

## Report to Society

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# Scope of the report

This is the third Sustainability Report of the Rosy Blue business alliance.

## Reporting Scope

The Rosy Blue Business Alliance is composed of:

- Rosy Blue (India) Pvt Ltd and its subsidiaries in India, the USA and Hong Kong, covering 22 entities, hereafter called Rosy Blue (I) (Rosy Blue India)
- Rosy Blue Investments Sàrl and its subsidiaries in 13 countries, covering 28 entities, hereafter called Rosy Blue (NI) (Rosy Blue Non-India)

Rosy Blue (I) and Rosy Blue (NI) are legally independent from one another and constitute the Rosy Blue Business Alliance that adheres to the principles as set by the Rosy Blue Brand Council.

Rosy Blue is a common trade name used by a network of business alliance entities, which are distinct, privately owned and independently managed.

This report provides detailed information on the specific performance of the Rosy Blue Business Alliance.

Scope of data in all material areas is indicated under each item.

## Reporting Principles

This report refers to the G3.1 guidelines of GRI (Global Reporting Initiative) that includes profile disclosure and performance indicators regarding economy, society and environment. In addition, it is prepared with reference to ISO26000 guidance and serves as COP report for the 10 principles of the UN Global Compact.

We have self-assessed our reporting to be Application Level C. Our application level has been externally checked by CAP conseil to reach Level C+.

## Reporting Period

Our last report came out in 2010, covering the period of 2009.

This report covers the period from January 1 2010 to June 30 2011. It also contains information up to November 1 2011 where relevant. For quantitative measures of performance, the report includes data since 2009 to help readers identifying trends and year-on-year comparisons.

The next report will come out in March 2013 and will cover the Q3 and Q4 of 2011 and the full year of 2012.

## Reporting Procedure

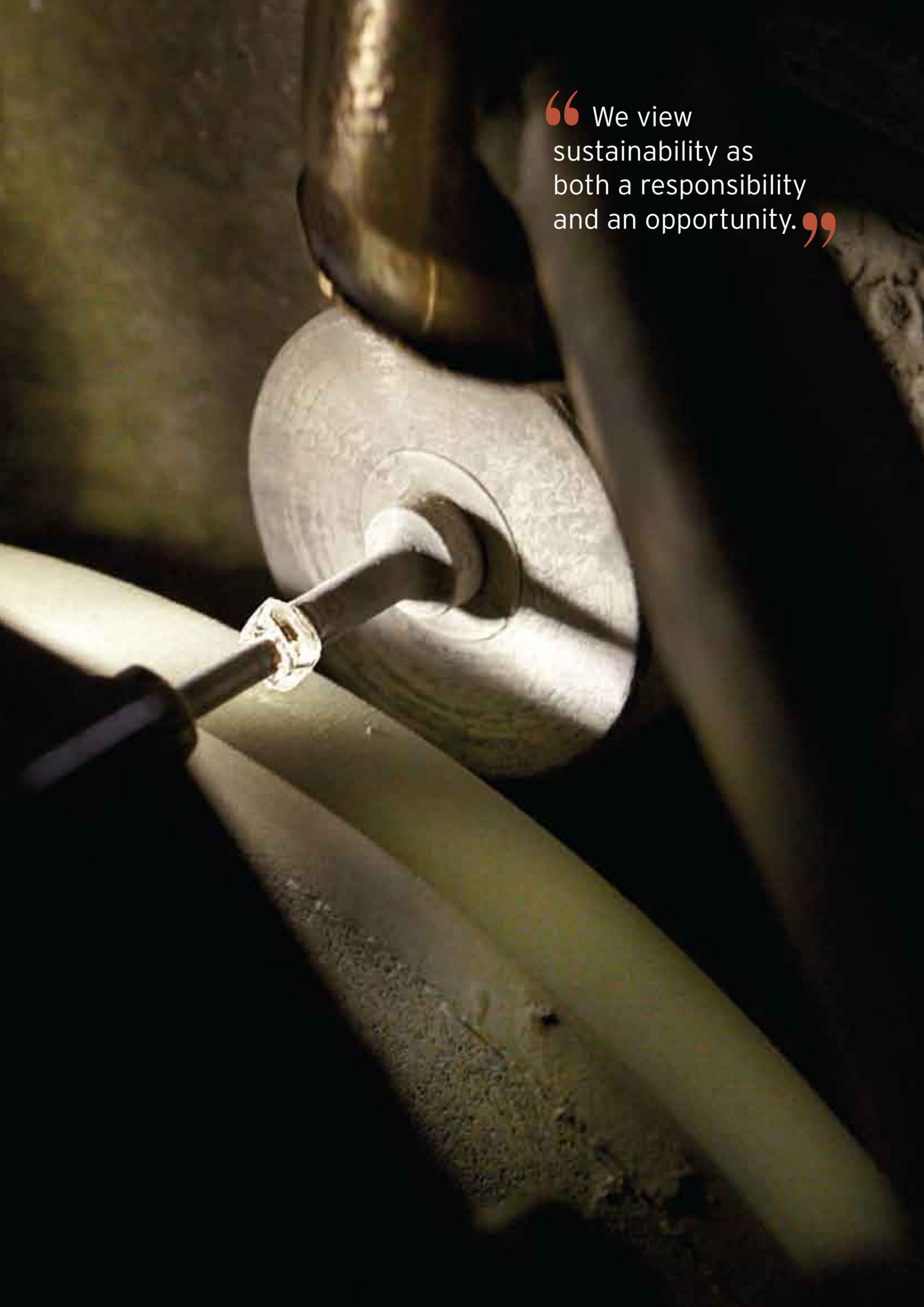
In preparation of this report, a task force team was organised consisting of staff from all pertinent departments to analyse our sustainability roadmap including stakeholder opinions on the business alliance. Based on the analysis results, material priorities were identified for this report in the following areas:

- Human rights
- Workplace
- Product integrity
- Environment
- Community empowerment

To ensure the credibility of the report content on social audit results, this report has received third party assurance. The assurance statement is on page 135.

For further details on this report, please visit [www.rosyblue.com](http://www.rosyblue.com)





“ We view sustainability as both a responsibility and an opportunity.”

# Foreword

## Message from Amit Bhansali

Diamonds have always held a unique position in the minds of consumers. No other gem is as universally revered around the globe as a symbol of love and achievement, and no other product has such a powerful symbolic hold on our consumers' imaginations.

But although a diamond may be forever, its attractiveness to the potential diamond jewellery purchaser can only ever be as strong as the promise it offers. Maintaining consumer confidence in the integrity of the diamond is essential in ensuring that diamonds continue to remain a powerful and symbolic emblem of desire for generations to come.

Part of this involves creating strong desire through marketing, but of more importance is the need to maintain a strong sense of ethical integrity throughout the diamond pipeline as well as putting in place a robust process to regulate it. Different social, ethical and environmental issues arise along the diamond pipeline and the industry has developed a series of measures which taken together form an ethical 'shield', protecting the integrity of nature's most precious gift and ensuring that the diamond will continue to occupy its place as one of the world's most desired products.

Rosy Blue is at the forefront of this drive to maintain confidence in the integrity of the diamond. Our mission and our values help us achieve our goals. This also applies to our commitment to sustainability, for which we have set ambitious new targets to be achieved by 2016. These targets ensure the enhanced integration of sustainability into our business activities.

We aim to reconcile economic growth with environmental and social responsibility. Our founding membership to the Responsible Jewellery Council and our participation to the UN Global Compact reflects this vision. Since 2011, Rosy Blue is member of Global Compact LEAD: a new and exclusive leadership platform launched at the

World Economic Forum in Davos by HE Secretary General Ban Ki-Moon. By joining this sustainability leadership initiative, Rosy Blue commits to take sustainability leadership to the next level. With great pleasure we can announce the RJC Certification of Rosy Blue NV and its affiliates and associate, reflecting 28 legal entities in 13 countries. My great appreciation goes to all the Management Boards, the CSR Advisory Board, the CSR committee and all the local CSR experts who contributed to this excellent performance.

In this report, we present a wide range of examples of how and where our work enhances sustainability. It also includes our challenges and the way forward. As we continue our transformation efforts and accelerate growth, we are guided by our focus on sustainability for the next generation; for both our businesses and society.

Looking forward to your feedback.

**Amit Bhansali**

Member, Rosy Blue Brand Council





“ Ultimately we will only succeed if we inspire all the players within the diamond, gold and jewellery chain to take the small, everyday actions that add up to a big difference, actions that will enable us all to live more sustainably. ”



## Message from Francis Abraham

This is an exciting time for Rosy Blue India, as our company is well positioned to realise the benefits of the best practices and lessons learned from the Responsible Jewellery Council (RJC) certification process and experiences achieved by our business alliance entities. Notably in 2011, Rosy Blue India became a member of the Responsible Jewellery Council. By participating in this initiative, Rosy Blue India is adding another dimension of accountability that exemplifies our dedication to corporate social responsibility.

We understand that Corporate Social Responsibility (CSR) is inextricably linked to our financial performance and the health and well-being of the communities where we live, work and serve. Moreover, our shared set of core values of Diversity, Accountability and Integrity continue to guide our actions and decisions to build healthy and sustainable communities, which are as relevant today as they were when we created them over 50 years ago.

At the same time, we remain passionate about our commitment to our suppliers, customers, team members and to our stakeholders. As clearly indicated in the scope of this report, Rosy Blue India has further adhered to the Best Practice Principles of De Beers and has had excellent results in 2010.

I am pleased to inform you that a new company, Rosy Blue Foundation, was incorporated on 30th September, 2010 as a non-profit making organisation, registered under Section 25 of the Companies Act, 1956, and that it has been granted the Income Tax Exemption Certificate under Section 80-G of Income Tax Act, 1961. This Company has been formed to do charitable activities on a no-profit no-loss basis with a basic objective to serve the community in general without any distinction of caste, colour or creed. Primarily it will focus on;

- The health, education, social and economic welfare of the less privileged in our society.
- Promoting and assisting in the development of infrastructure and all other basic necessities in areas affected by disasters.

Most of our CSR initiatives will be channelled through the Rosy Blue Foundation.

Looking ahead, we remain committed to continuing to integrate CSR into our business activities. We are working diligently to ensure we operate in a way that considers the economic, social and environmental impact of our business decisions and operations for the benefit of our customers, team members, investors and local communities.

Delivering these commitments will not be easy. To achieve them we will have to work in partnership with the government, other NGO's, suppliers, contractors and other stakeholders to address a sustainable value chain. Ultimately we will only succeed if we inspire all the players within the diamond, gold and jewellery chain to take the small, everyday actions that add up to a big difference— actions that will enable us all to live more sustainably.

**Francis Abraham**  
Member CSR Committee

## Message from the Management Boards of the Rosy Blue Business Alliance

Our vision is to be a leader in the diamond and jewellery industry, providing products and services that are unrivalled in quality.

We recognise that we will need to make long strides and give a remarkable effort to fulfil our vision.

As the key to our vision, we will adhere to the 10 principles of the United Nations Global Compact and the Responsible Jewellery Council's Code of Practices.

Today, we are further developing this customer-focused approach to fulfil our role as a corporate citizen, create shared value and achieve further sustainable growth.

### UN Global Compact principles

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** Make sure that they are not complicit in human rights abuses.
- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** The elimination of all forms of forced and compulsory labour;
- **Principle 5:** The effective abolition of child labour;
- **Principle 6:** The elimination of discrimination in respect of employment and occupation.
- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** Undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.
- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.



“We strive to be a corporate citizen in everything we do.”

Members Management Boards

## Members of the Management Boards of the Rosy Blue Business Alliance



Aashish Jhaveri



AkshayKumar Sharma



Amar Kothari



Amit Bhansali



Anish Parikh



Atul Jhaveri



Birain Parikh



David Maier



Dilip Mehta



Dipu Mehta



Druv Shah



Edgar Hovhannysian



Francis Abraham



Harshad Mehta



Hitesh Mehta



Karl French



Kunal Mehta



Liu Yong



Maulik Shah



Mayank Mehta



M. Gunawardena



M.K.M. Shah



Mihir Chodhari



Nikolay Budanov



Nimish Jhaveri



Nirav Dalal



Palitha Jayasekera



Parag Parikh



Philip Trott



Rajesh Jhaveri



Rajesh Mehta



Rajiv Jhaveri



Rajkumar Mehta



Ravi Bhansali



Rihen Mehta



Romil Kothari



Russell Mehta



Sameer Jhaveri



Samir Parikh



Sanjay Mehta



Sanjay Shah



Shyam Jagirdar



Siddharth Kothari



Somen Das



Subhash Mathur



Sumeen Mehta



Tarun Patwa



Tonny He



Vijay Jain



Vishal Mehta



Viraj Mehta



W. Fernando



# Interview with Dilip Mehta

## What does sustainability mean for the Rosy Blue business alliance?

The diamond business has and will continue to be an industry based on relationships. The sustainability of our company is based on the continued relationships with our employees, our suppliers and customers. We strive to develop and empower our people to be able to establish these enduring relationships.

Sustainability for us lies in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing the needs and challenges of the communities we operate in. We need to balance the creation of reserved resources for future generations and the shared benefit to society.

A diamond is a natural product and a gift of nature. It is not a commodity like oil or gas that fulfills basic needs in society. The journey that every diamond takes began some 3.3 billion years ago when, more than 400km below the earth's crust, a furnace of intense heat and pressure crystalized carbon atoms into diamonds. Over billions of years, the diamonds worked their way to the surface.

From ancient India to the other side of the world and across all generations, diamonds have become part of a cultural heritage embracing love and emotion. Globally, women including American, European, Japanese, and, increasingly, Chinese women expect the 'traditional' gift of a diamond engagement ring as a 'must have'.

Given the eternal value of a diamond ('A diamond is forever') it passes from generation to generation. The current diamond resources will not last beyond the next 25 years. However new sourcing will allow the new generations to be part of this wonderful gift of nature. What is important for all the players within our supply chain from mining to retail is to create shared value to society.

With the global population reaching 7 billion (with the fastest growth in Asia and Africa), just 13 years after passing the 6 billion mile stone, we are all triggered and concerned over the availability of natural resources and efforts to achieve the millennium development goals related to health, poverty and education. We need to continue to rethink our business model. So when I speak about creating shared value, I do not mean the redistribution approach. It is about expanding the total pool of economic and social value, creating an inclusive model that includes all the players wherever they are.



**Dilip Mehta**  
Member Rosy Blue Brand Council

## How has the business model evolved from a small workshop in Mumbai to a new international business alliance when you started expansion in 1973?

Leadership and expertise are definitely the core foundations of Rosy Blue. The evolution of Rosy Blue is reflected in our business model of the empowerment of individuals. Traditionally, we were a family business alliance in which all decisions were taken by family consensus. As the alliance grew larger, the family identified the need to empower individuals (non-family members) to be key decision makers. Empowerment has contributed to the corporate organization we are evolving into today. However, the guiding principle remains the same.

In 1973 Rosy Blue Antwerp became a springboard for an expansion plan for global distribution and sourcing. We are very proud where we stand today. Our company continues to build that leadership globally, allowing the opportunity for people to take that lead which has helped Rosy Blue to build a strong platform for future growth.

## What broader/macro trends in the world and specifically in the diamond industry are affecting Rosy Blue, and how do these influence our sustainability priorities?

The financial upheaval of 2008 and our recent European crisis sends nerve wracking signals to the financial institutions that are key partners to the success of our business. That said, in the diluting values of currencies, diamonds offer an everlasting store of value in addition to evoking emotion and being a symbol of love.

I do believe the next two years will continue to be challenging. We need to act and look after the welfare of the people working in our industry with a particular focus on Africa and Asia. Initiatives like the Diamond Empowerment fund are close to my heart as they focus on what is important: helping young people achieve success and become the future entrepreneurs. I strongly believe education is one of the most critical elements that powers society and empowers individuals to realise their full human potential. It starts with respecting children's rights. Our commitment to the Children's Rights Principles of the United Nations Global Compact also reflects this vision.

## What is our final destination in this sustainability roadmap?

It is not about a final destination. The world is changing continuously and we in business must adapt to new market dynamics (financial commercial environmental). Reaching sustainable growth for our industry is a perpetual exercise. We will continue to find answers to the new questions. Nothing is written in stone. With the support of all our stakeholders, our partnerships with communities, governments, and the hard work and dedication of our talented people, we will continue to deliver upon the promise which is at the heart of sustainability – meeting the needs of the present generation without compromising the ambition of the future generations.





# CSR Experts of the Rosy Blue Business Alliance



Ajay Ramchandani



Allan Leibler




Bella Mehta




Devika Abayesekera



Devkishan Kothari



Dharmishta Chaudhary



Dhiral Dhokai




Divakar Shetty



Edgar Hovhannysian



Garik Ovsepien



Gweny D'hauwer



Irina Barsegyan



Jimit Kapadia




Keetawat Chaichompoo




Laura Mahieu




Liu Yuhang



Murtuza Officewala



Paul Hotz



Porus Billimoria




Princella Fernandes




Rajlakshmi Nair



Ravi Shah



Rohan Jeewantha



Sameer Jhaveri




Samuel Moris




Sangam Kothari



Sanjay Shah



Sookruthai Karintanaka



Subhash Mathur




Swati Rokade



Uday Shindagi




Venus Poon



Zelda Steffen

# Message from CSR Committee



Iris Van der Veken

### Welcome to the third CSR Report

In the past three years, our business alliance has changed significantly in terms of both performance and strategic vision, progressively consolidating sustainability at the root of our business.

The year 2011 marked an important milestone in our sustainability work with the RJC Certification in the Rosy Blue (NI) scope of 13 countries and 28 legal entities. Given that we operate mostly in developing and emerging markets, these achievements are significant. In the next phase, our business alliance in India is preparing itself for this challenging journey. By December 2012, we expect all entities within the Rosy Blue Business Alliance to be fully certified.

For the first time, we are also referencing the ISO 26000 social responsibility standard. This standard provides guidance to businesses and the public sector on integrating social responsibility into decision making and was released in November 2010.

In preparing this report, we performed a thorough materiality analysis and sought input from different stakeholders to really underline our priorities. What does society expect from an international actor like the Rosy Blue Business Alliance?

The following fundamental areas were selected:

- Human rights
- Workplace
- Product integrity
- Environment
- Community empowerment

“ Since 2007, our dedicated local CSR experts have made a significant impact across all our operations. They are the ambassadors of our sustainability programme. ”

In this report, you'll learn more about how our CSR team works directly with office and factory management and other stakeholders to implement better systems and resolve outstanding issues in all these different areas. The highlights of our performance can be found on page 13.


The ongoing commitment and excellent results by our compliance team in this regard are truly inspirational. Since 2007, our dedicated local CSR experts have made a significant impact across all our operations. They are the ambassadors of our sustainability programme.

Looking ahead, we are confident that we have many opportunities to build on the hard work already done to generate sustainable value in a socially responsible way for many stakeholders – our communities, our suppliers, customers, our people and our investors. Indeed, we have measurable corporate social responsibility goals – business, social and environmental – that will drive the Rosy Blue Business Alliance to make continued progress in 2011 and beyond.


We hope this report provides you with the information you seek. As always, we welcome your comments.

Thank you for your continued support.


**Iris Van der Veken**  
Manager, Corporate Affairs Global




Palitha Jayasekera



Francis Abraham



M K Moorthi



Francis Lappen



# Highlights of the report

## Business

- Results of the Rosy Blue Business Alliance in 2010
  - Turnover Rosy Blue (NI) ('000): US \$1,628,537
  - Turnover Rosy Blue (I) ('000): US \$741,134
- Number of employees
  - Rosy Blue (NI): 2,467
  - Rosy Blue (I): 2,909
- RJC certification for Rosy Blue (NI) with a scope of 28 legal entities covering 13 countries

## Respect for Human Rights

- Country and operational risk assessment across the value chain
- Revision of the Human Rights Policy
- Internal capacity building with a focus on China
- Training of 85% of the employees of Rosy Blue (NI)
- Launch training programme in Rosy Blue (I)

## Workplace

- Preparation for SA 8000 certification by 2012 in China
- Moving beyond living index wage in Thailand and China
- Consolidation of SA 8000 certification in Thailand
- Health and safety programme in all operations

## Product integrity

- Launch Diamond Quality Management programme in Sri Lanka
- ISO 9001 certification in Thailand and Sri Lanka
- Revision of Business Partners Code of Conduct
- Roadmap for all majority and minority contractors
- Mapping of operations and impact of Dodd Franck Act in India

## Environment

- Launch of Rosy Blue going green, programme to reach carbon neutrality by 2016
- Mapping of carbon footprint of business travel and offset in forestation projects in Antwerp, Sri Lanka and Thailand
- Integrated environment management in a manufacturing site in India

## Community empowerment

- Volunteering pilot programme for employees in Thailand and Sri Lanka
- Incorporation of the Rosy Blue Foundation in India





# Our business at a glance

In this section

The diamond pipeline: from mine to consumer

Positioning Rosy Blue in the diamond pipeline

The dynamics of the diamond industry

The diamond jewellery 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, jewellery 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.

## Exploration

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

## Formation

Diamonds obtained their unique and beautiful structure deep inside the earth from extreme heat and pressure, from as long as 3,3 billion years ago. The carbon atoms within a 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.

## Mining

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)
- 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)
- marine mining (excavation of diamonds from the seabed)



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

#### Sorting

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.

Gem quality diamonds are usually distributed to one of the main diamond cutting and trading centres in Belgium, India, Israel, USA, China, Thailand, Southern Africa and Russia. Once they

arrive at the diamond centres, 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

Wholesalers or manufacturers buy amounts of unset, polished diamonds. Wholesalers sell these to jewellery designers, manufacturers or retailers. Manufacturers will produce diamond jewellery designed and commissioned by a retailer or other jewellery designer. They may also create jewellery, designed by in-house teams, to be 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.

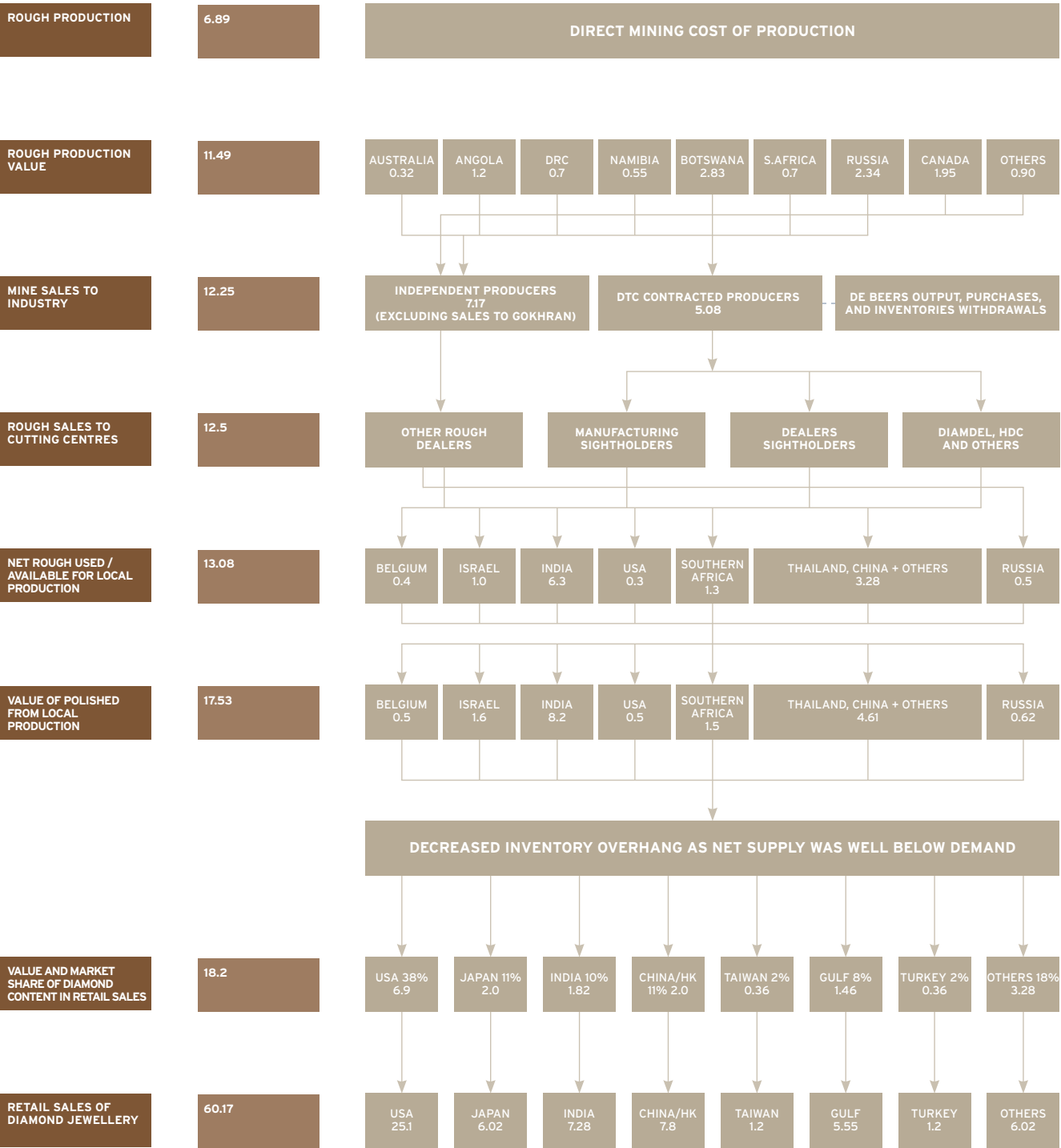
#### Retail

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

“Diamonds obtain their unique and beautiful structure deep inside the earth from extreme heat and pressure, from as long as 3.3 billion years ago.”

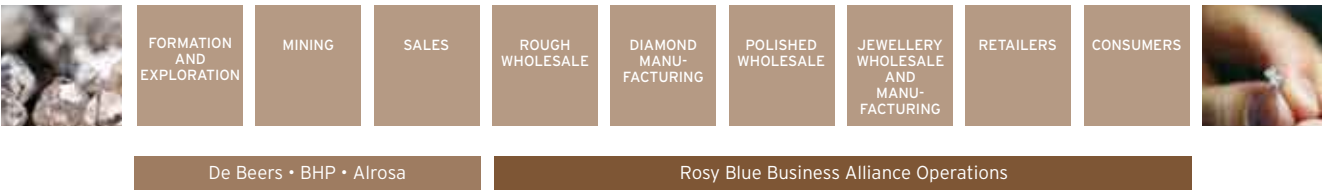


The diamond pipeline\*: from mine to consumer



\* Source: Tacy's 2010 Diamond Pipeline (In US\$ Billion): [http://www.idexonline.com/pdf\\_files/Pipeline\\_poster\\_2010.pdf](http://www.idexonline.com/pdf_files/Pipeline_poster_2010.pdf)

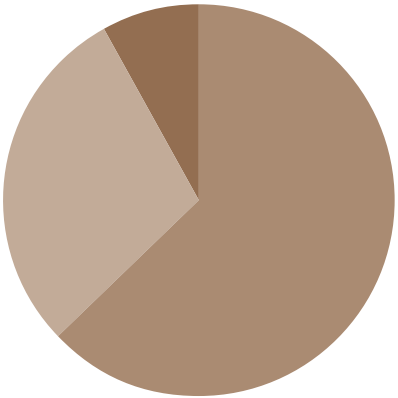
Positioning Rosy Blue in the diamond pipeline



Rosy Blue is one of the world’s foremost diamantaires, with a long and distinguished history of excellence in the diamond industry. Our company began trading as B Arunkumar more than 50 years ago and continues to be a leading, trusted and successful player in the Indian diamond industry today. In 1973’ Dilip Mehta was tasked with building the business outside India and the Rosy Blue Brand was born.

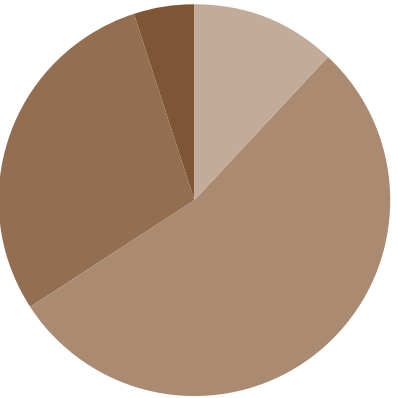
Today Rosy Blue consists of two separate legal entities, one operating in India (Rosy Blue (India) Pvt Ltd (“Rosy Blue (I)”)) and the other active in the rest of the world (Rosy Blue Investments Sàrl (“Rosy Blue (NI)”). All the companies operating within that business alliance seek to build the Rosy Blue Brand from within and outside of India.

Rosy Blue (NI)



ROUGH SALES  
POLISHED SALES  
JEWELLERY SALES

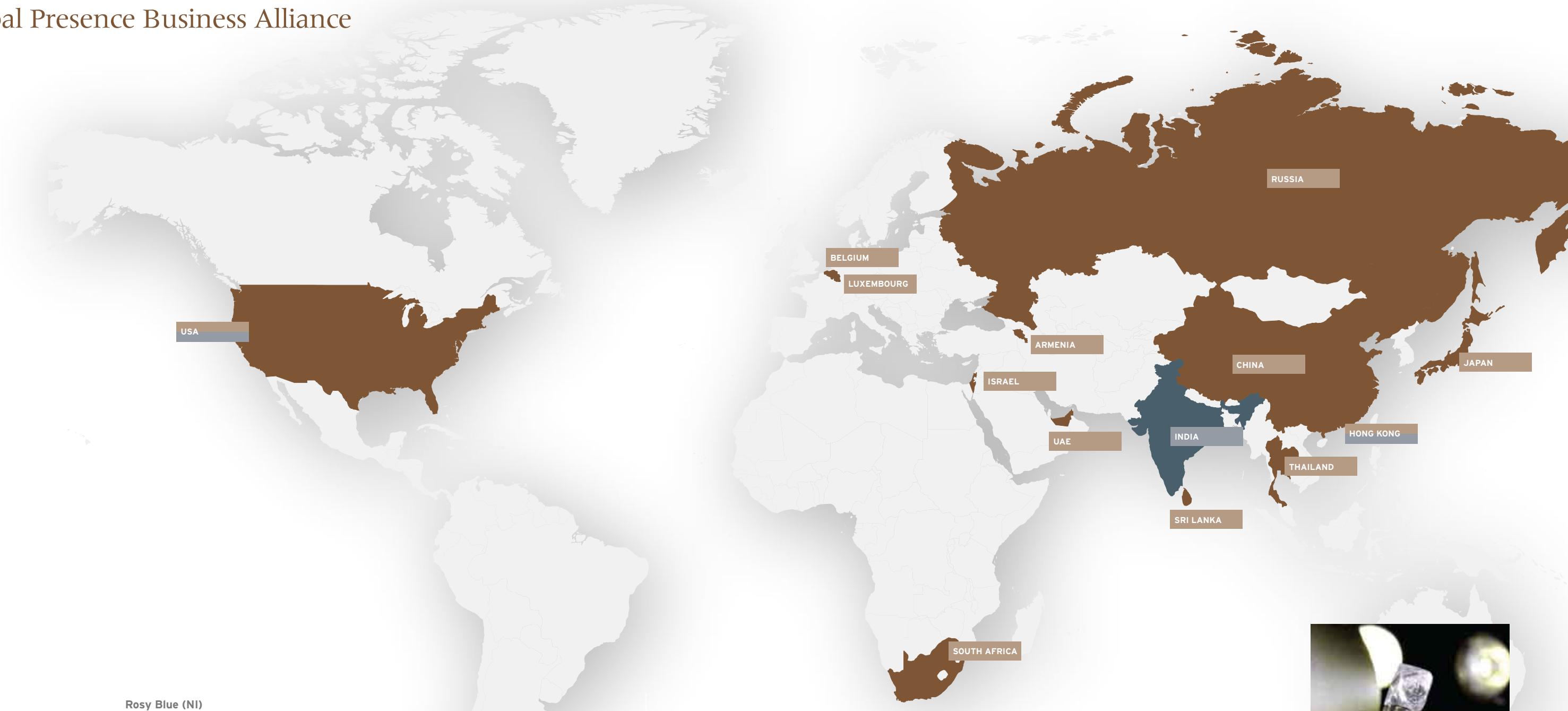
Rosy Blue (I)



ROUGH SALES  
POLISHED SALES  
JEWELLERY SALES  
RETAIL



Global Presence Business Alliance



Rosy Blue (NI)

Country	Diamond cutting or polishing	Diamond grading	Diamond polished sales/ buying office	Diamond rough sales/ buying office	Diamond sorting
Armenia	•	•	•	•	•
Belgium	•	•	•	•	•
China	•	•	•		•
Hong Kong			•	•	•
Israel			•	•	•
Japan			•		•
Luxembourg					
Russia					
South Africa			•	•	•
Sri Lanka	•	•			•
Thailand	•	•			•
UAE			•	•	•
USA			•		•

Rosy Blue (I)

Hong Kong			•	•	
India	•	•	•	•	•
USA					

Holding Co.	Jewellery manufacturing with gold	Jewellery retail	Jewellery trading	Administration
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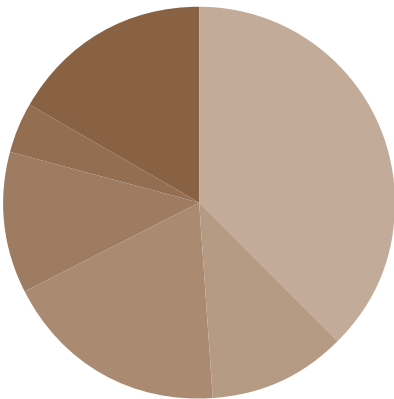
# Manufacturing expertise

## Diamond manufacturing

As a recognised industry leader, Rosy Blue enjoys close relationships with all the major mining houses, including the Diamond Trading Company (DTC), BHP Billiton Diamonds and Alrosa, giving us access to a regular and consistent source of supply. In addition, our ever-active team of global buyers procures diamond stocks from the markets worldwide, which in turn allows us to deliver the precise needs of our customers whatever their requirement and wherever they are located in a consistent and timely manner.

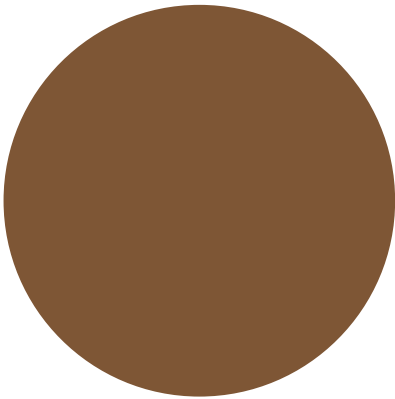
At the heart of our reputation is our manufacturing, operating eight core centres of polishing excellence in seven countries, with an advanced series of internal control mechanisms to drive quality and maintain the integrity of the pipeline. Our state-of-the-art factories are both efficient and innovative, benefiting from constant upgrades to improve our production and ensure it continues to meet the highest technical standards. Our production ranges from rounds (from 0.005pts to 10cts+) to calibrated princess diamonds (from 0.03pts to 10cts+) as well as a wide variety of fancy shapes.

Rosy Blue (NI)



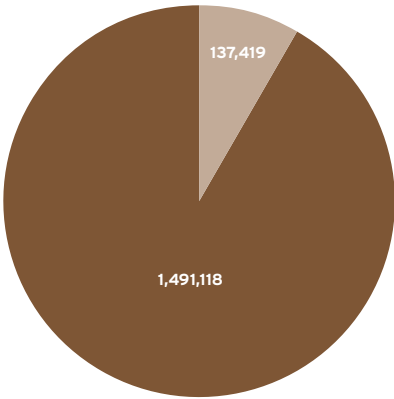
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- ISRAEL
- THAILAND
- BELGIUM
- ARMENIA
- CHINA

Rosy Blue (I)



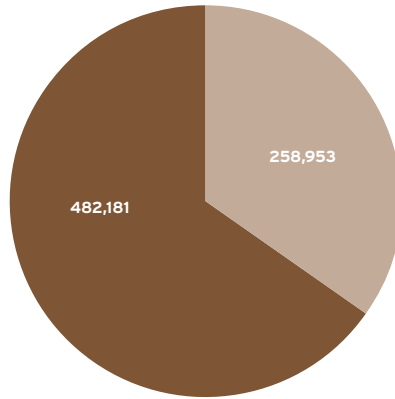
- INDIA

Turnover ('000) Rosy Blue (NI) – 2010  
US \$1,628,537



- TURNOVER WITH ROSY BLUE (I) '000
- TURNOVER WITH OTHERS '000

Turnover ('000) Rosy Blue (I) – 2010  
US \$741,134



- TURNOVER WITH ROSY BLUE (NI) '000
- TURNOVER WITH OTHERS '000

## Jewellery manufacturing

At every stage, product quality is the essential first step towards our ultimate goals: to bring outstanding service and added value to all our clients. Inter Gold is the jewellery manufacturing arm of Rosy Blue (I), and is itself one of the largest diamond jewellery companies in the world. 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.

## Retail

Orra, Rosy Blue (I)'s retail chain in India, has over 30 shops, selling a full range of diamond jewellery and hence offering a one-stop-shop to the consumer.

### 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' programmes
- Strong commitment to ethical business practice next to it



## The dynamics of the diamond industry

The diamond industry has gone through interesting times over the last 18 to 24 months as the industry recovered from the aftermath of the 2008 crisis. As global stimulus took effect and the industry stabilised, it gained from the uplift of the bull-whip effect and demand rapidly increased.

### 2010

Global retail demand for polished diamond jewellery increased by 7% in 2010, following a 10% drop in 2009. The latter part of 2010, saw global growth slowing down, which was followed by another stimulus. This increase in sales spurred both restocking as well as replenishment sales as stock turns increased, and the poor 2009 performance led to a healthy 38% increase in polished and wholesale jewellery sales in 2010.

The impact on rough demand was more spectacular, with 2010 demand 91% higher compared to the depressed 2009 figure for rough demand. The increase in off-take implied that the industry was caught off-guard with both rough producers and manufacturers struggling to increase capacities.

Better than expected sales in the 2009 Christmas season meant that there were replenishment pressures in the early part of the year. These pushed prices in the first half of the year. The second half also saw healthy prices, but these grew in a more subdued manner.

### 2011

In Q4 2010, the US introduced its second quantitative easing (QE2) package, which pumped liquidity into the US as well as locally. This exported both higher growth and inflation to countries exporting to the US and ultimately into commodities, including diamonds.

The late surge in retail sales, saw a scramble by retailers to upgrade their forecasts and to source goods. Inflationary demand in emerging countries like India and China also spurred diamond demand, which depends more on the nominal (ie real + inflation) growth in GDP, rather than real growth. Excess dollar liquidity, caused by the QE2, also led to its weakening in relation to other global currencies. Diamonds are priced and dealt predominantly in US dollars, which led to a boost in demand as diamonds became relatively cheaper in other countries.

One stand-out demand factor was the Chinese demand for luxury goods. Established luxury and watch brands saw a huge increase in demand, which positively affected demand for top makes of diamonds. This increased the spreads between polished of the best makes and the other ordinary makes, which was a phenomenon unique to 2011.

“Diamonds are priced and dealt predominantly in US dollars, which led to a boost in demand as diamonds became relatively cheaper in other countries.”

**Pranay Narvekar**  
External advisor



Impact on diamond polishers

The polishing side of the industry was also facing its own issues as it emerged from the 2009 crisis. The industry, especially in India, was not able to get back the polishers who had been lost during the crisis as the economic growth had opened up many other prospects, which in turn pushed up the labour cost of polishing. To maximise the production value, units started moving up in size and quality, hoping to achieve greater turnovers. This eventually meant that cheaper and smaller size polished was in short supply, pushing both polished and rough prices. The industry has still not been able to reach its peak capacity in polishing.

The early portion of 2011 also put a huge strain on polishers as rough prices became out of sync with polished prices. By Q2 2011, rough prices could be justified only if the polished prices increased by 10-15% in the three to four month period required to polish the rough. Some polishers also purchased rough in advance in anticipation of the price rises. This merry-go-round came to a fairly abrupt halt in August as the industry realised it could not pass on any more price increases to retailers and demand finally started being affected.

Diamond trading and manufacturing companies

The trading and manufacturing companies had a see-saw experience over the last 18-24 months. Trading activities, particularly rough, picked up in the early part of 2010 and then stabilised in the latter half of 2010. The first half of 2011 witnessed huge appreciation in the stock values as prices moved up by over 40%. Most traders saw an opportunity in rough and gradually stocks increased. Trading and manufacturing companies started to price in the future movement of polished prices into their rough buying as polished price increases lagged rough by about two to three months. This meant that while the industry was buoyant (with surpluses invested into stocks), the industry became vulnerable to any pause in polished price increases. This situation was reached in August.

At the same time, increased prices were being resisted by retail and wholesale customers, who were trying to maintain their price points.

Rough producers

Rough producers went into 2010 with some backlog of inventory, which was cleared out in the first half of the year. After that it was production that determined the carats which they could sell. Most producers had difficulties in increasing production during the period. Some of this was voluntary, while others have had mine-specific factors.



Pranay Narvekar  
External advisor

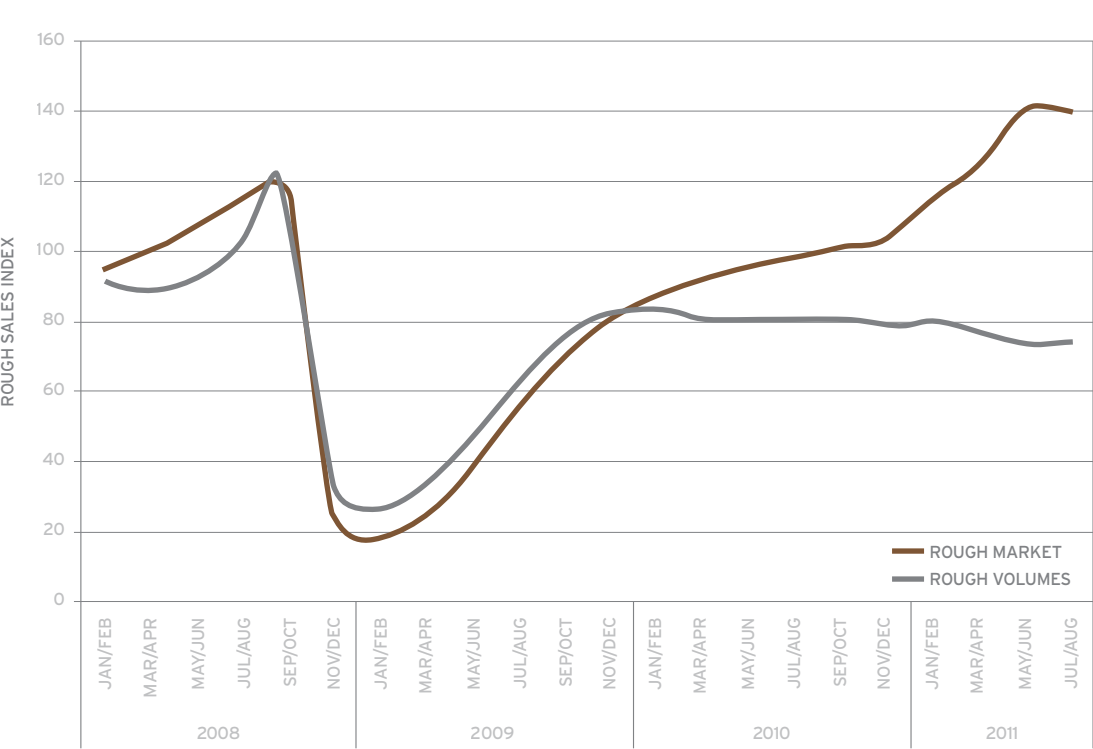
Most producers had stabilised production after the crisis and had enjoyed a positive 2010. Some mines had decided to keep production at existing levels, and did not want to increase production to levels achieved in 2007. Others started maintenance and upgrade activities which had been delayed during 2009. Still others decided to mine lower yielding areas, which had also been avoided during the crisis, while other mines genuinely had lower production. In times of higher prices, the impact of lower production quantities is less severe on the cash flow of the miners. The cumulative effect of this was a 5-10% reduction in carats in 2011 over the already low production of 2010, just around the time demand increased, which in turn pushed prices higher. The impact of the higher demand contrasted with the lower volumes, shows up in the prices of rough.

Banks

Banks had supported the industry admirably during the crisis in 2009. This continued in 2010 as pressures on their own balance sheets improved and industry volumes and borrowing base increased.

In Q4 2010, a few accounts were declared as non-performing by a major Indian bank, which led to less financing being available in India. However this was soon forgotten as prices started galloping in Q1 2011. Problems in many of these accounts had surfaced during the first half of 2009, but the banks finally bit the bullet only in Q4 2010.

Figure 1: Rough market and rough volume indices



Diamond companies saw a jump in their balance sheets, gradually leading to more financing being drawn for the same activity, as prices moved up by almost 40%. By mid-2011, bank borrowing limits were being hit. The drop in activity and rough prices by August led the industry to again face a liquidity crisis. It was partially internal, but few banks, especially Indian ones, seemed to be hampered by the lack of dollars.

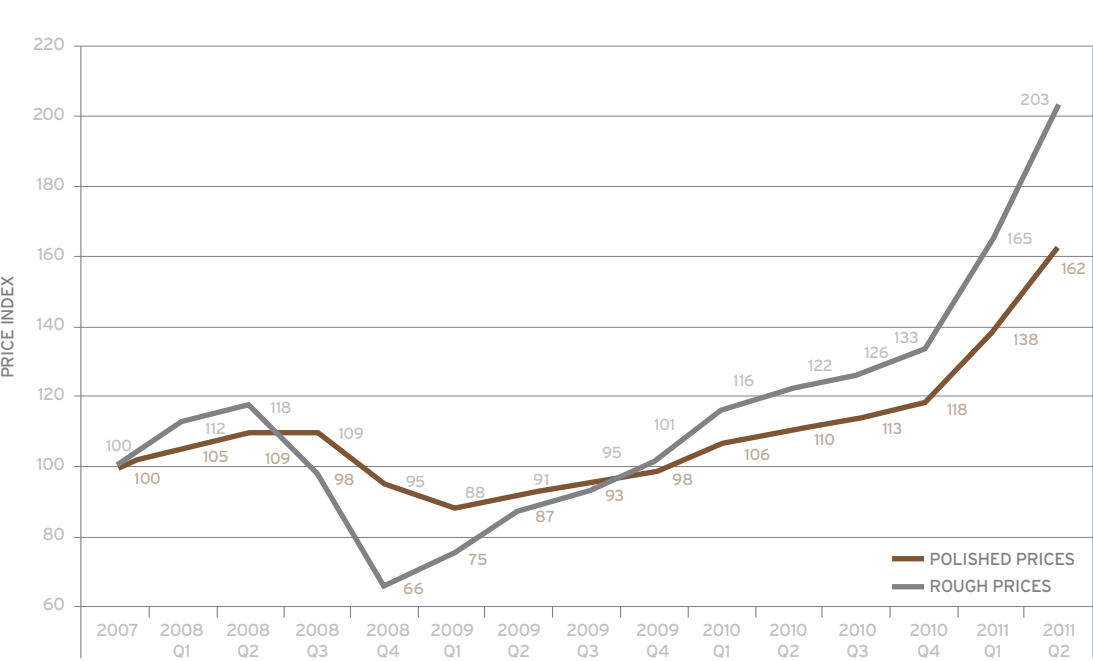
Impact on prices

Rosy Blue tracks prices quarterly on 16 categories of diamonds. These are then combined to produce

our internal index of prices. This price movement is shown below.

As of September 2011, the industry is delicately poised. The demand-supply analysis had indicated that imbalances (ie excess supply in USD as rough prices shot up) were building up in Q2 2011. These finally reached a head in August 2011. Market prices of rough have crashed by about 30% since the July peak, and there seems to be some semblance of sanity between rough and polished. The remaining part of the year will see the industry work through this excess purchase and absorb the drop in prices.

Figure 2: Rosy Blue Index







# Our approach to sustainability

In this section

Material issues

Corporate governance

Our sustainability model

We are convinced that Rosy Blue can only be commercially successful over the long term if we balance economic growth with business, social and environmental responsibility.

Rosy Blue regards itself as a member of society and we allow ourselves to be guided by our core values of **Diversity**, **Integrity** and **Accountability** in the implementation of our sustainability strategy. Rosy Blue is committed to managing every aspect of its operations ethically and responsibly and embeds CSR as an integral part of its strategy.

“ We want to be a truly global leader in the diamond and jewellery industry by adding value to the supply chain from manufacturing to retail, while caring for our employees and customers, seeking to enrich the quality of life for the communities in which we do business and by serving as good stewards of society and the environment. ”

**Harshad Mehta**  
Member of the Rosy Blue Brand Council








# Material issues

**Materiality for Rosy Blue:  
focusing on what matters**

To further understand and prioritise our sustainability work year after year, we have undertaken a process to evaluate the issues that are material for our organisation in the context of our business alliance model. This process included various steps:

- Collection and mapping of all inputs
- Categorising input in the context of sphere of influence
- Integration of data with our internal risk assessment
- Enhancing the process by discussing the material issues with our external advisory board

We believe these efforts will lead us to a sustainable growth model. We are committed to remain financially strong through fast-paced growth and profitability, based on a solid foundation of trust and responsible behaviour.

	Topic	Why is it material ?	Challenges ahead
	Respect for human rights	Human rights are inherently at risk in our value chain, in many countries where we operate.	Engage with all players to reinforce respect for human rights
	Working conditions	Rosy Blue has the means and duty to protect its employees in circumstances where the legal framework does not offer guarantees of a decent job.	Remain a competitive player while adopting higher social standards.
	Product integrity	Ethical sourcing and responsible business practices are at the basis of our license to operate in the market. It is our duty to protect consumer confidence.	Implement responsible business practices throughout the value chain taking into account the real scope of our operations.
	Community empowerment	We operate in many developing countries where there are socio-economic challenges. We should have a positive lasting impact, beyond our employer's responsibility.	Be able to measure the impact and added value of our programmes.
	Environment	As a leader in our Industry, we understand our responsibility towards our environment and the natural habitat. Diamonds and diamond traders travel all around the world by plane causing considerable air pollution. Rosy Blue is no exception.	Innovate our business model to decarbonise it.

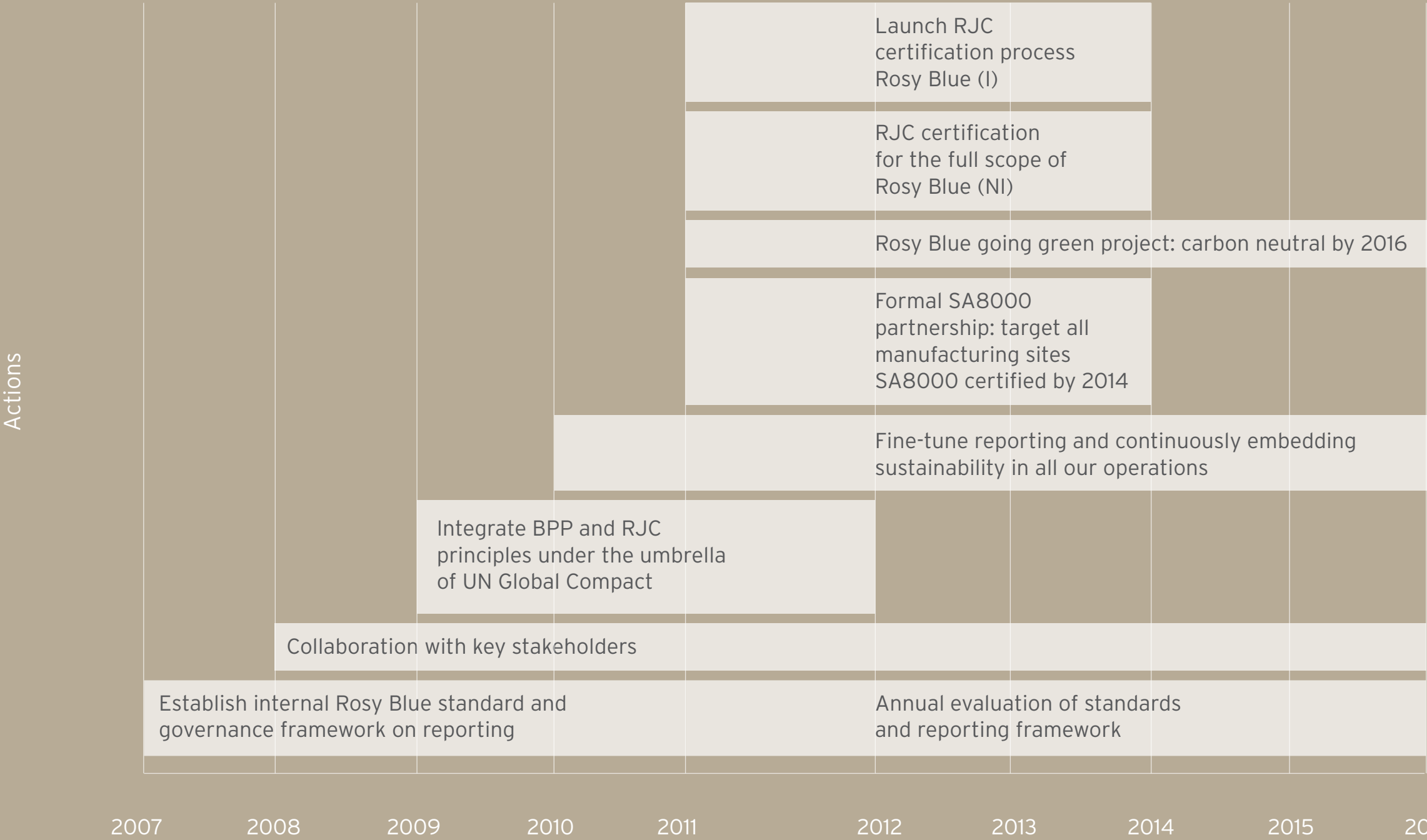




# CSR Roadmap

In 2007 we created an internal roadmap for CSR. The goal is to coordinate this initiative with the changing dynamics of our corporate business strategy. Using this roadmap, we reinforced the foundation of our operations, quantitatively measured our CSR activities and improved corporate transparency to demonstrate leadership in resolving global and local challenges and opportunities.

Based on this roadmap, our Global Corporate Affairs Department, in close partnership with the local CSR experts, has created joint action plans and set targets to make our CSR programmes more effective.



Demonstrate leadership as a socially innovative company

# Corporate governance

Our business model is built on trust and mutual respect.

**Our task is to maintain the same ethics across our operations**

Rosy Blue has always placed great importance on responsible corporate governance and will continue to do so.

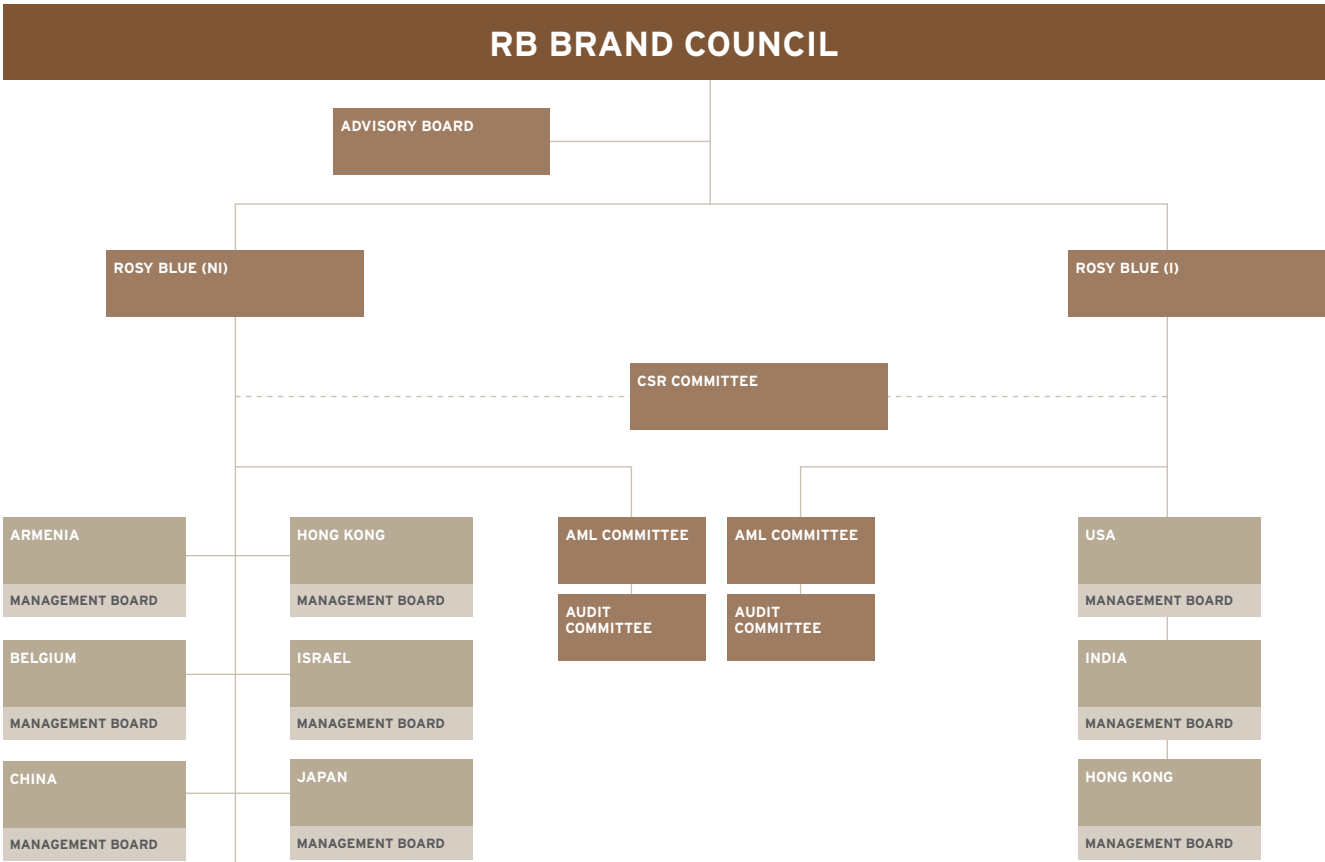
Even though Rosy Blue (NI) and Rosy Blue (I) are two independent legal entities, a Rosy Blue Brand Council has been established to oversee and protect the Rosy Blue brand.

“ The Rosy Blue brand acts as a promise to suppliers, customers and partners of the experience they can expect in dealing with any member of that business alliance. ”

**Dipu Mehta**  
Member of the Rosy Blue Brand Council



# Rosy Blue Brand Council



- Role:**
- To manage growth and to measure the brand while acting as a liaison for the business alliance
  - To consider corporate decisions and their impact on, and alignment with, the Rosy Blue Brand
  - Strategic brand governance in the following areas:
    - Management of the brand
    - Challenges and opportunities for the brand
    - Brand compliance
    - Brand measurement

**Members:**  
Dilip Mehta  
Dipu Mehta  
Vishal Mehta  
  
Amit Bhansali  
Ravi Bhansali  
  
Harshad Mehta  
Rihen Mehta  
  
Russell Mehta  
Viraj Mehta





# Management Board

**Role**

Each Rosy Blue business alliance entity is governed by a Management Board and covers a certain geographical region with its own profit and loss responsibility within the wider framework of the Rosy Blue brand.

The Management Boards interact regularly with the Rosy Blue Brand Council on its strategic alignment with the Rosy Blue brand.

Each Management Board defines its long-term goals and strategies, and sets forth the principles and directives for the resulting corporate policies. It coordinates and monitors the most important activities, defines the portfolio, develops and deploys managerial staff, allocates resources and decides on its financial steering and reporting.

Each Management Board performs its tasks according to the law, the articles of incorporation and the Board's rules of procedure and works with the company's other governance bodies (AML Committee and Audit Committee) in a spirit of trust. Each Management Board is committed to high standards of corporate governance not only in the areas of accountability and risk management but also as a positive contribution to the Rosy Blue brand. They believe in conducting their affairs in a fair and transparent manner and in maintaining the highest ethical standards in their business dealings.

The Chairman of each Management Board coordinates its work and presides over the meetings. Through regular discussions with its board members, the Management Board is kept constantly informed of developments in business policy, corporate planning and strategy. It also approves the financial statements taking into account the reports by the auditor.

**Rosy Blue (NI)**

- Dilip Mehta
- Amit Bhansali
- Harshad Mehta
- Rajkumar Mehta
- Rajesh Mehta
- Rihen Mehta
- Dipu Mehta
- Ravikumar Bhansali
- Vishal Mehta
- Mayank Mehta
- K.M. French
- P.R.J. Jayasekera
- Edgar Hovhannisyan
- Sanjay Mehta
- Romil Kothari
- Siddharth Kothari
- Samir Parikh
- Kunal Mehta
- Mihir Chodhari
- Liu Yuzeng
- David Maier
- Tonny He
- Anish Parikh
- Sumeen Mehta
- Atul Jhaveri
- Rajesh Jhaveri
- Nimish Jhaveri
- Sameer Jhaveri
- Nikolay Budanov
- Somen Das
- W. Fernando
- M. Gunawardena
- M.K.M. Shah
- Sangam Kothari
- Aashish Jhaveri
- Shvam Jagirdar
- Birain Parikh
- Tarun Patwa
- Sanjay Shah
- Nirav Dalal

**Rosy Blue (I)**

- Russell Mehta
- Rajiv Jhaveri
- Parag Parikh
- Maulik Shah
- Francis Abraham
- Dhruv Shah
- Phillip Trott
- Hitesh Mehta
- Subhash Mathur
- Amar Kothari
- Vijay Jain
- Akshaykumar Sharma

# Board Committees

At the level of Rosy Blue Investments Sàrl (Rosy Blue NI) and Rosy Blue (India) Pvt Ltd (Rosy Blue I) separate structures have been established to assist the local Management Boards in the discharge of their responsibilities.

## AML and Anti Corruption Standards Committee

**Role**  
This committee reports globally to the local Management Boards 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 experts 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, to 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 programme
  - Coordinate with the Global AML Compliance Manager on making sound recommendations on improving processes and procedures to combat money laundering and corruption

**Members**  
**Rosy Blue (NI)**  
Karl French  
Bart Duhamel  
B.S. Vadivelu

**Rosy Blue (I)**  
Maulik R. Shah  
Pranay Narvekar  
S Sundaram

**Global AML Compliance Manager**  
Karl French

## Audit Committee

**Role**  
The mission of the Audit Committee is to assist the Management Boards 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 entities. It supports each Management Board in obtaining sufficient quality in their company's financial reporting through reviewing interim and annual reports. In addition it has the task of evaluating all auditors' work. External auditors are appointed locally.

**Members**  
**Rosy Blue (NI)**  
Dilip Mehta  
Bart Duhamel

**Rosy Blue (I)**  
Jayesh Parekh  
Druv Shah

## CSR Committee

**Role**  
The CSR Committee is responsible for reviewing and making appropriate recommendations to the different Management Boards regarding Rosy Blue's CSR management and the conduct of business in accordance with the 10 principles of the Global Compact, the RJC Code of Practices and the internal Rosy Blue standard.

Chaired by Iris Van der Veken, Manager Corporate Affairs Global, its members come from different operational departments and complement each other in terms of their diverse professional experience, expertise and excellent knowledge of the complex supply chain we work in. These are all assets for ensuring the quality of the committee's work and the preparation of its strategic decisions.

- The responsibilities of the CSR Committee include the following to:
- Review, discuss and monitor the Corporate Social Responsibility work, including all compliance standards
  - Monitor the progress of each entity on compliance against strategic objectives and Key Performance Indicators targets
  - Review and discuss the CSR initiatives and goals in light of the overall Rosy Blue brand strategy, including the impact of the initiatives on business objectives
  - Review and discuss the CSR strategy, including discussion of applicable social, economic and environmental trends
  - Ensure alignment between the implementation of the CSR strategy of the different Management Boards

**Members:**  
Iris Van der Veken  
Francis Lappen  
Palitha Jayasekera  
Francis Abraham

## CSR Advisory Board

**Role**  
Rosy Blue has established the CSR Advisory Board in 2008 as a mechanism to provide advice and recommendations regarding Rosy Blue's CSR activities. When it comes to issues related to CSR, we believe that in addition to the discussions conducted within the business alliance entities, the promotion of opinions from outside experts is extremely important for Rosy Blue as it expands its business activities worldwide with due regard for the concerns of our stakeholders.

The CSR Advisory Board consists of 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 in giving their feedback, constructive thoughts and continued guidance, strength and encouragement to further develop our standards within the diamond industry.

- Members**
- **Thomas Leysen**  
Chairman, Umicore, Chairman of the Federation of Enterprises in Belgium
  - **Baron Luc Bertrand**  
Chief Executive Officer, Ackermans & van Haaren
  - **Anna Martin**  
Managing Director Diamonds & Jewellery Origination & Client Coverage, Standard Chartered Bank



# Our sustainability model

Our strategy is designed to deliver our vision and build value across our operations. It is based on sustainable growth, funded by productivity and delivered by talented people in a diverse organisation that acts responsibly at all times.

**Values: Diversity – Integrity – Accountability**  
We have formulated our CSR strategy in line with the core values of our company.

- Integrity: we strive to do what is right and what we say we will do
- Accountability: we are keen to deliver the same promise of trust and craftsmanship to all our customers around the world
- Diversity: we embrace the diverse characteristics of all people and respect them with dignity

**Vision – Leadership in sustainability**  
We strive to be a leader in the diamond and jewellery industry by adding value to the supply chain from manufacturing to retail, while caring for our employees and customers, seeking to enrich the quality of life for the communities in which we do business, and by serving as good stewards of society and the environment.

- Our strategy for achieving this mission is based on the commitment from our Board and our people guided by the following principles:**
- We promise carefully and deliver diligently
  - We build trust with fairness and humility
  - We set high standards beyond legal compliance
  - We embrace the challenge of continuous innovation
  - We aim to inspire all our stakeholders in sharing the responsibility of caring for the environment

**Productivity by talented people**  
Our company and our people provide excellent craftsmanship and service to deliver the diamond dream.

**Sustainable growth**  
We realise that the more integrated sustainable thinking is delivered at the point of strategic intent, the greater it's impact. Sustainability is a core component of Rosy Blue's growth plans and a key priority for all our alliance entities.

**Stakeholder dialogue**  
Our constructive dialogue with every party who affects our business decisions is key to prioritising our sustainability agenda.

**Responsible business practices**  
Our commitment to CSR goes beyond legal compliance. Rosy Blue strongly believes that our operations must meet the highest standards of ethical behaviour and legal compliance.

Effective compliance management is among our top business priorities. We view compliance with every law applicable to the company's business as being the bare minimum for our operating conduct and recognise that ethics is something more. It is doing things right. That is why we respect the legal framework and include voluntary initiatives under the umbrella of our own internal CSR model to strengthen our compliance system throughout our operations. Our founding membership to the RJC and participation in the Global Compact reflects this vision.

Sustainability model diagram



## Key milestones

- 2005
- Founding membership RJC of Rosy Blue (NI)
  - Start Best Practice Principles Programme

- 2007
- CSR strategy decision
  - Establishment of a global corporate affairs department
  - Appointment of internal CSR Committee
  - Internal standard developed
  - Global training seminar

- 2008
- Launch CSR information management system
  - On-site internal pre-audit visits
  - Participant of UN Global Compact
  - Establishment external CSR advisory committee

- 2009
- First CSR report
  - Second global CSR training seminar
  - Pilot project in preparation for RJC Certification process

- 2010
- Active member of Global Compact Human Rights Working Group
  - Second CSR report
  - Participation in Global Compact Leaders Summit – case presented on Rosy Blue – From Principles to Practice: The Role of SA8000 in implementing the UN Global Compact

- 2011
- Member of LEAD
  - Partnership with Social Accountability International
  - Rosy Blue (NI) RJC certified
  - Launch Rosy Blue going green
  - Membership RJC of Rosy Blue (I)
  - Third CSR report

## Drivers of our CSR strategy

Our strategy is to integrate CSR in a systematic way, into all parts of our operation. Integrating CSR into our operations will help us reduce costs, manage risks, minimise our impacts, attract and retain employees and strengthen our brand and business overall. CSR is the compass that ensures we grow in a responsible way.



### DOING THINGS RIGHT



# Our responsibility: changing world, new challenges

Like all corporations, Rosy Blue has its own set of sustainability challenges and is continuously formulating and implementing strategies to identify and address them.

In 2007, when we started working to improve the labour, social and environmental impacts of our business model, we were largely driven by a need to manage risk. We focused on getting the basics right, we established a new department, established an integrated standard, created a CSR information management system for integrated reporting, and initiated a training academy. We defined a roadmap with key performance indicators with a focus on the following areas: corporate social responsibility, business partners, workplace, health and safety, environment and community engagement. Over the past years we have seen how we need to evolve and move forward. Our challenge is now to innovate consistently and systematically throughout our business from manufacturing to retail.

This means generating returns for our shareholders by doing the right thing by our stakeholders as well as the environment. This concept of sustainable value underpins all of our sustainability activities. By taking action to address our impacts today, we help our business to thrive in the future. Our sustainability agenda is an integral part of delivering our strategy and comprises three goals.

We will:

- **Integrate sustainability into the heart of the Rosy Blue business model**
- **Strive to bring diamonds to market in a sustainable way** Work for positive social, environmental and economic impacts in our supply chain
- **Actively address the impacts of our business on the natural environment** Our focus in 2010–2011 has been to embed our approach to sustainability across the alliance entities and to implement activities in each of the main areas mentioned above to help us reach our sustainability goals. We know we do not have all the answers to our sustainability challenges. We need to work in partnership with our stakeholders to achieve our goals and to do that, we must build trust. Being transparent about our performance is an important step. To make significant progress with our sustainability agenda, we need robust sustainability plans. We also need to ensure that our people throughout the business understand that sustainability benefits, rather than compromises, drive commercial success.

In 2010 we reviewed our sustainability roadmap on the basis of our materiality check, and we focused on the following:

- **RJC Certification and-continuing to build an operation wide understanding of Rosy Blue's sustainability vision.** In 2011 Rosy Blue (NI) achieved certification meeting the ethical, human rights, social and environmental standards as established by the RJC's Member Certification System. For the past 18 months we worked across all levels of our business to build an understanding of the concept of shared value creation. By increasing the understanding of sustainability and the value it brings, we hope to fully integrate 'sustainability thinking' throughout all our alliance entities and supply chain.
- **Engaging with business partners to develop joint plans of action to go beyond legal requirements.** We have launched a new Business Partners Platform including a new engagement process to monitor the frequency of interactions and collect feedback on material sustainability issues. Rosy Blue (NI) has developed a partnership with Social Accountability International to improve conditions in our supply chain. Working with other member companies, we hope to achieve improvements on a greater scale than through our individual initiatives.
- **Building a sustainable and innovative business model.** We have focused on building strong integrated management systems that help us ensure conformity with relevant legislation and with our own financial, safety, quality, and environmental goals while we continue to push the sustainability agenda further into upstream decision-making.
- **Rosy Blue going green: becoming carbon neutral by 2016.** We have developed and launched Rosy Blue going green, a company-wide strategy and action plan that will make Rosy Blue carbon neutral by 2016. Rosy Blue going green takes a step-by-step approach that focuses each year on different aspects of our business and operations that have a high environmental impact. This will allow us to take measures to minimise our environmental impact. Besides optimisation, we take up the challenge to develop novel initiatives and services that generate a positive impact on the environment while generating sound business value. Through innovation, we will link environment and profitability to the benefit of our customers and all other stakeholders. Beyond 2016 we will have a positive impact on the environment – meaning that we will take away more CO<sub>2</sub> than we generate through our operations.

# Sustainability Management

## Evolving governance structure

The Global Corporate Affairs Department was established in December 2007. It is the main organisation for deliberating and promoting CSR initiatives for the international Rosy Blue alliance entities. In January 2008 the CSR committee was inaugurated. At the committee meetings, based on a business alliance perspective, best practices and lessons learned are shared.

During 2010 and 2011 Rosy Blue focused on the RJC certification process for Rosy Blue (NI), covering the business alliance entities in the following countries: UAE, USA, Hong Kong, Israel, Japan, South Africa, Thailand, Sri Lanka, Armenia, Russia and China. Our alliance partner in India worked on BPP and prepared itself for becoming RJC certified in 2012.

## How we are organised — global yet local

The Rosy Blue Business Alliance operates in 14 countries. As such, each alliance entity is confronted with different challenges based on the local context in which they operate. All across Rosy Blue we take a global yet local approach: we work together on a global level to develop our strategic approach while we acknowledge the local diversity within our operations. A CSR liaison meeting is periodically held between all alliance entities to collaborate in promoting CSR activities and to share knowledge and best practices across the operating companies. In general, we have enhanced collaboration with the overseas alliance entities as well as through regular exchange of the updated information on mutual CSR-related activities.

As a strategic measure with long-term consequences, sustainability management is a task for all the alliance entities around the world. Accordingly, a global corporate affairs department is at the core of the leadership structure. It holds responsibility for the alignment and steering of our wide sustainability strategy. It defines objectives and initiatives, adopts new regulations and adjusts policies and monitors their implementation. At a local level a high level of individual autonomy and responsibility is given to the local compliance officers to tailor global, all-encompassing directives to local national and cultural needs.

In 2010, Rosy Blue also initiated a more stringent internal audit assessment tool. This new system of reporting raises the quality and transparency of management, improves response to stakeholders and reinforces risk management and the compliance system. As a result of the internal assessments, we established the Safety, Quality and Environmental (SQE) sub-committee, operating under the CSR committee as we continue to build a structure that will enable us to proactively undertake actions that bring people, planet and profits into balance for lasting success.

Local experts in each entity receive instructions concerning compliance to their respective entity. Random checks are made regularly and reports from such checks are filed accordingly. Strict monthly reporting on well-defined indicators is required all over the alliance entities. Whenever internal standards are not met, these issues are directly reported to the Directors and to the local Management Board by the Global Corporate Affairs department, where a corrective plan is agreed upon. In close coordination with the Global Corporate Affairs Department, the relevant CSR-AML compliance team will manage the necessary corrective actions accordingly. Progress reports are sent back to the local Management Board until the required level of compliance is reached.

Through strong cooperation between the local teams and the Global Corporate Affairs department and with other local CSR-AML experts throughout the alliance entities, everybody is continuously working to establish and maintain a comprehensive global compliance structure. This dual partnership motivates local innovation on CSR initiatives while maintaining and benefiting from alliance entities synergies.



# Sustainability management

## Structure and responsibilities

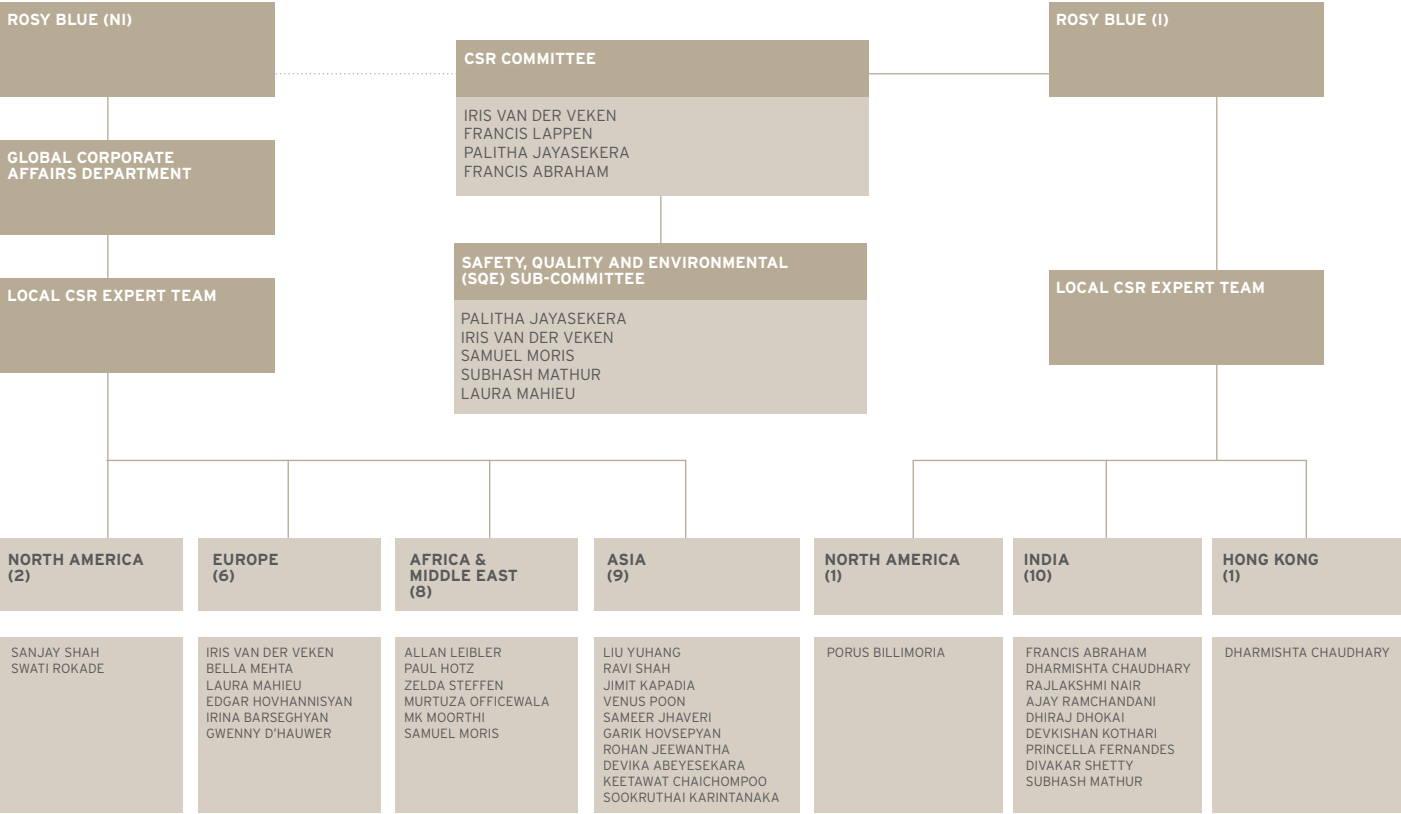
Today more than ever Rosy Blue, as a globally operating company, is evaluated according to the extent that the sustainability strategy is integrated into the company's structure. We have firmly anchored the sustainability concept in our operations by establishing a competent in-house team of CSR experts.

**Global Corporate Affairs Department**

- Leadership and responsibility for the alignment and steering of the wide sustainability strategy
- Review of the company's CSR management including the monitoring of alignment with the 10 principles of the UN Global Compact and the RJC Code of Practices
- Reporting matters of significance to the RB Brand Council, through progress updates to at least four times a year
- Reports significant CSR performance issues and risks to the CSR Committee and provides the CSR Committee at each regular meeting with status reports

- Reports on the company's social and environmental performance whereby social and environmental risks and issues or weaknesses of significance are identified and appropriate and timely action is taken to address them
- Monitoring of the efficiency and effectiveness of CSR management systems and controls with the local CSR experts
- Coordination with external audit companies to manage CSR audit processes
- Reviews activities within the company that fall within the remit of the Company's CSR management. It is also authorised to seek the information it requires from management in order to fulfill this purpose
- Continuous updating of CSR policies, procedures, and training material on the CSR extranet
- Identification of and engagement with key stakeholders
- Corporate and internal communication

**CSR Structure**



**Local CSR Experts**

- Identification and maintenance of an inventory available to all staff of legislation and regulations pertinent to the compliance standards of Rosy Blue
- Adjustment and implementation of Rosy Blue's 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
- Monthly reporting of results to the Global Corporate affairs Department through the CSR extranet
- Communication and distribution of information relevant to CSR compliance to the staff
- Training of all staff according to Rosy Blue Academy training standards and acting as an advisor on compliance queries from staff members
- Preparation of pre-audit visits by CSR global team or external CSR auditors
- Follow up of corrective actions
- Communication of issues to Global Corporate Affairs Department and providing assistance in finding constructive solutions to improve our CSR model within the operations

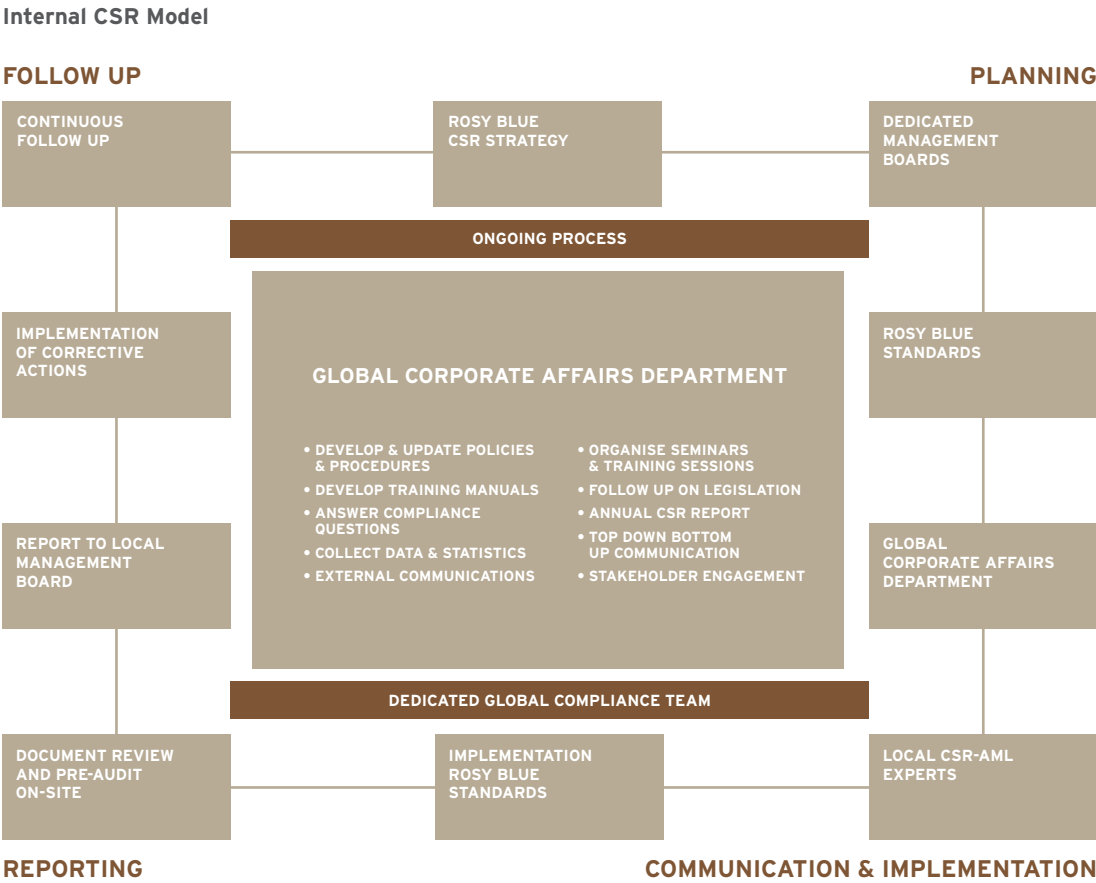
**The Corporate Social Responsibility Committee**

- The CSR Committee is responsible for reviewing and making appropriate recommendations to the RB Brand Council regarding Rosy Blue's CSR management and the conduct of business in accordance with the 10 principles of the Global Compact, the RJC Code of Practices and the internal Rosy Blue standard. It is chaired by Iris Van der Veken, Manager Corporate Affairs Global. Its members come from different operational departments and complement each other in terms of their diverse professional experience, expertise and excellent knowledge of the complex supply chain we work in. These are all assets for ensuring the quality of the committee's work and the preparation of its strategic decisions.

**Safety, Quality and Environmental Subcommittee**

- The Safety, Quality and Health Subcommittee assists the CSR Committee in fulfilling its oversight responsibilities by assessing the effectiveness of environment, quality, health and safety programmes and initiatives that support the corporate policies of Rosy Blue and by advising the CSR Committee on matters impacting corporate social responsibility and Rosy Blue's public reputation. This subcommittee is chaired by Palitha Jayasekera.

# Sustainability management



## Information management system



To facilitate global reporting, a CSR extranet was developed in 2007. The Global Corporate Affairs Department manages all the reporting through this reporting platform to ensure that all entities carry out their duties in accordance with applicable 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 alliance entities are shared and explained through the information management system, allowing each entity to learn from each other. Random checks are conducted regularly on the reports of the local entities and follow up instructions are given if required. The highlighted structure explains the content of the site. Much attention is given to standard compliance documents but also to local legislation, training material, communication toolkits, policies and procedures, and updated information on evolving CSR issues. Since January 2011 the CSR Extranet has launched a new platform on Rosy Blue going green. It includes Rosy Blue's Environmental vision and several sets of mid-term environmental targets which form key milestones on the road to achieving the vision.

“ Integrating CSR into our operations will help us reduce costs, manage risks, minimise our impacts, attract and retain employees and strengthen our brand and business overall. ”

**Rihen Mehta**  
Member of the Rosy Blue Brand Council



# Stakeholder engagement

Rosy Blue fully acknowledges the advantage of engaging with stakeholders. Our stakeholders help us prioritise key issues and develop our corporate policies.

Our stakeholder engagement strategy is a two-way process to primarily pursue the initiation and sustaining of valuable relationships over time. Constructive dialogue on an ongoing basis with every party who affects our business decisions or is affected by our decisions is the foundation of Rosy Blue's approach. Our aim is:

- To provide the opportunity for our stakeholders to raise their concerns
- To continue to build trusted relationships and establish partnerships to find common solutions
- To update our stakeholders on our CSR efforts
- To obtain insight on how we can move forward and always improve our practices

Rosy Blue developed a stakeholder engagement plan covering the mapping of stakeholders and their key concerns so that we could tailor our communication channels to their needs and obtain common solutions. We identified several stakeholders, including suppliers, employees,

contractors, customers, governments, international organisations, local communities, financial institutions, NGO's, media, business organisations, representative organisations and academic institutions including civil society, industry, government, consumers and shareholders. We do this through the networks and organisations that we participate in, through direct dialogues, and by providing our stakeholders with formal communication channels as a structured part of our outreach strategies on issues and challenges.

Out of our consultation we have learned that our stakeholders find it utterly important to receive credible, external verification on a regular basis. As a response to this concern, we found a common solution in our formal partnership with Social Accountability International. Rosy Blue aims to continuously uplift its development and implementation of management systems, both in the company and throughout its supply chain. SAI will provide Rosy Blue with corporate member advisory support, project management, and supply chain management training and tools.

“Our stakeholder engagement strategy is a two-way process to primarily pursue the initiation and sustaining of valuable relationships over time.”

**Dilip Mehta**  
Member of the Rosy Blue Brand Council



# Stakeholder engagement timeline

## 2010

JANUARY 2010	31/01/2010	Participation in the Business and Society Working Group on supply chain management (Brussels, Belgium)
FEBRUARY 2010	18/02/2010	Member of the UN Global Compact Human Rights Working Group
	26/02/2010	Appointment of Iris Van der Veken as chair UN GC Belgium
MARCH 2010	25/03/2010	CSR debate at University of Cincinnati (USA): CSR at Rosy Blue
APRIL 2010	30/04/2010	Supply chain management workgroup session at Rosy Blue
MAY 2010	10/05/2010	Academic session Ghent University (Belgium): sharing insight into Rosy Blue's sustainability model
	11/05/2010	Workshop on Human Rights: the dynamics of Corporate Social Responsibility in challenging times with a focus on Human Rights (Brussels, Belgium)
	17-19/05/2010	Submission second 2009 CSR Report
	24-25/05/2010	Speaking engagement at Kauri workshop on Human Rights: The dynamics of Corporate Social Responsibility in challenging times with a focus on Human Rights (Brussels, Belgium)
JUNE 2010	21/06/2010	Submission second 2009 CSR Report Rosy Blue (NI)
	24-25/06/2010	Participation in the UN Global Compact Leaders Summit New York
SEPTEMBER 2010	28/09/2010	Open debate: conference, Sustainable Luxury 2.0: Beyond compliance, towards responsible excellence (Lausanne, Switzerland)
OCTOBER 2010	06/10/2010	Business Social Compliance Initiative Stakeholder Meeting: excessive overtime work — realities and solutions for reduction (Brussels, Belgium)
	14-15/10/2010	CAP Conseil: interactive working session ISO 26000
	29/10/2010	Participation Amit Bhansali on a panel discussion at conference of European trends in CSR development: Enhancing cross-border dynamics within the UN Global Compact Local Networks — speaking engagement: The added value of connecting with the Global Compact Networks for the private business (Brussels, Belgium)
NOVEMBER 2010	8-9/11/2010	Diamond empowerment fund: Dilip Mehta appointed as advisory board member
	16-18/11/2010	Speaking engagement at World Bank Institute: Africa Conference on Strengthening Responsible Business and Governance in Africa
	17/11/2010	Presentation and open discussion on CSR by Dilip Mehta at the Global Compact Human Rights Working Group (London, UK)
DECEMBER 2010	8/12/2010	Participation in the development of the European master in globalization, corporate responsibility and law at University of Antwerp

## 2011

FEBRUARY 2011	09/02/2011	Rosy Blue joins the UN Global Compact LEAD initiative
	15/02/2011	Kauri: stakeholder panel on the Belgian development agency (BTC-CTB)
	24/02/2011	Speaking engagement: Solutions for sustainable water use conference (Brussels, Belgium)
	25/02/2011	Speaking engagement: EIAS Briefing Seminar: CSR in India: New Legislation Coming Up?
MARCH 2011	02/03/2011	Engagement in the AWDC's Project 2020
	7-8/03/2011	Sharing best practices at Sustainable Luxury Forum: Sustainable Excellence in the Luxury Value Chain: CSR in the Diamond Industry (Lausanne, Switzerland)
	21/03/2011	Participating at the Diamond Forum (Antwerp, Belgium)
	24/03/2011	Centre for CSR Development: study visit of Ukrainian delegation within UNITER Project «Development of national CSR agenda», visit Rosy Blue Antwerp
	25-27/03/2011	Participant to the Brussels Forum 2011
MAY 2011	11/05/2011	Academic discussion Ghent University (Belgium): Moving forward in sustainability
	13/05/2011	Ongoing dialogue with the Ghent University India Platform (Belgium)
	16-20/05/2011	Participation in the UN Global Compact week Copenhagen
	23/05/2011	Full engagement with the foundation and launch of the Antwerp International Training Centre on Corporate Opportunities (ITCCO)
	27/05/2011	Vereniging voor Verenigde Naties (VVN) “Het Global Compact Network Belgium: opdracht en perspectieven” and open discussion on the Rosy Blue case study (Belgium)
SEPTEMBER 2011	28-29/09/2011	Open discussion conference UN Global Compact Human Rights Working Group (Geneva, Switzerland)





Stakeholder Overview

Stakeholders	Suppliers	Employees	Contractors	Customers	Governments & International Organisations	Local Communities
Key issues for our stakeholders	<ul style="list-style-type: none"><li>• Market capacity</li><li>• Operational excellence</li><li>• Ethical business practices</li><li>• Liquidity assurance</li><li>• Supplier standards</li></ul>	<ul style="list-style-type: none"><li>• Safe working environment</li><li>• Inclusive and supportive company culture</li><li>• Work-life balance</li><li>• Rewarding Remuneration</li><li>• Career development</li></ul>	<ul style="list-style-type: none"><li>• Business capacity</li><li>• Business ethics</li><li>• Chain of custody</li></ul>	<ul style="list-style-type: none"><li>• Products with the highest standard of quality and integrity</li><li>• Adequate product disclosure</li><li>• Competitive pricing</li><li>• Secured supply</li><li>• Ethical business practices</li><li>• Product and info security</li></ul>	<ul style="list-style-type: none"><li>• Social and economic development</li><li>• Employment opportunities</li><li>• Attracting investments</li><li>• Kimberley Process</li><li>• Legal compliance</li><li>• Ethical business practices</li></ul>	<ul style="list-style-type: none"><li>• Employment opportunities</li><li>• Environmental concerns</li><li>• Community empowerment</li><li>• Ethical business practices</li></ul>
Ways of engaging with our stakeholders	<ul style="list-style-type: none"><li>• Direct dialogue on top and management level</li><li>• Social and financial internal and external audits</li><li>• Terms of business with strategic suppliers</li></ul>	<ul style="list-style-type: none"><li>• Implementation of strong ethical corporate culture</li><li>• Plant-based intranet sites</li><li>• Newsletters and publications</li><li>• Training toolkits on business ethics and code of conduct, and awareness programmes</li><li>• Employee satisfaction seminars</li><li>• Trade union relations</li><li>• Social internal and external audits</li></ul>	<ul style="list-style-type: none"><li>• Formal undertaking</li><li>• Business partner code of conduct</li><li>• On-site visits</li><li>• Face to face meetings</li><li>• External audits</li></ul>	<ul style="list-style-type: none"><li>• Fairs and marketing events</li><li>• Individual account management</li><li>• Updates on market dynamics</li></ul>	<ul style="list-style-type: none"><li>• Formal dialogues</li><li>• Conferences and speaking engagements at the World Bank, Human Rights Working Group</li></ul>	<ul style="list-style-type: none"><li>• Corporate social investment projects</li></ul>
Why are our stakeholders important to us?	<ul style="list-style-type: none"><li>• Meeting responsible sourcing requirements</li><li>• Secured supply</li><li>• Product integrity</li></ul>	<ul style="list-style-type: none"><li>• Ambassadors of our corporation – their contribution is key to our customers</li><li>• Understanding of shared values, vision and strategy</li><li>• Securing our market position through talented professionals</li></ul>	<ul style="list-style-type: none"><li>• Business continuity</li><li>• Product integrity</li><li>• Product and info security</li><li>• Meeting responsible business practices</li></ul>	<ul style="list-style-type: none"><li>• Drivers of our business</li><li>• Ethical value chain</li><li>• Consumer confidence</li></ul>	<ul style="list-style-type: none"><li>• Legal framework</li><li>• Market dynamics</li></ul>	<ul style="list-style-type: none"><li>• Employment</li><li>• Empowerment</li></ul>
Why are we important to our stakeholders?	<ul style="list-style-type: none"><li>• Maintaining consumer confidence and demand</li></ul>	<ul style="list-style-type: none"><li>• Providing a safe and enriching work experience</li></ul>	<ul style="list-style-type: none"><li>• Ensuring business continuity in a responsible value chain</li></ul>	<ul style="list-style-type: none"><li>• Stable supply</li><li>• Provide quality products at good value</li><li>• Product integrity</li><li>• Excellent service</li></ul>	<ul style="list-style-type: none"><li>• Generate economic growth</li><li>• Knowledge sharing on market dynamics</li></ul>	<ul style="list-style-type: none"><li>• Local economic development</li></ul>

Financial Institutions	NGOs	Media	Business and Representative Organisations	Academic Institutions	Stakeholders
<ul style="list-style-type: none"><li>• Legal compliance</li><li>• Return on investment</li><li>• Stable liquidity</li><li>• Corporate governance</li><li>• Risk management and due diligence</li><li>• Transparency and liability – AML</li><li>• Corporate responsibility management</li></ul>	<ul style="list-style-type: none"><li>• Human rights</li><li>• Health and safety, working conditions</li><li>• Environmental concerns</li><li>• Social and economic development</li><li>• Ethical business practices through our value chain</li></ul>	<ul style="list-style-type: none"><li>• Industry challenges and developments</li><li>• Social and economic development</li><li>• Ethical business practices</li><li>• Transparency and dialogue</li></ul>	<ul style="list-style-type: none"><li>• Long-term industry vision</li><li>• Developing and maintaining sector standards</li><li>• Responsible business practices</li><li>• Industry reputation management</li><li>• Product innovations</li><li>• Product integrity</li></ul>	<ul style="list-style-type: none"><li>• Knowledge sharing</li><li>• Data market dynamics</li><li>• Building talent</li></ul>	Key issues for our stakeholders
<ul style="list-style-type: none"><li>• Regular face to face meetings</li><li>• Risk assessments and risk management</li><li>• Site visits</li><li>• Sharing results of social and financial internal and external audits</li></ul>	<ul style="list-style-type: none"><li>• Dialogue through representative organizations AWDC and RJC</li></ul>	<ul style="list-style-type: none"><li>• Press releases</li><li>• Interviews</li></ul>	<ul style="list-style-type: none"><li>• Active involvement in organizations including UN Global Compact, Kauri, Unitar, Business and Society Belgium, RJC, HRD, AWDC, WDC</li></ul>	<ul style="list-style-type: none"><li>• Several participations to case study research; UAMS, UGent, University of Cincinnati</li></ul>	Ways of engaging with our stakeholders
<ul style="list-style-type: none"><li>• Securing our market position: boost financial performance</li><li>• Improve our shareholder capital</li></ul>	<ul style="list-style-type: none"><li>• Constructive dialogue</li><li>• Building consultative relationships and solutions</li><li>• Awareness raising on issues in the industry</li></ul>	<ul style="list-style-type: none"><li>• Knowledge and information sharing</li></ul>	<ul style="list-style-type: none"><li>• Collective action makes a difference</li><li>• Knowledge sharing</li><li>• Innovation</li></ul>	<ul style="list-style-type: none"><li>• Knowledge sharing</li><li>• Talent pool</li><li>• Innovation</li></ul>	Why are our stakeholders important to us?
<ul style="list-style-type: none"><li>• Generate sustainable growth and returns</li></ul>	<ul style="list-style-type: none"><li>• Leading diamond company</li><li>• Our position in the supply chain</li></ul>	<ul style="list-style-type: none"><li>• Provide industry trends, social, economic and environmental trends</li><li>• Leading diamond company performance</li></ul>	<ul style="list-style-type: none"><li>• Understanding of the industry's responsible practices</li><li>• Product, sector and market expertise</li></ul>	<ul style="list-style-type: none"><li>• Leading in implementation of standards and practices</li></ul>	Why are we important to our stakeholders?

Reaching out

UN Global Compact



Iris Van der Veken

Since its signing of the UN Global Compact in June 2008, Rosy Blue (NI) has played a key role in establishing the UN Global Compact Network Belgium, chaired by Iris Van der Veken, Manager Corporate Affairs Global.

Furthermore, Rosy Blue is hosting and financially supporting the secretariat of the network, and engages on various speaking engagements. In this context, Amit Bhansali, member of the RB Brand Council, spoke about “The added value of connecting with the Global Compact Networks for the private business,” at the conference on European trends in CSR development: enhancing cross-border dynamics within the UN Global Compact Local Networks in October 2010. That our efforts to outreach are paying off was confirmed during the UN Global Compact Week in Copenhagen where the UN Global Compact Network Belgium, under the leadership of Iris Van der Veken, was awarded for its exemplary promotion of inter-network collaboration and communication.

Global Compact LEAD

In January 2011 UN Secretary-General Ban Ki-moon joined a group of chief executives in Davos during the World Economic Forum annual meeting to officially launch Global Compact LEAD. During the launch the Secretary General emphasised that when companies drive sustainability issues deeper into their operations and strategies, they have the ability to change the world.

By joining this exclusive leadership platform, a company commits to take sustainability leadership to the next level. Based on its strong commitment to the UN Global Compact, including its ongoing engagement with the Human Rights Working Group, Rosy Blue was invited, as one of the 56 companies worldwide, to join this new and exclusive leadership platform: Global Compact LEAD.



Amit Bhansali



Global Compact Human Rights Working Group

In June 2006, the Global Compact Board established a Global Compact Human Rights Working Group (HRWG). The inaugural chair of the HRWG was Mary Robinson, from 2006–2010. The current co-chairs of the HRWG are Global Compact board members Pierre Sané and Sir Mark Moody-Stuart.

Since its inception, the Human Rights Working Group has been active in developing and refining tools and other guidance materials for business on how to respect and support human rights. This initiative also seeks to identify and promote good business practices for the implementation of human rights.

In 2009 Rosy Blue became member of the HRWG. Baron Dilip Mehta presented the Rosy Blue case on 17 November 2010 in London and Iris Van der Veken joined the HRWG on 27th and 28 September in Geneva.

The office of the High Commissioner for Human Rights updated the members on developments since the adoption of the Guiding Principles in June 2011. HRWG members will consider what role the HRWG should seek to play in follow-up to the ‘Ruggie Framework’. In what ways can the HRWG help raise awareness of the UN ‘Protect, Respect and Remedy’ Framework and the Guiding Principles? How can the HRWG help with implementation? What work would the HRWG have a comparative advantage in pursuing? How can the HRWG maximise its impact and contribution to business and human rights?

World Bank Engagement

Rosy Blue served as a panelist in the conference on Strengthening Responsible Business and Governance in Africa, held on 16 November 2010 in Brussels

Baron Dilip Mehta participated in the panel discussion on ‘Seeking the Next Generation of Multi-Stakeholder Governance: Building on Lessons in Extractive Industries’. Iris Van der Veken joined in the equivalent expert group meeting session.

Delegates attending the conference agreed to endorse the Brussels Declaration on Strengthening Responsible Business Practices and Good Governance in Africa. The conference also generated support to create an Africa Responsible Business Network (AfRBN) and a Young African Business Trust.

The World Bank Managing Director in his Back to Office report acknowledged the fact that corporations are increasingly finding a strong business case to mainstream social and environmental objectives into their strategies and corporate culture of doing business and asked Sanjay Pradhan, Vice President, World Bank Institute (WBI) to expand engagement with companies and other stakeholders and consider supporting the networks platform.

This AfRBN will leverage and support existing business networks to take an action-oriented approach to tackle challenges such as good governance and anti-corruption, Corporate Social Responsibility, BoP, better utilising natural resources for development, and improving public procurement. Actions will include:

- (i) Mobilising network members to participate in country coalitions for change:
- (ii) Establishing codes of conduct and other innovative approaches: and
- (iii) Developing tools to translate codes into business practices for firms of all sizes

A major highlight took place within the last two months. Jointly with MEDEF, ILO, and IOEs, the World Bank Institute organised a high level conference on CSR – A Pathway to Growth and Employment Creation in Africa.

The highlight was the adaptation of a Declaration that makes explicit reference to the African Responsible Business Network (AfRBN). The Declaration will be sent to G–20 head of states meeting as well as to the B–20 (business – 20) meeting that will take place at the beginning of November in Cannes, France.



# Sector-based initiatives

## Responsible Jewellery Council

In May 2005, a group of 14 organisations from a cross section of the diamond and gold jewellery business came together to form the Council for Responsible Jewellery Practices. These founding organisations were ABN AMRO, BHP Billiton Diamonds, Cartier, World Jewellery Confederation, Diamond Trading Company, Diarough, Jewelers of America, National Association of Goldsmiths (UK), Newmont Mining, Rio Tinto, Rosy Blue (NI), Signet Group, Tiffany & Co., and Zale Corporation. The mission of the council was to promote responsible ethical human rights, social and environmental practices in a transparent and accountable manner throughout the industry from mine to retail, so that customers can be given the choice to buy a ring composed of sustainable materials, and to reinforce consumer and stakeholder confidence in jewellery products.

Today the Responsible Jewellery Council is bringing together more than 350 Members of which 64 have been certified across the jewellery supply chain. RJC has developed a certification system, based on compliance with the principles of the United Nations Global Compact, but more specifically for the diamond and gold jewellery supply chain. This certificate is to be granted through a third party external audit to verify conformance with RJC's Code of Practices.

The Responsible Jewellery Council (RJC) was established understanding that consumer confidence in jewellery depends on responsible business practices being applied throughout the jewellery supply chain. Therefore, the initial work of the RJC focused on the development of its Code of Practices, which set robust and auditable standards of ethical, social and environmental practices applicable to member companies throughout the jewellery supply chain, from mine to retail.

All commercial members of the RJC are required to be audited by accredited third-party auditors to verify their conformance with the RJC's Code of Practices, and become certified under the RJC system. Having established the Code of Practices, the RJC is now turning its attention to issues surrounding the Chain-of-Custody of product. We believe that Chain-of-Custody can strengthen the integrity of the jewellery supply chain and some RJC members have already implemented material tracking systems. In 2010–2011, the RJC is thus investigating how it can assist Members seeking to utilise chain-of-custody as a voluntary, complementary element to the RJC certification process. The RJC hopes to launch its Chain-of-Custody certification in 2012. Rosy Blue has participated in several discussion meetings in London and in Antwerp to share its knowledge of the Chain-of-Custody standards development process. We look forward to continuing engagement with RJC on this important initiative.

Rosy Blue has been actively involved from the start at Board and Committee levels. In 2009 we participated in a pilot project in India and Dubai with De Beers and SGS to prepare the alliance entities in the certification process. Today we can proudly say that Rosy Blue (NI) is RJC certified across all its operations in 13 countries. Rosy Blue (I) became member in 2011, and is ambitious to receive RJC certification by end 2012.

**Business case for RJC**

- **COMMON STANDARD** – opportunity to avoid duplication
- **CREDIBLE SYSTEM** – third-party auditing, stakeholder involvement and consultation
- **SUPPORT** – tools and guidance- training
- **PROVIDE CLARITY TO CONSUMERS AND TRADE**
- **COST EFFECTIVE** – one cost of development of the standard and same system for all



Michael Rae, CEO RJC



## Diamond Empowerment Fund

The Diamond Empowerment Fund is a non-profit organisation that raises money to support education initiatives in African nations where diamonds are a natural resource. It was established in 2007 by a group of individuals and businesses in the diamond and jewellery industry, with the belief that education is essential to empower both individuals and society to reach their fullest potential. DEF envisions a future where poverty in Africa is dramatically reduced through the education and empowerment of youth in diamond-producing nations. The organisation looks to fund projects that have proven success in providing disadvantaged African youth with high quality education, including skill-building and vocational training. In 2010, Dilip Mehta was appointed advisory board member.



## UN Centre of Excellence for CSR education – ITCCO

On Monday May 24 2011 a United Nations-recognised Centre of Excellence for education in corporate social responsibility in the international gem and jewellery sector was founded in Antwerp.

The Centre of Excellence will be operated by the United Nations International Training Centre for Corporate Opportunities (ITCCO), and will be housed in the historic Rodenborch House, a 17th century building located in the heart of Antwerp's old city centre, which is being provided by the City of Antwerp. ITTCO's founding members are UNITAR, CIBJO, the City of Antwerp, the Flemish government, AWDC and the Diamond Industry Fund (Fonds voor de Diamantnijverheid).

The main mission of ITCCO is to support achieving more sustainable, responsible practices and improving the working conditions of people in the diamond and jewellery industry first, then, based on its capacity, address other economic

and industrial sectors. Antwerp is to become an example and share practices with the world. The international (global) nature of the centre was reaffirmed.

The centre is based on a 'one-stop-shop' concept with regard to training on sustainability, CSR, Global Compact principles and Millennium Development Goals. It will not reinvent the wheel – instead it will look at gathering knowledge from diverse sources and transform it into learning experiences adapted both to the context and to the audience.

The first set of CSR courses at ITCCO are scheduled to begin in the fall of 2011.

From the start Rosy Blue has supported this initiative by participating actively in the strategic meetings and has committed itself to share its knowledge in case studies for the training courses.



## Sustainable Luxury Forum

Founded in 2010 by Christopher H Cordey, CEO, WholeBeauty, this membership-led, not-for-profit action tank offers news and intelligence, research and capacity-building services exclusively to luxury brands, retailers, suppliers, NGO's, international organisations and the academic community.

The Sustainable Luxury Forum aims to provide a learning and sharing platform for engaged CSR/ Sustainability/Ethics professionals from the luxury, prestige and beauty sectors, academia and NGOs to:

- Anticipate the trends shaping the luxury industry
- Share business initiatives addressing social and environmental challenges
- Explore Sustainable Excellence

### Rosy Blue's involvement

Since the start of the Sustainable Luxury Forum, Rosy Blue has contributed extensively to the growing success of this initiative.



### Atelier of Sustainable Excellence – September 2010 – 45 leading luxury brands

#### Sustainable Luxury 2.0 – Beyond Compliance

##### Key insights:

- Global conditions are entering a dangerous new phase, with explosive population growth, aging populations, and heightened concerns regarding global warming and environmental degradation. On the other hand, the younger generation is seeking meaning and ethical purpose in their lives and when they purchase, they will judge their elders harshly. They are beginning to take action and understand the power of new technologies.
- The luxury brands – as a reflection of the concerns of the elite and powerful – have a role to play, perhaps as leaders. Not only can they accomplish great good, but they must both protect and nurture their brands.
- There is a growing emotional connection to sustainability regarding the luxury brand. Consumers value:
  - Pro-social initiatives
  - Increased durability in the products they buy
  - Sustainability as a new status symbol
- Rosy Blue explained the efforts to create and implement a CSR policy and shared its best practices and lessons learned.

### Sustainable Luxury Forum – March 2011 – 60 leading luxury brands.

#### Sustainable Luxury Value Chain – why and how to drive change?

##### Key insights:

The supply chain for the luxury industry is fraught with complexity and challenges. Not only must its overall structure be better understood, but the complexity of the many inter-relations between these elements must be better understood – standards can conflict with each other. To date, the attempted remedies have met with limited success. These include accredited certification systems with enforceable standards, inspection regimes, and ongoing stakeholder discussion forums. While inspections can reveal shortcomings, there are dangers corrupting the process, problems with sampling, and the challenges involved in the cultivation and development of management talent to oversee them.

During this second event, Iris Van der Veken, Corporate Affairs Manager Rosy Blue, led a breakout session with 15 participants aimed at identifying and addressing social issues in the supply chain.





# Sector-based initiatives

## Antwerp World Diamond Centre Project 2020: The Antwerp Diamond Master Plan

AWDC, the international representative of the Belgian diamond industry, was an initiative started in 1973 by the Belgian government and diamond industry representatives, to protect and promote the diamond sector and to manage the trade and regulations of diamonds in Belgium. The main purpose of AWDC is to represent the collective interests of the sector and to promote Antwerp as the world's leading diamond business centre. Since our diamond industry has changed in recent years, Governor Cathy Berx, AWDC and other stakeholders started discussions on how to transform Antwerp's 550 year-old diamond trade into a more modernised market, where technological innovation, market 'excellences', new transparent business opportunities and compliance are ensured.

Project 2020 focuses on different new business initiatives such as securing new markets for polished diamonds, developing a 'Diamonds from Antwerp' brand, promoting polishing in Antwerp,

launching an electronic trading platform, expanding Antwerp's rough trade and developing a jewellery wholesale market.

The project also includes a new 'door-opener' strategy to support Belgian business, by providing access to our diamond industry contacts around the world in a more structured manner.

Various community integration initiatives including a new diamond visitor centre and a new diamond museum will embed the diamond sector with more sustainably and will generate a far more active role for the diamond sector in local city projects.

Knowledge and educational initiatives will transform Antwerp into an increasingly vital diamond knowledge centre via the Diamond, Jewellery & Management Institute, educational seminars, the promotion of the WTOCD research centre and the launch of the International Diamond Data Centre.

# Local initiatives in Belgium

## Business and Society Belgium

Ten years ago, there was a mutual consensus among various companies, including Ahlers, SCockerill Sambre, Glaverbel, Randstad Belgium, Belgian Shell and Generale, SD Worx, Randstadt, Cera, Dexia, Janssen Pharmaceutica and Société Générale de Belgique, to establish a Belgian Network for Social Cohesion (BENSC).

The purpose of this network was to bring attention to the problem of social exclusion to these companies and to promote the integration of minority groups into the labour market. This network has also existed on a European level since 1995, under the chairmanship of Etienne Davignon. In 2001, BENSC changed its name to Business and Society Belgium (B&S) and broadened its attention to the wider concept of Corporate Social Responsibility and Sustainable Development. As a result its membership and influence kept growing. This was also due to cooperation with the Foundation of Enterprises and membership of the four Belgian business federations.

At present, B&S brings together these four federations and 55 companies from across different sectors, with a common interest in CSR and sustainability. They present a reference point for CSR in Belgium and provide further information and tools to companies who want to develop CSR programmes, such as sharing best practices on CSR, developing CSR solutions and communicating on CSR topics with stakeholders. In addition they organise themed lectures and working groups. B&S Belgium is an exclusive partner of CSR Europe and Global CSR 360 network. This way they are able to share best practices and experience related to CSR and cooperate and promote CSR on a worldwide scale. Rosy Blue has been a member of Business and Society since 2009 and an active member of the Working Committee for Supply Chain Management since 2010.

## KAURI

KAURI is the Belgian learning network and knowledge centre, focusing on Corporate Responsibility (Business Ethics, Corporate Social Responsibility, Corporate Governance and Corporate Citizenship) and NGO Accountability. KAURI was established in 1997, and owes its name to a type of shell that was once used as means of payment in Africa.

The launch of KAURI was a reaction to the growing importance of Corporate Social Responsibility and Sustainable Development in the Belgian and international business community, with the purpose of enabling stakeholder dialogue and promoting stakeholder engagement between companies and NGOs. They provide their members and stakeholders

with relevant information on all aspects, but also organise a variety of different kind of activities, such as workshops, debating and networking events. KAURI covers over 200 members. KAURI tries to establish a practical and effective stakeholder dialogue and stimulates cooperation between the members, on both a Belgian as well as a European level. Rosy Blue has been a member of KAURI since 2010 and has participated as a key note speaker at the KAURI workshop 'Human Rights: a business for all of us: how to manage human rights issues in your international business' on May 11 2010.







# How Rosy Blue is moving forward

In this section

Respect for human rights

Workplace

Product integrity

Rosy Blue going green – beyond Carbon Neutral by 2016

Community empowerment

All people are entitled to human rights and basic freedoms as these are the cornerstone of every society. It is everyone's responsibility to increase access to and to protect these freedoms. As Rosy Blue is positioned in the middle of the supply chain, our influence is limited when it comes to mining operations, but we try to address Human Rights through our commitment to responsible sourcing and by taking absolute responsibility where we can have influence.

“ All human beings are born free and equal in dignity and rights. ”

UN Declaration of Human Rights, 1948



# Respect for human rights

**THE “PROTECT, RESPECT AND REMEDY”  
FRAMEWORK: THE UN HUMAN RIGHTS  
COUNCIL UNANIMOUSLY ENDORSED THESE  
GUIDING PRINCIPLES ON BUSINESS AND  
HUMAN RIGHTS IN 2011**

In June 2011 the United Nations Human Rights Council unanimously endorsed a set of Guiding Principles on Business and Human Rights for implementing the UN ‘Protect, Respect and Remedy’ framework, the product of six years of research and consultations led by the UN Special Representative on Business and Human Rights, Professor John Ruggie of Harvard University. It involves governments, companies, business associations, civil society, affected individuals and groups, investors and others around the world.

This landmark decision by the Council establish the UN Guiding Principles, for the first time, a common global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity.

Addressed directly to both states and business enterprises, the Guiding Principles highlighted the steps states should take to foster business respect for human rights. It provided a blueprint for companies to know and show that they respect human rights, and reduced the risk of causing or contributing to human rights harm; and it constituted a set of benchmarks for stakeholders to assess business respect for human rights.

They are organised under the three pillars of the UN framework:

- **The State's duty to protect human rights**
- **The corporate responsibility to respect human rights**
- **The need for greater access to remedy for victims of business-related abuse**

The UN Guiding Principles, perceived as the minimum global standard on human rights for all business enterprises wherever they operate, do not only provide an authoritative global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, they also provide civil society, investors and others with the tools to measure progress made by business in meeting their collective responsibility to respect human rights.

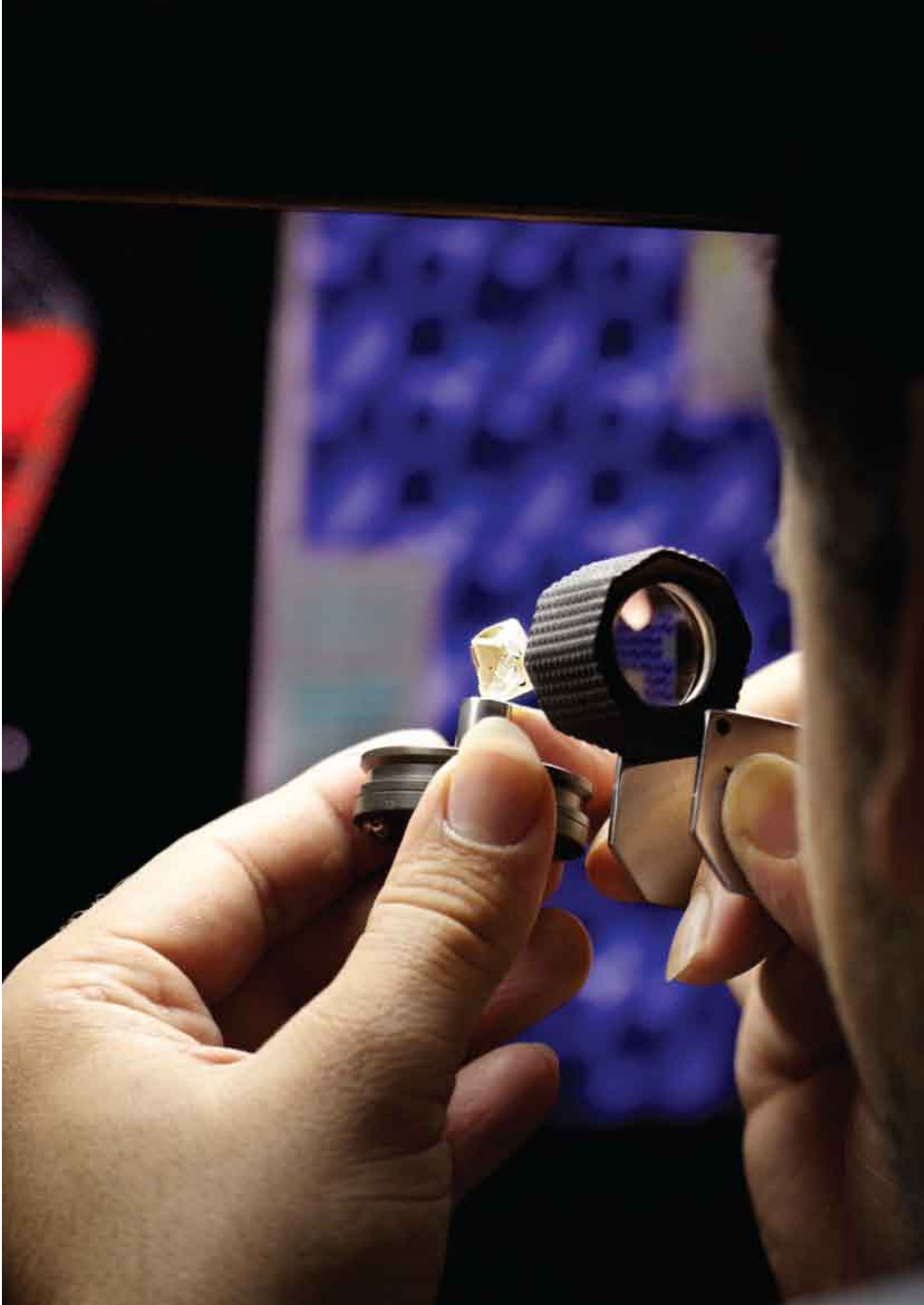
The corporate responsibility to respect human rights means that companies must act with due diligence to avoid infringing the rights of others. In addition to complying with national laws, the corporate responsibility to respect human rights is the baseline expectation for all companies in all situations. Companies may take on additional responsibilities voluntarily.

The responsibility to respect is a core foundation of the UN Global Compact contained in two principles:

- **Principle 1** – Businesses should respect and support the protection of internationally proclaimed human rights
- **Principle 2** – Businesses should ensure that they are not complicit in human rights abuses

The above is recognised by virtually every voluntary initiative and features in instruments as the ILO Tripartite Declaration and the OECD Guidelines for Multinational Enterprises.

The Guiding Principles and UN GC Principles strongly affirmed the corporate responsibility to respect human rights as a global standard of expected conduct for all business enterprises wherever they operate, which means that business enterprises should avoid infringing the human rights of others and should address adverse human rights with which they are involved.



# The impact of the framework on Rosy Blue: the responsibility to human rights

### Upholding human rights: our position and commitment

For Rosy Blue the term human rights refers to internationally recognised human rights, as expressed in the United Nation’s (UN’s) International Bill of Human rights and the International Labour Organisation (ILO’s) core conventions and the Declaration on Fundamental Principles and Rights at Work. We also adhere to the OECD Guidelines for Multinational Enterprises, which were revised and re-issued in May 2011. The updated OEDC Guidelines now also include a chapter on Human Rights. We also believe strongly in the role that voluntary initiatives can have in advancing progress on human rights. We have been a founding member of the Responsible Jewellery Council, which provides an excellent opportunity for discussions and information sharing among companies in the gold, diamond and jewellery industry, as well as NGO’s and governments on issues related to human rights. We are a member of the UN Global Compact and we are an active participant in the UN Global Compact Human Rights Working Group. These platforms give us the opportunity to learn and share with other industries in implementing the UN Guiding Principles and the UN Global Compact human rights principles.

Human rights are universal and play a fundamental role in development. Human rights are first and foremost a matter for which states are responsible, but are also of direct concern to companies, as economic stakeholders who are expected, to respect human rights wherever they operate. The Rosy Blue business alliance entities are committed to ensuring that human rights are upheld in our sphere of operations in all countries where we do business. Respecting human rights is a very challenging journey. As we operate in some of the world’s most complex economic, political and social environments, due diligence and continuous monitoring, (and where appropriate remediation) is key to implementing our commitment. As a major economic player in the diamond manufacturing industry, our conduct must be exemplary, especially in terms of upholding and promoting civil and political as well as economic, social and cultural rights.

### Which human rights are relevant for Rosy Blue alliance entities?

Everyone is entitled to human rights and basic freedoms. This is the foundation of civilised society, and the reason why promoting human rights is a United Nations Millennium Development goal.

It is every citizen’s responsibility to increase access to, and protect these freedoms. We accept the importance for our entities advancing this goal, but we also recognise our own limitations and ability to influence change. We therefore focus our efforts on those areas that are within our sphere of influence, our working environment.

At Rosy Blue, we focus on the following human rights:

- Freedom from discrimination based on race, creed, colour, nationality, ethnic origin, age, religion, gender, sexual orientation, marital status, connections with national minorities, disability, or other status
- Non-tolerance for child labour
- Non-tolerance for forced labour
- The right to healthy and safe working conditions
- The right to rest and leisure, preventing workers from excessive overtime work
- The right to freedom of assembly, association and collective bargaining, the right to form and join trade unions
- The right to just and favourable working conditions, the right to fair wages, the right to equal pay for equal work
- Workers right to information related to their employment
- Access to grievance channels and right to remedies

“ Respect for Human Rights must be an integral part of our day-to-day activities. It is everybody’s concern.”

**Vishal Mehta**  
Member of the Rosy Blue Brand Council

### Human rights due diligence process

In 2010 we committed to enhancing our efforts to undertake human rights due diligence as proposed by the UN Guiding Principles. We analysed the risks on a country and operational level. Working through our local CSR experts, we encouraged due diligence processes through checklists and reporting indicators within our new internal risk assessment tool. We have focused on our direct entities within Rosy Blue as well as our majority contractors. We will, however, keep looking for new opportunities to engage and undertake actions where needed.

### Operational risk assessment

We have defined the following categories as a potential risk for our alliance entities, based on individual country risk and Rosy Blue operations. The table on the next page shows how Rosy Blue is mitigating these risks.

- Child labour
- Women’s rights
- Discrimination
- Working conditions
- Forced or involuntary labour
- Freedom of thought, conscience and religion
- Labour rights and protection
- Freedom of association and collective bargaining

Country risk assessment

	Complicity and rule of law	Civil and political rights	Judicial independence	Access to remedy	Child labour	Business integrity and corruption	Women’s and girls’ rights	Discrimination	Working conditions	Human security	Forced or involuntary labour	Freedom of thought, conscience and religion	Freedom of speech and press	Labour rights and protection	Freedom of association and collective bargaining
Armenia	high	high	high	extreme	high	extreme	extreme	high	extreme	medium	high	high	extreme	high	high
Belgium	low	low	low	low	medium	low	medium	medium	low	low	medium	medium	low	medium	low
China	extreme	extreme	extreme	extreme	extreme	high	extreme	extreme	extreme	high	extreme	extreme	extreme	extreme	extreme
Hong Kong	low	medium	medium	low	low	medium	medium	medium	high	low	low	low	high	medium	high
India	high	extreme	medium	high	extreme	extreme	extreme	extreme	extreme	extreme	extreme	high	high	extreme	high
Israel	medium	high	low	low	low	medium	high	medium	high	medium	high	high	high	medium	medium
Japan	low	medium	low	low	medium	medium	high	high	high	low	high	low	low	medium	medium
Russia	extreme	extreme	extreme	extreme	high	extreme	extreme	extreme	high	extreme	extreme	extreme	extreme	extreme	extreme
South Africa	medium	medium	low	medium	high	high	extreme	extreme	medium	medium	medium	medium	medium	medium	medium
Sri Lanka	extreme	extreme	high	high	extreme	extreme	extreme	extreme	high	extreme	high	high	extreme	high	high
Thailand	high	extreme	medium	high	high	extreme	high	extreme	extreme	medium	extreme	high	extreme	extreme	high
UAE	medium	extreme	high	high	medium	medium	extreme	extreme	extreme	medium	extreme	extreme	extreme	extreme	extreme
USA	low	medium	low	high	medium	low	high	medium	medium	medium	medium	medium	medium	medium	high

Source: Overall Human Rights Risk 2011  
Maplecroft



The impact of the framework on Rosy Blue:  
the responsibility to respect

Universal human rights relevant to Rosy Blue	Countries of special interest for Rosy Blue	Risk-mitigating actions for Rosy Blue
<b>Child Labour</b>  <b>Right to education</b>	China India Sri Lanka Thailand	<ul style="list-style-type: none"><li>• Code of Conduct</li><li>• Human Rights Policy – no employment below 18 years except in China (three trainees above 16 years)</li><li>• Age verification control by ration card or ID card</li><li>• Procedure for raising of grievances</li><li>• Registration training of staff and management</li><li>• Internal and external audits</li><li>• Rigorous recruitment procedures</li></ul>
<b>Women's rights</b>  <b>Right to equality</b> <b>Freedom from discrimination</b>	Armenia China India Russia South Africa Sri Lanka UAE	<ul style="list-style-type: none"><li>• Code of conduct</li><li>• Human Rights Policy</li><li>• Procedure for raising of grievances</li><li>• Registration training of staff and management</li></ul>
<b>Discrimination</b>  <b>Freedom from discrimination</b>	China India Russia South Africa Sri Lanka Thailand UAE	<ul style="list-style-type: none"><li>• Code of conduct</li><li>• Human rights policy</li><li>• Procedure for raising of grievances</li><li>• Registration training of staff and management</li></ul>
<b>Working Conditions</b>  <b>Right to desirable work</b> <b>Right to rest and leisure</b> <b>Right to adequate living standards</b>	Armenia China India Thailand UAE	<ul style="list-style-type: none"><li>• Code of Conduct</li><li>• Human Rights Policy</li><li>• Procedure for raising of grievances</li><li>• Registration training of staff and management</li></ul>
<b>Forced or involuntary labour</b>  <b>Right to life, liberty and security</b> <b>Freedom from slavery</b>	China India Russia Thailand UAE	<ul style="list-style-type: none"><li>• Code of Conduct</li><li>• Human Rights Policy</li><li>• Procedure for raising of grievances</li><li>• Registration training of staff and management</li><li>• Internal and external audits</li><li>• Rigorous recruitment procedure</li></ul>
<b>Freedom of thought, conscience and religion</b>	Armenia China Russia Sri Lanka Thailand UAE	<ul style="list-style-type: none"><li>• Code of Conduct</li><li>• Human Rights Policy</li><li>• Procedure for confidential raising of grievances</li><li>• Training of staff and management</li><li>• Procedure for raising grievances</li><li>• Open communication policy Rosy Blue</li></ul>
<b>Labour rights and protection</b>  <b>Right to life, liberty and security</b> <b>Right to desirable work and to join trade unions</b> <b>Right to rest and leisure</b> <b>Right to adequate living standards</b> <b>Freedom from slavery</b>	China India Russia Sri Lanka Thailand UAE	<ul style="list-style-type: none"><li>• Code of Conduct</li><li>• Human Rights Policy</li><li>• Procedure for raising of grievances</li><li>• Registration training of staff and management</li><li>• Internal and external audits</li></ul>
<b>Freedom of association and collective bargaining</b>  <b>Right to desirable work and to join trade unions</b>	China India Russia Sri Lanka UAE	<ul style="list-style-type: none"><li>• Code of Conduct</li><li>• Human Rights Policy</li><li>• Procedure for raising of grievances</li><li>• Registration training of staff and management</li><li>• Internal and external audits</li></ul>

Respect for human rights is non-negotiable for Rosy Blue. However it remains a complex matter in the field. It is an ongoing journey that we are managing step by step.

**Raising awareness of human rights throughout our direct operations**

- Main challenges:**
- Ensuring respect for human rights among all our employees
  - Ensuring the understanding of the Code of Conduct
  - Implementing an effective policy on raising grievances

**The following are initiatives undertaken in 2010 – 2011 on human rights:**

- Formal partnership with Social Accountability International
- All members of the Management Board adopted a charter of commitment on human rights, including children's rights
- Extra indicators on human rights were integrated in the internal risk assessment tools
- We worked on the further realisation of embedding human rights training to strengthen vigilance and raise awareness among our employees of human rights issues. Training seminars were given on compliance topics on the impact of ethical, environmental and social responsibilities at senior and operational level
- A special awareness campaign was developed in China on labour rights in cooperation with Social Accountability International
- Internal, on-site audits were managed with a focus on respect for human rights
- External audit by SGS and SAI
- RJC Certified for our operations in the following countries: Armenia, Belgium, China, Hong Kong, Israel, Japan, Luxembourg, Russia, South Africa, Sri Lanka, Thailand, UAE, USA.
- We participated at several sessions of the UN Global Compact Human Rights Working Group in London and Geneva

**Raising awareness of human rights with our business partners**

**Main challenges:**  
Ensuring that all our business partners adhere to principles equivalent to those in our Code of Conduct, particularly related to business ethics, human rights and labour

**Our suppliers**  
Our aim is to ensure materials that end up in our products come from socially and environmentally sustainable sources. We ban the use of conflict diamonds and require our suppliers to use legal and ethically managed sources for their raw materials.

**Our contractors**  
When engaging with contractors, we endeavour to avoid being complicit in or encouraging any activities that may result in human rights abuses. Where possible, we also seek to influence the behaviour of our business partners by drawing attention to human rights issues, such as decent wages and safety in the workplace.

How Rosy Blue is implementing value chain management is explained in the chapter on product integrity.



## Workplace

Rosy Blue is known for its exceptional diamond manufacturing expertise and customer service but the potential, dedication, knowledge and excellent performance of our people behind the diamonds are what makes our company great.

We focus on three aspects in the workplace:

- 1 Ethics in human resources management
- 2 Labour and human rights
- 3 Health and safety

### 1 Ethics in human resources management

- Management accountability and responsibility
- Training and communication
- Worker feedback and participation
- Whistleblower protection

### 2 Labour and human rights

- No child labour
- No forced labour
- Fair working hours
- Adequate compensation
- Freedom of association
- Fair disciplinary practices
- Equal opportunities
- Employee well-being
- Adequate grievance mechanism

### 3 Health and safety

- Injury prevention
- Prevention of chemical exposure
- Emergency prevention, preparedness and response
- Occupational safety procedures and systems
- Ergonomics



# Ethics in human resources management

**Our commitment**

- Technical and non-technical training and skills development
- Providing opportunities for career development and growth
- Recognising performance

## Embedding ethics throughout our operations: an ongoing journey

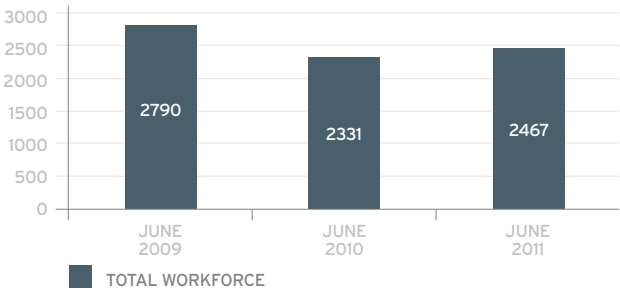
Rosy Blue's global reputation depends on each employee acting consistently with the law, our policies and our values. Rosy Blue employees receive a Code of Conduct that outlines our ethical expectations and provides practical tips and examples on how to act with integrity in every decision, every action, every day.

To ensure that we live up to our commitments we have broad-based training programme.

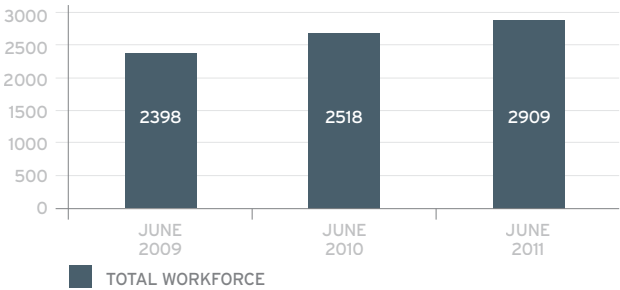
at every Rosy Blue business alliance entity location, who are dedicated to the promotion of best practices and compliance with all applicable laws.

Attentiveness and dialogue must always be the preferred options. Employees are encouraged to seek help when trying to determine the right course of action, either through their line manager or through the HR Department, which provides anonymous reporting. If needed, the matter can be directly referred to the CSR Committee.

**Total Workforce  
Rosy Blue (NI)**



**Total Workforce  
Rosy Blue (I)**



## Our global workforce

Economic development is the engine for change in our society. It starts at the individual level, where people improve their livelihoods and increase their own standards of living. At a societal level, these improvements create more productive economies. This is why employment and productivity are cornerstones of the first United Nations Millennium Development Goal to eradicate poverty and hunger.

In June 2011, Rosy Blue (NI) employed 2,467 people, a growth of 9.5% since 2010. Rosy Blue (I) employed 2,909 people, a growth of 7.1% since 2010. Beyond this staff, the Rosy Blue business alliance helps to support thousands more people by our impact on our employees' families and on the communities we work in. Furthermore, the indirect impact of Rosy Blue is also significantly increased through our supply chain.

## Training: building confidence and capabilities by investing in the talent of our people

Training and development, both personally and professionally, are important at Rosy Blue and play a key role in our human resources strategy. Our goal is to foster the development of employees' potential as effectively as possible and to align their vocational skills and knowledge to the changing demands of our business.

We offer an integrated package of individual coaching and mentoring, classroom training and on-the-job learning. Seventy five per cent of the staff benefits from three days of training per year. We provide a variety of mandatory and voluntary, internal and external training opportunities for our employees to help them develop a broad range of skills for the workplace, as well as the competencies specific to their roles.

We communicate our ethical expectations through annual training sessions covering the subjects of compliance and Code of Conduct and educational modules on our company extranet. Today, our training toolkits exist in four languages: English, Hebrew, Mandarin and Sinhala. The toolkits provide a teaching opportunity for our employees to see the application of our Code of Conduct and compliance requirements in everyday business.

During 2010 and the first half of 2011, we reinforced a company-wide training programme with the aim of raising employee awareness of the Code of Conduct and its impact on their daily work. The

training covers topics such as human rights, labour conditions, health and safety, anti-corruption and bribery and, of key importance, how to report concerns about unethical conduct or any violation of Rosy Blue's Code of Conduct.

By June 30 2011, 85% of the employees of Rosy Blue (NI) had received classroom training on compliance on site. The average time spent per individual on the programme was one hour per year for the blue and white collars and one-and-a-half hours for their managers. Based on the assessed requirements, we decided to invest extra resources in China. The managers and internal social compliance team received six hours of training in total, while the workers received several sessions of 30 minutes training. In India the on-site trainings have started and will continue to be integrated in daily HR management.

**Rosy Blue's standard compliance training includes the following topics:**

- Bribery, facilitation payments and gifts
- Money laundering and finance of terrorism
- Kimberley Process and System of Warranties
- Product security
- Product integrity
- Human rights
- Child labour and young persons
- Forced labour
- Freedom of association and collective bargaining
- Discrimination
- Health and safety
- Discipline and grievance procedures
- Working hours
- Remuneration
- General employment terms
- Community engagement and development
- Use of security personnel
- Environmental protection
- Hazardous substances
- Waste and emissions
- Use of energy and natural resources

## Recognising performance

We understand that praise is an important motivator. We aim to create a culture where team members recognise achievement and help each other perform well. We encourage managers to coach employees continually and to have at least one formal personal development discussion every year. In 2011, 70% of our total workforce receives a yearly evaluation of their work.

While we continue to make progress, there is still much more to do and we are continuing to work on setting the right frameworks into place. For instance, for 2012 we aim to develop an online programme to monitor performance across all operations. A pilot project in Dubai has been launched.



# Promoting communication and innovation

It is essential that all employees understand our goals and expectations. Internal vision, strategy and execution plans ensure that individual business functions are aligned with the overall vision of the Rosy Blue Business Alliance. Internal communication helps to support our collaborative management model.

Various company events at a local level provide opportunities for employees to engage with senior management and learn about the company's strategy. These include:

- Regular strategic leadership meetings and virtual meetings
- Quarterly company-wide and leadership meetings
- Rosy Blue Employee Connection intranet site
- Special personnel events
- Internal newsflashes



## HR PILOT PROJECT IN UAE CONSISTING OF THREE PILLARS

### Tell Me

'Tell me' is the grievance mechanism initiative managed by the Human Resources Department at Rosy Blue UAE, since January 2011. This initiative was launched to address queries, unresolved issues and any imminent problems the employees may face on a monthly basis. Each division is assigned an HR executive. The designated HR executive spends the 20th of every month at his division, where he or she is available to listen to and document the grievances, needs and issues of the employees. Both professional and personal issues are addressed as per the employees' requirements. The documentation is kept thoroughly confidential. The issues are then discussed before the Rosy Blue local Management Board and time-bound actions are decided and implemented.

### Interface

The best way to get fresh ideas is through innovation. One way innovation can be achieved is through diverse teams made up of people from varying backgrounds and fields of expertise – or simply, a mix of team members who think and work differently.

The interface initiative aims to bridge the gap between departments. Once a month different divisions come together to dialogue on working progress and procedures. This pilot project has solved issues and created a higher efficiency rate, for instance, between the sales and financial departments.

### Introspect

'Introspect' initiated the 360 degree feedback system. 360 degree feedback is a process in which employees and managers receive confidential, anonymous feedback direct from the colleagues who work around them. The person receiving feedback also fills out a self-rating survey. This way, a full assessment of someone's performance can be made. This year the pilot in Rosy Blue UAE laid the focus on the performance feedback of the management. Results of this exercise will be given to the participants in November 2011.





Labour and human rights

Our commitment to

- Respect the fundamental ILO conventions on decent work, reflected in the SA 8000 management system
- Recruit a diverse team member base
- Offer an inclusive work environment where differences are embraced

We are a people business – applying the fundamental rights at work

Our strategic vision is clear: to deliver excellent service and added value to our customers. Our people are key to achieve this goal. As explained in the chapter on Human Rights, Rosy Blue’s HR management programme begins with a clear commitment to protecting human rights in its own workplace. We want to assure our customers that human rights are respected, and that decent labour practices in facilities enable our workers to earn sustainable livelihoods. Assuring this is a continuous effort and requires commitment.

Most of our operations take place in the manufacturing industry, and are carried out in developing countries that are seeing rapid industrialisation. Environmental and social standards for labour vary tremendously – for example, the national minimum wage, or working hours in a certain country, may exceed or fall short of actual decent living standards. Because of this, we are committed to going beyond the minimum regulations as stipulated by local law.

It is extremely important that labour conditions at all our manufacturing sites and offices meet recognised standards, and that each of our sites complies with the Rosy Blue employment guidelines.

Since 2007 the Rosy Blue business alliance has carried out in-depth audits of labour conditions at all major production facilities every year. We assess our performance on a monthly basis on the CSR extranet. Our HR Management guidelines determine how we handle employment issues at each site.

Since we began to strengthen our compliance system with the SAI Social Fingerprint Programme, we have worked in stages through two different levels – at the alliance level, through our Global Corporate Affairs Department, and at the factory level, through the Local CSR-AML experts.



Zoom on Thailand and China

We believe that we’ve taken great strides in the past five years, however there is still a long way to go. The distance we’ve travelled from company policy to implementation is a journey we’d like to share through the story of two of our factories, first in Thailand, and secondly in China. In both factories we will demonstrate how we have gone beyond the minimum to ensure decent labour practices. Starting off as pilot projects, the experience learned from these factories are now used as a learning tool to set standards and establish best practices throughout our operations.

Thailand

Thailand is a challenging environment, where concerns about underage workers and working conditions are common. Rosy Blue Diamond Co. Ltd. was established in Phitsanulok in 1989 as a subsidiary of Rosy Blue (NI). It operates a diamond cutting plant employing around 450 workers, manufacturing for export to Belgium.

The work of diamond cutting and polishing is a highly skilled craft. Worker retention and training play a critical role in producing high quality products and maintaining strong customer relationships. Guaranteeing decent working conditions is key to achieving this goal. This is why we opted for the SA 8000 management system in 2005, which we achieved in 2006, becoming the first diamond cutting factory in the world to be certified. This was also the case when we got ISO 9001:2000 certified in 2003 and ISO 9001:2008 certified in 2011. Since 2005, the factory has won consecutive awards from the Department of Labour Protection and Welfare under the Ministry of Labour for ‘Outstanding establishment in labour relations and welfare’.

Living Wage

One of the concrete issues was meeting the living wage requirement. Remuneration is one of the nine elements in the SA8000® standard.

The factory needed to ensure that wages paid for a standard working week met at least legal or industry minimum standards and would always be sufficient to meet the basic needs of personnel and to provide discretionary income. According to the General Manager of the facility, Sookruthai Karintanaka, “SA8000® is a tool we use to manage human rights; this tool is for the workers. We have to comply with national law, but we go beyond it. For example, the minimum wage here in Thailand is 153 baht a day, and at the minimum, we pay 215 baht. “10% for discretionary income.” As the legislation evolves, we will continue to revise our salary policy.

Calculating a living wage required the factory to combine qualitative and quantitative analyses, and resulted in paying a wage that was higher – from 40% to 83% – than the national minimum wage of 153 baht a day. As demonstrated below, the factory developed a living wage formula specific to the factory. The final 110% expresses the addition of 10% for discretionary income.

Worker turnover is reportedly at its peak during the first four months of training. Many workers have challenges with the inherent complexity of learning the art of diamond cutting and polishing. Once you’ve become a skilled polisher, the wage difference will become substantial. There are other industries where slightly lower salary packages are offered, but for much easier work. As of the fifth month of employment, the worker turnover rate goes down. Ensuring sustainable livelihoods is directly positive for worker retention: paying the higher helps Rosy Blue retain skilled workers, which ultimately makes it a more profitable company.

This is why, as of his or her first day at work, a worker receives a daily wage of 215 baht, with performance incentives. All workers receive subsidised transportation to work (around 15 baht), lunch (around 25 baht), on-site child care, annual leave and holidays. During the first nine months, the average wage ranges from 230 baht to 245 baht. After 10 months, their salaries increase to 280 baht. The average monthly wage is approximately 10,500 baht, which includes welfare and benefits.

Formula:

[Basic food basket x (1 % of avg. household income spent on food) x (0.5 x avg. household size) x 110%]

Basic food basket = 33.28 baht/day

Average household income spent on food

Average household size

=

[998.40 (1/34.74%) x (.5 x 3.21) x 110%]

=

[998.40 x 2.88 x 1.60 x 110%]

=

5,060.69 baht/month

=

168.69 baht/day

=

998.40 baht/month

=

34.74%

=

3.21

Health and Safety

The factory also goes beyond compliance to maintain its excellent health and safety records. The Ministry of Labour granted the factory an impressive award for having operated for seven million hours with zero accidents. The factory has won consecutive awards for national health and safety, including the national safety and health country, award since 2008. This award is given to factories that practice OSHA over and above the law.

The company uses a number of additional standards to ensure the health and safety of its workers and community responsibility. It adopted the De Beers Best Practice Principles in 2005 and utilises the national Thai labour standard, TLS8001.2546, to which it was certified in 2007.

Workers well-being and community involvement

A series of worker-elected committees also exists to cover various aspects of worker well-being. A worker-elected grievance committee helps to establish and systematise the complaints management process. For instance, there are communication initiatives through a system of committees that represent all workers and work-life balance programmes that reflect the gender composition of Rosy Blue Diamond Co. Ltd’s workers in Thailand.

Two thirds of the employees are women who benefit from a number of family-friendly programmes. The company organises an annual ‘children’s day’ when the children of workers can visit their parents in their workplace and learn what more about what they do. There is also an on-site nursery to assist employees when they need help with child-care during work hours.

The worker-elected welfare committee plans activities every six months, with a budget allocated from the company. Examples of activities include donations to schools, scholarships and educational funds.

Beyond the workplace, the company also undertakes extensive community engagement: from planting 60,000 trees to anti-drug and tobacco initiatives, involving youth in sports and extracurricular activities, as well as scholarships for employees’ children and housing renovations for underprivileged employees.

The success of the company in demonstrating its social compliance set the standard for the Rosy Blue alliance and the lessons learned here were integrated into Rosy Blue’s global policies and procedures. Since 2004, these dedicated efforts have been publicly recognised through a series of awards.



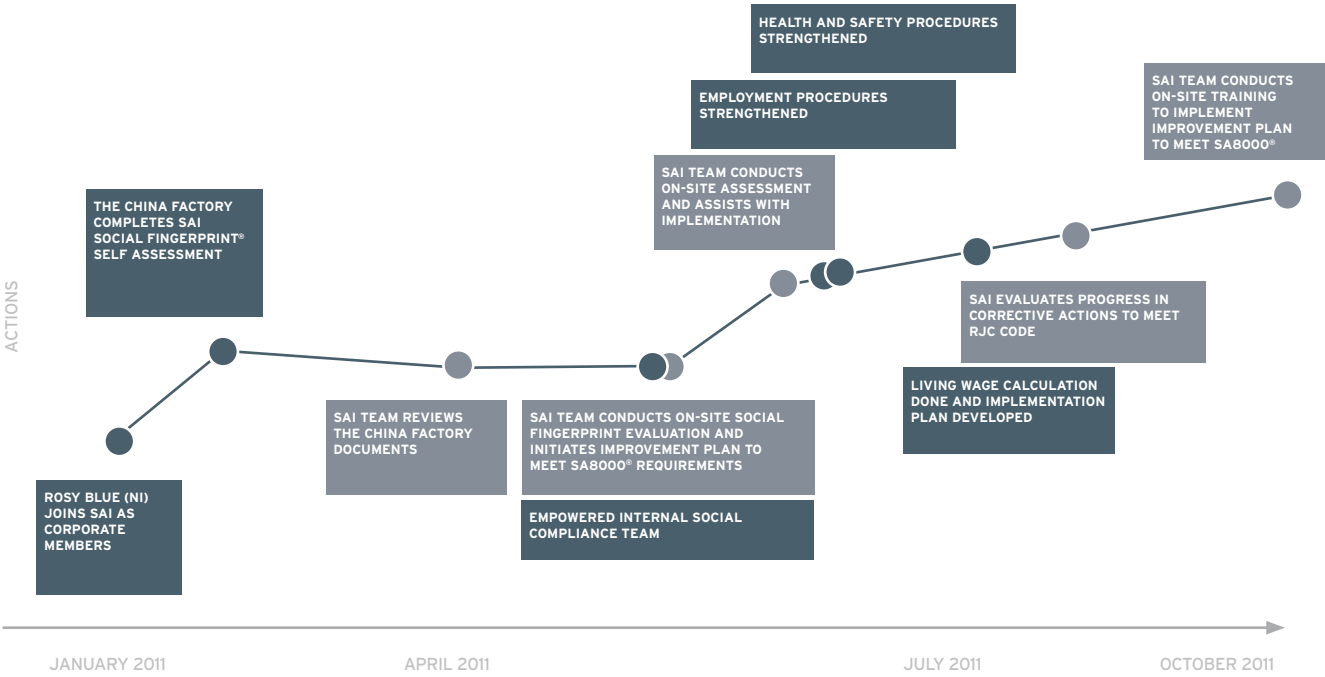
Award-winning performance:

- Thai Labour Standards Award 8001, from Labour Ministry of Thailand (2007)
- Best Factory in Labour Relation Practice, from Labour Ministry of Thailand (2004)
- Best Factory in Benefit and Welfare, from Labour Ministry of Thailand (2004)
- Best Factory in National Occupational Safety and Health (2005)
- Best Factory in Female Living Standards, from Labour Ministry of Thailand (2005)
- Outstanding achievement labour relations and welfare for five consecutive years, from Labour Ministry of Thailand (Consecutive years, 2005-2010)
- AIDS Standard Organisation’s recognition for best management practices, from Thailand Business Coalition on AIDS (TBCA). (2009)
- Zero accidents in seven million working hours, from Labour Ministry of Thailand (consecutive years, 2003-2010)

China

Rosy Blue wanted to replicate the success in Thailand and began to pursue SA8000® certification in our manufacturing site in China in 2011 which employs over 800 workers.

China is the first place where Rosy Blue (NI) used SAI’s Social Fingerprint® Programme to measure and improve the social performance of its facilities and suppliers. This is used to comply with the RJC code requirements.



Self-assessment

The first step in the Social Fingerprint® Programme is to conduct an online self-assessment. This self-assessment examines management system development and implementation in nine key categories, including worker involvement. The self-assessment provides a score of one to five in nine categories:

- Management systems
- Internal labour standards performance team
- Worker involvement and communication
- Complaint management system
- Level and type of non-conformance
- Progress on corrective actions
- External verification and stakeholder engagement
- Training and capacity building
- Managing suppliers and contractors

Social Fingerprint® also provided our Chinese factory with a baseline to measure improvement and a way to benchmark their performance against other factories in China and around the world. When benchmarked against other companies, Linyi saw this was common and accepted the idea of measuring and improving. Based on the scores, the factory in China had gaps in its management system, where there was inconsistency in communication and implementation. The factory started to maximise capacity, building in its Internal Social Performance Team, who are responsible for improving internal policies and procedures.

Independent evaluation

The online self-assessment is followed by an independent evaluation. The independent evaluation is conducted over the phone as a first step. Afterwards, Rosy Blue committed to work on site with locally based SAI Lead Trainers to work towards gaining SA8000® social standards. During SAI’s visits, the Lead Trainers provided training on management systems and empowerment of an Internal Social Compliance Team.



There was a typical gap between our self-assessment and SAI’s independent score in six of the nine categories.

Rosy Blue’s factory in China scored itself particularly high in Level and Types of Non-conformances. SAI agreed that the factory performs higher than average in this area. However, the on-site visit highlighted several areas for improvement, especially related to occupational health and safety, wages and working hours. Across China, working hours are one of the biggest challenges for factories – our site was no exception.

For example, the annual leave policy states that all privately owned factories must grant their employees (employed for at least one year) five days of annual paid leave or pay compensation for those five days. Most of the workers choose not to take paid leave of work, as 70 – 80% of the workers are migrants from other regions, and leave during the break at Chinese New Year to go back to their home towns. To address this specific situation, Linyi established an HR plan that integrated a balanced approach to remuneration and annual paid leave.

As far as wages are concerned, our average wage is about 87% higher than the local minimum wage. In Yishui, the monthly wage is RMB 800 per month, since March 1, 2011. Since April 2011, 100% of the employees in the factory are paid above the legal minimum wage.

In the categories of Worker Involvement and Communications and Complaint Management Systems, the factory has a good starting basis. These communication channels are being extended to further include external stakeholders who can help to improve its social performance programme.

- After their evaluation, the factory and SAI put together a plan on three levels, to:
- 1) Develop and implement social compliance management systems
  - 2) Identify specific gaps between current practices and SA8000® requirements
  - 3) Improve weaknesses such as health and safety, overtime and remuneration systems

The Chinese factory has remained in routine contact with SAI as it has revised its policies and procedures to integrate SA8000® requirements. By empowering its Internal Social Performance Team, the factory is on the path to improving not only its policies and procedures but also communication and implementation throughout the company to the benefit of workers and management. It is critical to continue efforts to build and train this team, and to provide regular, progressive training to all workers to help people understand how to develop, implement and use management systems for improving their working conditions.

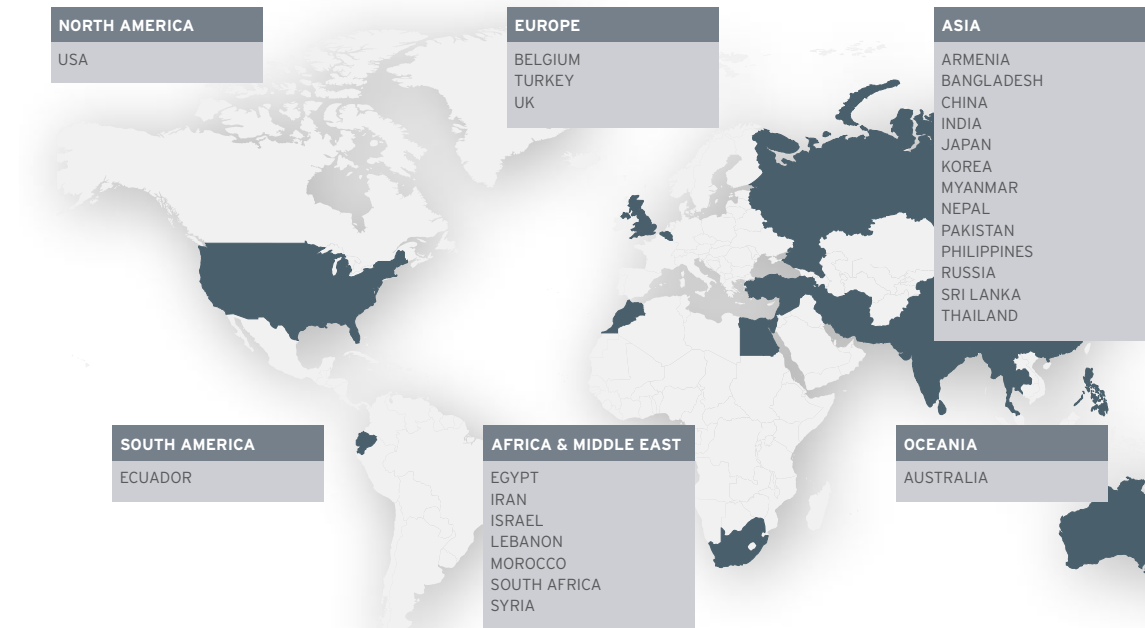
“ We need the diverse talents and full potential of every individual employee in order for Rosy Blue to excel as a leader in the global marketplace. Our diverse workforce is critical to exploring new ideas and creating innovation. ”

**Ravi Bhansali**  
Member of the Rosy Blue Brand Council

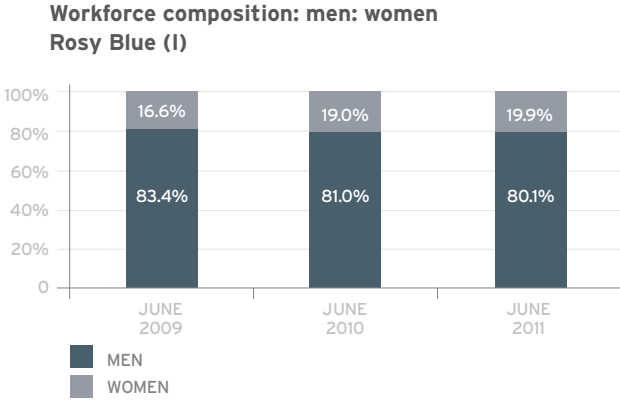
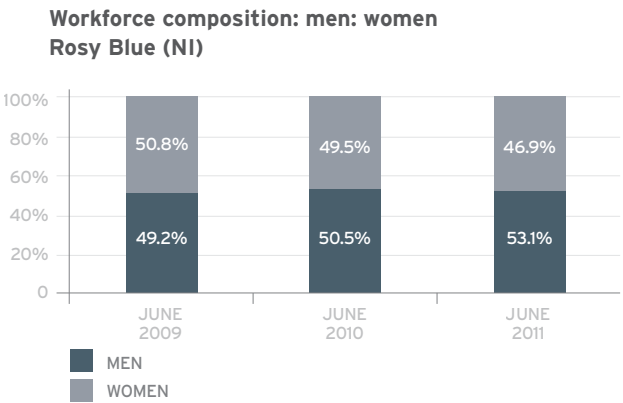
# Recruitment: embracing diversity

Selection of personnel throughout the operations is based exclusively on specialist expertise, development potential and individual performance. We believe that our workforce should reflect the diversity of society, and that employees throughout the operations should be able to contribute their abilities without discrimination

or prejudice based on gender, race, religion or sexual orientation. Our diverse workforce comes from 26 countries and brings together different cultures, languages, backgrounds, talents, career experiences and ways of thinking that help us reach customers and communities around the globe.



We have a well-balanced and diverse workforce covering both white and blue collars. Most of our jobs are in diamond and jewellery manufacturing in Asia. Rosy Blue (NI) employs 46.9% women and 53.1% are men. In Rosy Blue (I), 80.1% of the staff is male.



# Health and safety

**Our commitment, to:**

- Develop a healthy workforce and provide a safe environment
- Minimise the risks to people, the environment and the company
- Integrate health and safety management into our business strategies and processes

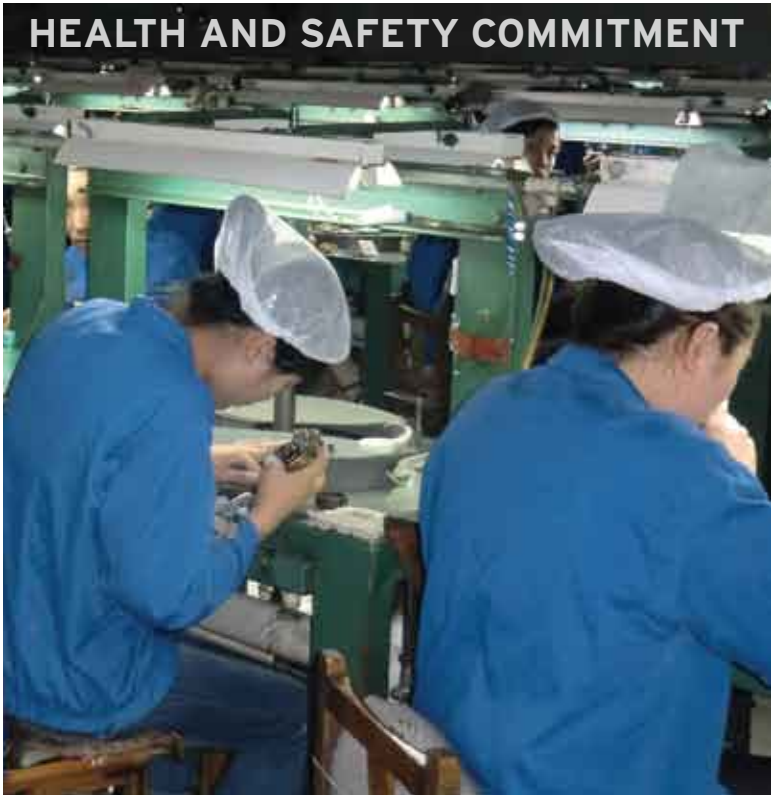
## Worldwide, we focus on making working at Rosy Blue even safer

Health and Safety policy implementation is managed by the global corporate affairs department. They are responsible for developing the health and safety strategy and the annual action plans. They develop standard operating procedures for risk assessment, hazard identification and incident reporting across the operations. This team coordinates and facilitates health and safety arrangements in each individual entity, each of which have their own health and safety committees.

We hold our commitment to excellence in health and safety as a core value – under accountability – a responsibility for each employee at every level. In line with this, we have a strong health and safety standard and reporting framework that all alliance entities are required to follow.

The diagram shows the scope of areas in health and safety that are a priority for all our entities.

CONTRACTOR SAFETY
CANTEEN
AIR EMISSIONS
WASTE WATER
OCCUPATIONAL EXPOSURE LIMITS
CONTROL OF HAZARDOUS SUBSTANCES
OCCUPATIONAL NOISE
SANITATION
DRINKING WATER
GENERAL WORK ENVIRONMENT



HAZARDOUS MATERIALS
HAZARDOUS WASTE
MACHINE GUARDING
PPE – GENERAL
ERGONOMICS
MAINTENANCE SAFETY
ELECTRICAL SAFETY
FIRE SAFETY MANAGEMENT
MEDICAL SERVICES AND FIRST AID
EMERGENCY ACTION







## Continuous reduction in occupational injuries

An analysis showed that the two main causes of accidents occur while employees are polishing diamonds, typically by cutting their fingers and from dust in the eye. We thoroughly investigate the causes and contributing factors associated with each incident to learn from and prevent similar events in the future.

For the third consecutive year, 2010 saw a further reduction in Rosy Blue's number of working injuries. The awareness campaign on wearing personal protective equipment (PPE) made a considerable impact and clearly contributed to this good performance.

The table below shows the number of injuries in the past two years in terms of minor and major injuries.

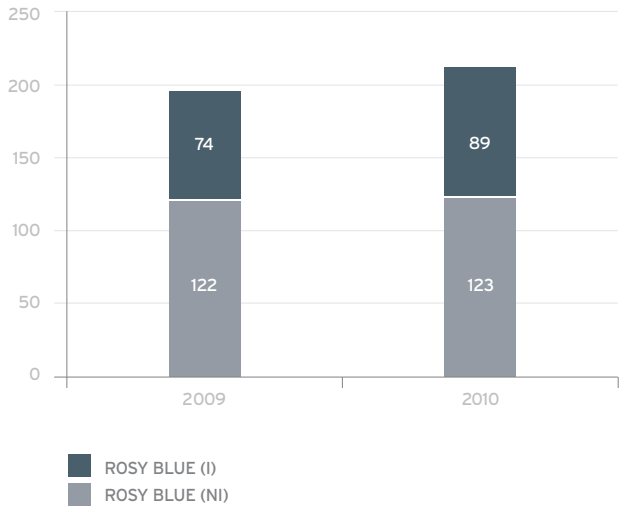
- Major injuries lowered from 0.12% in 2009 to 0.06% in 2010
- Minor injuries lowered from 0.74% in 2009 to 0.34% in 2010

## Ongoing awareness – raising on health and safety

In general, the manufacturing process of diamonds does not pose any material safety risks in itself. Risks arise more from the behaviour and habits of employees such as storing chemicals without proper labelling, stacking material in front of an exit door, posing inadequate evacuation signs and not providing clearer warning signs on machinery. If we want to continue improving our performance, all our people need to take action when they observe a co-worker in a risk situation.

We run a range of campaigns and training programmes to raise awareness about health and safety issues. During 2010–2011 a comprehensive programme was deployed at all sites of Rosy Blue (NI) on first aid, the usage of personal protective equipment and improving on practices in machine guarding. This included education about the risks, advice on methods to prevent incidents, and other requirements.

Health and safety team  
2009-2010



In 2010, 212 people were involved in preserving health and safety. This number comprises the health and safety managers, officers and employees trained in first aid and fire evacuation.

This represents 4.2% of the total workforce in all the alliance entities, and is a 0.4% increase in the total workforce since 2009. We will continue to train and engage people to address the importance of delivering excellent results in our safety performance.

In 2011, a Safety, Quality and Environmental Subcommittee was created to develop and implement a strategic plan. Its ultimate goal is to provide an environmentally friendly, safe and injury-free workplace. This team, along with the local cross-functional safety committees at each location, helps implement Rosy Blue standard safety practices across the alliance entities and facilitate the sharing of best practices to improve overall safety.

Injuries Rosy Blue (NI) and Rosy Blue (I)



# Product integrity

“ We create lifetime customers based on integrity and respect in everything we do.”

Atul Jhaveri

## Product integrity and quality improvement is our primary way of enhancing customer value

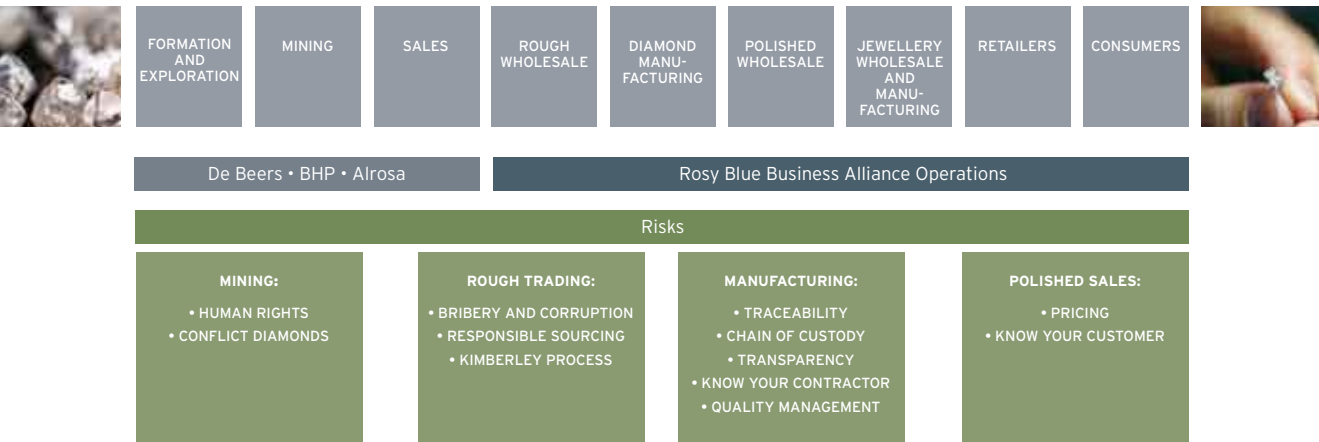
Rosy Blue is not only committed to providing the most beautiful products at the best prices. The full quality of a product goes beyond its inherent characteristics. It encompasses the social, economic and environmental story that has made this stone become precious products. A diamonds integrity, therefore, include the extraction, manufacturing and trading practices that come with the product and determine its overall value. This is what customers expect from Rosy Blue and where we can merit their trust and confidence.

## Product integrity across the value chain

Product integrity focuses on managing the different stages in the life cycle of our diamonds. We address product integrity in our value chain through:

- Sourcing from reputable companies based on reliability of the sellers, and professionalism of the actors' practices
- Rough trading and polished sales: know your customer, anti-bribery, corruption and disclosure
- Manufacturing:
  - Leading quality management processes in our manufacturing operations, Forever Mark programmes in selected alliance entities,
  - Managing contractors
- Open collaboration with industry partners to develop a common approach

### Product integrity across the value chain



“ In fulfilling the business needs of some of the most prestigious jewellery houses in the world, we take our responsibility for managing our supply chain integrity very seriously. We look after our clients by offering tailored, value-adding services, but product integrity represents the foundation of how we serve all our clients. ”

Raj Mehta  
Member of the Management Board

“ In today’s competitive and dynamic marketplace, customer satisfaction is crucial to securing a leading edge. Rosy Blue is committed to innovation and to delivering the best products and services, thereby improving people’s quality of life and contributing to a better global society. ”

Mayank Mehta  
Member of the Management Board



# Responsible sourcing: facing up to challenges across our supply chain

## Sourcing of rough diamonds

Rosy Blue’s commitment to social responsibility extends to the source of raw materials used in the manufacturing of our products. We require our suppliers to use only diamonds that have been procured through a conflict-free process and from sources that adhere to our standards of human rights and environmental protection.

### Update on the Kimberley Process\*

**Zimbabwe**  
Without doubt, one of the most important and positive results of Israel’s KP Presidency has been the formalisation of intensified collaboration between the KP and the World Customs Organisation. As Israel succeeded Namibia as KP Chair for 2010, the key issue remained the alluvial diamond fields of Marange in Zimbabwe and how to bring these under control and implement the Swakopmund Joint Work Plan. Abbey Chikane, the appointed KP Monitor for Marange established that two mines – Mbada and Canadile – had implemented all necessary requirements and had to be considered compliant. The arrest of a member of KP’s civil society and a human rights activist in Zimbabwe, Farai Maguwu, just before the KP intersessional meeting in Tel Aviv stopped any progress on this subject and divided the entire KP in two camps. Zimbabwe requested that exports from the two compliant mines would be granted under the supervised export mechanism agreed in the Joint Work Plan. It took a special meeting in the fringes of the WDC’s Annual Meeting in St Petersburg and the freeing of Maguwu to release the productions of August and September 2010. The St Petersburg agreement furthermore included a KP Review Mission to Marange to examine any progress made on the implementation of the recommendations of the 2009 review mission. Unfortunately, no consensus could be reached on the report before the start of KP’s Jerusalem Plenary meeting. That meeting ended in disarray without any consensus reached and another special meeting in Brussels at Val Duchesse, failed to unlock an entrenched situation. The situation remained deadlocked until a KP notice from the new KP Chair, Mathieu Yamba Lampfang from the DRC, shocked the catatonic KP into action. A meeting in the fringes of the WFDB meeting in Dubai provided enough momentum to hope for an imminent resolution. Unfortunately, a Kinshasa Intersessional and two new proposals later, no consensus was reached.

\*Source: Antwerp World Diamond

### Update November 2011

During the KP Plenary in November 2011 in Kinshasa, the Plenary agreed to the immediate resumption of rough exports from Zimbabwe’s Marange mines. The KP Plenary meeting in Kinshasa has fully endorsed the unrestricted resumption of rough diamond exports from the two KP-compliant mines operating in Marange – Marange Resources and Mbada – with immediate effect. Contingent on the positive assessment of the KP monitoring team, the third mine, the Chinese-owned Anjin operation, will be confirmed as fully compliant within two weeks from today, November 1, 2011, and then is also allowed to export. The decision was accepted with unprecedented thunderous applause as well as a standing ovation from virtually the entire KP community of delegates. There is a continuing role for the KP Monitoring Team, and the continued involvement of the Civil Society Coalition is enshrined in the new agreement, which is issued as a Plenary Administrative Decision by KPCS Chair Mathieu Yamba.

### Côte d’Ivoire

Today, Côte d’Ivoire remains the only diamond producing country still under an UN diamond embargo. In the KPCS context, these are the only conflict diamonds produced today. The Working Group of Diamond Experts from the KP continued preparations for implementing geochemical fingerprinting techniques to ease identification of Côte d’Ivoire diamonds, as tasked by the relevant resolution of the UN Security Council. At the 2010 Jerusalem Plenary meeting, a quick lifting of the diamond sanctions was expected, following the organisation of free elections in the country. Unfortunately, the outcome of the elections propelled Côte d’Ivoire into a new spell of violent conflict with many casualties. Now that the new Outtara-government has taken firm control of the whole territory, hope has returned that the last UN diamond embargo could be lifted as early as late April 2012. This will, however, necessitate an active and functioning KPCS released from the inertia of the Marange episode.

## Sourcing of gold

The supply chain for gold consists of many types of businesses: family-run mines, brokers, smelters, refiners and commodity exchanges, before reaching a component or subcomponent manufacturer. The combination of a lengthy supply chain and a refining process makes it difficult to track and trace these materials. Rosy Blue is taking the first steps to tackle this challenge. We started by mapping our supply chain to the smelter level. Next, we are at the forefront of a joint effort with our key customers to validate conflict-free sources. The Democratic Republic of Congo (DRC) has been a global mineral provider for years, but human rights violations have been reported in its mining industry.

It is Rosy Blue’s firm policy to refrain from purchasing minerals that support these violations, and we advocate that our suppliers strictly adhere to the same standards. Tracing the source of these minerals from mine through smelter to final product is a complex challenge that we cannot address alone.

Upon completion, we will require all our suppliers to source only from smelters that comply with the Dodd-Frank Act.

“ We believe an ethical, diverse supply chain is a vital part of our business. We want to partner with companies that share our vision on doing business the right way.”

**Amar Kothari**  
Member of the Management Board

### What is the Dodd-Frank act?

In recent years, there has been increasing international focus on conflict minerals emanating from mining operations in the Democratic Republic of Congo (DRC) and adjoining countries. Many mining operations in this region are believed to subject workers and indigenous people to serious human rights abuses. There are also concerns that money earned on the sale of mined minerals from certain mines is being used by armed groups to finance regional conflicts in the DRC area, which have been characterised by atrocities, extreme levels of violence and an emerging humanitarian situation. On July 21, 2010, in response to these concerns, the US Congress enacted legislation that requires the US Securities and Exchange Commission (SEC) registrants to provide certain disclosures about the use of specified conflict minerals emanating from the DRC and adjoining countries. Section 1502 of the Dodd Frank Act1 is intended to bring transparency to the financial interests that support these mining operations that exploit workers and are financing regional conflicts in the DRC area. By requiring companies utilising conflict minerals in their products to disclose the source of such minerals, the law is aimed at dissuading companies from continuing to do

business, or source minerals from suppliers who do business, with these mines.

On December 15, 2010, the US SEC issued a proposed rule under Dodd-Frank Section 1502 as required by the legislation to implement the disclosure requirements of the new law. Final SEC rule was due to be released on April 15, 2011, but has been delayed and is not expected to be released until the end of 2011. There is still much to be determined and clarified by the final rule. Implementation issues remain, including clarity around the proposed requirement for an independent private sector audit of an issuer’s Conflict Minerals Report. Dodd-Frank Section 1502 is applicable to all SEC issuers (including foreign issuers) that manufacture products where “conflict minerals are necessary to the functionality or production” of the product. Although some retailers may not be affected, retailers that manufacture private label products would be subject to the provisions. Based on a review of Standard Industrial Classification codes, the SEC estimates that more than 5,500 companies will need to make disclosures under the new law. Industries affected include electronics and communications, aerospace, automotive, jewellery and industrial products.

# Rough trading and Polished sales

### Know your customer

With the advent of anti-money laundering legislations such as the USA Patriot Act, in many countries, gemstone dealers are classified as quasi-financial institutions because of the portable, high-value products that we, trade and therefore are subject to the same framework as banks and other financial institutions. We have a dedicated team that follows the 'know-your-customer' procedure to ensure that we are compliant with applicable anti-money laundering legislation. As buyers, we are also subject to the same disclosure obligations to our suppliers. Compliance with applicable anti-money laundering legislation

further enhances our ability to ensure the integrity of our supply chain and the legitimate nature of the goods that we trade.

### Disclosure

The non-disclosure of the treatment of natural diamonds and the misrepresentation of simulants and synthetics as natural diamonds, undermines consumer confidence in the integrity of our product. We adhere to the Best Practice Principles of De Beers and the RJC Code of Practices and comply with disclosure requirements in order to safeguard consumer confidence.

### Anti-bribery and corruption

Rosy Blue operates in a number of countries that are independently recognised as having a high risk of corruption. The Managements Board of each Business Alliance is responsible for coordinating identification and documentation of risk factors on bribery and corruption and for the ongoing development of the risk management system. On the basis of this approach to risk, we organised intensive compliance training on a code of conduct that includes anti bribery and corruption.

Together with other training in 2010 and the first six months of 2011, we have already covered 70% of our alliance entities.

### Leading quality management processes in our manufacturing operations: quality relationships guide us

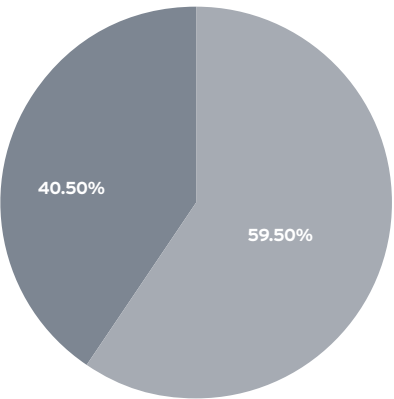
We are engaged in an internal manufacturing programme called Diamond Quality Management (DQM). Rosy Blue adopted a proactive, integrated approach to quality, not simply obtaining ISO 9001 certification, but also improving the quality management system; raising awareness of quality as a priority for all, connecting cross departmental expertise to improve processes, analysing root causes of incidents in the process flow, as well as enhancing the training of personnel who can support the development of the system. Compliance is the foundation of all these activities.

### Education on quality control

Rosy Blue has established a Quality Training System to foster personnel who can contribute to quality improvement in all concerned divisions. Led by Palitha Jayasekera, this initiative develops and promotes education programmes that improve awareness about quality management, depending upon the requirements of each division, and improves skills on reliability techniques and quality control methods. Between January 2010 and June 2011, over 1000 employees have gone through an intensive quality training programme. This corresponds to 40.50% of the total workforce of Rosy Blue (NI).

Rosy Blue Sri Lanka and Rosy Blue Thailand have put in place management systems for obtaining certification for the ISO 9000 family of standards for quality management systems. Rosy Blue Thailand received certification in 2003, Rosy Blue Sri Lanka in 2004.

Rosy Blue (NI)  
ISO 9001: Certification



■ UNCERTIFIED  
■ CERTIFIED

Certification ratio = number of employees of certified sites/number of total employees



### Forevermark

Launched in 2008, Forevermark is a proprietary diamond brand of De Beers: Forevermark diamonds come with a promise of quality and integrity. Each one is inscribed with the Forevermark icon and a unique identification number that provides quality assurance and enables traceability. The inscription is made using highly advanced technology. Invisible to the naked eye, it can only be seen using a special viewer in authorised Forevermark jewellers. Rosy Blue was one of the first diamond companies to implement a product integrity programme through the Forevermark in its entities in Belgium, Hong Kong, India, Japan, Sri Lanka and Thailand. Every Forevermark diamond must meet the Forevermark Pipeline Integrity Standard – a groundbreaking set of rigorous responsible sourcing standards for the diamond industry. Written in conjunction with the British Standards Institute, it incorporates the Kimberley Process Certification Scheme and compliance to the De Beers Best Practice Principles assurance programme, as well as additional Forevermark requirements. Only the highest quality diamonds are selected as Forevermark diamonds.

The implications for a company the size of Rosy Blue are substantial, as the rough is bought in various locations and is then routed through procurement and sorting offices, before ending on polishing wheels in four different factories. For each entity, integrated systems had to be set up in order to guarantee full transparency on every stone. The set-up cost for this project was substantial, but has proven to be a great learning exercise for the company.

### FOREVERMARK



### External on-site Forevermark audits

	2006	2007	2008	2009	2010	2011
Belgium			•			•
Japan						
Thailand	•				•	
Hong Kong					•	
Sri Lanka	•		•			
India			•			•



Managing contractors

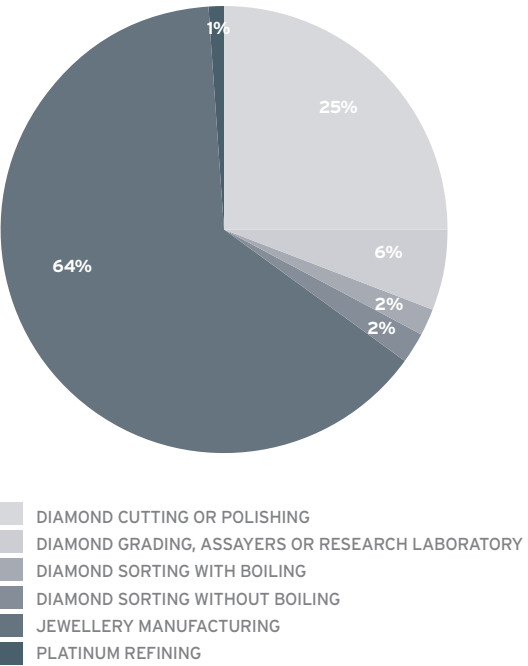
Monitoring and improving performance: an ongoing challenge

Managing our contractors continues to be very challenging. We focus on 'majority contractors', being the contractors that generate 75% or more of the revenues of the contractor from one Sightholder entity. In June 2011 we had six majority contractors for Rosy Blue (NI), and three majority contractors for Rosy Blue (I). In 2011, Rosy Blue (NI) had a total of 67 contractors and Rosy Blue (I) had 31.

Each year, these majority contractors are audited across our supply base. They are selected by SGS based on risk factors such as conditions in the country where a facility is located and the facility's past audit performance, enabling us to focus our efforts where we can have the greatest impact. In 2010, as a result of the risk assessment and desktop review, no majority contractor was audited. Our Business Partners Code of Conduct was revised in 2010, setting out our expectations of business partners.

We continue to enhance awareness in 2011 by distributing our new Business Partners Code of Conduct which we asked them to sign as a formal undertaking. Today 69% was returned. We will continue to engage with all our contractors to contribute to a sustainable supply chain.

Rosy Blue (NI)  
Number of contractors / main activity June 2011



Rosy Blue (I)  
Number of contractors / main activity June 2011

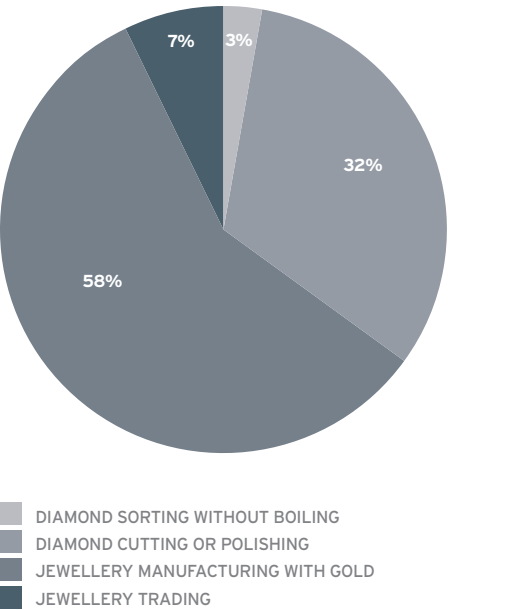


Table of contents of Rosy Blue's Business Partners Code of Conduct

1	Commitment to business ethics
2	Human rights and labour
3	Ensuring workplace health and safety
4	Protecting the environment
5	Product integrity and disclosure
6	Business integrity
7	Management systems
8	Rosy Blue's commitment to its business partners
9	Resolving code of conduct or ethics issues
10	References
11	Acknowledgement of Rosy Blue's Business Partners Code of Conduct

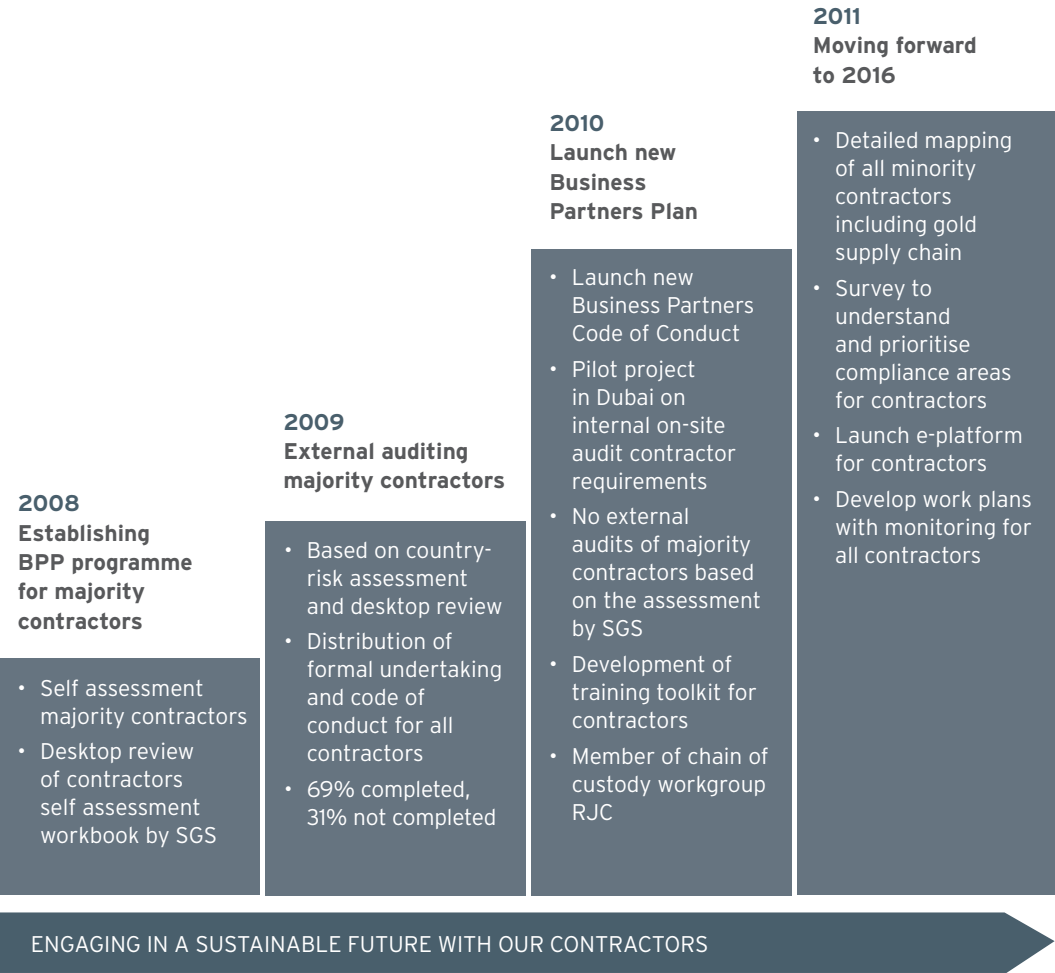
Rosy Blue follows the following deployment process

- Share the Code of Conduct with all contractors and communicate our expectations about how it should be applied
  - Evaluate contractors to identify facilities at risk of non-compliance
    - Majority contractors: those that generate 75% or more of the revenues from one Sightholder entity
    - Minority contractors: those that generate less than 75% of the revenues from one Sightholder entity
  - Evaluate majority contractors through self-assessments and desktop review. Minority contractors will be included in the new Roadmap to 2016
  - Depending on the results of assessments, external audits are commissioned by De Beers
  - Work with contractors on corrective action plans to resolve any findings
  - Validate that issues are resolved and continue to monitor and engage in dialogue with contractors
- Rosy Blue will continue to address other actors, like subcontractors and minority contractors. We have prepared a roadmap to 2016 to engage with all our minority contractors to develop realistic CSR programmes that include legal compliance, employment, occupational health and safety, and environmental protection. As supply chains have expanded, our interest has broadened to encompass not only our direct contractors, but also the companies to which they subcontract work. Recognising that the supply chain overlaps considerably in the diamond and jewellery industry, with multiple manufacturers of finished products sharing the same subcontractors and parts suppliers, we will engage with our industry partners and other stakeholders to find collective and efficient solutions in our sphere of influence.

Contractor compliance team Sri Lanka



CSR Contractors Roadmap



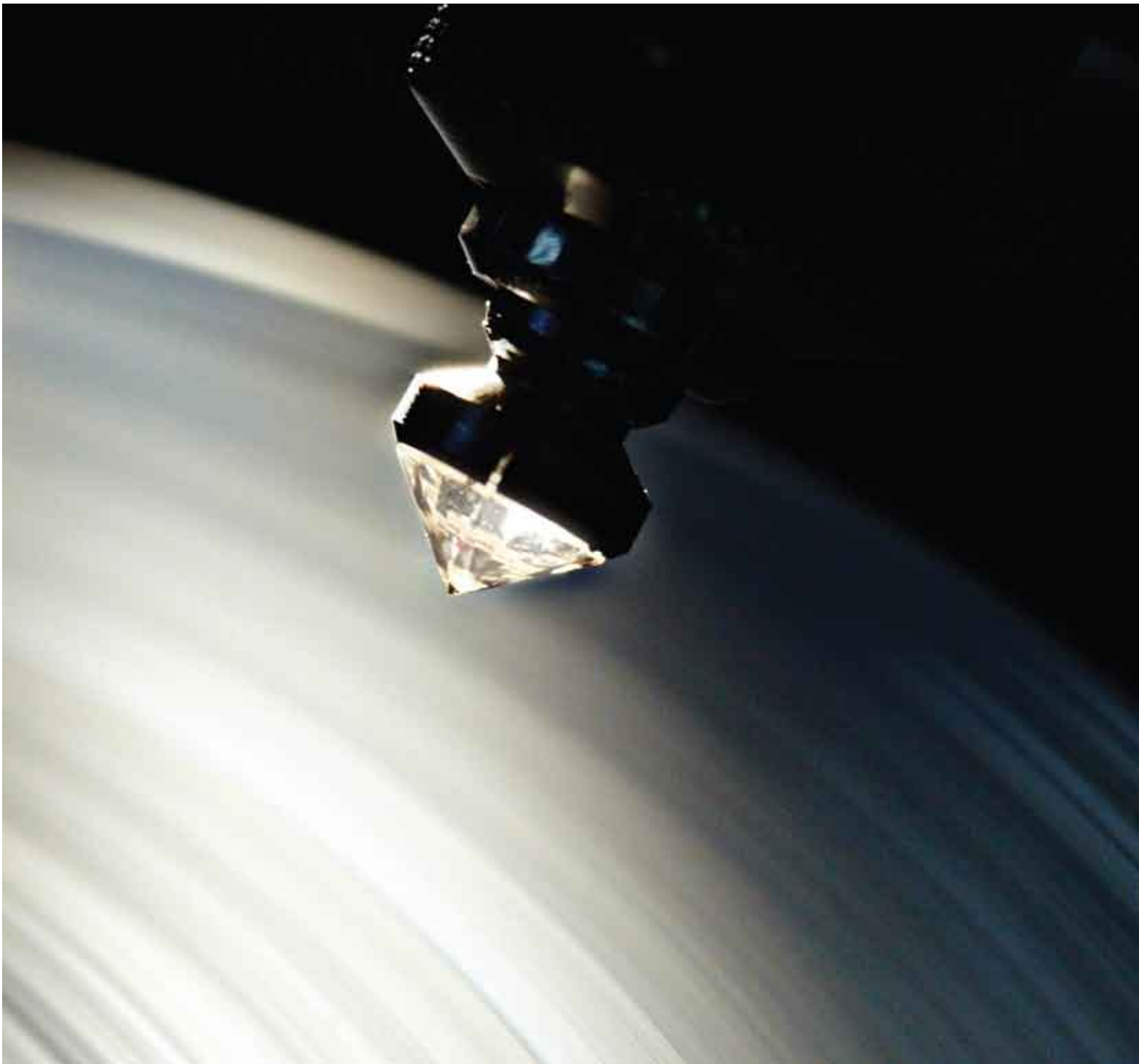
“We want to help our contractors improve their long-term sustainability performance, emphasising the business benefits”

**Viraj Mehta**  
Member of the Rosy Blue Brand Council

Working within the industry

Rosy Blue promotes responsible practices in the wider diamond and jewellery value chain through industry collaboration. Our membership and ongoing participation on the Responsible Jewellery Council enables Rosy Blue alliance entities to exchange ideas and pool resources with industry

peers, respond to stakeholder concerns and influence the development of industry standards. We are directly engaged with the Responsible Jewellery Council to develop a voluntary system of chain of custody processes that will improve the traceability of minerals.





## Rosy Blue going green – beyond carbon neutral by 2016

In 2010 we took some decisive steps forward in making Rosy Blue's environmental impact smaller. We launched the Rosy Blue going green project worldwide with a firm ambition to contribute to the reduction of society's carbon footprint by going further than carbon neutrality by 2016. We started this ambitious project by defining our strategy and approach for the coming years. In defining the strategy for Rosy Blue going green, we are inspired by the Four C's of our business: colour, clarity, cut and carat.

### Rosy Blue going green strategy: colour, clarity, cut, carat

**Colour:** acknowledging the challenges that climate change presents to society, we are committed to reducing and minimising the environmental footprint of our company. That is why we have developed a colourful company wide strategy and action plan which we call Rosy Blue going green. But for Rosy Blue to become green, we need clear goals.

**Clarity:** moving beyond carbon neutrality by 2016 is such a clear goal. It means that we aim to take away more CO<sub>2</sub> than we generate. And to add clarity, specific milestones are put in place, one for every year leading up to 2016. In other words, we are taking a step-by-step approach whereby we focus year-by-year on a different aspect of our business and operations.

**Cut:** cutting our carbon footprint, means first of all that we look at the sources of our carbon emissions, and then tackle them, one at a time, both by cutting our carbon footprint where we can and offsetting it where we can't. We focus on doing so by developing novel initiatives and services that generate a positive impact on the environment and business value, for us, our customers and our other stakeholders.

**Carat:** this will not only provide us with a sterling reputation, it also makes business sense. It invariably addresses our operational costs. But more importantly, it also adds 'green' value to our products and services and a competitive advantage to answers today's and tomorrow's market needs. In this way, Rosy Blue going green is integrated in the overall company strategy.

“ Last year we stated that the way forward towards Rosy Blue going green was to move beyond commitment, to take firm action. Today, we are well on our way on that path, with an ambitious goal to move beyond carbon neutrality by 2016. Over the next years, our ambition remains as determined, and the challenges as worthwhile, to address, both for our business and the environment. ”

**Palitha Jayasekera**

Member of the Management Board and of the CSR Committee

We kicked off with a focus on the area of business travel. We measured the carbon footprint of our employee's business transportation to enable us to reduce our carbon emissions and to offset the remainder. We will gradually include all aspects of our business.



# Team input data Rosy Blue going green project



Gittan De Keukeleere



Ingrid Heivers



Ronith Eliezer

### What is a Carbon Footprint?

Carbon Footprints are the most important aspect in a range of environmental concerns such as Water Footprints, Land Footprints, Biodiversity, etc. It is the totality of these “Footprints” that is called the “Ecological Footprint”. When addressing their ecological footprint, most businesses start with their carbon footprint, since that footprint is also the best understood and defined. This also counts for Rosy Blue.

A carbon footprint is a measurement of the amount of greenhouse gases that any particular activity emits:

- Carbon Footprints use tonnes of carbon dioxide as a standard measure, converting into carbon dioxide equivalents the impact of every one of the six greenhouse gases covered by the Kyote Protocol (Carbon Dioxide, Methane, Nitrous Oxide, Per Fluorocarbons, Hydro Fluorocarbons and Sulphur Hexafluoride)
- Having measured these greenhouse gases, the Carbon Footprint then stands for the impact a particular activity has on climate change
- Carbon footprints are estimates: To make it easier and more cost efficient to calculate them, standard activities have been measured and established officially, such as for example, the Carbon Footprint of a Boeing 747 per 100 miles of travel for a passenger in standard class

### The Greenhouse Gas Protocol Initiative:

This Protocol refers to a family of greenhouse gas accounting and reporting standards and guidelines. It was launched in 2001 with the ground-breaking Corporate Accounting and Reporting Standard. Each standard is rigorously developed by global multi-stakeholder partnerships of businesses, NGO’s, governments and others, convened by the World Resources Institute and the World Business Council for Sustainable Development.



### Defining approach and boundaries

As stated under “CLARITY”, we use a step-by-step approach, with specific yearly focus and milestones. Every year we will address in depth one specific part of our business. Rather than using a catch-all approach, this permits us to clearly target issues that are material, have a high impact and are relevant to our business. We first measure and calculate the carbon footprint of the specifically earmarked aspect of our business for that year. That enables us to avoid and reduce future carbon emissions where possible; and offset it with business value generating initiatives when called for. We seek for Rosy Blue going green to generate strong value and create synergy between environment and business.

As we started executing the Rosy Blue going green strategy we had to determine within which boundaries to define scope of the project and as such the calculation of our carbon footprint. Rosy Blue decided to take into consideration all sources of greenhouse gas emissions for which the company is either directly or indirectly responsible. The boundaries have been established based on the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and the Greenhouse Gas Protocol Initiative (GHG). The Rosy Blue going green project made a thorough scan of the “Diamond Pipeline”, the business activities and processes in which Rosy Blue is active.

This starts from buying rough diamonds from diamond mines up to selling jewellery in Rosy Blue retail stores. We are acknowledging that our suppliers, diamonds mines, are investing a lot in taking up their environmental responsibility. Mining diamonds however is not our business and as such not part of the scope of Rosy Blue going green.

Rosy Blue going green defined its general boundaries by looking responsibly at: where we have complete, partial or no operational control.

- 1) For some of our carbon emissions we have a direct responsibility, because we ourselves either own or can control their sources: e.g. the carbon emissions from the machines we use to polish the rough diamonds fall directly under our control.
- 2) Others are only indirectly under our operational control, as such we look for better alternatives, for example “green” electricity we purchase to make our polishing machines run.
- 3) And finally, some emissions are beyond our control, but we can try to influence them throughout our supply chain, given that they are a consequence of our activities. Transporting our polished diamonds to a retail client that has its own fleet is an example of such a situation.

Each one of these situations is better known as a ‘Scope number 1 to 3.’





Focus 2011 Business Travel

The first important source of carbon emission to tackle in 2011 was ‘Business Travel’, more specific transport of people, excluding commuting. Looking specifically at our ‘Business Travel’, we can see that it falls under two different Scopes; under Scope 1 we find business travel in vehicles owned by the Company, whereas under Scope 3 we classify all business travel that is made in vehicles not owned by the company, as well as non-travel expenses such as hotel stays.

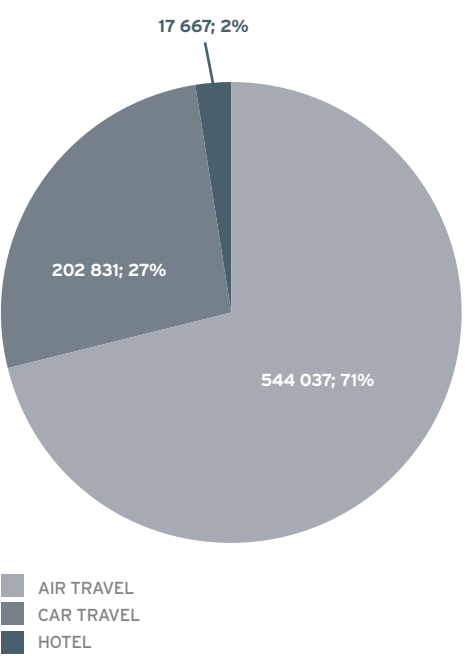
In this context, it is useful to know that the European Commission for example is working on an overall Energy Roadmap 2050, being committed to reducing greenhouse gas emissions to 80-95% below 1990 levels, by 2050. In their Transport 2050 Roadmap, the first sector roadmap fitting within this whole scheme (which was published on the 28th of March, 2011), the goal for Transport is to cut the carbon footprint to 60% below 1990 levels by 2050, because “Transport is more resilient to decarbonisation.” Given that resilience, it is therefore strategically better to tackle transport, and in this case business travel, earlier rather than later.

Measure and analyse business travel:

Between January 1st, 2011 and June 30th, 2011, with the help of our local CSR experts, we gathered all the necessary information on each trip, flight, hotel stay, long haul rail etc. that our people made in all Rosy Blue’s business alliance entities, except in India. India will be included into this exercise as of 2012. Converting this business travel footprint into carbon dioxide equivalent weight, we arrive at just under 765 tonnes of CO2, the bulk of which is emitted via Air Travel.



CO<sub>2</sub> equivalent emissions per type of business travel: tonnes of CO<sub>2</sub> and %



Drilling deeper into these results, the following picture emerges for Air Travel:



Rosy Blue Entity	% Carbon Footprint Air travel
Belgium	22.9%
China Factory	0.2%
Hong Kong	1.7%
Israel	6.8%
Japan	22.5%
Thailand	0.8%
Shanghai	1,8%
Sri Lanka	1.3%
UAE	25.4%
USA	16.5%

Some highlights related to Air travel

- 31% of all our flights are long haul flights
- Short haul flights count for 21% of our carbon footprint related to Air travel
- 79% of all business flights are flown in economy class

Take action by avoiding and reducing carbon emissions

• Avoid and reduce where possible:

In order to avoid and reduce carbon emissions caused by business travel we continuously search for technological solutions and behavioural changes. Our Travel policy includes the general rule to choose for economy class for example. We intensively encourage our employees to make use of webinars and teleconferences.

• Travel Policy: economy flights only

Our Travel Policy states that “All Managers of offices and factories (senior – middle – junior) should travel in economy!”. It goes without saying however that when we talk about “Corporate Social Responsibility”, we also talk about the balance between for example both environmental and social concerns. For very frequent flyers we consider not only their environmental footprint but also their work-life balance and allow them to fly in business class.

• Monitoring and measuring progress

The Rosy Blue going green project has worked out a reporting mechanism to measure the carbon impact of business travel. This reporting is integrated in the overall internal quarterly reporting and will allow the company to closely monitor how well all its divisions are executing within the set company and travel guidelines and measure progress.

Offsetting our carbon footprint:

When people talk about offsetting carbon, one of the first examples that spring to mind is tree planting. Rosy Blue has set itself the goal to offset more carbon emissions than generated by the company, and as such to go beyond climate neutrality by 2016. Rosy Blue already meaningfully offsets some of its carbon footprint today. It has done so by participating and investing in various forestation and planting initiatives. Rosy Blue always did so in close cooperation with the local communities where it is active.

To go beyond climate neutrality in offsetting the Rosy Blue carbon footprint of business travel, we had to go beyond the existing participations and investment in local planting in Thailand, Sri Lanka and India.

In **Thailand**, the Rosy Blue Diamond Co. Ltd., on the 5th of December 2008, at Romklow village in the Charttrakan district, came up with such a planting exercise, with a profound difference. That day, with the help of 400 Rosy Blue employees and family, as well as another 400 local friends and acquaintances, we planted 60,000 “Vetiver Grass” plants.

Whereas all trees capture carbon from the atmosphere, not all trees, or plants for that matter, are capable of “sequestering carbon deep into the soil”, of prime importance because soils, when they sequester that carbon, can contain around twice the amount of carbon in the atmosphere and three times the amount to be found in vegetation alone. Vetiver grasses are also eminently suitable to help soil conservation and water quality management. In Current Science, September 10th, 2009, we read: “Fast growing grasses with penetrating deep root systems would facilitate long-term locking in of atmospheric carbon below the plough layer. This reduces the chances of carbon being recycled back to the atmosphere, and helps to recuperate the soil carbon sink. Vetiver, a non-invasive C4 grass with a fast-growing tufted root system, reaching 3 meters deep in just one year, could be an ideal global candidate.”

So how much CO<sub>2</sub> equivalent do 60,000 Vetiver grass plants represent? Research carried out indicated that Vetiver grass could store as much as 53 tonnes of CO<sub>2</sub> as organic matter per hectare per year, equivalent to about 5 kilogram per square meter. A mature Vetiver plant would take up about half a square meter of land area, making an estimated minimal equivalent of 2,5 kilogram of carbon sequestered per plant.

**60,000 plants = at least 150 tonnes of CO<sub>2</sub> offset**



In Sri Lanka, our Lanka Diamond Polishing Ltd. Unit is offsetting carbon footprints in a similar way, by having their own in-house vegetable farm. As our local CSR expert there, Mr Rohan Jeewantha, puts it, this provides “A clutter free mind and unpolluted atmosphere for our workforce.”

Besides it's visually and atmospherically refreshing environment, this vegetable farm also serves as a guide for how each and every one of the employees could start up their own vegetable patch, whilst providing them with the fruits of this specific harvest and other community food suppliers (including those that provide meals to our employees) with vegetables at nominal costs.

This fresh idea has moreover been rolled out in a school programme, where 10 neighbouring schools are now being encouraged to develop their own vegetable farm beds, demonstrating to the pupils how they themselves could start growing vegetables at home as well as practically contributing to their knowledge of “Agriculture/ Horticulture” as a curricular subject and obviously providing them with fresh produce they cultivated themselves. For this we are now providing free seeds and plants, not only to these schools, but also to our own employees.

In the knowledge that a field of vegetable leaves can capture up to four times as much carbon as an equivalent field of trees, which for one hectare would result in an offset of 17.6 tonnes of CO<sub>2</sub>.

In Pithampur, in the Indore region of India, the Rosy Blue (India) Pvt. Ltd. Factory, greened its Campus as well its roof area now some 4 years ago, from a completely barren patch to a now lush and verdant landscape, thanks to the expertise of specialists in Bombay who were able to guide us as to how to optimise the oxygen production as well as the carbon capture of that whole area.

Besides the campus, the main road to that campus and further surroundings, including the neighbouring city were also “greened”, including making several plants readily available to the schools in the neighbourhood, so that environmental awareness there was being raised.

A total of 16,821 trees, shrubs, climbers, house plants and palms were planted – 157 different varieties. Mature trees represent a Carbon Dioxide equivalent per year of just less than 22 kilos, whereas for younger plants, shrubs and trees, one normally counts just less than 10 kilos. Taking this more conservative measure into account, that would mean that thanks to the greening of our environment with planting alone we offset today the equivalent of some 164 tonnes of CO<sub>2</sub> per year, with an average potential in another decade of offsetting annually some 370 tonnes of CO<sub>2</sub>

	Carbon Footprint in tonnes of CO <sub>2</sub>
Business Travel Carbon Footprint	+ 765
Thailand Vetiver Offset	-150
Sri Lanka Vegetable Garden Offset	-18
Pithampur Campus & City Greening	-164
Subtotal remaining	433





Given the United Nations declaration of 2011 International Year of the Forest with the objective to raise awareness on sustainable management, conservation and sustainable development of all types of forests, we choose to financially support an additional local Belgian organisation 'Vereniging voor Bos in Vlaanderen'. This organisation plants the necessary surface of trees in **Belgium**, the Province of Antwerp, where our headquarters are situated to go beyond compensation of the remainder (433 tonnes of CO<sub>2</sub>). With this project Rosy Blue is contributing to the worldwide campaign of the UN to plant 12 billion new trees.

**Focus 2012**

Whereas our Focus in 2011 was on "Business Travel", the focus in 2012 will be on the carbon footprint of the **processes in our factories, electricity use in our factories and offices, commuting and the preparation of the transport of goods**. Above, we saw already how some of our factories are actually striving towards Carbon Neutrality, if not planning to do so. And in fact both Sri Lanka and Thailand are on their way to be ISO 14001 certified. Also the Energy Star Labelling of our Indian factory in Pithampur shows the enthusiasm to go further in taking up our environmental responsibility. We will also be able to expand some best practices related to the use of green energy from our headquarters in Antwerp to the rest of our company.



The development and implementation of the Rosy Blue going green project is supported by i-propeller.

**Zoom on Pithampur as best practice Green IT Plant**

All IT equipment used and purchased at our Pithampur factory has an ENERGY STAR® label, issued by the United States Environmental Protection Agency (as further explained in the text box). Our certification states very specifically that we have thereby saved 28,318 KWH annually, preventing the annual release of 21.7 tonnes of carbon dioxide.

This goes not only for our IT equipment such as monitors and switches, printers or servers, but equally the air conditioners have the highest 5-star rating, thus ensuring less power consumption. All our computers automatically revert to sleeping mode after a couple of seconds.

Throughout the plant we use Compact Fluoride Lamps, providing us with a 72% saving of power compared to traditional lights. To control the steady supply of electric power, conventionally copper chokes were being used. We have over the last 10 years replaced these with electronic ballasts thereby seriously reducing our energy consumption. Comparing both systems provides us with the following exact data:

- Light output in Lumen improves with 33%
- Lifetime of lamps improves 167%, requiring therefore less maintenance
- Colour rendering improves with 42%

**Result:** Wattage consumption with all these improvements reduced with 41%

In fact when we look at a representative 6-year, year-on-year comparison of our total production (in number of stones) with our power consumption in KWH, for an increased production of 57% over that period, we were able to reduce our average energy consumption per stone with over 36%.

Moreover, given our Societal responsibility towards the Community we also need to make sure that there is at all times enough electricity for the local population, in other words, we need to ensure that our power consumption does not negatively affect both the environment and the rest of the community. That is why we have installed capacitors to maintain an effective and especially regular supply of electricity, to minimise our demand load. Inspected every month by our authorities, we have been able to maintain a power factor between 0.9 and 1.0, which is as close as to not affecting the community power supply as one can get. Given sometimes the shortage of power in our country and the importance our government places on this, this is an achievement of which we can rightly be proud.





# Community empowerment

## Empowering communities for a better, more promising tomorrow

Together with our stakeholders, we are a driving force for positive change around the world. The power of collective action and working partnerships can help us address some of the world’s most pressing social issues. The goal is to create a more promising tomorrow for communities everywhere, indeed we have a responsibility to do so.



## Philosophy and policy

Rosy Blue’s business alliance giving approach is guided by the following three priority areas:

- **Health:** We support programmes that focus on innovative ways to improve healthcare quality, capacity and access.
- **Education:** We support programmes that foster educational opportunity for children. We believe that helping to improve children’s lives is one of the most responsible and important ways we can actively engage in finding solutions to global challenges.
- **Community:** We provide financial support and employee volunteer activities with programmes that focus on solving critical community health and social issues where Rosy Blue has a presence. In so doing, we are discovering better ways to enrich quality of life and realise a better society.





# Community empowerment

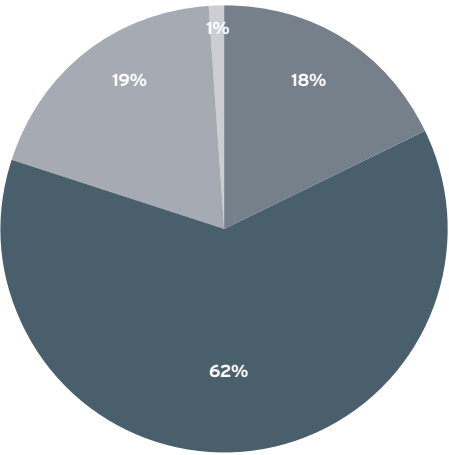
## Our commitment to the Millennium Development Goals

“Willing to be an active private player in the collective effort to reach these goals, Rosy Blue concentrates its activities in community development in the area of the elimination of poverty and hunger, universal education and child health, which are three of the Millenium Development Goals Rosy Blue can have an impact on where it is active.”

Arun Mehta  
Co-founder B Arunkumar

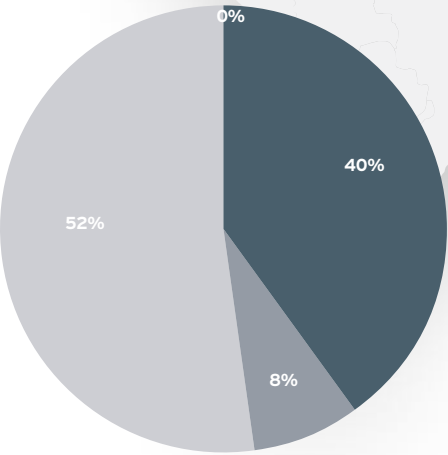


Engagements per category (%)  
January 2010 – June 2011

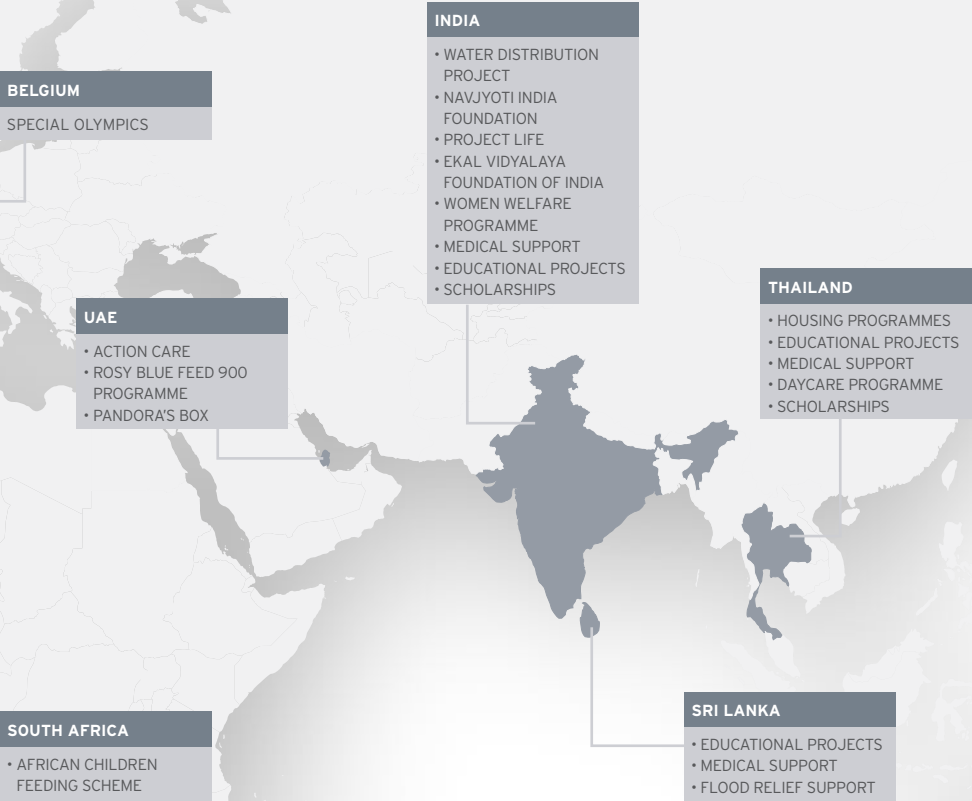


ARTS, CULTURE, EDUCATION  
MEDICAL  
COMMUNITY  
OTHER

Contributions per category (%)  
January 2010 – June 2011



ARTS, CULTURE, EDUCATION  
MEDICAL  
COMMUNITY  
OTHER



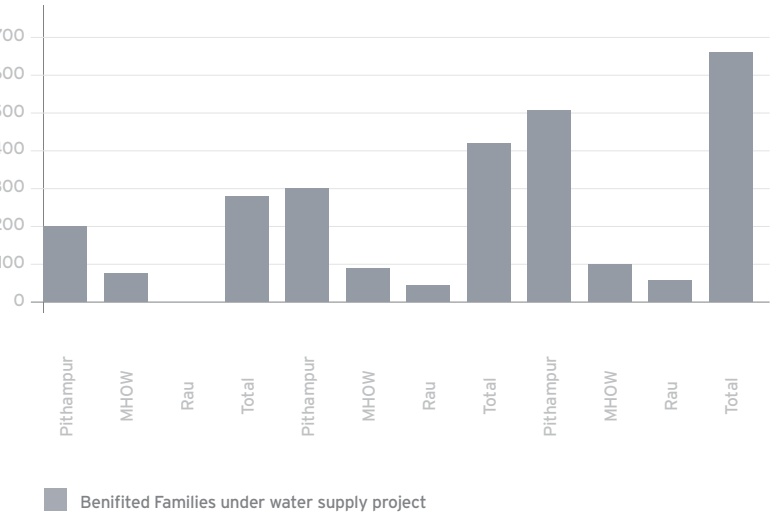
# Specific projects where Rosy Blue made a significant difference

## Water Distribution Project, India

Water supply is an issue in the community of our facility in Phitsanulok. We identified two major concerns related to water supply: the availability of usable water as per minimum requirements of the family and the availability of drinking water on a daily basis.

With the help of water tanks, 700 families were provided with fresh water on a daily basis. After this success and based on survey results, a scientifically equipped and trained agency helped us to identify water sources at the right place and depth, and we placed hand pumps in several residential areas where there is acute water deprivation. As a result, more than 300 families have now secured access to safe drinking water.

Benifited Families under water supply project



## Ekal Vidyalaya Foundation, India

The Ekal Vidyalaya Foundation, under the chairmanship of Harshad Mehta, is a non-profit service, with the philosophy to take a holistic approach to social and economic development. The concept is unique and has a presence in 22 states of India. In contrast to the growth of India as a super power, the rate of literacy and basic education in rural areas is far behind average. Illiteracy is the root cause and the biggest obstacle to the development of an economy. Our children are the future for India and therefore investment is necessary. Ekal Vidyalaya, a group of young educationists, has designed a non-formal education programme to meet the needs of these rural and tribal children.

The main objectives of EVFI are: to provide basic education (reading, writing, and arithmetic), health care education, development and empowerment education. The NGO is aiming to eradicate illiteracy from rural and tribal India. The children are taught their native language, basic literacy and life skills for further self development in classes adapted to the seasons and harvest schedules. The movement also seeks the participation of local people in the creation of the schools, the selection of the teacher and the adaption of the curriculum and schedule.

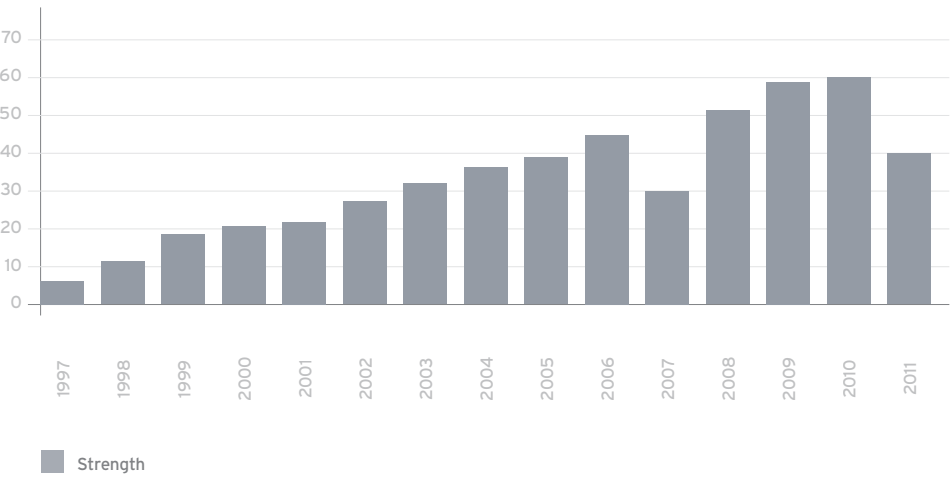


## Women Welfare Programme, India

In 1998 Rosy Blue launched the 'Women Welfare' Programme to encourage female family members of our company's employees in India to work. The training classes are designed to provide earning opportunities, so as to enable families to have a better livelihood: namely, "Learn and Earn" programme. Originally the focus was on craftsmanship skills such as stitching, soft toy making, embroidery, kroshiya work, block printing, bag and purse making, wool items, mehandi, traditional decoration of palm, designing temporary tattoos, and rangoli. Later on we also started new initiatives including English class, financial household management and managing multiple roles training.

Additional classes have included health workshops and sexual harassment awareness, self-development courses, such as communication classes, how to learn and earn sessions, saving and banking, marketing etc. This programme inspires employees and their families to enhance their health and well-being by providing an integrated network of services.

Number of participants in the programme





## Action Care, UAE

Action Care, based in the UAE, supports a diverse range of educational development and aid projects both in the UAE and throughout the region: Volunteer Empowerment; Early Childhood Development; Women's Empowerment; Library Construction; Schools for Children with Special Needs; Youth Leadership and Vocational Training; IT Lab Setup; Animation Programmes; Aid Distribution; Medical Camps; Uplift for Underprivileged and Refugee Children; etc. Action Care projects cover Jordan, Lebanon, Pakistan, Palestine, Syria and Turkey.

## Haldanduwana School, Sri Lanka

Rosy Blue decided to rebuild the Haldanduwana Primary School, located in a Sri Lankan area where children lack all basic needs that would otherwise have been closed by the government. Rosy Blue employees renovated and refurbished the building, cleaned up the school playground, provided the children with books, art supplies and clothes, renovated the road leading to the school ground and installed the necessary supplies to provide the school and community with clean water.



## Special Olympics, Belgium

The Special Olympics is a non-profit organisation established by the Joseph P. Kennedy Jr. Foundation, in 1968, and initially it organises every four years summer and winter games internationally. It incorporates 180 participative countries and of 200 million people with disabilities worldwide approximately 3.100.000 are active athletes within the Special Olympics. The Special Olympics is a movement, which gives the opportunity to people with intellectual disabilities to train and participate at special organised games according to their specific abilities. By doing this they give these people a chance to develop their selves both socially and physically, but also stimulate their integration into the community.

An intellectual disability is the most common disability, in Belgium alone there are approximately 160.000 people. The Special Olympics Belgium organises national Special Olympics games that take place annually alternately in Wallonia, Brussels and Flanders. The Special Olympics want to give every athlete the chance to participate at a physical activity adapted to his abilities. That's why they divided the disciplines into four different parts; general sports (such as swimming, athletics, bowling, football, horse riding ), pre-competitive activities, group activities in teams and a special programme for athletes who can't participate on the activities previously mentioned, with or without team members. Though the 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. Since 2004 Rosy Blue has been actively involved in supporting the Special Olympics Belgium. In 2008 Mr. Amit Bhansali was appointed as Ambassador of Special Olympics in Belgium. Rosy Blue is truly a fan of Special Olympics. Rosy Blue (NI) has agreed on a structural partnership for the next three years to support the Special Olympics Europe-Eurasia Summer Games 2014. In September 2014 the Special Olympics Summer Games will come to Belgium. Antwerp, one of the 22 Olympic cities, will host the event for 2,000 athletes and their delegations from 57 countries. More than 4,000 volunteers will help to make the multi-sport event unique and unseen.







# Measuring our results

In this section

- Audit system
- Audit results

Rosy Blue is committed to ensuring the highest standards of business, social and environmental responsibilities wherever our operations take place. We insist that our alliance entities have strong management practices in place, providing safe working conditions, treating workers with dignity and respect, and using environmentally responsible manufacturing processes.

## Audit system

Rosy Blue's compliance programme is based on our comprehensive internal Rosy Blue sustainability standard. Drawing on internationally recognised standards, this sustainability programme outlines our compliance expectations for all the alliance entities.

We evaluate compliance through a rigorous internal auditing programme and work proactively with our people to drive change. Finally, external verification takes place to monitor the results of where we stand on an independent basis.

“ We evaluate compliance through a rigorous internal and external auditing programme and work proactively with our people to drive change. ”

**Francis Lappen**  
Member of the CSR Committee



# Internal CSR Audits by Global Corporate Affairs Department

At the centre of our corporate sustainability programme is the internal Rosy Blue Sustainability Standard, specifying all requirements involving compliance. This tool integrates all the requirements from the Best Practice Principles and the Responsible Jewellery Council under the umbrella of the UN Global Compact. It includes everything from reconciliation on ‘Know Your Customer’, to fair hiring practices and work-hour limits to safe working conditions. We execute an aggressive compliance monitoring programme that includes desktop review, on site audits, corrective action plans, and verification measures.

## Desk top review: 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 it 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.

### SCOPE OF WORK

- Appropriate identification and management of risks.
- Dissemination of accurate and reliable data for the Management Boards in a timely manner.
- Ensuring that actions are in compliance with legislation and policies, standards and procedures.
- Achievement of sustainability objectives through delivery against programmes and plans.
- Fostering continuous improvement in the reporting culture of the organisation

## Comprehensive on site audit on a risk based approach:

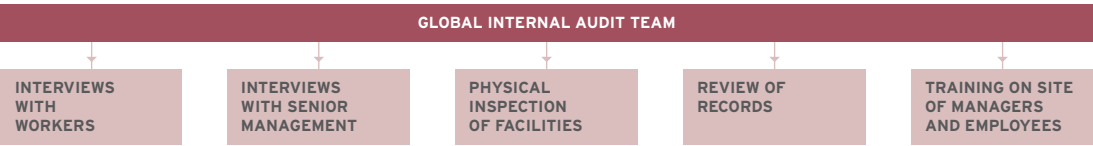
Each year, the Global Corporate Affairs Department audits a number of entities across the world. We select facilities based on risk factors so that we focus our efforts where they can have the greatest impact. Since 2007, we have conducted 30 internal on-site audits. It is worth noting that the data you see on table 1 only reflects the activity of our Global Corporate Affairs Department and may understate the level of engagement we have at each entity. For example, we have many dedicated people from other entities who frequently visit other sites as well. They are experts in certain areas who work with our global and local team to resolve issues.

A member of the Global Corporate affairs Department leads every audit, supported by local CSR experts. Each of these experts is thoroughly trained to use Rosy Blue's detailed

protocol and to assess requirements specified in our Standard. During the audit, Rosy Blue cross-references data from multiple sources from the other alliance entities around the globe. We review hundreds of records and conduct physical inspections of manufacturing facilities as well as office environments. We also conduct interviews with workers and senior management in relevant functional areas.

Our internal teams grade the facility's level of compliance with every item in the Standard. At the same time, we evaluate the strength of the underlying management systems and identify areas for improvement. Management systems include policies and procedures, clear roles and responsibilities, and training programmes for workers, line supervisors and managers.

### Internal Audit scope



## Corrective actions

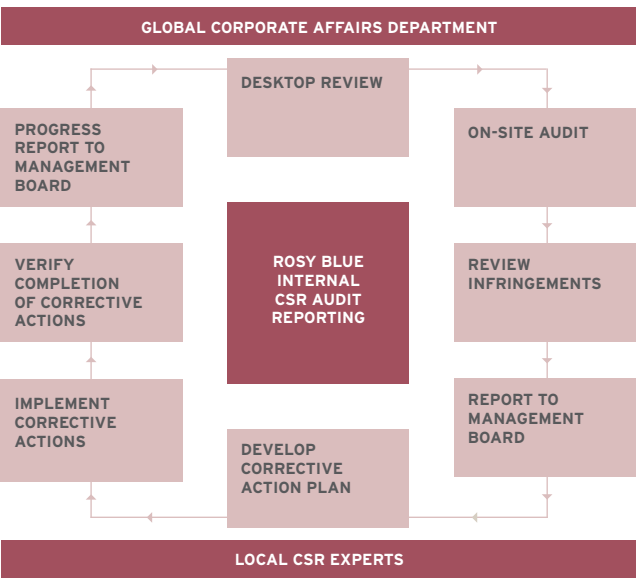
The Global Corporate Affairs Manager reviews all audit findings with the entity's senior management team and gives possible recommendations where needed. When a violation is found, we require the entity to implement a corrective action plan that addresses not only the specific violation but also the underlying management system improvements needed to prevent its recurrence. The information we have gathered from our desk top review and on site audit is posted on our CSR extranet. This data is used to prepare an internal audit report with all the significant findings for the Management Boards. The purpose of this audit report is to monitor the entity's progress in line with the Rosy Blue Standard.

We track completion of all corrective and preventive action plans, with an expectation that they will be closed within 60 days of the audit. In case of serious infringements, the global corporate affairs department performs an additional verification audit to confirm that actions have been executed. If we find issues that have been inadequately addressed, we continue to collaborate with the local management team toward further improvement.

### INTERNAL ON-SITE VERIFICATION

- Company tour + report supporting evidence for internal audit tool questionnaire
- 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
- Reconciliation report rough diamond trading
- Declaration on invoices
- Disclosure procedure
- Product and material security
- Process flow of operations
- Product integrity
- 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 a Actions
- Follow up

### Internal CSR Audit process



# Audit results

## Internal on-site audits

Internal on-site audits

	2007	2008	2009	2010	2011
Belgium	•	•	•	•	•
USA		•			
Armenia	•			•	
China		•			•
Hong Kong		•			
Thailand		•	•	•	•
Sri Lanka		•		•	•
Russia		•			
South Africa		•			
Israel			•		•
Japan		•			
UAE		•	•		•
India		•	•	•	•



# Main focus of pre-audit visits in 2010 and 2011: focus on transition in capacity building

We had one main goal to pursue for 2011: to receive RJC Certification for the total scope of Rosy Blue (NI), consisting of 28 entities in 13 countries. As stated in the introduction, Rosy Blue (I) is preparing itself for certification in 2012.

On the basis of the risk analysis we compiled for all our operations, we prioritised monitoring our factories in China and Sri Lanka. All our internal audits showed continued performance improvements in health and safety and better working conditions. Two audits also revealed noncompliance in over-time. We are addressing this industry-wide problem by investigating root causes, training management, and requiring implementation of preventive action plans. As discussed in the chapter on labour, out of the results of our desk top review and internal on site audits, we decided to partner with SAI to guide us in our factory in China.

In general we worked very hard with the local management and compliance teams of all our alliance entities to build their capacity to

develop effective human resources and other management capabilities.

We also continued to improve the implementation of all policies and procedures by revising the training toolkits for our employees and contractors. The training toolkits give a brief summary of all compliance topics and support the on-site training courses given to all levels across the organisation. Extra focus was given to human rights, open communication and health and safety measurements in the factories.

Furthermore, we focused on awareness training in environmental responsibilities and introduced the Rosy Blue going green project. You will find more information in the chapter on Rosy Blue going green. From the multitude of these internal on-site audits, it can be concluded that all our entities are very committed to making progress, but that our main challenge is to shift away from monitoring to building a local capacity for self-management in compliance.



“ Our focus ahead is on understanding our impact and taking action; building on the expertise and best practices we have built up over the previous years. ”

Iris Van der Veken  
Member of the CSR Committee



External on-site audits

As DTC Sightholders, Rosy Blue (NI) and Rosy Blue (I) have been working hard on the implementation of the Best Practice Principles. Since 2005, we have had desktop reviews and on-site visits by the third party auditor SGS. For Rosy Blue (NI), we had 11 infringements in 2010; in 2011 the audits revealed 15 infringements. Note that for Rosy Blue (I), we had no infringements in 2010 and that the audits for 2011 are still in progress.



Infringements of BPP audits per country

	CSR AUDITS EXTERNAL DESKTOP REVIEW						CSR AUDITS ON-SITE ASSESSMENT					
	2005/06	2007	2008	2009	2010	2011	2005/06	2007	2008	2009	2010	2011
Belgium	•	• 1 <sup>INF</sup>	•	•	•							•
USA	•	•	•	•	•						• 1 <sup>INF</sup>	
Armenia	•	• 5 <sup>INF</sup>	•	•	•			•			• 3 <sup>INF</sup>	
China	•	•	•	•	•				• 4 <sup>INF</sup>			• 8 <sup>INF</sup>
Hong Kong		•	•	•								
Thailand*	•	•	•	•	•			•	• 2 <sup>INF</sup>		•	
Sri Lanka	• 1 <sup>INF</sup>	• 2 <sup>INF</sup>	•	•			•		•		• 7 <sup>INF</sup>	• 5 <sup>INF</sup>
Russia	•	•	•	•								
South Africa	•	•	•	•								
Israel	•	•	• 1 <sup>INF</sup>	•	•	•						•
Japan	•	•	•	•	• 1 <sup>INF</sup>							
UAE	•	•	•	•	•					•		• 2 <sup>INF</sup>
India	• 4 <sup>INF</sup>	• 4 <sup>INF</sup>	•	•	•		•	• 3 <sup>INF</sup>	•	• 4 <sup>INF</sup>	•	

\* SA 8000 compliant since 2006

Results of external audits

Rosy Blue (I)

Since 2005 Rosy Blue (I) also adheres to the Best Practice Principles of De Beers. In 2010 they had two external audits by SGS; no infringements were found. The audits of 2011 are still in progress. It is important to repeat the fact that Rosy Blue (I) became a member of the Responsible Jewellery Council in August 2011 and is preparing itself to become RJC certified by the end of 2012.



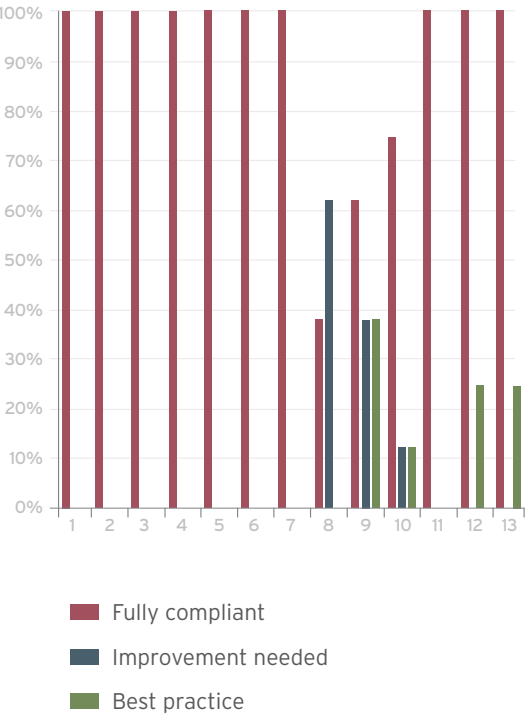
Rosy Blue (NI)

In 2010 and 2011, eight entities, reflecting 83% of the total workforce within the alliance of Rosy Blue (NI), were audited by SGS. The audits were a combination of DTC-BPP audits and RJC audits with one common goal: to become RJC certified. In this chart we have made an overview of the results of the external audits conducted by SGS. It shows our continuous progress in the different areas of compliance (1–13, see chart).

As the results show, the audited Rosy Blue (NI) alliance entities scored very well and were found to be fully compliant on the following topics:

- 1 Bribery and Facilitation
- 2 Money laundering and finance of terrorism
- 3 KP and SoW
- 4 Product security and integrity
- 5 Child labour and forced labour
- 6 Freedom of association
- 7 Discrimination
- 8 Health and safety
- 9 Working hours and remuneration
- 10 General employment terms
- 11 Environmental compliance
- 12 Management systems and legal compliance
- 13 Community engagement

Audit results by compliance subject



# Results of external audits

Looking at the results, improvements were needed in the following areas:

- Health and safety
- Working hours and remuneration
- General employment terms

### Health and safety

Thirty eight per cent of the audited entities were found to be fully compliant in health and safety, whereas 62% needed improvement. Important to note is that even the smallest improvement was considered in these statistics.

For the audit in Armenia we had to make the material safety data sheets (MSDS) available in the local language, in Sri Lanka extra fire drill exercises had to be organised for employees working during night shifts and the warehouse section had to create a separate lockable and ventilated storage room for chemicals. In China we needed to install an extra eyewash facility in the boiling room to improve first aid provisions and two extra fire extinguishers had to be placed as backup support for the current fire safety equipment.

At the time of the report all these infringements have been remedied. No long-term infringements were reported during the audits.

### Working hours and remuneration

As you can read in the chapter on labour we had several challenges in this area, mainly in China and Sri Lanka. It is important to understand the context of these issues.

China had excessive overtime and payment issues. We refer to the case explained in the labour section, however our partnership with SAI was instrumental in tackling these issues. We are looking forward to progressing and preparing our Chinese site to be SA8000 certified by the end of 2012.

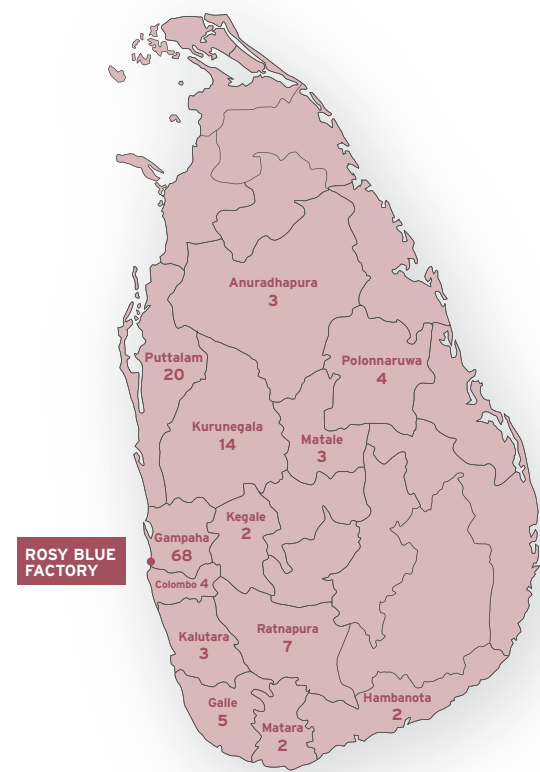
Sri Lanka also had cases where excessive overtime was reported. It was noted that the factory employed workers for more than 12 overtime hours per week. Excessive overtime had two main reasons:

- Problems with polishing machinery
- Recruitment problems

Since the time of the audit the machinery has been fixed. An outside expert team came on-site to analyse the problem and solved the technical issues. Regarding overtime, 137 people have been hired to manage overtime effectively. A five-month recruitment campaign was organised by the local HR team, who conducted a road show in several villages surrounding our factory to attract people to strengthen our workforce.

### Recruitment campaign Sri Lanka

Number of recruits per region.



In general, overtime will remain a challenge for two reasons:

- Our industry is dependent on seasonality and fluctuating supply
- Discrepancies between local laws and guidance given by standards. For example, Sri Lanka allows 64 hours of overtime per month whereas the RJC standard and SA 8000 allows 48 hours only

People in countries such as China and Sri Lanka have a different view on working hours. Often workers come from far away and return to their families a few times a year. Their main goal is to earn as much as possible within a short time frame. We acknowledge that as a company we have to find a balanced solution between employee well-being and proper labour standards.



### General employment terms

From the start of our internal risk assessment our Global Corporate Affairs team noted that China would need extra guidance on internal capacity, building on HR management systems. We realised that external assistance was needed to train local people in their language about the need for better systems and the impact on operational efficiency. More details can be found in the case study of China in the labour section. In general we can say that new documented procedures have been established for all employees and that record-keeping is maintained more carefully. In preparation for SA 8000 certification we will have regular on-site visits from the SAI team on a trimestral basis.

### Best practices as reported by SGS

Belgium	UAE	Sri Lanka	Thailand
<ul style="list-style-type: none"><li>• Effective reporting system on BPP and RJC</li><li>• Strong CSR management programme overall that integrates reporting on the alliance entities</li></ul>	<ul style="list-style-type: none"><li>• Strong employee performance management system in place</li><li>• Employee engagement programme</li><li>• Strong community initiatives supported by employees</li></ul>	<ul style="list-style-type: none"><li>• Extra legal benefits for employees</li></ul>	<ul style="list-style-type: none"><li>• Extra legal benefits for employees</li></ul>





# Cross-reference index

In this section

International sources of inspiration

Global reporting index: level C+

Industry reference index

## International sources of inspiration

Rosy Blue is actively involved in leading global labour standards organisations. We respect, stimulate and follow international initiatives that set the standard in social responsibility and sustainability in our daily practice. They inspire us and are reflected in the Rosy Blue Code of Conduct and management systems.

**1 RJC – Responsible Jewellery Council**

Rosy Blue is a founding member of the RJC initiative and adheres to the RJC Principles and Code of Practices. The RJC principles cover four aspects: Business Ethics, Human Rights and Social Performance, Environmental Performance and Management Systems.

The Responsible Jewellery Council (RJC) is a not-for-profit organisation that has been established to promote responsible ethical, social and environmental practices, which respect human rights, throughout the diamond and/or gold jewellery supply chain, from mine to retail. The RJC's Principles and Code of Practices were developed through multi-stakeholder consultation. The Code of Practices directly aligns with the Principles and provides the objective and verifiable standards against which RJC Members may be certified.

In 2010, Rosy Blue revised its internal audit tool according to the framework of the Responsible Jewellery Council.

More information on RJC can be found at [www.responsiblejewellery.com](http://www.responsiblejewellery.com)

**2 UNGC – United Nations Global Compact**

The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Rosy Blue is a signatory of the UN Global Compact and is directly involved in managing the Belgian network of the UNGC.

Rosy Blue integrated the 10 principles of the UNGC into its daily operations, under the various aspects of its management. This report states as COP – Communication on Progress on these 10 principles we adhere to. You will find a cross-reference matrix at the end of this report.

More information on the UNGC can be found at [www.unglobalcompact.org](http://www.unglobalcompact.org).

**3 SAI – SA 8000**

SAI is a non-governmental, international, multi-stakeholder organisation dedicated to improving workplaces and communities by developing and implementing socially responsible standards. SAI convenes key stakeholders to develop consensus-based voluntary standards, conducts cost-benefit research, accredits auditors, provides training and technical assistance and assists corporations in improving social compliance in their supply chains.

The SA8000® standard is the central document of SAI. It is an auditable certification standard based on international workplace norms of International Labour Organisation (ILO) conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. This standard is the benchmark against which companies and factories measure their performance. Those seeking to comply with SA8000® have adopted policies and procedures that protect the basic human rights of workers.

Rosy Blue considers SA8000 as a standard capable of systematically tackling working conditions, challenges and risks specific to its supply chain in developing countries and providing appropriate KPIs from mining to retail.

In 2011 Rosy Blue integrated the SA8000 standard in the Rosy Blue internal audit tool. Its ambition is to get SA8000® certification in all our manufacturing sites by 2014.

In 2011 Rosy Blue (NI) became an official member of Social Accountability International's Corporate Programme, and became one of the first companies to utilise its new Social Fingerprint® programme. Working with an external body like SAI helps us to uplift our systems and builds capacity for our manufacturers. Having an internationally recognised benchmark to gauge our performance was key.

More information on SAI – SA8000 can be found at [www.sa-intl.org](http://www.sa-intl.org)

**4 Millennium development goals**

In 2000, the country representatives to the United Nations adopted the United Nations Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty and setting out a series of time-bound targets – with a deadline of 2015 – that have become known as the Millennium Development Goals.

The eight Millennium Development Goals (MDGs), – which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, – form a blueprint agreed to by all the world's countries and all the world's leading development institutions. They have galvanised unprecedented efforts to meet the needs of the world's poorest.

Willing to be an active private player in the collective effort to reach these goals, Rosy Blue concentrates its activities in community development in the area of the elimination of poverty and hunger, universal education and child health, which are three of the Millennium Goals Rosy Blue can have an impact on where it is active.

More information on the MDG can be found at [www.un.org/millenniumgoals](http://www.un.org/millenniumgoals)

**5 ISO 26000**

ISO 26000 is the latest and most international reference on Social Responsibility (SR). These non-certifiable guidelines help all types of organisations assume responsibility for the impacts of their activities and decisions, in an objective of Sustainable Development (SD). This international standard guides strategic reflexion and implementation of SR policy, in close dialogue with the stakeholders of the organisation.

ISO 26000 presents seven fundamental principles as 'prerequisites' of any SR action. It also details seven core subjects which encompass SR and for which a wide range of sub-issues and solutions is listed.

Rosy Blue inspires itself from the core subjects of this brand new standard in the selection of the material issues of its SR strategy and actions, and for the future dialogue with its stakeholders.

More information on ISO 26000 can be found at [www.iso.org/iso/social\\_responsibility](http://www.iso.org/iso/social_responsibility).





# Global Reporting index: level C+

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3.3	Reporting cycle (annual, biennial, etc.)		Scope of the report	3
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3.7	State any specific limitations on the scope or boundary of the report		Scope of the report Foreword	3 5/7
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		Scope of the report	3
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4 The elimination of all forms of forced and compulsory labour;	B.5 Social responsibilities – forced labour	2.3 Forced labour
5 The effective abolition of child labour; and	B.4 Social responsibilities – child labour	2.2 Child labour and young persons
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Overview of our commitment to compliance		
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# External assurance statement

In this section

CAP conseil Assurance statement

Statement of Sightholder Best Practice Principles (SGS)

“ The greatest challenges faced by Rosy Blue regarding sustainability performance reporting is determining how to select, define and measure appropriate indicators. Step by step we are moving forward and we acknowledge that this will be a challenging journey. ”

**MK. Moorthi**  
Member of the CSR Committee



# CAP conseil Assurance statement

## Assurance: external statement by CAP conseil



CAP conseil provides this external statement within following boundaries:

- This external assurance is based on the exclusive appreciation of the report, analysed in its final version, completed with a thorough dialogue with the reporting team. This review has been done using the principles stated in AA 1000 Assurance Standard.
- CAP conseil bases its statement on the quality of the response that Rosy Blue offers to its stakeholders and Society through this report. It focuses especially on the content principles of the GRI Guidelines 3.1: materiality, stakeholder inclusiveness, sustainability context, completeness.
- Responsibility for exactitude of indicators, trustability of allegations and reliability of figures lies with Rosy Blue.

**Overall impression**  
CAP conseil notes an impressive improvement in the structuration and solidity of the information gathered in the report, compared to the previous edition. The choice of the topics in discussion gained in relevance and the current response demonstrates a willingness to reach more transparency. Rosy Blue makes explicit reference to internationally recognised standards and tools as guidance and frameworks for its CSR commitments and actions. The level to which these initiatives are fully integrated in the overall business model of the Rosy Blue Alliance can be deduced from the audit systems, third-party certifications obtained and partnerships engaged. Providing the detail of the levels of performance and scope of progress would consolidate the work.

**Achievements and significant assets**

- The five material issues chosen are relevant with the sector of activity of Rosy Blue and its challenges, and correlate with the ISO 26000 core subjects. Dilemmas, problems and challenges are correctly explained.
- Rosy Blue makes a noticeable jump in the number of released indicators and responsible initiatives. The structure is clearer and follows the GRI reporting framework.
- Rosy Blue divulgates considerable new information about its structure, operations and the way Social Responsibility is managed and canalised inside the Alliance.
- This report provides updates about the international CSR concepts and initiatives in the diamond sector. Rosy Blue is very much involved in high-level working groups, networks and events related to CSR and the diamond sector.

**Suggested improvements**

- The interrelations between the entities of the Rosy Blue Alliance remain disseminated across various sections of the document. Stating the positions, commitments and respective responsibilities of the Board members and top management to SR would allow a better appreciation of the level of integration of SR inside the Alliance, beyond the CSR experts team.
- The accountability on the specific impacts of Rosy Blue as a diamond company would benefit from the publication of more quantitative figures on the material issues and it would improve the readability and appreciation of Rosy Blue's engagement in Society.
- Other material topics connected to the diamond sector would usefully be deepened with stakeholders: for instance the position of Rosy Blue regarding the luxury market, regarding the coming scarcity of the stones that lie at the basis of its business, and regarding the potential social added-value of diamonds in a prospective manner.
- Rosy Blue would strengthen its response to stakeholder's expectations and the materiality of its choices through an ad-hoc stakeholder's engagement and a two-way dialogue on its strategy and social responsibility.

CAP conseil concludes to a positive statement and classifies Rosy Blue's self-declared Report to Society 2010-2011 under Application Level C+.

CAP conseil encourages the CSR team to mainstream their commitment throughout the Alliance for the benefit of all its entities, their products and their stakeholders.

Wavre, Belgium, November 18, 2011

Marie d'Huart

Serge De Backer

Managing Partners

CAP conseil is a consulting company and assurance provider with recognised expertise in ISO 26000, GRI and AA 1000 Assurance Standard. CAP conseil is part of a consortium which is GRI certified training partner for the Benelux countries, is Organisational Stakeholder of the GRI and a member of the United Nations Global Compact Network Belgium.

# Statement of Sightholder Best Practice Principles (SGS)

## Statement of Sightholder Best Practice Principles for Rosy Blue (India) Pvt. Ltd. and its Affiliates Compliance Status



**Date: 17th November 2011**

Rosy Blue (India) Pvt. Ltd. and its Affiliates have been actively involved in the De Beers Best Practice Principles since the initial cycle in 2005.

As part of this cycle the Sightholders are required to submit self-assessment workbooks for all owned facilities and, more recently, for contractors with whom they represent 75% or more of their output.

These workbooks are reviewed by SGS for completeness and evidence is tested in relation to the compliance status declared. Further, a sample of facilities is visited to conduct a full on-site verification.

In addition, Rosy Blue (India) Pvt. Ltd. is part of the De Beers Forevermark programme which requires all facilities used in the production of diamonds that are to be inscribed to be audited on an annual basis both for pipeline integrity and for compliance with the Best Practice Principles.

No material breaches have been found to date and they are compliant with the requirements of this programme, having taken prompt action to close out any issues found in our sample assessments.

SGS has reviewed the summary of number of findings on page 122 of the Rosy Blue Report to Society 2010-2011 and can confirm that the statistics reported in terms of number of reviews and audits and the number of infringements resulting from these is correct.

Signed:

**Effie Marinos**  
Sustainability Manager

## Statement of Sightholder Best Practice Principles And RJC Certification for Rosy Blue NV and its Affiliates and Associate Compliance Status



**Date: 17th November 2011**

Rosy Blue NV and its Affiliates and Associate have been actively involved in the De Beers Best Practice Principles since the initial cycle in 2005.

As part of this cycle the Sightholders are required to submit self-assessment workbooks for all owned facilities and, more recently, for contractors with whom they represent 75% or more of their output.

These workbooks are reviewed by SGS for completeness and evidence is tested in relation to the compliance status declared. Further, a sample of facilities is visited to conduct a full on-site verification.

In addition, Rosy Blue NV is part of the De Beers Forevermark programme which requires all facilities used in the production of diamonds that are to be inscribed to be audited on an annual basis both for pipeline integrity and for compliance with the Best Practice Principles.

SGS has reviewed the summary of number of findings on page 122 of the Rosy Blue Report to Society 2010-2011 and can confirm that the statistics reported in terms of number of reviews and audits and the number of infringements resulting from these is correct.

2011 has also seen Rosy Blue NV and its Affiliate and Associate undergo assessment against the Responsible Jewellery Council Code of Practices in their pursuit of certification and in this regard were also found to be meeting the RJC requirements.

Signed:

**Effie Marinos**  
Sustainability Manager

No material breaches have been found to date and they are compliant with the requirements of this programme, having taken prompt action to close out any issues found in our sample assessments.





# Glossary

## A

### **Accreditation**

Recognition of an auditor's competence to carry out verification assessments and evaluate conformance against a standard.

### **Alluvial diamond**

Diamonds that have been washed into and remain in a deposit of clay, silt, and sand left by flowing water in a river valley or delta.

### **ALROSA**

ALROSA Company Limited is a company in the field of diamond exploration, mining and sales of rough diamonds, and diamond manufacturing. [www.eng.alrosa.ru](http://www.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.

### **Applicable law**

The relevant national and/or state and/or local laws of the country or countries in which the member operates.

### **Assessment manual**

Instructions for members and auditors on how to carry out self assessments and verification assessments

### **Assessment questions**

A set of questions designed to assess a member's performance against the Code of Practices and its provisions. Members and auditors use the same assessment questions.

### **Assessment tools**

Documents or software that provide guidance and/or record information and evidence required to carry out a self assessment or verification.

### **Auditor**

An independent, third party person or organisation, meeting the RJC's objective selection criteria and accredited to carry out verification.

## AWDC

The Antwerp World Diamond Centre (AWDC) is the coordinating body and official representative of the diamond sector. It's an official organisation, recognised internationally and acting as host, spokesperson and intermediary for the Belgian diamond community; [www.awdc.be](http://www.awdc.be)

## B

### **Benchmarking**

A measurement of the quality of an organisation's policies, products, programmes, strategies, etc, and their comparison with standard measurements, or similar measurements by its peers. The objectives of benchmarking are (1) to determine what and where improvements are called for, (2) to analyse how other organisations achieve their high performance levels, and (3) to use this information to improve performance.

### **Best Practice**

A method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark.

### **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)

### **Balance of Payments (BoP)**

Set of accounts that record a country's international transactions, and which (because double-entry book-keeping is used) always balance out with no surplus or deficit shown on the overall basis. A surplus or deficit, however, can be shown in any of its three component accounts: (1) Current account, covers export and import of goods and services, (2) Capital account, covers investment inflows and outflows, and (3) Gold account, covers gold inflows and outflows. BOP accounting serves to highlight a country's competitive strengths and weaknesses, and helps in achieving balanced economic-growth

# Glossary

**BPP / De Beers Best Practice Principles**

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)

**Bribery**

The offering, promising or giving, as well as demanding or accepting, of any undue advantage, whether directly or indirectly, to or from:

- A public official
- A political candidate, party or official
- Any private sector employee (including a person who directs or works for a private sector enterprise in any capacity).

**Business ethics**

The examination of the variety of problems that can arise from the business environment, and how employees, management and the corporation can deal with them ethically. Problems such as fiduciary responsibility, corporate social responsibility, corporate governance, shareholder relations, insider trading, bribery and discrimination are examined in business ethics.

**Business partner**

An organisation or business entity with which an entity has direct business relations (excluding end consumers, but including contractors, customers, suppliers and joint venture partners) and that buys and/or sells a product or service that directly contributes to the extraction, manufacture or sale of diamond and gold jewellery products. For the avoidance of doubt, this does not include entities that provide support products and services, for example, equipment, office supplies and utilities. Nor does it include entities that provide separate components, not part of the diamond and gold supply chain, such as batteries, springs and similar items.

C

**Four C's**

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

**Capacity building**

Planned development of, or increase in, knowledge, output rate, management, skills, and other capabilities of an organisation through acquisition, incentives, technology, and/or training.

**Carat**

This is a diamond's physical weight. One carat equals 1.5g and is subdivided into 100 cents – a diamond of 75 points weighs 0.75ct. Carat weight is the most objective of the diamond's four Cs. It involves no estimates. [www.agslab.com](http://www.agslab.com)

**Carbon neutral**

Carbon neutrality, or having a net zero carbon footprint, refers to achieving net zero carbon emissions by balancing a measured amount of carbon released with an equivalent amount sequestered or offset, or buying enough carbon credits to make up the difference. It is used in the context of carbon dioxide releasing processes, associated with transportation, energy production and industrial processes.

**Certification**

An attestation by the RJC, based on the results of a verification assessment by an accredited auditor, that the member has achieved the required level of conformance against the Code of Practices.

**Certification period**

The period of time that certification is valid, after which time the certification must be renewed through a new verification assessment. Certification periods are for one year or three years duration based on the findings of the verification assessment.

**Certification Scope**

The Certification Scope is defined by the member and covers those parts of the member's business (i.e. facilities and activities) that actively contribute to the diamond and/or gold jewellery supply chain.

**Certified member**

A member certified by the RJC that its business practices have been found, through verification by an auditor, to meet the required level of conformance with the Code of Practices.

**CFT**

Combating the finance of terrorism.

**Chain of custody**

A chain of custody ensures that the data presented is 'as originally acquired' and has not been altered prior to admission into evidence.

**Child**

Any person less than 15 years of age, unless local national/local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply. If, however, the local national/local minimum wage is set at 14 years of age in accordance with the developing countries exceptions under ILO convention 138, the lower age would apply.

**Child labour**

Any work by a child, except as provided for by ILO Convention 138 (a lower minimum age of 13, 12 in developing countries for 'light work' which neither harms a young person's development nor prejudices school attendance). Child Labour is work that deprives children of their childhood, their potential and their dignity, and is harmful to their social, physical and mental development.

**CIBJO**

World Jewellery Confederation, [www.cibjo.org](http://www.cibjo.org)

**Civil society**

Civil society refers to the arena of uncoerced collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, and market, though in practice, the boundaries between state, civil society, and market are often complex, blurred and negotiated. Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil societies are often populated by organisations such as registered charities, development of non-governmental organisations, community groups, women's organisations, faith-based organisations, professional associations, trade unions, self-help groups, social movements, business associations, coalitions and advocacy groups.

**Clarity**

Inclusions are naturally 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)

**Climate change**

Climate change is 'a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.'

**Code of conduct**

Written guidelines issued by an official body or a professional association to its members to help them comply with its ethical standards.

**Colour**

Diamonds are found in almost every colour of the rainbow. The most popular ones are the white coloured ones. Diamonds are graded on a colour scale which ranges from D to M and down. Colour 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- colour to a J or K- colour one. Nature has also created diamonds in intense shades of blue, green, pink, orange, yellow or the rarest of all, red. These are called coloured fancies and are extremely rare and high in price. [www.agslab.com](http://www.agslab.com)

**RJC Code of Practices (COP)**

A set of standards that define responsible ethical, human rights, social, and environmental practices, applicable to all RJC members throughout the diamond and/or gold jewellery supply chain.

**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 10 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)



# Glossary

**Collective bargaining**

A process through which employers (or their organisations) and workers’ associations (or in their absence, freely designated workers’ representatives) negotiate terms and conditions of work.

**Community**

Term generally applied to the inhabitants of immediate and surrounding areas who are affected in some way by a company’s activities. These effects may be economic and social as well as environmental in nature.

**Community empowerment**

Process whereby people increase the strength and effectiveness of their communities, improve their quality of life, enhance their participation in decision making and achieve greater long-term control over their lives. It is done with, rather than for, communities, thereby reflecting local people’s needs and priorities.

**Compliance**

The state of being in accordance with requirements of accepted practices, legislation, prescribed rules and regulations, specified standards, or the terms of a contract.

**Conflict diamond**

A rough diamond used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments, as described in relevant United Nations Security Council (UNSC) resolutions in so far as they remain in effect or in other similar UNSC resolutions which may be adopted in the future, and as understood as recognised in United Nations General Assembly (UNGA) Resolution 55/56, or in other similar UNGA resolutions, which may be adopted in future.

**Conformance**

The member’s business practices, including the policies, systems, procedures and processes, perform in a manner that conforms to the Code of Practices.

**Continual improvement**

An ongoing process of enhancing performance and management systems against the Code of Practices.

**Contractor**

Any person, legal entity or business (or any part thereof) who carries out any work on behalf of the De Beers Group or any Sightholder Group, or any part thereof, in connection with the prospecting, mining, buying and/or selling, or manufacturing of diamonds or diamond jewellery, where the mining concession and/or diamonds is/are owned or controlled by the De Beers Group (or any part thereof) or Sightholder Group (or any part thereof).

**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 hart shape. [www.agslab.com](http://www.agslab.com)

**Corrective action**

An action implemented by a member to eliminate the cause of a non-conformance in order to prevent a recurrence.

**Corruption**

The misuse of entrusted power for private gain.

**Critical breach**

A major non-conformance against a provision deemed to be critical to the integrity of the RJC system. Critical provisions are identified in section 7.2 of the Certification Handbook. Identification of a critical breach requires members and auditors to immediately notify the RJC management team. Disciplinary proceedings against the member will be automatically triggered if the RJC is notified by the auditor.

**CSR**

Corporate Social Responsibility

**D**

**Diamond**

A natural mineral consisting essentially of pure carbon crystallised with a cubic structure in the isometric system. Its hardness in the Mohs scale is 10; its specific gravity is approximately 3.52; it has a refractive index of 2.42 and it can be found in many colours.

**Discrimination**

Where people are treated differently because of certain characteristics such as race, colour, sex, religion, political opinion, national extraction or social origin, which results in the impairment of equality of opportunity and treatment.

**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**

**Employee**

An individual who has entered into or works under a contract of employment or a contract of service or apprenticeship, whether express or implied, and (if it is express) whether oral or in writing, or as defined by applicable law, with a member.

**Entity**

A business or similar which operates one or more facilities where there is ownership or control of that entity by the member. The entity can constitute part or whole of the member.

**Environment**

Surroundings in which the facility operates, including air, water, land, natural resources, flora, fauna, habitats, ecosystems, biodiversity, humans (including human artifacts, culturally significant sites and social aspects) and their interaction. The environment in this context extends from within an operation to the global system.

**Extranet**

Global information management system

**F**

**Facilitation Payments**

Facilitation payments are paid to receive preferential treatment for something that the payment receiver is otherwise still required to do.

**FATF**

Financial Action Task Force

**Finance of Terrorism**

Any kind of financial support to those who encourage, plan or engage in terrorism.

**Forced Labour**

Any work or service exacted by governments, companies or individuals under the menace of penalty, and which a person has not offered voluntarily to do. It also refers to work or service that is demanded as a means of repayment of debt.

**Freedom of Association**

The right of workers and employers to freely form and join groups for the promotion and defence of occupational interests.

**G**

**G20**

The Group of Twenty: a group of about 20 countries with the world’s biggest economies that meets regularly to discuss the situation in the world economy

**Gokhran**

Gokhran, the State Precious Metals and Gems Repository, is a state institution under the Russian Ministry of Finance, responsible for the purchase, storage, sale, and use of precious metals, precious stones, jewellery, rocks, and minerals by the State Fund.

**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**

**Hazardous Substance**

Any material that poses a threat to human health and/or the environment.

**Health and Safety**

The aim of health and safety initiatives is to prevent accidents and injury to personal well-being arising out of, linked with or occurring in the course of work. This is done by minimising, as far as is reasonably practicable, the causes of hazards inherent in the working environment.

**Human rights**

Universal rights and freedoms regarded as belonging to all people, above the laws of any individual nation.

# Glossary

## I

**ILO**  
International Labour Organisation

**ISO**  
International Organisation for Standardisation

**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: minimise 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)

**ISO 26000**  
ISO 26000:2010, Guidance for social responsibility. It aims to be a first step in helping all types of organization in both the public and private sectors to consider implementing ISO 26000 as a way to achieve the benefits of operating in a socially responsible manner. ISO 26000 addresses seven core subjects of social responsibility defined in the standard and portrayed in the following graphic. The figures refer to the corresponding clauses in the standard.

## J

**Jewellery**  
For the application of the RJC system, an adornment made of Precious Metals (including Gold) and/or set with gem stones (including Diamonds). Jewellery includes, but is not limited to, bracelets, rings, necklaces, earrings and watches.

## 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/)

**Kimberley Process Certification Scheme (KPCS)**  
A joint government, international diamond industry and civil society initiative to stem the flow of Conflict Diamonds.

**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

## L

**Legal Compliance**  
Acting within, or under the direction of, Applicable Law.

**Living wage**  
A living wage is the minimum hourly income necessary for a worker to meet basic needs (for an extended period of time or for a lifetime). These needs include shelter (housing) and other incidentals such as clothing and nutrition. The living wage differs from the minimum wage in that the latter is set by law and can fail to meet the requirements of a living wage – or is so low that borrowing or application for top-up benefits is necessary.

## M

**Majority contractor**  
One that generates 75% or more of the revenues from one sight holder entity.

**MDG’s**  
The Millennium Development Goals (MDGs) are eight international development goals that all 193 United Nations member states and at least 23 international organizations have agreed to achieve by the year 2015. They include eradicating extreme poverty, reducing child mortality rates, fighting disease epidemics such as AIDS, and developing a global partnership for development.

**Minority contractor**  
One that generates less than 75% of the revenues from one sight holder. Source: Best Practice Principles, The Assurance Programme, Manual 2008

## N

**NGOs**  
Non-governmental organisations

## O

**OECD**  
Organisation for Economic Co-operation and Development [http://www.oecd.org/pages/0,3417,en\\_36734052\\_36734103\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/pages/0,3417,en_36734052_36734103_1_1_1_1_1,00.html)

## P

**PPE**  
Personal Protective Equipment. Refers to protective clothing and other garments such as gloves, protective footwear, helmets, goggles and ear plugs, all designed to protect the wearer from exposure to job related occupational hazards.

**Policy**  
A statement of principles and intentions.

**Pollution**  
The presence of a substance in the environment that because of its chemical composition or quantity prevents the functioning of natural processes and produces undesirable environmental and Health effects.

**Procedure**  
A specified manner to conduct an activity or a process. Procedures can be documented or not.

## R

**Risk**  
Exposure to the consequences of uncertainty. It has two dimensions: the likelihood of something happening and the consequences if it were to happen.

**Risk Assessment**  
The systematic evaluation of the degree of Risk posed by an activity or operation. The process of using the results of Risk analysis to rank and/or compare them with acceptable Risk criteria or goals.

**Responsible Jewellery Council (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

**SA 8000**  
International workplace-quality standard based on the concept of social accountability, its major objective is to ensure application of ethical practices in hiring and treatment of employees and in production of goods and services. Released in 1997 by the New York (USA) based non-profit body social accountability International (SAI), it relies on the codes-of-conduct affirmed by International Labour organization (ILO), the Universal Declaration Of Human Rights, and UN Convention On The Rights Of A Child. Founded on the principles of transparency, credibility, and verification, it is said to be the first global ethical standard and appropriate for any type of organization regardless of the country, industry, or size. Although not an ISO standard, SA8000 is modeled on similar accreditation and certification schemes, and provides the requirements and audit methodology to evaluate and improve workplace conditions.



# Glossary

**SAI**

Social Accountability International is a non-governmental, international, multi-stakeholder organization dedicated to improving workplaces and communities by developing and implementing socially responsible standards. SAI convenes key stakeholders to develop consensus-based voluntary standards, conducts cost-benefit research, accredits auditors, provides training and technical assistance, and assists corporations in improving social compliance in their supply chains. In 1997, SAI launched SA8000 (Social Accountability 8000) – a voluntary standard for workplaces, based on ILO and UN conventions – which is currently used by businesses and governments around the world and is recognised as one of the strongest workplace standards. SAI partners with trade unions, local NGOs, multi-stakeholder initiatives, organic, fair trade, and environmental organizations, development charities, and anti-corruption groups to carry out research, training and capacity-building programmes.

**Self Assessment**

The assessment carried out by members describing their entities and facilities and evaluating their own performance against the requirements of the Code of Practices. Members can use the self assessment to gauge their preparedness for a verification assessment, improve practices and to identify objective evidence required during a verification assessment.

**Self Assessment Workbook**

A workbook designed for members to use to carry out a self assessment.

**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)

**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)

**Sightholder**

A Sightholder is a company on the Diamond Trading Company’s (DTC) list of authorised bulk purchasers of rough diamonds. [www.dtc.sightholderdirectory.com/Sightholder/disclaimer.aspx](http://www.dtc.sightholderdirectory.com/Sightholder/disclaimer.aspx)

**Smelting**

Metal extraction process in which an ore (usually mixed with purifying and/or heat generating substances such as limestone and coke) is heated at high temperature in an enclosed furnace. After a reducing reaction (see reduction), lighter ore-components (impurities called slag or tailing) rise to the top and float on the molten metal. Smelting is opposite of roasting which involves an oxidizing reaction (see oxidation).

**SoW**

The System of Warranties guarantees that dealers, manufacturers and retailers, all passing on assurances that polished diamonds, either loose or contained in jewellery, 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.

**Stakeholder**

Those who have an interest in a particular decision, either as individuals or representatives of a group, including people who influence a decision, or can influence it, as well as those affected by it. Stakeholders include non-government organisations, governments, shareholders and workers, as well as local community members.

**Standard**

An objective practice, procedure or process that is recognised as integral to the integrity of an organisation’s business and/or products and/or services. For the RJC System, the Code of Practices is the Standard relating to the Diamond and/or Gold Jewellery supply chain.

**Sustainable growth**

Growth that can be achieved without significant or permanent damage to the environment and the economy’s natural productive capacity.

**Supplier**

A business entity that provides goods and/or services integral to, and utilised in or for the production of, a Member’s Diamond and/or Gold products.

**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.

**T**

**Treated Diamonds**

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

**Treatment**

Treatment means any process, Treatment or enhancement changing, interfering with and/or contaminating the natural appearance or composition of a Diamond other than the historically accepted practices of cutting and polishing. It includes colour (and decolourisation) Treatment, fracture filling, laser and irradiation Treatment and coating.

**Third party**

A person or body independent of the person or organisation being evaluated, and of user interests in that person or organisation.

**U**

**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)

**UN Global Compact LEAD**

The approximately 56 companies that participate in Global Compact LEAD are challenged to implement the Blueprint for Corporate Sustainability Leadership, which was developed in close consultation with a large number of corporate participants and stakeholders and widely endorsed by business, governments, and civil society at the Leaders Summit in New York in June 2010.

**UNITAR**

Autonomous body within the United Nations with a mandate to enhance the effectiveness of the UN through training and research

**V**

**Verification (auditing)**

Confirmation by an Accredited Auditor, through the assessment of Objective Evidence, that the Provisions of the Code of Practices have been fulfilled. The results of Verification are used as the basis for a decision on Certification.

**Verification Scope**

The Verification Scope is defined by Auditors and includes a selection of Facilities from within the Certification Scope and a selection of Provisions from the Code of Practices that are considered to be the most relevant, taking into consideration the nature, scale and impact of the Member’s business.

**W**

**WFDB**

World federation of diamond bourses

**WDC**

World diamond council

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FOR MORE INFORMATION

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