidents promptly so that the health and safety team can investigate and take corrective action to prevent them from happening again.

#### Measurements in place:

- Policy on health and safety
- Appointed health and safety managers
- Dedicated health and safety teams
- Reports on occupational accidents, occupational diseases, standard injury rates
- Suitable fire alarms and fire safety devices
- Sufficient and appropriately placed and clearly marked emergency exits.
- Annual fire drills
- Personal protective equipment available where required
- All electrical and mechanical equipment safely installed and free from any health hazard.

#### NUMBER OF EMPLOYEES ACTIVELY INVOLVED IN H&S

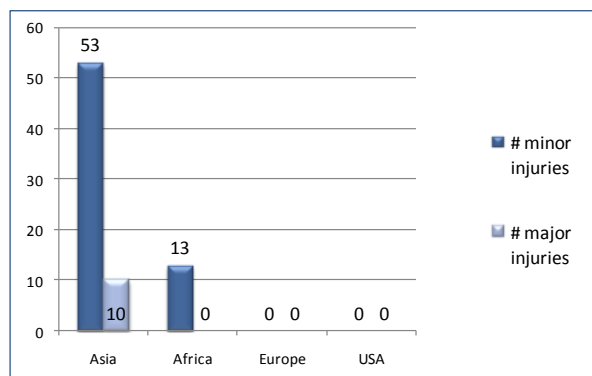


## OUR SAFETY RECORD

The annual review demonstrates that about 70 percent of our locations were accident free.

Our occupational accident rates vary by activity and region. It is clear that the risks of injuries in factories are much higher than in office premises. Most major injuries are related to sawing activities in the manufacturing of diamonds. In general, the level of risk is limited due to very strong preventive measures. Rosy Blue will continue to drive improvement in safety performance but manufacturing sites are definitely our priority.

## OVERVIEW MINOR AND MAJOR INJURIES



Based on total workforce  
Minor injury: on-site solved  
Major injury: hospitalized



Developing a culture of safety is an absolute MUST. Here, employees in South Africa have received their training certificates.



## PERSONAL PROTECTIVE EQUIPMENT

- Hairnets
- Mouth masks





We continue to strive towards zero accidents.



We regularly conduct fire and evacuation drills. If an accident occurs, then employees will know exactly what to do.

Fire drill exercise - Belgium



Billboard - Thailand



Nurse room - China

### Reduce and minimize the environmental footprint of our company

#### REDUCE - RECYCLE - REUSE

We are committed to minimize our environmental impact whether it is reducing the energy used to light our offices and factories or using recycled paper.

We expect full and complete compliance with all applicable environmental laws and regulations wherever we do business, but this is only the starting point.

We recognize that simply measuring our performance against legislation is not enough, and finding new ways to make a difference has become a priority for all our companies.

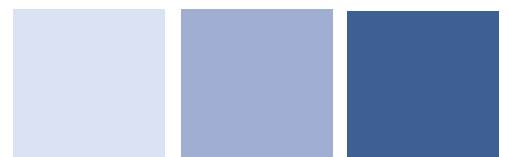
In 2008 our primary goals were to advance our efforts towards awareness and communication of our Environmental Policy. We are making progress in this area, but there is opportunity to improve performance further down in all our entities.

The Rosy Blue Group Environmental Policy encourages the pursuit of the following aims:

- To ensure our activities of legal requirements and standards for environmental best practice.
- To reduce the quantity of polluting substances discharged.
- To increase the use of environmentally acceptable materials, equipment and technology in place of those considered harmful.
- To train all our employees to identify and understand direct and indirect impact that facilities, operations, business practices, products and services may have on the environment. In other words that all employees understand that they have a responsibility towards the environment
- To ensure that all our business partners follow an acceptable environmental policy and to educate those who do not.

**Our main objective is to establish baseline performance measures and set goals for continuous improvement.**

All Rosy Blue staff are required to adhere to this policy and they are encouraged to implement an Environmental Management System. For 2009 we have asked our entities to submit an Environmental Management Plan that addresses air pollution and related issues, such as reducing the impact of noise, dust, water pollution and waste from its sites.



## AREAS IN ENVIRONMENTAL MANAGEMENT

### ENERGY

To ensure continuing awareness programs of the potential impact of generating greenhouse gases and set targets for the reduction of CO<sup>2</sup> equivalent emissions.

To monitor consumption of energy and energy management as an integral part of all our reporting.

### WATER

To strive for improved water and energy conservation in existing operations.

### AIR EMISSIONS

To minimize all emissions to the air of dust, gas, vapors or noise in accordance with the best prevailing industry practice.

### WASTE MINIMIZATION

To minimize the creation of waste in our operations and business activities. When reuse or recycling is not possible, dispose of waste should happen conscientiously and in the most environmentally responsible way possible.

To develop programs and facilities that promote this attitude.

To regularly review the need of the use of hazardous substances and monitor to insure that toxicity and volume are minimized.

### TRANSPORT AND PACKAGING

To minimize the environmental impact of logistics, taking into account factors as mode of transport, vehicle efficiency, fuel type, driving style and journey planning.

To encourage minimizing packaging . Recycled or recyclable materials should be used in packaging where feasible.

### OFFICE EQUIPMENT

To encourage use of recycled materials and environmental responsible office supplies.

To reduce printing to a minimum the Rosy Blue Group should gradually move forward to a “paperless office-factory”.

### ACCOUNTABILITY AND EVALUATION

To support, encourage and enable operating entities managers to implement these environmental policies.

To provide objective standards for measuring the environmental performance of individual business units as well as the Company as a whole.

To hold each entity accountable for performance and measurement results.

### COOPERATION

To encourage all our business partners to conduct business in an environmentally responsible manner.



## CASE STUDY

The awareness programme on Environment and Resources Protection has led to the employees becoming conscious to the cause resulting in significant savings on paper, energy, water etc. wherever possible.

For energy conservation they have replaced all conventional lighting systems and are using energy efficient lighting systems. In addition to the above, the employees consciously switch off lights, air conditioners, computers, printers, fax machines etc. during lunch times and break times. Additionally minimum printing is encouraged and wherever possible papers are placed to reuse.

Periodically tests are conducted to check air/water quality, noise, effluents and other wastes as prescribed under law. It is ensured that proper disposal system as per the prescribed standards are followed.



Rosy Blue has funded the planting of 60,000 trees in Thailand



Paper usage is a big part of our business, e.g.parcel paper for our diamonds, use the backside of old prints for printing new internal documents or use it as scrap paper. We are constantly looking for ways to use less and to use paper with recycled content.





## Participative social contribution based on our core values

*“We have a responsibility to contribute positively to the communities in which we operate.*

*We are committed to a diverse range of projects and initiatives”*

The success of our family business, founded by Arunkumar Mehta and Bhanuchandra Bhansali, is based on strong family values.

All generations learn their lesson in family responsibilities. It is important that we realize that we are fortunate but that we should never forget our humble roots and our main values: **Diversity, Integrity & Accountability.**

These principles have been and continue to be the key pillars of our company. We strongly believe that Rosy Blue's customers and suppliers have maintained their relationships with us partly because of our uncompromising adherence to these core principles.

We also understand the value of money to those who are in need. Over the past 45+ years, our family has evolved from a very modest beginning to a multinational corporation.

Value for what we have, must be at the core of our thinking. Reflecting over our past, we always focused on our family. Thereafter, we prospered and looked at communities, our town, state and country. Today, we look far beyond, at the whole world, as our work place.

“Family unity underpins our continued commitment to society, as well as our commercial success in the last 45+ years. The younger generation is buying into the philosophy of united approach to prosperity and responsible citizenship. We are therefore confident that our family will continue to contribute to society as we have done so till now.” **Group Associates Rosy Blue Group**

**Rosy Blue goals of sustainable development**

Originally, we focused on supporting social projects in India, in basics such as food and shelter.

Over the years we started to support **international** and **local initiatives** with the following **goals** in mind:

- **change children's lives** for the better through **healthcare, education**, and other facilities;
- support initiatives that contribute to the **economical well being and social development** of **communities** where we work and live;
- support activities that **empower underprivileged** to become **self** reliant through **education** and **training**;
- provide support to **Special Olympic athletes** around the world;
- provide donations to **various philanthropic projects** based on the core values of our company.



#### PROJECT IN PALANPUR - GUJARAT

One project that is close to our heart is where we provide clothing, especially school uniforms, to underprivileged children in India. At the end of each year, we provide school uniforms to over 125,000 children, some of whom may have walked barefoot for 10 km to one of the distribution points. It is an important project because these children feel encouraged to attend and stay in school so that they can receive the education that is in many ways a prerequisite to become self reliant. It sends a strong message, in a positive manner, that education is critically important, not just for them but for our collective future.





## CASE STUDY

Rosy Blue strives to be a good corporate citizen.

### WE ARE COMMITTED TO ENSURE A BETTER QUALITY OF LIFE FOR FUTURE GENERATIONS

The project 'Day of Diversity'<sup>40</sup> motivated, involved and inspired youngsters in Antwerp from different backgrounds (the future generation) that positive behavior is recognized and that the OK generation does exist.



More than 200 young children from diverse backgrounds were present that day to play basketball. Sports is a great way to motivate young people go forward, respect each other, respect diversity and respect integration.



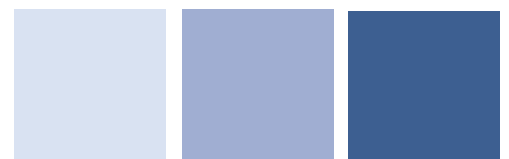
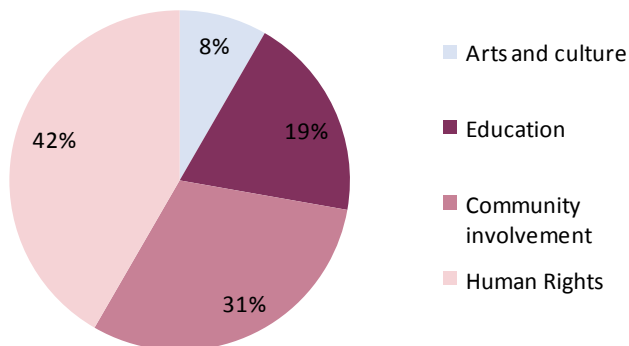
<sup>40</sup> organized in September 2007 in coordination with the Antwerp World Diamond Center

## Contributions<sup>41</sup>

- Jewelers for Children
- Special Olympics Belgium
- Jaan Foundation
- Middelheim and Aalst Hospitals
- Benevolent trust support in Sri Lanka for the factory workers
- Black Economic Empowerment supporter in South Africa
- African Children Feeding Scheme
- Iscon Food Relief Foundation: mid day meals project to provide nutritious food for children
- Szechwan Earth Quake Fund

- Smt. Sushilaben R. Mehta & Sir Kikabhai Premchand Cardiac Institute in Mumbai, India.
- Bhanuchandra Keshavlal Bhansali Trust
- Surat Nanav Seva Sangh: contribution towards cost of MRI Scan
- Saurashtra Medical Educational Charitable Trust: promoting medical & educational activities for economically backward classes in Saurashtra region
- Indian Association of Blind
- Shree Arbindo Institute of Medical science: for heart research for children
- Royal Museum of Fine Arts, Antwerp
- Victoria & Albert Museum, London

### PARTICIPATIVE SOCIAL CONTRIBUTIONS



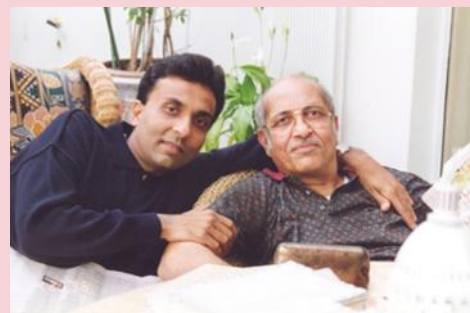
## CASE STUDY



GUJARAT  
INDIA

The ***Bhanuchandra Keshavlal Bhansali Trust***, known as the BKB Trust, was established on the 29<sup>th</sup> of January 1986 in Mumbai-India.

Bhanuchandra Bhansali, Co- Founder of Rosy Blue Group and his son Amit Bhansali; founders of the TRUST



### VISION:

- Create connections between people and communities in need
- Help build a better, sustainable future for underprivileged
- Promote community empowerment, educational equality and social justice
- Non-profit disaster relief and medical assistance organization, providing help and hope for all people.
- Promote Animal welfare programs to ensure animals receive proper care.
- Contribute to animal well-being practices

### FOOD AND HEALTHCARE

- Distribution of spices, sugar, rice, wheat and other grains
- Medical assistance is offered to the poor. From basic vaccinations to performing heart surgeries or whatever is necessary. Many eye-camps, are being held on different locations in Gujarat. About 10,000 people annually are helped by this initiative.



### DEDICATED TO HELPING STRAY, ABANDONED ANIMALS

- Every year about 3000-3500 animals are saved
- The Trust has been negotiating with the Gujarat government regarding the laws on how to save these unfortunate animals. The Trust also takes part in auctions where animals are sold for killing. For example, in 2008, 34 cows were bought in an auction to rescue them.
- In 2008 there was a decision taken by the courts in Mumbai regarding stray dogs; to capture and kill them. The Trust went in appeal for this decision and acquired a stay-order on it. BKB keeps camps for sterilizing the dogs so that the stray population cannot grow anymore.







## CASE STUDY

### Smt. Sushilaben R. Mehta & Sir Kikabhai Premchand Cardiac Institute in Mumbai, India.

*Total heart solutions...  
with complete human care...*

This hospital is named after Smt. Sushilaben Ramnikal Mehta, the mother of Mr. Arunkumar Mehta, Mrs. Kiran Kothari, Mr. Harshad Mehta and Mr. Dilip Mehta, and Sir Kirabhai Premchand, the original donor trust.

Smt. Sushilaben Ramnikal Mehta & Sir Kirabhai Premchand Cardiac Institute (SRMKPCI) is a unique hospital started in May 1999 under the pioneering and enterprising chairmanship of Mr. M.C. Shah, a well known city industrialist and philanthropist. In view of the rising incidence of heart diseases in population, he felt the need in the metropolis of Mumbai for a specialized heart hospital to render high quality and specialized care that patients with heart diseases require. With this vision, the Smt. Sushilaben Ramnikal Mehta & Sir Kirabhai Premchand Cardiac Institute was established.

In January 2006, the hospital introduced orthopedic services and in approximately 3 years the hospital has carved a niche for itself in this specialty too.

The Family Mehta has contributed in order to make it fully operational with modern equipment.

Today, it is a state-of-the-art hospital and about 240 operations are done at concessional rate or Pro Bono, depending on the patient's financial condition. In general, the average cost for a heart bypass surgery is €2000.



This amount is among the lowest in Mumbai. An average operation at a private hospital costs approximate €6000. The hospital has become a very reputable institute, and hence doctors are keen to be accredited for a reasonable fee.

In addition to the above, two percent of the gross income of the hospital is being spent for the allocated patients as per the directives of the High Court of Mumbai.

#### Operations done at concessional rate or Pro Bono from January 2008 until December 2008

Pro Bono operations	(56)
Concessional operations	(107)
Concessional angioplasties	(35)
Concessional angiographies	(41)



## Interview with Mrs. Ingrid Ceusters - President Special Olympics Belgium

### What is 'Special Olympics'<sup>41</sup> and where does it stand for?

Special Olympics is a global non-profit organization serving nearly 200 million people with intellectual disabilities, with a presence in about 200 countries worldwide. Through year-round sports training and competitions, Special Olympics empowers individuals with intellectual disabilities. Special Olympics often is the only place where they have an opportunity to participate in their communities and develop themselves. Many live lives of neglect and isolation, hidden away or socially excluded from full participation in schools or society. Special Olympics sports are a gateway to empowerment, competence, acceptance and joy.

When people see Special Olympics athletes in action, they see their humanity, their joy in competition, their pride and their potential, and they begin to believe in a different kind of world – a world in which everyone is respected and included.

Special Olympics Belgium participates annually in the national Special Olympics games that annually take place alternately in Wallonia, Brussels and Flanders. During Ascension weekend at the end of May, 2700 athletes, 1200 coaches and 1000 volunteers all come together for this unique sports happening.

Though ability level varies, everyone is welcome, and all grow, building athletic skills and character traits that help both on and off the field of competition. Confidence, self-esteem, teamwork are just some of the benefits of involvement in sports. For many athletes, Special Olympics is a path to empowerment, competence, acceptance, joy and friendship.

*"The Special Olympics values – **dignity, acceptance** and a **chance** to reach one's potential – are completely in line with our vision towards commitment to society. We feel that people with intellectual disabilities can and will succeed if given the opportunity. I can only reconfirm that our company **wants to make a difference to the Special Olympics athletes**. It is with great pride and honour that I accept the title of 'Ambassador of Special Olympics Belgium'." Amit Bhansali*



### What has Rosy Blue's involvement been?

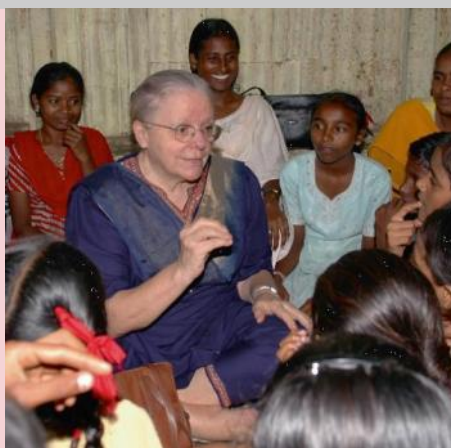
Since more than 6 years, Rosy Blue has been actively involved in supporting the Special Olympics Belgium. What makes the involvement so special is that it is not just financial support but active involvement from the entire Rosy Blue team. One of the highlights was the Fashion Show organized with

employees and athletes walking hand in hand on the catwalk. The athletes were the stars of the evening. I am very pleased to announce that, after 6 years of full commitment, we have named Mr. Amit Bhansali as Ambassador of Special Olympics Belgium.

### What are the challenges for you?

We continuously work hard to realize founder Eunice Kennedy Shriver's vision: to improve the lives of people with intellectual disabilities everywhere, and, in turn, transform the lives of everyone they touch – building a better, more accepting world for all of us.

In these difficult times, it's even more challenging to find funding. We trust that companies and individuals understand how important their contribution can be to realize the hopes and dreams of so many athletes.



## Rosy Blue Supports the JAAN FOUNDATION

### Giving hope and life to under-privileged children

Sister Jeanne Devos left Belgium for India in 1963 and worked with the physically challenged, deaf and autistic children and started numerous action groups. Thereafter she studied the issues and concerns of domestic workers and in 1985 founded the following groups in India:

- National Domestic Workers Movement
- Children in Domestic Work
- National Forum for Migrant Workers' Rights

The Jaan Foundation was started in 1999 by the then Consul-General of Belgium to India - Mr. Jan de Bruyne - as an initiative for closer ties between India and Belgium and greater solidarity between its people.

Jaan Foundation, of which Sister Jeanne Devos is the President, is an organization giving hope and life to under-privileged children. "JAAN", meaning "LIFE", aims at creating better life opportunities for handicapped children, for children in slavery, child workers and deprived children.

### Relief, Reconstruction, Rehabilitation, Recovery: Helping the women and children struck by the Tsunami in Andhra, Tamil Nadu and Kerala

The Foundation is also involved in relief help of the victims of the destructive Tsunami in South India. The death count in that region went up to 19.000 and another 40.000 are missing.

Those who suffer most were the fisher communities and the domestic workers.

In Tamil Nadu, Andhra, as well as in Kerala the Jaan Foundation are strongly involved at different levels:

- direct relief work in Chennai, Kanya Kumari, Quilon and Alleppy with distribution of food and water, medical aid and temporary shelter for women and especially for children;
- registration of children and adults searching for parents or children, facilitating the process to find back family and recover property
- rehabilitation work: most of the women and children until now lived from the sea only, it was their life. Now they are scared of the sea and perceive it as destroyer of life and future.



The Foundation realizes that the disaster will also be an opening for trafficking of women and children. They have started creating an alertness and awareness with collaboration of the victims, people with such high self-esteem and dignity.

For her future work, the Jaan foundation relies on continued support to link Belgium's interests in India with the possibilities for hope and life of under-privileged children.

Since B. Arunkumar was established in India and an office was opened in Antwerp in 1973- this foundation reflects the core values of the Rosy Blue Group and the connection India-Belgium.



# 11 Challenges Ahead

## CSR –Disseminating and enhancing CSR standards

### CSR IS A LONG-TERM ENDEAVOR

We believe that a company that acts in a socially responsible way is good for society and good for business. Without economic sustainability a business will not survive, but by ensuring a balance between its economic, social and environmental sustainability a business can flourish and ensure it values people, the environment as well as making a profit.

A key challenge facing our business and the Industry as a whole is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies.

Transparency and dialogue can help to make a business more trustworthy, and push up the standards of other organizations at the same time.

#### THE WAY FORWARD, NOW, IS TO:

- Start measuring the success of our Group's CSR and benchmarking this against other organizations, this will allow our business to continually improve their performances.
- Promote a vision of accountability to our stakeholders
- Uphold Global Compact Principles in all our Group entities
- Work closely together with all players in the Supply Chain from Mining to Retail to implement CSR and share knowledge and best practices.

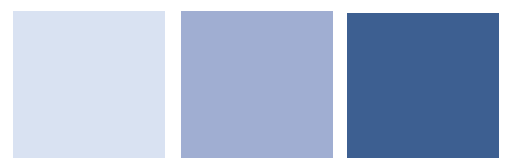
## BUSINESS PARTNERS - Suppliers - Contractors - Customers

### PARTNERSHIP IN SHARING CSR BEST PRACTICES

Partnership in sharing CSR Best Practices in the supply chain from Mining to Consumer is essential. Working together to continuously improve CSR performance will contribute to the success of the operations of our Industry. The implementation of the RJC standards throughout the Rosy Blue Group definitely reflects this commitment. Big Businesses should inspire smaller businesses and their supply chains to measure their own CSR performance.

#### A MAJOR CHALLENGE FOR OUR GROUP ARE THE CONTRACTORS:

- We need to take steps to ensure that the contractors conduct themselves in a socially responsible manner.
- We need to help them understand the importance and prepare toolkits to implement CSR practices within their organization.



## WORKPLACE- Foster a working environment based on integrity, diversity and accountability

### RETAIN TALENT AND EXCEL IN PEOPLE MANAGEMENT

Employees are increasingly looking beyond paycheck to find the right opportunity. They seek out employers whose philosophies and operating practices match their own principles.

We have to develop the right reward and motivation systems that encourage good CSR practices.

#### THE WAY FORWARD, NOW, IS TO CONTINUOUSLY MEASURE:

- Employee satisfaction
- Staff Turnover
- Sickness Absence
- Working Hours
- Equality & Diversity
- Training

## Health & Safety: Fostering a safe and healthy working environment

### CONTINUE TO STRIVE TOWARDS ULTIMATELY ZERO ACCIDENTS

We have to strive to ensure that all our businesses conduct their operations in a responsible manner that will safeguard the health and safety of our employees.

#### THE WAY FORWARD, NOW, IS TO CONTINUOUSLY MEASURE:

- Sickness Absence
- Injury rates
- Records of internal and external Health & Safety Audits

## Environment: Reduce and minimize the environmental footprint of our company

### REDUCE - RECYCLE - REUSE

We have to work hard to produce more environmentally-friendly facilities using processes throughout our operations that protect the existing environment and minimize our environmental impact.

- Adopt a precautionary approach to environmental challenges
- Promote greater environmental responsibilities
- Encourage environmentally friendly technologies.

#### THE WAY FORWARD, NOW, IS TO CONTINUOUSLY MEASURE:

- Energy use of our operations
- Paper use
- Water use
- Waste Management- chemicals use

## COMMUNITY: Participative social contribution based on our core values

### PARTNERING WITH PUBLIC, EDUCATIONAL AND NON-PROFIT ORGANIZATIONS

Through our community programs, we are partnering with public, educational and non-profit organizations to help address the many challenging issues affecting the communities where our employees live and work.

We take great pride in contributing to our community by making resources available to those in need of food, shelter and support services and we seek opportunities that enable people to become self-sufficient.

**THE WAY FORWARD IS** to create a formal system to monitor our projects and continuously evaluate the performance and impact on the communities

## We must work together with all our Stakeholders to achieve these challenges

Although we know that the Rosy Blue Group faces many CSR challenges ahead, step by step we are moving forward. We must work together with all our stakeholders to achieve the same goal.

We need to evolve to **SUSTAINABLE DEVELOPMENT**. In this increasingly complex world, all the efforts of the players small and large throughout the supply chain will determine our **COLLECTIVE SUCCESS** in achieving a more **SUSTAINABLE FUTURE**.

We welcome your feedback

[csr@rosyblue.com](mailto:csr@rosyblue.com)

# 12 Reporting Index

Section	Indicator	UNGC Principle	Chapter in Report	Page
<b>1. STRATEGY AND ANALYSIS</b>				
<b>1.1</b>	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.		Welcome	p4-9
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<b>2. ORGANIZATIONAL PROFILE</b>				
<b>2.1</b>	Name of the organization		Our Business at a Glance	p11-13
<b>2.2</b>	Primary brands, products, and/or services		Our Business at a Glance	p11-13
<b>2.3</b>	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures		Our Business at a Glance	p11-13
<b>2.4</b>	Location of organization's headquarters		Our Business at a Glance	p11-13
<b>2.5</b>	Number of countries where the organization operates, and names of countries with either major operations or that are relevant to the sustainability issues covered in the report		Our Business at a Glance	p11-13
<b>2.7</b>	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		Our Business at a Glance	p11-13
<b>3. REPORT PARAMETERS</b>				
<b>3.1</b>	Reporting period (e.g., fiscal/calendar year) for information provided		Welcome	p9
<b>3.2</b>	Date of most recent previous report (if any)		Welcome	p9
<b>3.3</b>	Reporting cycle (annual, biennial, etc.)		Welcome	p9
<b>3.4</b>	Contact point for questions regarding the report or its contents.		Welcome	p9
<b>3.5</b>	Process for defining report content, including: Determining materiality; Prioritizing topics ; and identifying stakeholders the organization expects to use the report.		Welcome	p37
<b>3.6</b>	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers,...)		Welcome	p13
<b>3.7</b>	State any specific limitations on the scope or boundary of the report		Welcome	p9
<b>3.10</b>	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (change of base years/periods, nature of business)		Welcome	p9
<b>3.11</b>	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		Welcome	p9
<b>3.12</b>	Table identifying the location of the Standard Disclosures in the report		Reporting Index	p74-75
<b>3.13</b>	Policy and current practice with regard to seeking external assurance for the report.		Message from the CEO	p6
<b>4. GOVERNANCE, COMMITMENT AND ENGAGEMENT</b>				
<b>4.1</b>	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight		Corporate Governance	p17-23
<b>4.2</b>	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).		Corporate Governance	p17-23
<b>4.3</b>	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members		Corporate Governance	p17-23
<b>4.4</b>	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		Corporate Governance	p17-23
<b>4.12</b>	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses		Our Commitment to Responsible Practices	p38-45
<b>4.14</b>	List of stakeholder groups engaged by the organization		Our Approach to CSR	p26-30
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Section	Indicator	UNGC Principle	Chapter in Report	P.
5. PERFORMANCE INDEX				
ECONOMIC PERFORMANCE INDICATORS.				
<b>EC7</b>	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	PRINCIPLE 6	CSR In Action	p51-70
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ENVIRONMENTAL PERFORMANCE INDICATORS.				
<b>EN7</b>	Initiatives to reduce indirect energy consumption and reductions achieved.	PRINCIPLE 8-9	CSR In Action	p60-62
LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS				
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<b>LA6</b>	Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs	PRINCIPLE 1	CSR In Action	p58
<b>LA7</b>	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	PRINCIPLE 1	CSR In Action	p58
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HUMAN RIGHTS PERFORMANCE INDICATORS.				
<b>HR3</b>	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	PRINCIPLE 1,2,3,7,8,9	CSR In Action	p54
SOCIETY PERFORMANCE INDICATORS.				
<b>SO1</b>	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting		CSR In Action	p63-70

# 13 Glossary

## A

### **AGS:**

The American Gem Society is an association dedicated to setting and maintaining the highest possible standards of business ethics and professionalism in the jewelry industry. Members are knowledgeable and credentialed experts in gems and jewelry. They adhere to the highest ethical and professional standards.

[www.americangemsociety.org/whoisamericangemsoci.htm](http://www.americangemsociety.org/whoisamericangemsoci.htm)

### **Alrosa:**

ALROSA Company Limited is a company in the field of diamond exploration, mining and sales of rough diamonds, and diamond manufacturing.

[eng.alrosa.ru](http://eng.alrosa.ru)

### **AML:**

Anti-money laundering (AML) is a term mainly used in the financial and legal industries to describe the legal controls that require financial institutions and other regulated entities to prevent or report money laundering activities.

### **AWDC:**

The Antwerp World Diamond Centre (AWDC) is the coordinating body and official representative of the diamond sector. It's an official organization, recognized internationally and acting as host, spokesperson and intermediary for the Belgian diamond community.

[www.awdc.be](http://www.awdc.be)

## B

### **BEM:**

Business Excellence Model is a set of management tools, developed by Rio Tinto to enable organizations to manage their business risks and improve their overall performance.

[www.riotintodiamonds.com/ENG/sales\\_marketing/business\\_excellence\\_model.asp](http://www.riotintodiamonds.com/ENG/sales_marketing/business_excellence_model.asp)

### **BHP Billiton:**

BHP Billiton is a significant, global resources company, formed from a merger between BHP and Billiton.

[www.bhpbilliton.com/bb/aboutUs/companyOverview.jsp](http://www.bhpbilliton.com/bb/aboutUs/companyOverview.jsp)

### **BIS Hallmarking:**

Bureau of Indian Standards (BIS) as the National Standards Body had laid down Indian Standards for gold and gold alloys, its purity and testing which are in line with International Standards. With the increasing Awareness of the Indian consumer and market demand and competitiveness in the domestic and export market by the jewellery trade, for the high value metal, of which India is the largest global consumer, Gold and Gold jewellery Certification is launched by BIS under the BIS Act 1986. The scheme is named as the BIS Certification Scheme for Hallmarking of Gold Jewellery. The Hallmarking of Gold Jewellery is proposed to be done on a voluntary basis.

[www.bis.org.in/cert/hallasscentre.htm](http://www.bis.org.in/cert/hallasscentre.htm)

### **BPP:**

The De Beers ethical code of conduct known as the Diamond Best Practice Principles (BPP) applies to the entire De Beers Family of Companies, all Diamond Trading Company Sightholders (clients) and certain third parties. All are required to use their best endeavours to ensure that the companies with which they work also comply with these standards. The Best Practice Principles set out various required standards of conduct with regards to three main areas: Business Responsibilities, Social Responsibilities and Environmental Responsibilities.

[www.debeersgroup.com/en/Sales-and-distribution/Best-Practice-Principles](http://www.debeersgroup.com/en/Sales-and-distribution/Best-Practice-Principles)



## C

### 4 C's:

After a stone has been cut, it is then polished and classified again, this time by its cut, color, clarity and carat weight, also known as the "Four Cs."

#### **Carat:**

This is a diamonds physical weight. One carat equals 1/5 gram and is subdivided into 100 cents – a diamond of 75 points weighs 0.75 ct.

Carat weight is the most objective of the diamonds 4Cs. It involves no estimates.

[www.agslab.com](http://www.agslab.com)

#### **Clarity:**

Inclusions are natural identifying characteristics appearing while diamonds are formed in the earth. They may look like tiny crystals, clouds or black carbon spots. They can be external or internal. The position of inclusions will affect the value of a diamond. Inclusions are ranked on a scale of perfection, known as clarity. This scale goes from F (flawless) to I (included) up to extremely included and is based from a magnification of 10x.

[www.agslab.com](http://www.agslab.com)

#### **Color:**

Diamonds are found in almost every color of the rainbow. The most popular ones are the white colored ones.

Diamonds are graded on a color scale which ranges from D to M and down. Color differences are very subtle and it is difficult to see the difference between a D and an E. The price varies a lot between the higher scale diamonds D-color to a J or K-color one. Nature has also created diamonds in intense shades of blue, green, pink, orange, yellow or the rarest of all – red. These are called "colored fancies" and are extremely rare and high in price.

[www.agslab.com](http://www.agslab.com)

#### **Cut:**

The cut is the only factor of a polished diamond's value that is controlled by human hands. There are many cuts but the most frequently used are: Brilliant cut, pear-shape, marquise, princess, emerald-cut and heart shape.

[www.agslab.com](http://www.agslab.com)

### **Coastal and inland mining:**

removal of overburden, such as sand and soil, to find diamonds

[www.debeersgroup.com/en/Exploration-and-mining/Mining-methods](http://www.debeersgroup.com/en/Exploration-and-mining/Mining-methods)

### **Conflict Diamonds:**

Rough diamonds used by rebel movements to finance wars against legitimate governments.

[www.kimberleyprocess.com](http://www.kimberleyprocess.com)

### **COP:**

Companies that participate in the UN Global Compact are required to produce an annual 'Communication on Progress'. A COP is a disclosure to stakeholders on progress made in implementing the ten principles of the UN Global Compact, and in supporting broad UN development goals.

[www.unglobalcompact.org/COP/index.html](http://www.unglobalcompact.org/COP/index.html)

### **CSR:**

Corporate Social Responsibility

### **CTF:**

Combating the finance of terrorism

## D

### **Diamonds:**

A natural mineral consisting essentially of pure carbon crystallized in the isometric (cubic) crystal system.

[www.agslab.com](http://www.agslab.com)

### **DTC:**

The Diamond Trading Company (DTC), part of the De Beers family of companies. They sort, value and sell around 40% (by value) of all the uncut diamonds in the World.

[www.dtc.com](http://www.dtc.com)

## E

### **Extranet:**

Global information management system

## G

### **GIA:**

The Gemological Institute of America is the world's foremost authority on diamonds, colored stones, and pearls. GIA exists to protect all purchasers of gemstones, by providing the education, laboratory services, research, and instruments needed to accurately and objectively determine gemstone quality.

[www.gia.edu](http://www.gia.edu)

### **GRI:**

The Global Reporting Initiative (GRI) is a multi-stakeholder governed institution collaborating to provide the world's most widely used standards for sustainability reporting. This framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.

[www.globalreporting.org/AboutGRI/WhoWeAre/](http://www.globalreporting.org/AboutGRI/WhoWeAre/)

## H

### **HRD**

Hoge Raad van Diamant

[www.hrdantwerp.be/content/hrd\\_antwerpen/about\\_hrd\\_antwerp.htm](http://www.hrdantwerp.be/content/hrd_antwerpen/about_hrd_antwerp.htm)

## I

### **IDMA**

International Diamond Manufacturers Association

[www.idma.net/](http://www.idma.net/)

### **IGI**

The International Gemological Institute International Gemological Institute (IGI) is the largest independent laboratory for grading and valuating diamonds and fine jewelry. IGI is the only international certification lab wholly owned and controlled by one central governing body, which ensures consistency in IGI reports across the globe.

[www.igi-usa.com/igi-about.htm](http://www.igi-usa.com/igi-about.htm)

### **ISO 9000**

The ISO 9000 family addresses "Quality management". This means what the organization does to fulfill: the customer's quality requirements, and applicable regulatory requirements, while aiming to enhance customer satisfaction, and achieve continual improvement of its performance in pursuit of these objectives.

[www.iso.org/iso/iso\\_catalogue/management\\_standards/iso\\_9000\\_iso\\_14000.htm](http://www.iso.org/iso/iso_catalogue/management_standards/iso_9000_iso_14000.htm)

## ISO 14000

The ISO 14000 family addresses “Environmental management”. This means what the organization does to: minimize harmful effects on the environment caused by its activities, and to achieve continual improvement of its environmental performance.

[www.iso.org/iso/iso\\_catalogue/management\\_standards/iso\\_9000\\_iso\\_14000.htm](http://www.iso.org/iso/iso_catalogue/management_standards/iso_9000_iso_14000.htm)

## K

### KP:

The Kimberley Process (KP) is a joint governments, industry and civil society initiative to stem the flow of conflict diamonds – rough diamonds used by rebel movements to finance wars against legitimate governments. The Kimberley Process Certification Scheme (KPCS) imposes extensive requirements on its members to enable them to certify shipments of rough diamonds as ‘conflict-free’. As of November 2008, the KP has 49 members, representing 75 countries, with the European Community and its Member States counting as an individual participant.

[www.kimberleyprocess.com/](http://www.kimberleyprocess.com/)

### KPI:

A Key Performance Indicator (KPI) is a measure against which a company’s key sustainability impacts can be quantified, helping business to define progress towards its goals.

## M

### Marine Mining:

Excavation of diamond from the seabed:

[www.debeersgroup.com/en/Exploration-and-mining/Mining-methods/](http://www.debeersgroup.com/en/Exploration-and-mining/Mining-methods/)

## O

### OHSAS 18001:

OHSAS 18001 is an Occupation Health and Safety Assessment Series for health and safety management systems. It is intended to help an organizations to control occupational health and safety risks. It was developed in response to widespread demand for a recognized standard against which to be certified and assessed

[www.ohsas-18001-occupational-health-and-safety.com/what.htm](http://www.ohsas-18001-occupational-health-and-safety.com/what.htm)

### Open pit Mining:

excavation to reach diamonds on the surface of the ground

[www.debeersgroup.com/en/Exploration-and-mining/Mining-methods/](http://www.debeersgroup.com/en/Exploration-and-mining/Mining-methods/)

## R

### Rio Tinto:

Rio Tinto is one of the world's leading mining and exploration companies. They find, mine and process the earth's mineral resources including aluminum, energy products, gold, diamonds.. Diamonds are an integral product group for Rio Tinto. Rio Tinto Diamonds continues to expend a significant proportion of its exploration budget in the search for world class diamond deposits and to grow its substantial investment in the diamond industry.

[www.riotintodiamonds.com/ENG/whoweare/rio\\_tinto\\_and\\_diamonds.asp](http://www.riotintodiamonds.com/ENG/whoweare/rio_tinto_and_diamonds.asp)

### RJC:

The Responsible Jewellery Council is an international not-for-profit organization, representing over 80 member companies across the gold and diamond jewellery supply chain. The RJC is committed to promoting responsible ethical, human rights, social and environmental practices in a transparent and accountable manner throughout the industry from mine to retail.

[www.responsiblejewellery.com](http://www.responsiblejewellery.com)

## S

### Securitization

Securitization is a structured finance process in which assets, receivables or financial instruments are acquired, and offered as collateral for third-party investment, that is guaranteed by the cash flows and/or economical value of these assets.

### Simulant Diamond

Any object or product used to imitate the appearance of a diamond, or some of its properties, which does not meet the definition of a diamond. Unlike a synthetic diamond, which has the same chemical composition and crystal structure as a natural diamond, simulants (also known as imitations) merely imitate the gem's appearance. Simulants can either be created in a factory or occur naturally.

[www.agslab.com](http://www.agslab.com)

### SoW:

The System of Warranties guarantees that dealers, manufacturers and retailers, all passing on assurances that polished diamonds, either loose or contained in jewelry, began their journey free from associations with conflict. All members of the trade who provide such assurances have promised to keep records of their diamonds' clean roots.

### SGS:

Société Generale de Surveillance (SGS) is a leading company in auditing, inspection, verification, testing and certification, that provides inspection, testing, certification & verification services to ensure that products, services & systems meet quality, safety & performance.

[www.sgs.com/about\\_sgs/in\\_brief.htm](http://www.sgs.com/about_sgs/in_brief.htm)

### Sightholder:

A Sightholder is a company on the Diamond Trading Company's (DTC) list of authorized bulk purchasers of rough diamonds.

[www.dtc-sightholderdirectory.com/Sightholder/disclaimer.aspx](http://www.dtc-sightholderdirectory.com/Sightholder/disclaimer.aspx)

## T

### Synthetic Diamonds:

Synthetic diamonds are grown in a laboratory and have essentially the same chemical composition and crystal structure as natural diamonds formed millions of years ago.

## U

### Treated Diamonds::

Any treatment, other than by cutting, polishing and cleaning, has occurred to change the diamonds appearance by coating, filling, heating, dyeing, or any other physical or chemical treatment.

### Underground Mining:

Excavation up to, and in some instances, over 1km below ground

[www.debeersgroup.com/en/Exploration-and-mining/Mining-methods/](http://www.debeersgroup.com/en/Exploration-and-mining/Mining-methods/)

### UNGC:

The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

[www.unglobalcompact.org/AboutTheGC/index.html](http://www.unglobalcompact.org/AboutTheGC/index.html)

### WFDB:

The WFDB is a federation of diamond bourses, in which the individual bourses maintain their autonomy in all internal matters.

[www.wfdb.com](http://www.wfdb.com)

# 14 More Information – Links

American Society - International Environmental Law  
[www.asil.org/resource/env1.htm](http://www.asil.org/resource/env1.htm)

AML practice notes  
[www.lawsociety.org.uk/productsandservices/practicenotes/aml/450.article](http://www.lawsociety.org.uk/productsandservices/practicenotes/aml/450.article)

Asian Development Bank  
[www.adb.org/default.asp](http://www.adb.org/default.asp)

BPP Extranet  
[www.dtcbpp.com](http://www.dtcbpp.com)

Centre for International Environmental Law  
[www.ciel.org](http://www.ciel.org)

Diamond Facts  
[www.diamondfacts.org](http://www.diamondfacts.org)

Diamond Intelligence Briefs  
[www.diamondintelligence.com](http://www.diamondintelligence.com)

EISEL - Search Engine on International Law  
[www.eisil.org/index.php?sid=490029851&cat=0](http://www.eisil.org/index.php?sid=490029851&cat=0)

FATF - 40 Recommendations on AML  
[www.fatf-gafi.org/document/28/0,3343,en\\_32250379\\_32236920\\_33988956\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/document/28/0,3343,en_32250379_32236920_33988956_1_1_1_1,00.html)

Financial Action Task Force  
[www.fatf-gafi.org/pages/0,2987,en\\_32250379\\_32235720\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/pages/0,2987,en_32250379_32235720_1_1_1_1,00.html)

Idex Online  
[www.idexonline.com/index.asp](http://www.idexonline.com/index.asp)

ISO - International Organization for Standardization  
[www.iso.org/iso/home.htm](http://www.iso.org/iso/home.htm)

Jewelers Vigilance Committee  
[www.jvclegal.org](http://www.jvclegal.org)

Kimberley Process  
[www.kimberleyprocess.com](http://www.kimberleyprocess.com)

Mineweb  
[www.mineweb.com/mineweb/view/mineweb/en/page1?](http://www.mineweb.com/mineweb/view/mineweb/en/page1?)



Mining Life

[www.mininglife.com/news/Diamond\\_mining\\_news.asp](http://www.mininglife.com/news/Diamond_mining_news.asp)

OECD - Ethical principles on global business

[www.oecd.org/document/48/0,3343,en\\_2649\\_34487\\_42181872\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/48/0,3343,en_2649_34487_42181872_1_1_1_1,00.html)

Rapaport Net

[www.diamonds.net](http://www.diamonds.net)

RJC: Responsible Jewellery Practices

[www.responsiblejewellery.com](http://www.responsiblejewellery.com)

Rosy Blue Global Website

[www.rosyblue.com](http://www.rosyblue.com)

UN - AML Info

[www.unodc.org/unodc/en/money-laundering/index.html](http://www.unodc.org/unodc/en/money-laundering/index.html)

Universal Declaration of Human Rights

[www.unhchr.ch/udhr/index.htm](http://www.unhchr.ch/udhr/index.htm)

UN - Environmental Convention

[www.unece.org/env/pp/treatytext.htm](http://www.unece.org/env/pp/treatytext.htm)

UN - Internal Labour Organization

[www.ilo.org/declaration/lang--en/index.htm](http://www.ilo.org/declaration/lang--en/index.htm)

UN - The Rio Declaration on Environment and Development

[www.un.org/esa/sustdev/documents/agenda21/index.htm](http://www.un.org/esa/sustdev/documents/agenda21/index.htm)

UN - The United Nations Convention Against Corruption

[www.unodc.org/unodc/en/treaties/CAC/index.html](http://www.unodc.org/unodc/en/treaties/CAC/index.html)

UN - The Universal Declaration on Human Rights

[www.un.org/Overview/rights.html](http://www.un.org/Overview/rights.html)

World Conservation Union

[www.iucn.org/themes/law](http://www.iucn.org/themes/law)

World Diamond Council

[www.worlddiamondcouncil.com](http://www.worlddiamondcouncil.com)

World Legal Information Institute

[www.worldlii.org](http://www.worldlii.org)

# 15 Contact Information

## For more information:

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## We welcome your feedback:

E-mail: [csr@rosyblue.com](mailto:csr@rosyblue.com)

