

CORPORATE SOCIAL RESPONSIBILITY REPORT

2 0 0 9



Our CSR Journey:
From Involvement to Engagement

Table of contents

	Welcome	2
	Message from the Governor of Antwerp	2
	Message from the Antwerp World Diamond Centre	3
	Message from the CEO & Group Coordinator	4
	Message from the Group Associates	5
	Message from the Global Corporate Affairs Committee	6
1	Executive Summary	7
2	Our Business at a Glance	8
3	The Dynamics in the Diamond Industry in 2009	11
4	The Diamond Pipeline	14
	4.1 From Mine to Consumer	14
	4.2 Positioning Rosy Blue Group in the Diamond Pipeline	16
5	Corporate Governance	18
6	Our Commitment to Responsible Practices	23
	6.1 Laws—Regulations—Voluntary Initiatives	23
	6.2 Kimberley Process & System of Warranties	24
	6.3 United Nations Global Compact	27
	6.4 Best Practice Principles	28
	6.5 Business Excellence Model	30
	6.6 Wal-Mart	30
	6.7 Responsible Jewellery Council	31
7	Our Approach to CSR	32
	7.1 Our Vision	32
	7.2 Rosy Blue Internal CSR Model	33
	7.3 Organisational Structure and Responsibilities	36
	7.4 Information Management System	37
8	Stakeholder engagement	38
	8.1 Building a Circle of Trust	38
	8.2 United Nations Global Compact	44
	8.3 Antwerp World Diamond Centre	46
	8.4 Cambridge Sustainability Network	53
	8.5 Business & Society Belgium	54
	8.6 Kauri	55
	8.7 Other Significant Stakeholders	56
9	Key Performance Indicators	58
10	CSR Audits	59
	10.1 Internal CSR Audits by Global Corporate Affairs Department	59
	10.2 External CSR Audits	63
	10.3 RJC Pilot Project	63
11	CSR in Action	66
	11.1 Business Partners	66
	11.2 Workplace	73
	11.3 Health and Safety	92
	11.4 Environment	98
	11.5 Community Engagement	106
12	Challenges Ahead	115
13	Reporting Index: GRI & Rosy Blue Compliance Reporting	118
14	Glossary	120
15	More Information—Links	131
16	Contact Information	142

Welcome

1

Message from the Governor of Antwerp

The quality of a diamond is defined by the four C's: Clarity, Carat, Color and Cut.

If we would try to define Antwerp as the world diamond capital in keywords, we would end up with 'Location, Concentration, Innovation and Creativity'.

Antwerp is **located** in the centre of Europe, at the crossroad between east and west. It is the home of diamonds for more than 550 years. This multicultural, "neutral" region is known for her high quality of life and homes of all the key players. This **concentration** of miners, traders, people of industry, retailing and many others makes Antwerp the most important diamond trade centre in the world.

The advantage of a highly trained and educated workforce combined with high standard technology is the reason why the most difficult and precious stones are cut in Antwerp.

To keep that strategic position we should and will increase our investment in **innovation** and smartly commercialize the spin-offs and findings to become more competitive again in processes that today are dependent on manual handling. In the internet era product and process innovation won't be sufficient!

That leaves the fourth keyword: **creativity**.

For some years now Antwerp is home of some of the best fashion designers in the world. Also in diamonds one can be, should and is very creative. There are no strict rules on colour, the amount of facets, the way to cut or polish... When manufacturers push the limit and let creativity take over, they can end up with brilliant result.

But there is no reason to gloat.

As they say 'Pride goes before a fall' and 'standstill means decline'. Therefore we must keep on investing in our existing strengths and resolve our weaknesses.

That is why I have challenged AWDC to deploy an ambitious vision for the future. Together with all key players in the industry AWDC will present 'Project 2020' in the nearby future.

Transparency must be part of any future plan, in every part of the chain.

Rosy Blue must be applauded for publishing their second CSR report. Their pioneering work has set the standard and is an example of a more transparent diamond industry.

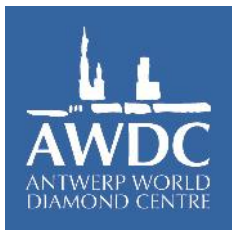
The recent initiative of the Responsible Jewellery Council is very ambitious and also deserves our support. This international not-for-profit organisation unites more than 225 companies across the jewellery supply chain. *These members are committed to promoting responsible ethical, human rights, social and environmental practices in a transparent and accountable manner throughout the industry from mine to retail. Their commitment aims to reinforce consumer and stakeholder confidence in jewellery products.* (RJC)

Charles Darwin once said that: "it is not the strongest nor the most intelligent of the species that survives. It is the one that is the most adaptable to change."

The diamond business is going through a change. I believe they will come out more transparent, more responsible and by doing so... stronger.

Cathy Berx

Governor of Antwerp



AWDC strives to further develop Antwerp as the world diamond centre by representing the sector in Belgium and abroad, to governments, professional organizations, the diamond and jewellery trade and the general public. It does this by supporting and promoting the image and reputation of the sector, and by providing services and disseminating information that advance the interests of all members of the diamond sector in Belgium. Managing Corporate Social Responsibility is therefore critical to protect the integrity of our diamonds.

We are proud to say that we can ensure that each and every one of the 160,000 shipments of goods that pass through our Diamond Office each year are legitimate diamonds (from government-controlled Kimberley Compliant areas).

It is beyond doubt that much credit goes to Rosy Blue for taking the lead exactly where Corporate Social Responsibility truly comes to life; in the day-to-day business of the diamond companies.

Rosy Blue's CEO, Baron Dilip Mehta, COO Antwerp, Mr. Amit Bhansali and COO India, Mr. Russell Mehta, are the ideal personifications of values such as accountability, diversity and integrity, which form the very basis of this successful family business. Rosy Blue's efforts to develop their CSR processes definitely reached an unprecedented level under the skilful leadership of their guidance and commitment.

Corporate Social Responsibility is an essential component of the Antwerp brand. This is not only an ethical prerequisite, it is a strategic choice. All players, small and large, need to move forward in our business. Consumers need to be confident, that diamonds from Antwerp are not only a beautiful product, but also sourced ethically and manufactured in a social responsible manner. They should expect no less, and we consider it our obligation to deliver that promise to them.

Ari Epstein
Deputy-CEO AWDC
Director Diamond Office

Freddy J. Hanard
CEO AWDC

Jaques ROTH
President AWDC

Diamonds love Antwerp

AWDC | Hoveniersstraat 22 | BE - 2018 Antwerpen
| Tel. +32 3 222 05 11 | info@awdc.be | www.awdc.be

“

As a global company, we have a responsibility to conduct business in a manner that supports the well-being of people and our planet. Our suppliers, our employees, our customers, our bankers and consumers increasingly expect us to think beyond today's needs and take into account future generations.

”

It will come as no surprise, that 2009 was one of the more challenging years in our group history. The global financial meltdown rapidly impacted the world economy including the diamond Industry where a combination of equity issues and decrease in polished demand took its toll.

During this period of downturn, Rosy Blue has undergone significant structural change including major shifts in our operations, as we wanted to be prepared for the changing dynamics in our Industry.

While a significant cost reduction represented a vital achievement, it could largely only be accomplished through an equally strong reduction in employee numbers. Inevitably it also demanded reorganisation. This process was responsibly managed across the globe by our HR- and Compliance teams.

As we entered 2010, the year we celebrate our 50th anniversary, we are slowly recovering.

We started our business 50 years ago, since then we have always managed it in accordance with our family principles, which have found their roots in the Jain Religion (where equality is one of the main pillars). The practical side of our belief is that being good is more than just charity; it is also about adding sustainable value to your business and helping people to advance.

This year we have proven that by keeping focused and respecting our core values (**ACCOUNTABILITY, DIVERSITY, INTEGRITY**) in our business decisions, we can deliver even when times are hard.

Indeed the crisis definitely taught us one major lesson. Strong values have never been more essential for our company.

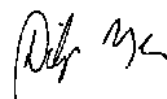
The challenging business environment in 2008-2009 gave added impetus to strengthening our commitment to several CSR projects, including UN Global Compact, the Responsible Jewellery Council and similar projects in areas such as health and safety, environmental stewardship, corporate citizenship and stakeholder engagement. I can proudly state that our high performance CSR team culture did not waver.

I am deeply grateful for the hard work of our global compliance team and for the heartfelt support and partnership by my Management Team for their continued guidance and leadership. Their entrepreneurial spirit and deep commitment to ethical business practices throughout our operations drive superior quality and service to our customers and continues to deliver value in each product we bring to the market.

A special word of thanks goes to the CSR Advisory Board for guiding and challenging us to continue seeking opportunities to make a positive and sustainable difference. I would also like to recognize the important role of the United Nations Global Compact team. Their assistance and input have played a significant role in making the right choices in our CSR implementation practices.

As we have entered the year of Rosy Blue's 50th Anniversary, we remain confident that we will continue to serve all our stakeholders well for the next 50 years.

Thank you,




Baron Dilip Mehta
Chief Executive Officer & Group Coordinator

CHARTER OF

THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

source <http://www.udhr.org/udhr/default.htm>

1960 – 2010

At the Occasion of our 50th Anniversary we reinforce our commitment to a sustainable business model that integrates the economic, social and environmental responsibilities of our company today and in the future.

50 years ago 3 men had a dream. They had the ambition to be successful diamantaires and to create a company for GENERATIONS to come. They were driven by their CORE VALUES: Accountability - Diversity - Integrity and their ASPIRATIONS and above all HARD WORK.

Accountability

We accept responsibility for our actions. We make and support business decisions through experience and good judgment.

Diversity

Regardless of their background, race, color, gender, sexual orientation, disability, age, status, national origin, religion, or political affiliation. We respect all individuals and value their contributions.

Integrity

We act with honesty and integrity, not compromising the truth.

Today the Rosy Blue Group has expanded to a GLOBAL, DIVERSE and DEDICATED team around the world.

We are proud of our past and present and we will continue to grow as a trustworthy company contributing to our people, our customers, our suppliers and grow along with society, promoting our corporate values through our ongoing commitment to do what is right.



Founders
Arunkumar Mehta and
Bhanuchandra Bhansali



Co-founder
Ramniklal Mehta
May 4th 1920 – April 7th 2002

THE 10 PRINCIPLES OF UNITED NATIONS GLOBAL COMPACT

HUMAN RIGHTS

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

LABOUR STANDARDS

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

ENVIRONMENT

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

ANTI-CORRUPTION

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



COMMITMENT



THE RESPONSIBLE JEWELLERY COUNCIL PRINCIPLES

http://www.responsiblejewellery.com/downloads/RJC_Brochure_ENG.pdf

BUSINESS ETHICS

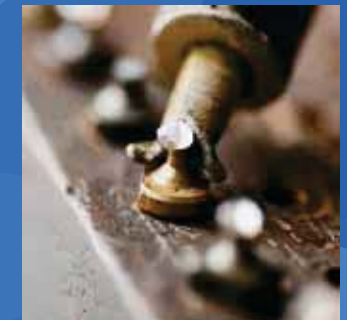
1. We are committed to conducting our businesses to a HIGH ETHICAL STANDARD, and to ensuring INTEGRITY, TRANSPARENCY and CONFORMANCE WITH APPLICABLE LAW.
2. We will NOT ENGAGE in Bribery and/or corruption.
3. We will NOT TOLERATE Money Laundering and/or financing of terrorism.
4. We will ADHERE to the Kimberley Process Certification System and the World Diamond Council VOLUNTARY System of Warranties.
5. We will FULLY AND ACCURATELY DISCLOSE the material characteristics of the products that we sell.
6. We will take reasonable measures to ENSURE THE PHYSICAL INTEGRITY AND SECURITY of product shipments.
7. We will respect COMMERCIAL CONFIDENTIALITY and DATA PRIVACY.

HUMAN RIGHTS AND SOCIAL PERFORMANCE

1. We believe in and will RESPECT the fundamental human rights and the dignity of the individual, according to the UNITED NATIONS UNIVERSAL DECLARATION OF HUMAN RIGHTS.
2. We will NOT TOLERATE the use of Child Labour.
3. We will NOT USE any forced, bonded, indentured or prison labour, nor restrict the freedom of movement of Employees and dependents.
4. We are committed to high standards of HEALTH AND SAFETY in our operations.
5. We will NOT PREVENT workers from associating freely. Where laws prohibit these FREEDOMS, we will support parallel means of DIALOGUE.
6. We will NOT DISCRIMINATE based on race, ethnicity, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, marital status, physical appearance, age, or any other applicable prohibited basis in the workplace, such that all individuals who are "FIT FOR WORK" are accorded equal opportunities and are not discriminated against on the basis of factors unrelated to their ability to perform their job.
7. We will NOT USE CORPORAL PUNISHMENT under any circumstances and will prohibit the use of degrading treatment, harassment, abuse, coercion or intimidation in any form. We will adhere to working hours and remuneration legislation, or, where no such legal requirements have been established by law, the prevailing industry standards.
8. We will SUPPORT THE DEVELOPMENT OF COMMUNITIES where we operate, contributing to their social and economic welfare.
9. We will RECOGNISE AND RESPECT THE RIGHTS OF INDIGENOUS PEOPLES and the value of their traditional, cultural and social heritage.

ENVIRONMENTAL PERFORMANCE

1. We will conduct our business in an ENVIRONMENTALLY RESPONSIBLE manner.
2. We will manage our environmental footprint by ELIMINATING OR MINIMISING NEGATIVE ENVIRONMENTAL IMPACTS.
3. We will ensure the EFFICIENCY OF OUR BUSINESS OPERATIONS by managing our use of resources and energy.



We look forward to continuing the momentum for the next 50 years

“

We strongly believe that real business success is not just about profits measured in numbers but also, as importantly, about how those numbers are achieved.

”

Our corporate strategy reflects our commitment to sustainable business practices and balancing responsibility alongside growth and productivity.

On the occasion of our 50th anniversary we would like to enhance our commitment to United Nations Global Compact and thank all our people for their ongoing support and hard work to promote safety, reduce environmental impact, contribute to the communities where we operate and commit to do their work according to the highest ethical standards.

We will continue to embed CSR into every aspect of how we do business. We want to make the Rosy Blue Group stronger so that we can continue to serve future generations. We won't do that by solely focusing on our financial bottom line. We will do it by investing in our people, our processes and our infrastructure, by becoming more diverse, by working with communities, and by understanding and managing the effect we have on the environment.

At the occasion of our 50th anniversary we have developed a Charter of Commitment that will be sent across the globe to all our people, business partners, customers, bankers and other stakeholders to ask them to underwrite our charter.



Only together
we can make a
real difference

¹ All Group Associates: Corporate Governance p19

5 Message from the Corporate Affairs Committee



“

Since launching the company's first Corporate Social Responsibility Report in 2008, we have made significant progress in delivering on our commitments. This year we reiterate our support for the Ten Principles of the United Nations Global Compact and the RJC Principles, which continues to guide the CSR programmes in which we invest.

We have understood that Corporate Social Responsibility is a synonym for constant reflection and learning and that a sustainable future depends on solid partnerships with all our key stakeholders.

”



Francis
Lappen

Unfortunately the financial crisis of 2009 demanded reorganisation. Against this backdrop, the word 'sustainability' takes on new importance. One thing is very clear, CSR does not lose its relevance in an economic downturn. In fact, it becomes more important because the stakes are so much higher.



Keshav
Tahilramani

Much of what we report here is positive despite the challenging global economic climate. In 2009, we continued to invest in CSR projects; one of our prime activities was to prepare for our application for certification to the Responsible Jewelry Council. We participated with De Beers and SGS on a Pilot project to understand where we stand today as a corporate socially responsible player in the supply chain.



Palitha
Jayasekera

Another important project was the collaboration with the team of United Nations Global Compact on how to improve our practices on the basis of the 10 Principles, including a case study on integrating SA 8000 and other voluntary initiatives as a tool to implement the UN Global Compact Principles.



Francis
Abraham

In 2009 we took up our engagement with the outside world to a new level. We participated in several initiatives to promote a more sustainable diamond supply chain and we contributed to different forums across industries to learn and share about best practices. In 2009 we had our first 2 majority contractor audits. Certainly, there is still much that needs to be done towards our minority contractors, but this was definitely an important milestone in our CSR journey. We also initiated different projects focused on Human Rights and Women Empowerment programmes. And finally we continued our internal safety audits and improved comprehensive health and safety prevention plans.

My great appreciation goes to the Group Associates, the Group Executive Management, the CSR Advisory Board, the UAMS, the personal advisor of the CEO, my CSR executive Compliance Coordinator, the Global Corporate Compliance Team and all our employees for their drive and ongoing support. I would like to acknowledge the tremendous efforts of each and every compliance officer and their teams who did make it happen! They implemented our internal CSR model from the ground up and remain equally dedicated to and involved in our CSR journey. A special word of thanks to: Francis Lappen, Keshav Tahilramani, Palitha Jayasekera and Francis Abraham for their continuous guidance and encouragement.

We see this report as a continuation of our dialogue with all our stakeholders and how, as a corporate citizen, we are addressing some of the key issues and trying to make lasting improvements in how people live and work.

We invite you to submit your comments and ideas on our progress to date and we welcome your feedback on the challenges we still face: csr@rosyblue.com.

Yours sincerely,

Iris Van der Veken
Manager Corporate Affairs Global
Chair United Nations Global Compact Network Belgium

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

This is our second corporate social responsibility (CSR) report. It covers the year ended 31st December 2009.

Relevant CSR data from the past and data between 31st December 2009 and the date of issue of this report are clearly indicated in the footnotes.

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

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

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

1 Executive Summary

BUSINESS

- \$ 1.2 billion sales
- Reorganisation Business Model
- Renewal of \$ 125 million receivables securitization with same ratings
- Rosy Blue Mumbai enters into long term agreement with Alrosa

PEOPLE

- Reduced workforce by 16,75% across the Group, in compliance with the local legal requirements and internal Rosy Blue standard. Our aim is that the long term structural growth drivers of our company are fully intact. Only then we can focus again creating opportunities for the labour market.
- Diversified workforce of 28 nationalities represented in 14 countries
- Gender diversification of employees: 33% female and 67% male
- 54% of our people have a seniority over 5 years
- First internal newflash: 'The Quarterly Sparkle'
- 'Women Welfare' programme in India according to UN Global Compact 'Women's Empowerment Principles'
- CEO Endorsement of 'Women's Empowerment Principles': Equality means business
- Integrating disabled individuals in the workplace in Sri Lanka
- Global CSR training seminar organized in human rights, ethics, health and safety,...

STAKEHOLDER ENGAGEMENT

- UN Global Compact
 - Member of the Human Right Working Group
 - Case Rosy Blue on the UN Global Compact Leaders Summit 2010
 - Active role in establishment UN Global Compact Network Belgium
- Responsible Jewellery Council
 - Member of the Board
 - Member of the Communications Committee
- Business & Society Belgium
 - Member of the Supply Chain Management Working Group
- KAURI
 - Participation Human Rights Workshop
- Academic Institutions
 - Guest lectures on CSR
- Diamond Industry
 - Diamond Symposium 2009 - AWDC

AUDITS

Direct entities:

- 5 internal audits: Belgium, Thailand, India, Israel and UAE
- 2 external audits on direct entities by SGS: India and UAE
- SA 8000 and ISO 9001 certification in Thailand
- Pilot project in preparation for application for RJC certification: India and UAE

Contractors

- 5 majority contractors and 100 minority contractors
- Mapping of all contractors according to subcategories: cutting/polishing, jewellery manufacturing, sorting, boiling, laser,...
- 2 external audits by SGS on major contractors: India and Israel
- Formal undertaking to compliance was sent to all minority contractors: 69% completed

HEALTH & SAFETY

- We have reduced our injuries from 2 to 1% on the total number of people employed
- Special awareness programme in Sri Lanka
- Mapping of all the chemicals usage across the Group
- MSDS sheets standardised
- Training in the usage of protective equipment
- Rosy Blue Thailand:
 - Awards for zero accidents in 6 million working hours by the Thai Ministry of Labour
 - Winner of the National Occupation Safety and Health Award: Thailand
 - AIDS Standard Organization's recognition for Best Management Practices

ENVIRONMENT

- Rosy Blue signed the Copenhagen Communiqué
- Environmental Management as a key priority on the agenda in Pithampur, India
- Shared Best Practices on bio boiling
- Second CSR Report: Climate neutral printing with FSC-label C00737: certificate number 527-53520-0510-1024

NEW KEY PERFORMANCE INDICATORS ACHIEVED

- Punctuality and accuracy of local reporting on the CSR extranet
- Mapping of all contractors according to operations: number of majority contractors audited on-site
- Specification of chemical usage and disposal
- Standardisation of MSDS Sheets
- Second CSR Report: Climate Neutral Printing

COMMUNITY ENGAGEMENT

- Local and international projects, such as Jaan Foundation, Ekal Vidyalaya Foundation, Special Olympics,...

2 Our Business at a Glance

The Rosy Blue Group was founded in 1960 by Arunkumar Mehta and Bhanuchandra Bhansali. The company started as a small Mumbai workshop, but soon became a network of specialist businesses, each able to successfully fulfill client needs. This eventually formed the platform for a global company represented in 14 countries.

MINING

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

MANUFACTURING SKILLS

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

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

GLOBAL NETWORK & DISTRIBUTION

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

EXPERTISE

Through our ever-active team of global buyers and manufacturing centers, we are able to procure goods from the markets worldwide, in large quantities/qualities and fulfill our customers' demands in a consistent and timely manner. With a \$1.2bn business, our economies of scale allow us to offer unparalleled value.

1960	B. Arunkumar & Co. founded and established by Bhanuchandra Bhansali and Arunkumar Mehta
1969	B. Arunkumar & Co. Becomes a DTC Sightholder
1973	Rosy Blue established in Antwerp Start international expansion
1975	Rosy Blue becomes a DTC Sightholder
1988	InterGold Seepz Jewellery unit established
1999	Successful \$100m receivables securitization with rating P-1 (Moody's) / F-1 (Fitch) Rosy Blue Group turnover exceeds \$1bn Rosy Blue becomes core client of BHP
2001	Successful \$100m stock securitization with rating A2 (Moody's) / A (Fitch)
2002	Rough buying and polished contracting arrangements in Russia Increased receivables securitization to \$150m with same ratings
2004	Orra brand launched Renewal of \$150m receivables securitization with same ratings
2005	RB South Africa is established Successful increase of stock securitization with rating A2/A from \$100m to \$150m
2007	Renewal of DTC Sightholder contract Appointment as a Rio Tinto Select Diamantaire
2008	Renewal of DTC Sightholder contract
2009	Reorganisation business model Launch of www.RosyblueOnline.com Renewal of \$125m receivables securitization with same ratings Launch First Corporate Social Responsibility Report
2010	Rosy Blue Mumbai enters into long term agreement with Alrosa Second Corporate Social Responsibility Report

JEWELLERY MANUFACTURING

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

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

ROSY BLUE RETAIL CHAIN

ORRA - The Diamond Destination - is one of India's largest exclusive diamond jewellery retail chain.

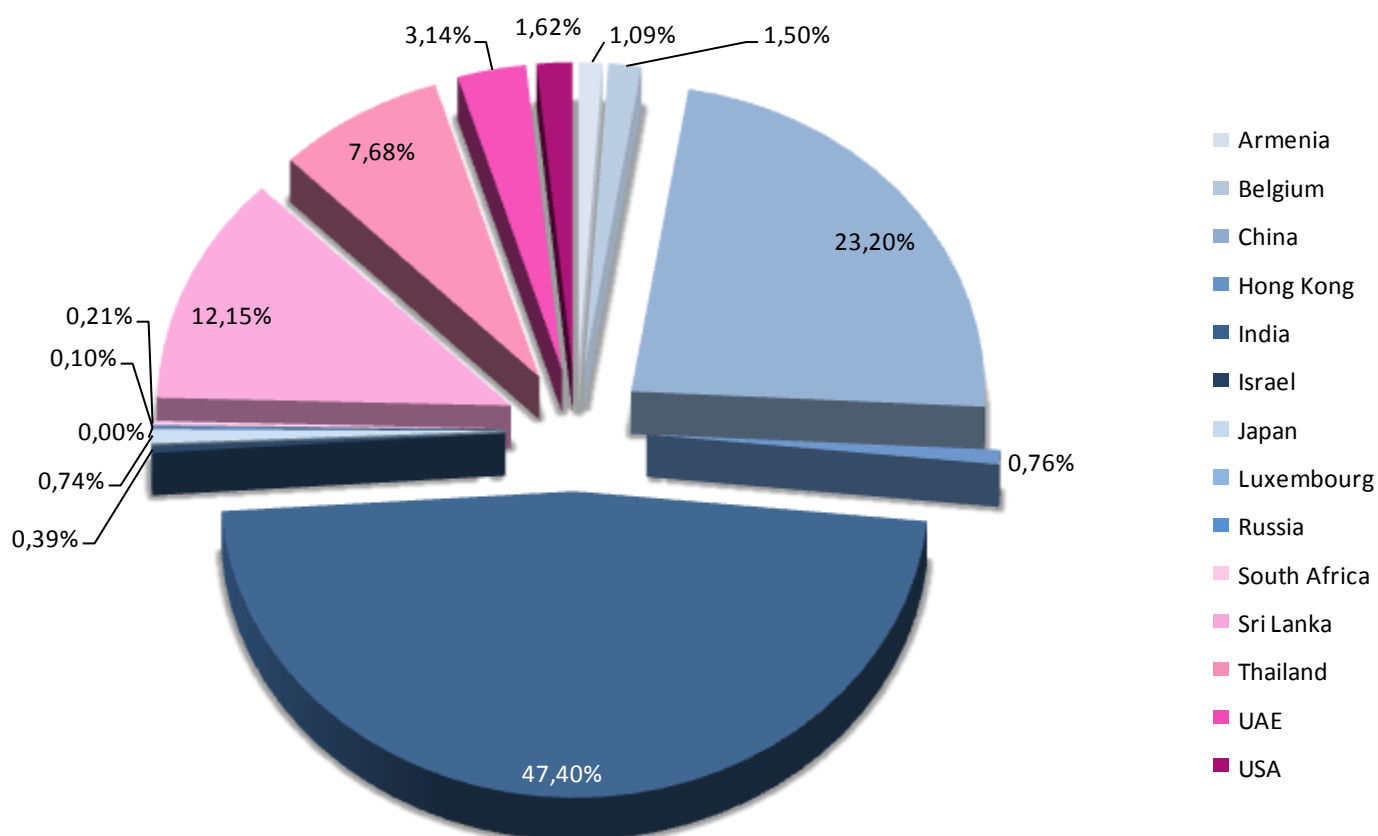
Set in an international format, ORRA retails through 29² exclusive high street boutiques across India. Within 2 years of launch, ORRA was counted among the top 5 jewellery brands in the country.

OUR PEOPLE

Today, we are present in 14 countries including our corporate holding structure in Luxembourg and we give direct employment to over 5100 employees³.

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 practices



² Consolidation of boutiques was managed during 2009

³ Report 2008 included indirect employment of contractors — in 2009 we restructured our operations and reduced our workforce by 16,75%

OUR GLOBAL PRESENCE



Presence ⁴	Rough Sales	Polished Manufacturing	Polished Sales	Jewellery Manufacturing	Jewellery Sales	Retail
Belgium	☑	☑	☑		☑	
India	☑	☑	☑	☑	☑	☑
UAE	☑		☑		☑	
USA			☑		☑	
Hong Kong	☑		☑		☑	
Israel	☑		☑			
Japan			☑		☑	
South Africa	☑		☑			
Thailand		☑				
Sri Lanka		☑				
Armenia		☑	☑			
China		☑	☑			
Russia		☑ ⁵				
Luxembourg	Holding company					

⁴ status December 2009

⁵ activities dormant since January 2009

3 The Dynamics in the Diamond Industry in 2009

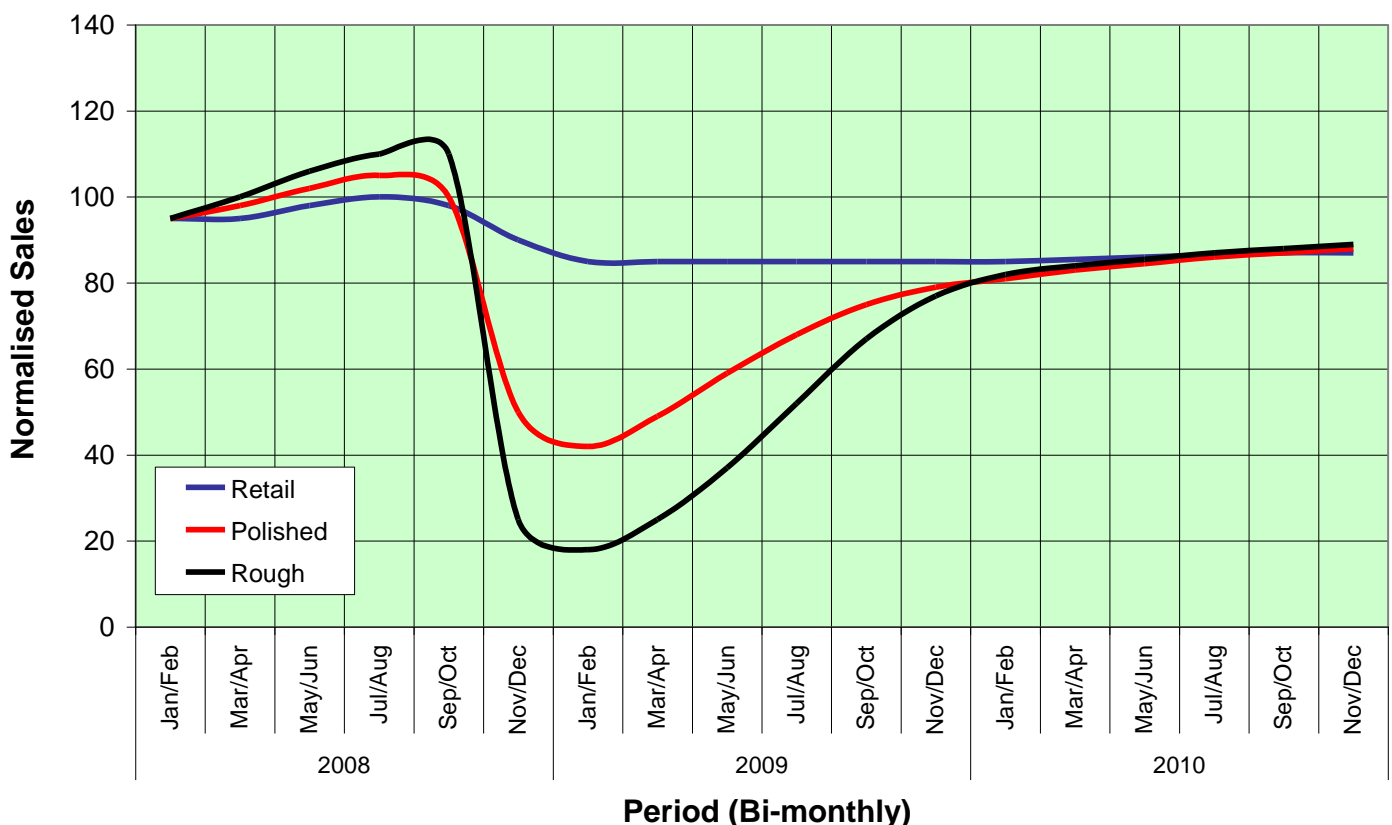
The diamond industry, by the very nature of the product, can essentially be considered as one single supply chain. Any stimulus which affects the end consumer demand affects the entire chain in an amplified manner. The industry felt the adverse impact of this “bull-whip” effect in 2009. Consequently, 2010 could see a positive effect, as sales and stock levels stabilise.

The industry was also dealing with the drop in consumer spending. Overall, the industry witnessed a drop in retail demand of about 10%. This drop, in itself, was far less than what other industries witnessed, and the industry was fortunate in that regard.

However, the implication of stock holdings along the entire supply chain led to more severe consequences. Retailers, shaken by this drop in demand and the uncertainty, focused on both managing stocks and increasing stock turns (which was below 1 turn for the entire global retail industry). This stock management was implemented by significant reduction in purchase of polished diamonds and wholesale jewellery, which fell by about 27%.

This effect was further amplified in the rough demand. The diamond industry, reacting to a 27% reduction in demand, needed to reduce their purchases even further to manage its inventory. The industry held about 9 months stocks, and this led to a 44% reduction in the rough demand.

This drop in volumes was not uniform, but was steeper during the first half of 2009, as companies across the industry drastically reduced their purchases. Rough purchases, during the first quarter of 2009, were almost at a standstill. The situation started stabilizing only in the third quarter of 2009. This impact is best represented by our model, which predicted how the sales for the industry will pan out in 2009 and 2010.



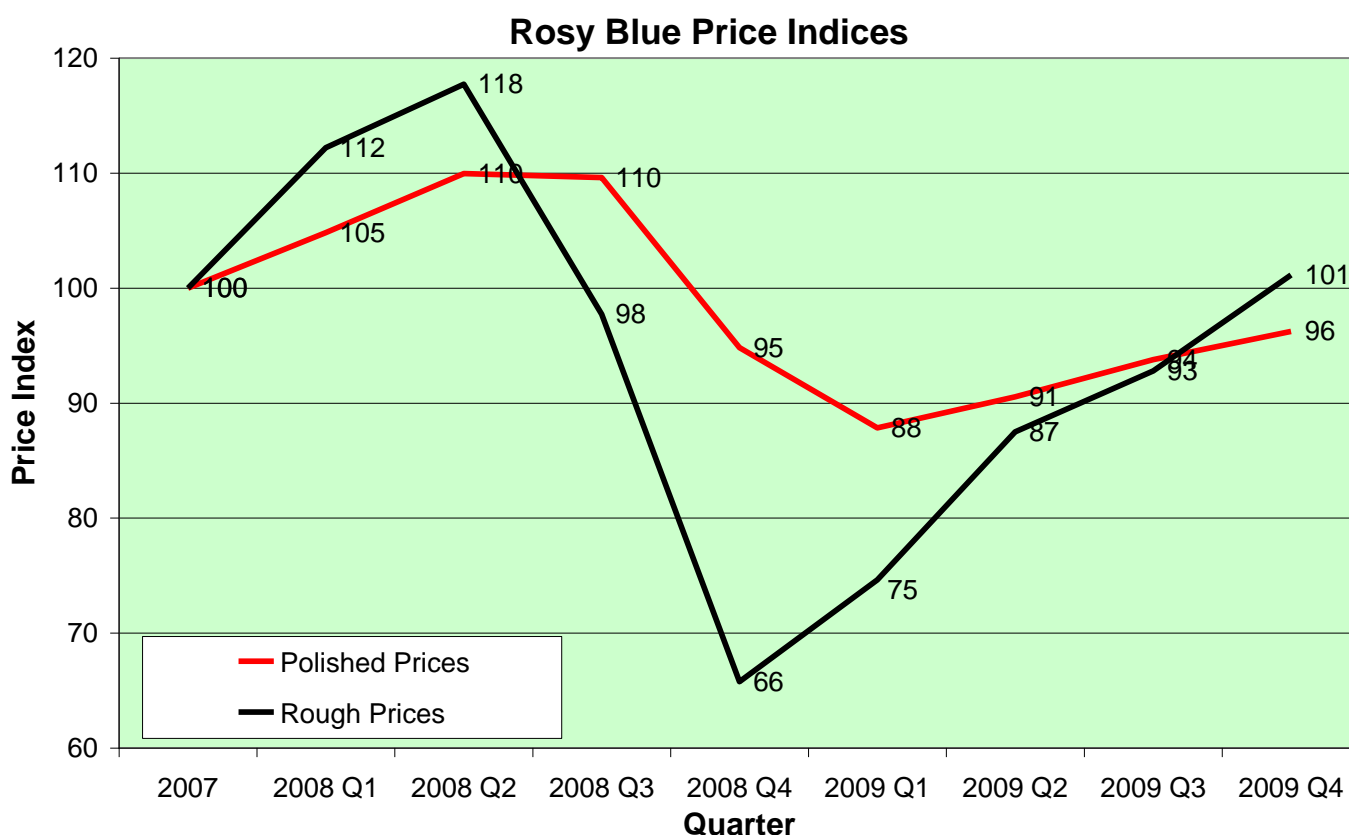


Pranay Narvekar—Member of the Executive Management⁶

IMPACT ON PRICES

In 2009, banks were also under stress as liquidity and non-traditional forms of finance dried up. They in turn tightened lending to all industries, including the diamond and jewellery industry. This, coupled with the drop in sales volumes caused price fluctuations in both rough and polished diamonds. Prices bottomed out during the first quarter of 2009, and then gradually increased subsequently. Rough diamond prices fell more than polished, and their recovery was also much more rapid.

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.



⁶ Mr. Pranay Narvekar in cooperation with Mr. Chaim Even-Zohar has made various forecast reports and lectures on the diamond industry

IMPACT ON DIAMOND POLISHERS

Diamond polishing companies, especially in India, were severely affected. Many factories in Surat, the primary polishing hub, did not open for months after the Diwali festival in November 2008. Bulk of the factories started functioning only by end of the third quarter in 2009. It is estimated that over 0.5 million workers were idled for over 6 months, with about 0.2 million polishers permanently shifting to other industries. Many polishers turned to suicide as their last resort.

As the industry recovered, workers were gradually re-hired. The loss of workers by the industry has also resulted in some labour shortages, as volumes gradually pick up. This has resulted in some pressure on the wages. The industry will require 1-2 years to train fresh workers.

DIAMOND TRADING AND MANUFACTURING COMPANIES

Austerity measures, to reduce costs are expected to have helped diamond trading and manufacturing companies reduce costs by about 20-25%. Efficiencies were sought in assortment and trading activities.

Financing was a major concern during the first half of 2009. Trade financing typically works on discounting of invoices, rather than long term borrowing. This necessitates that there is a constant volume of sales. The sudden drop in volumes faced, implied that this mode of financing came under severe pressure. Banks had a mixed response to this. In certain countries, like India, where diamonds are a key export, measures were taken to provide the industry with some breathing space. The industry faced a maximum financial stress in the second quarter of 2009, as volumes were bottomed out, and overdue receivables reached their peak. Thereafter, as volumes started to increase, the flow of funds improved.

As other asset markets also improved globally, the industry was able to liquidate other assets which they possessed (like real estate and investments) and they were able to shore up the capital to a certain degree. This also aided in restarting the funds cycle.

It was creditable that the global diamond industry was able to get through the crisis without any major bankruptcies and without any direct government bailout. On the whole, the industry managed to reduce its overall leverage in an orderly fashion.

ROUGH PRODUCERS

Rough producers and mining companies faced a situation of almost zero demand in the first quarter of this year. They did take the right actions, which helped stabilize the industry. A few smaller rough producers continued selling their goods during the crisis, selling the goods at much cheaper prices during the first half of 2009.

Large miners received admirable support from their shareholders, who even injected fresh monies, when required. This enabled manufacturers to significantly cut down on their production and the quantity of rough available for sale. This limited the fall in the price of the rough, and consequently polished.

Rough producing companies and countries managed the crisis in different ways. In Botswana, major mines were shut for upto 6 months as piled up stocks were cleared. This was extremely creditable, given the dependence of the country on diamond mining.

Alrosa, the Russian mining company, actually continued mining diamonds. However with the support of the Russian government, they did not sell any diamonds in the market during the first half of 2009. This went a long way in stabilizing the prices. Alrosa sold over USD 1 billion of rough to Gokhran, the Russian treasury in 2009.

BANKS

Support from the banking industry was crucial in helping the quick recovery by the industry. The banks helped the industry deleverage gradually, as the face of the sudden loss of volumes (and hence collateral). Overall the industry managed to reduce their leverage during the crisis, without any major distress asset sale.

Globally, the industry did see some clear winners and losers. Chaim Even Zohar, the noted industry analyst, stated that India was the clear winner for 2009⁷. In his view, financing is the key to the future of the industry, and business with following the area where bank financing is available. India was able to use this crisis to increase its market share in key consuming countries.

⁷ Article by Mr. Chaim Even-Zohar "And the Oscar goes to ...India!" dated 11th March 2010

4 The Diamond Pipeline

4.1

From Mine to Consumer

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

The diamond 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 chain⁸.

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

EXPLORATION

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

FORMATION

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

⁸ More information on Kimberley Process and System of Warranties at p24-26

MINING⁹

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

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

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

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

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

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

SORTING¹⁰

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

The best quality diamonds in terms of colour and clarity are distributed to the gem market with an accompanying Kimberley Process certificate to prove that they are from conflict free sources¹¹. The remainder is used for industrial purposes, such as cutting and drilling.

CUTTING AND POLISHING¹²

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

JEWELLERY MANUFACTURING¹³

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, and sold direct to retailers. The System of Warranties is used as a declaration on the invoice for each transaction of polished diamonds to assure industry purchasers and consumers that their diamonds are from conflict free sources.

RETAIL

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

⁹ www.diamondfacts.org/about/mining.html.

¹² www.diamondfacts.org/about/cutting.polishing.html

¹⁰ www.diamondfacts.org/about/sorting.html

¹³ www.diamondfacts.org/about/manufacturing.html

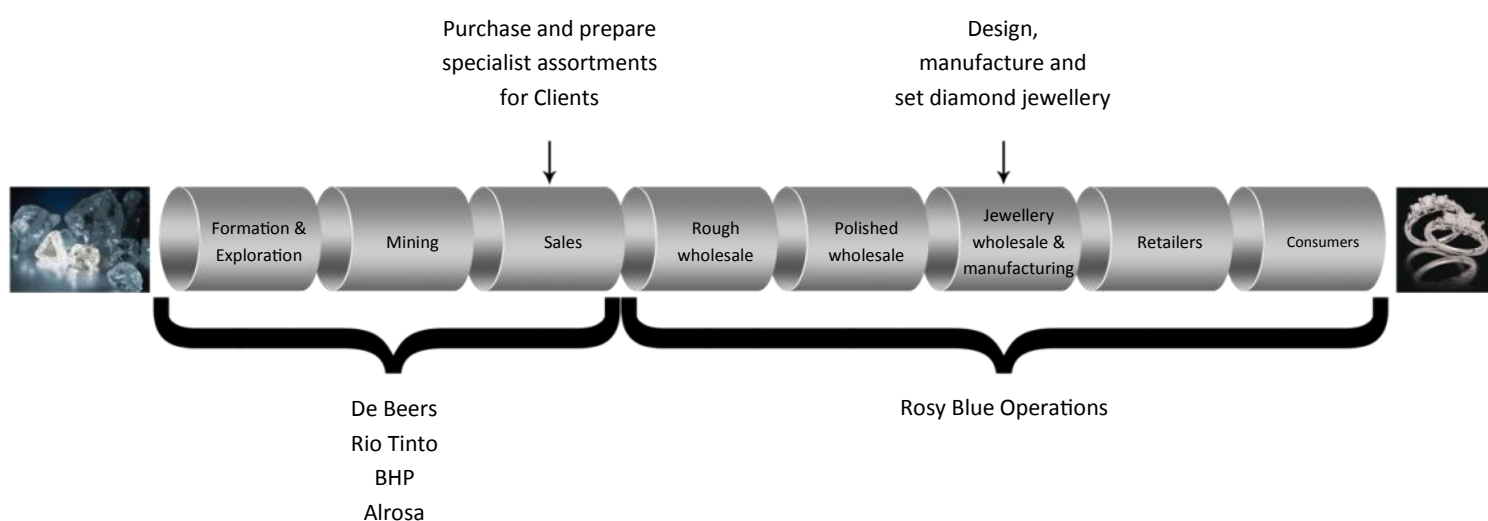
¹¹ refer to System of Warranties section p24-26

THE ROSY BLUE'S SUPPLY CHAIN INTEGRITY

According to the *2009 BBMG Conscious Consumer Report*¹⁴, 77% of consumers feel they can make a positive difference by purchasing products from socially or environmentally responsible companies. Furthermore, the report also showed that 72% of the consumers avoided buying from companies engaged in practices with which they disagree.

Therefore, it is important that consumers have confidence that diamonds they consider buying come from conflict free sources. Mining companies such as BHP Billiton, Rio Tinto, Alrosa, and De Beers all have policies and procedures throughout their operations to ensure product integrity. Similarly, Rosy Blue has created and implemented its own in-house policies and procedures to ensure that each and every diamond handled by the Group are either certified or warranted to be conflict-free.

Following the purchase of rough diamonds, we also have procedures and systems in place to measure control mechanisms throughout our manufacturing operations. Furthermore, any polished diamonds that we source on the market are warranted to be manufactured using rough diamonds of legitimate sources that are compliant with the Kimberley process Certification Scheme¹⁵.



Note. Rosy Blue is a client of De Beers, Rio Tinto, BHP and Alrosa

¹⁴ www.bbmng.com

¹⁵ More information on Kimberley Process and System of Warranties at p24-26

INTERNAL PROCESSING OF DIAMONDS

Once diamonds arrive at our premises, they are all meticulously recorded and followed on our computer systems. In order to achieve this, we rely on an ERP system from JD Edwards augmented by specialist diamond stock and manufacturing system from Fantasy. This allows us to track our diamond input, manufacturing process and trading activities so that we can provide further assurance of the integrity of our products to our customers.

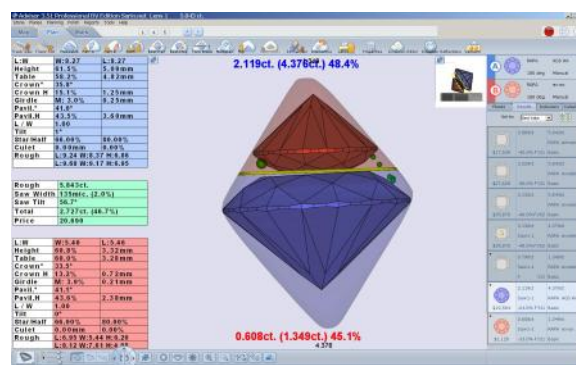
All rough diamonds that are exported to one of our many factories are always accompanied by Kimberley Process Certificates. The factory then records the receipt details including the weight of the shipment, the number of stones, the origin and the descriptions. The diamonds are then split from one large lot into single category lots. The single category lots then go through the manufacturing process.

In the manufacturing process, the diamonds are checked at different stages. This procedure also enables us to understand and evaluate our production yield, an important commercial consideration.



KNOW YOUR CUSTOMER

With the advent of anti-money laundry 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 who follows up the 'know-your-customer' procedure to ensure that we verify and keep records on the customer's identity and the beneficial owners of the client company as per AML requirements. 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.



RETAIL PROGRAMMES

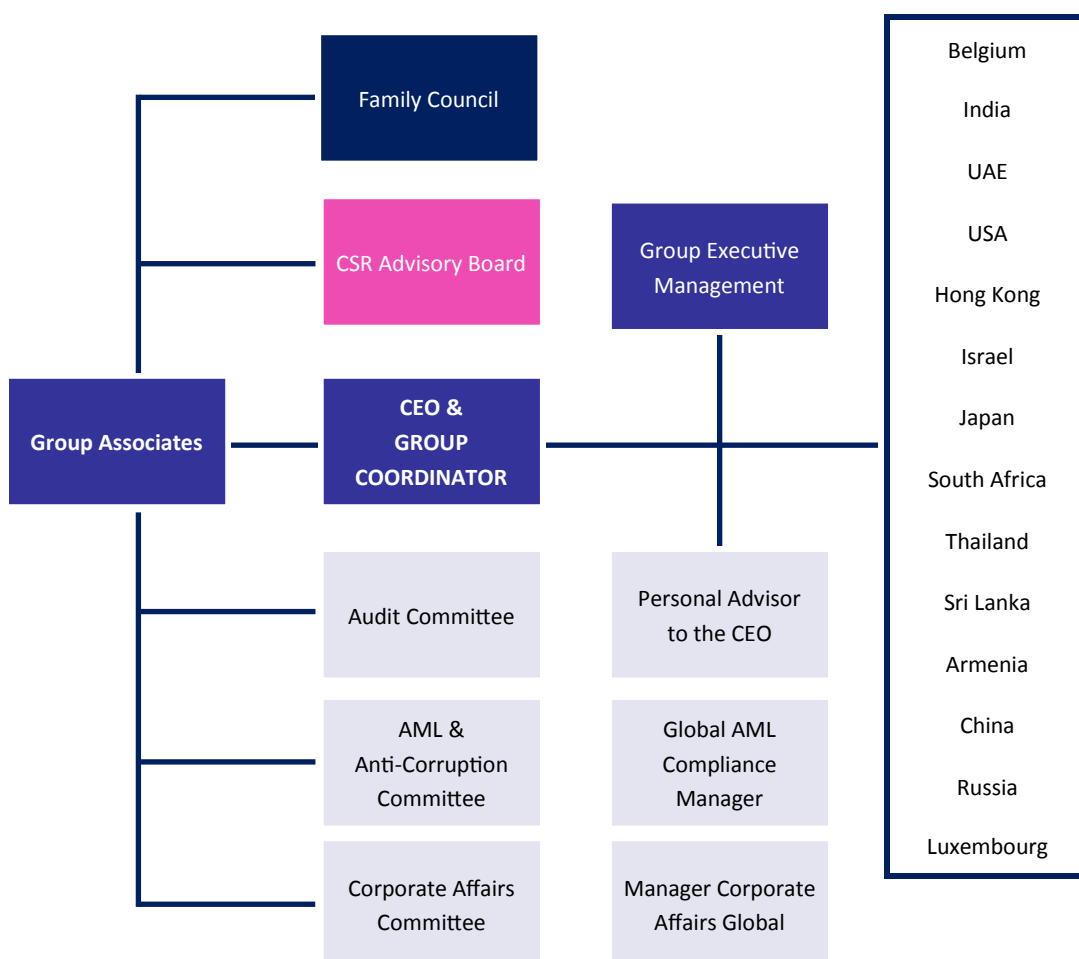
Given our operating system and infrastructure, we are able to supply to certified origin retail programmes such as the Love Earth collection for Wal-Mart Stores in the US. The programme is further assured by independent third-party audits by SGS, one of the leading global groups specialized in non-financial audits. The fact that SGS have consistently certified our products and that the single largest retailer in the world has entrusted Rosy Blue to be a premier supplier for the programme are testaments to our ability to uphold our supply chain integrity promise.



5 Corporate Governance

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

CORPORATE GOVERNANCE STRUCTURE



CHIEF EXECUTIVE OFFICER AND GROUP COORDINATOR

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

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

GROUP ASSOCIATES

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

THE GROUP ASSOCIATES CURRENTLY CONSIST OF:

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

FAMILY COUNCIL

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

FUNCTIONING:

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

MEMBERS:

- All Group Associates
- Rishi Bhansali
- Viraj Mehta



Dipu Mehta



Rihem Mehta



Vishal Mehta



Ravi Bhansali



Rishi Bhansali



Viraj Mehta

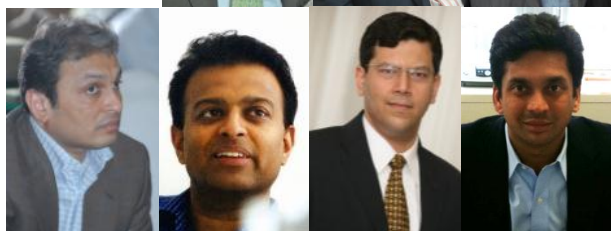
GROUP EXECUTIVE MANAGEMENT - ENTITY LEADERSHIP

The Group Executive Management comprises those who report via designated reporting lines through the CEO to the Group Associates. At year's end 2009 there were 27 Group Executive Management members.

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

MEMBERS:

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



COMMITTEES

AML AND ANTI CORRUPTION STANDARDS COMMITTEE

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

The main responsibilities of the committee are to:

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

Personal Advisor to the CEO:	Chikashi Miyamoto
Global AML Compliance Manager:	Karl French
Manager Corporate Affairs Global:	Iris Van der Veken

MEMBERS:

- Karl French
- Bart Duhamel
- Pranay Narvekar
- B.S. Vadivelu
- Maulik R Shah

MEMBERS:

- Baron Dilip Mehta
- Bart Duhamel
- Jayesh Parekh

AUDIT COMMITTEE

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

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

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

GLOBAL CORPORATE AFFAIRS COMMITTEE

GLOBAL CORPORATE AFFAIRS COMMITTEE

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

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

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

MEMBERS:

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

CSR ADVISORY BOARD

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

We thank our CSR Advisory Board members for their steadfast support of giving their feedback¹⁶, constructive thoughts and continued guidance, strength and encouragement to further develop our standards within the diamond industry.

MEMBERS:

- Mr. Thomas Leysen
Chairman, Umicore
Chairman of the Federation of Enterprises in Belgium
- Baron Luc Bertrand
Chief Executive Officer, Ackermans & van Haaren
- Mr. Sonjoy Chatterjee
Co-Chief Executive Officer, Goldman Sachs India
- Mr. Tony Phillips
Former Chief Executive Officer, Barloworld

¹⁶ The board meeting took place on May 28th 2010, Professor Paul Olivier from the UAMS was also present to review the content of the report.

6 Our Commitment to Responsible Practices

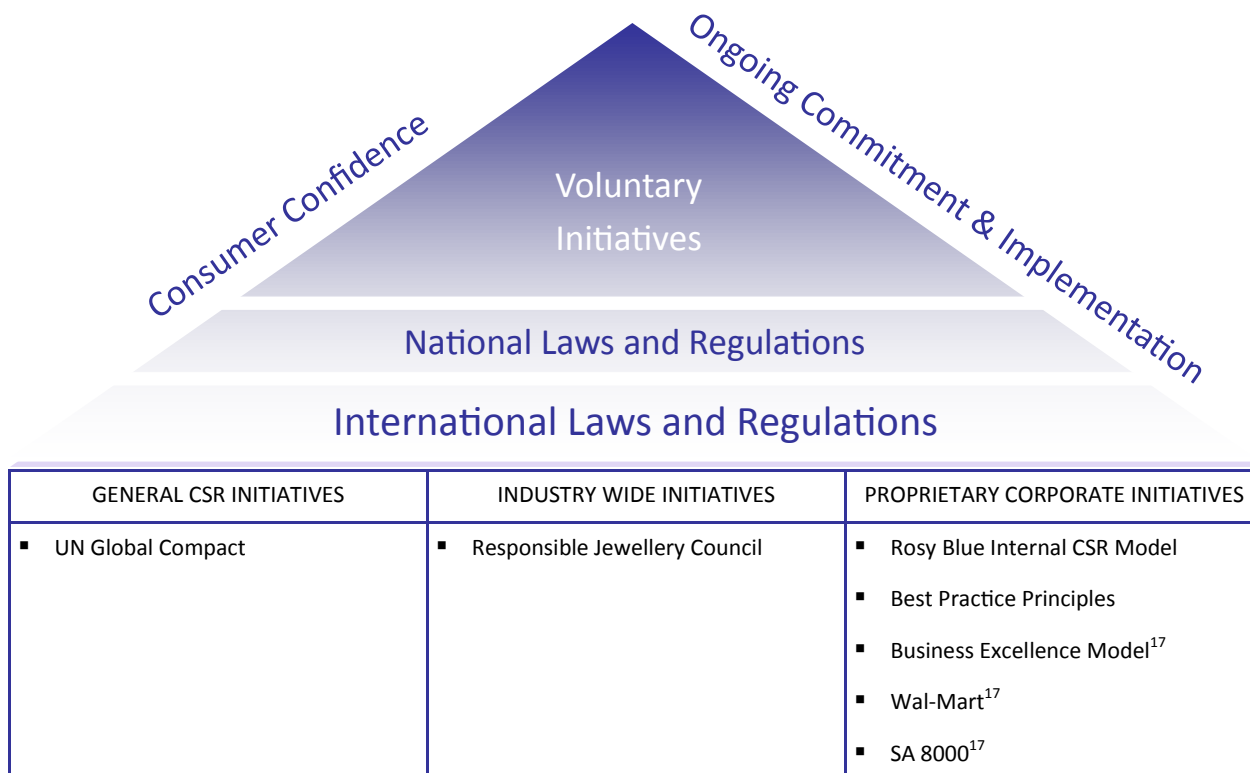
6.1 Laws—Regulations—Voluntary Initiatives

ROSY BLUE COMMITMENT

Rosy Blue strongly believes that our operations must meet the highest standards of ethical behavior and legal compliance. Effective compliance management is among our top business priorities.

We view compliance with all laws applicable to the Company's business as being the bare minimum for our operating conduct and recognize 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.

CSR goes beyond legal requirements



¹⁷ Applicable to certain entities see CSR Audits p62

6.2 Kimberley Process and System of Warranties

BACKGROUND

The Kimberley Process Certification Scheme¹⁸ started when Southern African diamond-producing countries met in Kimberley, South Africa, in May 2000, to discuss ways to stop the trade in 'conflict diamonds' and ensure that diamond purchases were not funding wars against legitimate governments rebel movements.

ZERO TOLERANCE POLICY TOWARDS CONFLICT DIAMONDS

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

KIMBERLEY PROCESS REQUIREMENTS

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

MEMBERS

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

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

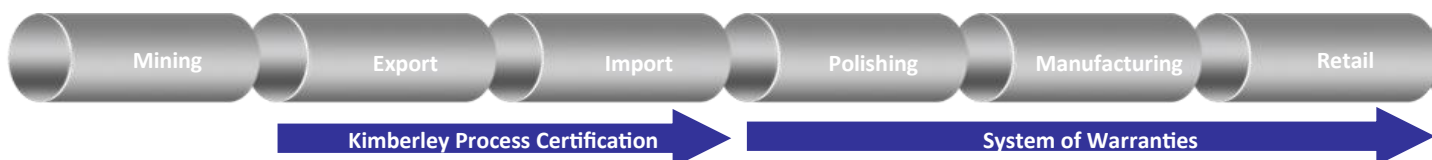
- Each shipment of rough diamonds crossing an international border must be:
 - Transported in a tamper-resistant container
 - Accompanied by a government-validated Kimberley Process Certificate
- Each certificate must be resistant to forgery, uniquely numbered and describe the shipment's contents
- The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

OVERVIEW KP MEMBER COUNTRIES



¹⁸ www.kimberleyprocess.com

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



SYSTEM OF WARRANTIES REQUIREMENTS

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

Under this system, which has been endorsed by all Kimberley Process participants, all buyers and sellers of both rough and polished diamonds must make the following affirmative statement on all invoices:

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

All members of the trade who provide such assurances should keep records for a minimum of 5 years of both their customer warranties and their System of Warranties statements from their suppliers. This flow of warranties in and out must be audited and reconciled annually by the company's own auditors. If asked for by a duly authorized government agency, these records must be able to prove that the supplier is in compliance with the Kimberley Process.

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

In South Africa, there is a further requirement for each company to submit to the local diamond authorities a rough diamond register at the end of each month. The register records the purchase and sale of rough diamonds by every licensed diamond company in South Africa. These registers are verified through a system of brokers' notes. It is signed by both buyer and seller as an official recording of a transaction.



THE KIMBERLEY PROCESS IN 2009-2010¹⁹

The Kimberley Process Certification Scheme (KPCS) entered its 7th year in operation in 2009 under Namibian Chairmanship. The other constituents of the Kimberley Process, civil society organisations and the diamond industry represented by the World Diamond Council, are observers in the Kimberley Process Certification Scheme.

CONFLICT DIAMONDS

Only one country – Côte d'Ivoire – remains sanctioned by the United Nations, and, according to the UN definition of "conflict diamonds", it is actually the only country with conflict diamonds.

During a joint visit of the UN Group of Experts and the KP Working Group of Diamond Experts (WGDE) to the mining sites in northern Côte d'Ivoire, a steep increase in production was identified. Equally worrying were observations that artisanal mining was no longer restricted to alluvial deposits, but was also tapping into richer kimberlite sources in the Séguéla region.

West African Participants have been urged to exercise increased vigilance to prevent Côte d'Ivoire diamonds from contaminating the legitimate diamond trade. An important tool is being developed to identify the diamond production "footprint" of each West African production area so that exports can be checked. Observed statistical anomalies can then be compared with the footprint of diamonds from Côte d'Ivoire. Statistical anomalies have already been identified in Ghana and Guinea, and both situations have been remedied through increased vigilance by the relevant KP authority including transmitting digital photographs of all export shipments to WGDE-experts.

MARANGE

Although Zimbabwe diamonds do not figure on any UN-diamond ban as "conflict diamonds", the reported atrocities perpetrated by police and armed forces since 2008 in the Marange diamond fields have dominated and continue to dominate discussions within the Kimberley Process.

The situation in the Marange diamond field has been investigated by a KPCS review mission team.

At the Swakopmund Plenary Meeting (November 2009) Zimbabwe escaped possible suspension (or even expulsion) by a hair and agreed to a stringent action plan. The resulting Joint Working Plan concluded with the Monitoring Working Group (WGM) halted all exports of diamonds from Marange until cleared by a KP Monitor.

The appointed KP Monitor, M. Abbey Chikane, the first Chair of the Kimberley Process, has been tasked to assist the industrial mining companies active in Chiadzwa (part of the Marange diamond field) in becoming KPCS compliant and certify compliant productions for export. Although the KP Monitor had not signed off on any export certificates (as of April 2010), the UAE KP Authority signalled several imports of Marange diamonds accompanied by authentic Zimbabwe KP certificates. This apparent breach of one of the keystones of the Joint Working Plan was explained by the Zimbabwe Government that they had interpreted the JWP not to include pre-Swakopmund stocks.

From the above it is obvious that the Marange issue will not simply "go away" and will remain high on the agenda of the Kimberley Process. After all, this is not just any alluvial diamond deposit in some backwater that may just be a tiny speck in the total world production. On the contrary, all geological indications point to a potential world class deposit that could well represent a third or more of today's world diamond production.

FINANCIAL CRISIS

Not surprisingly, the KPCS' dedicated statistics website paints a grim picture of 2009 as a year when diamond production plummeted and diamond related government revenue almost completely evaporated, especially in West-Africa. The fear that the crisis might have driven part of the well-regulated legitimate diamond trade underground was found to be untrue as no indications of increased smuggling have been observed. The early signs of recovery are beginning to show in the collected data of Q4-2009 and Q1-2010.

2010 AND THE FUTURE OF THE KIMBERLEY PROCESS

2010 will be a very important year for the Kimberley Process. Undeniably, the KPCS has been successful in addressing the "conflict diamonds" issue. However, there are questions being raised about whether the KPCS's role and remit need to evolve. This is one of the great tasks that Israel, as new Chair of the Kimberley Process, will have to address.

COMMITMENT FROM ROSY BLUE

We operate in strict compliance with the Kimberley Process Certification Scheme and the World Diamond Council System of Warranties. We are committed to contributing to sustainable economic development in Africa by sourcing diamonds through legitimate channels and contributing to the Diamond Empowerment Fund.

¹⁹ Source: Mr. Marc Van Bockstael—Director of the Department International Affairs & Trade of the HRD (Antwerp Diamond High Council)

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



WE SUPPORT

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

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

Around 7500 corporate participants in more than 135 countries have declared their support to the Global compact²¹.

This 2009 CSR report has been submitted as Communication on Progress (COP) on June 17th 2010.

We will promote the Global Compact's ten principles and report our progress toward implementing them

HUMAN RIGHTS

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

LABOUR STANDARDS

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

ENVIRONMENT

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

ANTI-CORRUPTION

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

²⁰ www.unglobalcompact.org

²¹ For more information see stakeholder engagement

INTRODUCTION

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

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

BPP ASSURANCE PROGRAMME

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

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

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

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



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

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

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

²² Source: De Beers Best Practice Principles; The assurance programme Manual 2008

COMPLIANCE RATINGS

COMPLIANT

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

IMPROVEMENT OPPORTUNITY

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

MINOR INFRINGEMENT

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

MAJOR INFRINGEMENT

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



MATERIAL BREACH

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

- the use of child labour or forced labour;
- trade in conflict diamonds;
- non-disclosure of synthetics, treated diamonds or simulants;
- money laundering or the financing of terrorism;
- willful or negligent acts or omissions resulting in serious injury or death;
- abuse of human rights;
- non-payment of minimum wages;
- causing a significant adverse effect to the environment; or otherwise bringing the industry into serious disrepute.

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

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

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

IMPLICATIONS FOR ROSY BLUE²³

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

²³ For more information: CSR Audits p59-62

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

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

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



Intergold India Pvt. Ltd., an Indian entity of the Rosy Blue Group is participant in the BEM certification programme and is BEM compliant since 2005²⁴.

Since February 2010 Rio Tinto has communicated to discontinue with the BEM programme in its current form. As Rio Tinto is a founding member of the Responsible Jewellery Council, it requires all customers to become a Member of the RJC by the end of March 2010 and to meet all auditing obligations by the end of 2011.

This is also an important milestone in our industry as Rio Tinto clearly supports the RJC as the one main industry standard, in order to avoid duplication, maximise reach for the programme and provide clarity to consumers and the trade alike.

As Rosy Blue is a client from Rio Tinto and member of the RJC we are committed to meet all auditing obligations by the end of 2011.

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

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

Our factory in India, Intergold India Pvt. Ltd. that supplies Wal-Mart is assessed 'Yellow' compliant by the Wal-Mart auditors in 2009.



²⁴ www.riotintodiamonds.com/ENG/sales_marketing/business_excellence_model.asp



*To advance responsible ethical, social and environmental practices,
which respect human rights,
throughout the diamond and gold jewellery supply chain,
from mine to retail.*

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 (part of Richemont), World Jewellery Confederation, Diamond Trading Company (a De Beers Group company), Diarough, Jewelers of America, National Association of Goldsmiths (UK), Newmont Mining, Rio Tinto, Rosy Blue, Signet Group, Tiffany & Co., and Zale Corporation.

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 can be granted through an external audit to verify their conformance with the RJC's Code of Practices.

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 group to apply for certification by 2011^{25, 26}.

BUSINESS CASE

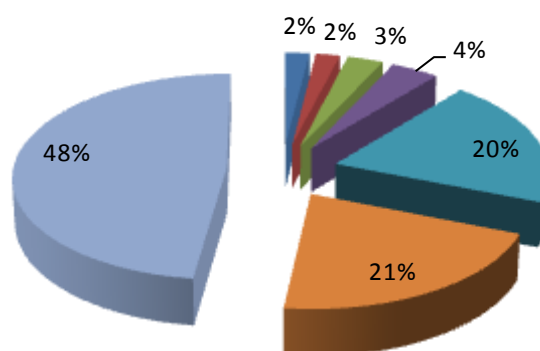
- **COMMON STANDARD**—opportunity to avoid duplication
- **CREDIBLE SYSTEM**—third party auditing, stakeholder involvement and consultation
- **SUPPORT**—tools and guidance, training
- **PROVIDE CLARITY TO CONSUMERS AND TRADE**
- **COST EFFECTIVE**—one cost of development of the standard and system for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

The membership of the RJC evolved
from **14** founding members in 2005
to over **225** members in May 2010

EVOLUTION OF THE RJC AND ITS SYSTEM— A SNAPSHOT

2005	14 Founders formed the Council (including Rosy Blue)
2006	First Annual General Meeting held in London Code of Practices underwent public consultation and released
2007	76 Member organisations by year's end
2008	RJC launched Core System Documents for Certification process
2009	Mining Supplement standards process and formal launch of the RJC RJC becomes a member of UN Global Compact
2010	System implementation for >225 Members and new standards programmes commencing
2011	First certification deadline for RJC members

RJC MEMBERS



- Diamond and/or Gold Producer
- Service Industries
- Trade Association
- Gold Refining, Hedging or Trading
- Jewellery Manufacturing or Wholesale
- Diamond and/or Gold Jewellery Retailer
- Diamond Trading, Cutting & Polishing

²⁵ www.responsiblejewellery.com

²⁶ more information see CSR Audits p63-65

7 Our Approach to CSR

7.1

Our Vision

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

ROSY BLUE CORE VALUES

ACCOUNTABILITY—DIVERSITY—INTEGRITY

MAIN GOALS OF OUR CSR STRATEGY²⁷

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

ROSY BLUE MISSION STATEMENT

To be the global leader in creating and fulfilling consumer desire for diamonds

Being a trusted employer to work for

Being our customers most valued supplier

GUIDING PRINCIPLES

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

²⁷ more information KPI p58

Rosy Blue strives to conduct its business in a responsible and sustainable manner around the globe. In order to achieve its sustainability objectives it has established a Global Compliance Corporate Affairs Department in Antwerp in 2007 and appointed regional compliance officers around the world. This internal CSR model reinforces the company's worldwide commitment to accountability and integrity and helps to assure resources are available to raise concerns or seek guidance about legal and ethical matters.

COMMITMENT FROM THE TOP

Rosy Blue's strategic vision is clear and consistent: be a responsible leader in delivering diamonds to the market. 2009 was a very challenging year for our operations across the world. Despite this the CEO and Group Partners provided resources to the Compliance team with one main objective to deliver performance and focus on improving CSR practices across the globe.

GLOBAL YET LOCAL

There is a strong cooperation between the Global Corporate Affairs Department and the dedicated local compliance officers.

A high degree of individual autonomy and responsibility is given to accommodate national and cultural needs, all in accordance with key centrally defined central governance in the areas of CSR guidance, performance, training support, expertise and control mechanisms for internal and external assessments.

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

This dual partnership motivates local innovation on csr initiatives while maintaining and benefiting from Group synergies.

When we do not meet the internal standards²⁸, these issues are reported to the Group Associates and Group Executive Management. The Global Corporate Affairs Department, together with the relevant CSR-AML compliance officers, manage corrective actions. A corrective plan is agreed upon and continuously followed up. Progress reports are sent to the Group Associates and Group Executive Management until there is a final agreement reached on the level of compliance that had to be applied. Random checks are done regularly and reports from such checks are filed accordingly.

FOCUS IN 2009

During 2009 we focused mainly on stakeholder engagement, preparing ourselves to apply for RJC Certification and integration of the UN Global Compact Principles throughout our operations. More details you will find throughout the report.

KEY MILESTONES

Oct '07:	CSR Strategy decision by the CEO and Group Associates Establishment of the Global Corporate Affairs Department in Antwerp
Dec '07:	Internal CSR system in place (planning programme, content-supporting standard documentations) Seminar in Sri Lanka: system training for the appointed local CSR-AML compliance officers
Jan '08:	Launch CSR information management system Start on-site internal pre-audit visits, apart from external SGS verification visits since 2007
Jun '08:	Participant of the UN Global Compact
May '09:	First Rosy Blue Group CSR Report
Sep '09:	2 nd Global CSR Seminar in Mumbai, focus on: <ul style="list-style-type: none"> integration of UN Global Compact Principles across operations preparation for RJC implementation – follow-up on risk analysis fine-tuning the reporting on the CSR extranet
Nov-Dec '09:	Pilot project in India and Dubai with De Beers and SGS: Where do we stand in preparation in the application for RJC Certification? First major contractor audit in India and Israel
Jan '10:	Active member of the Working Committee Supply Chain Management Business & Society Belgium
Feb '10:	Active member of Human Rights Working Group UN Global Compact
Jun '10:	Second Rosy Blue Group CSR Report

²⁸ our Rosy Blue internal standard goes beyond legal compliance

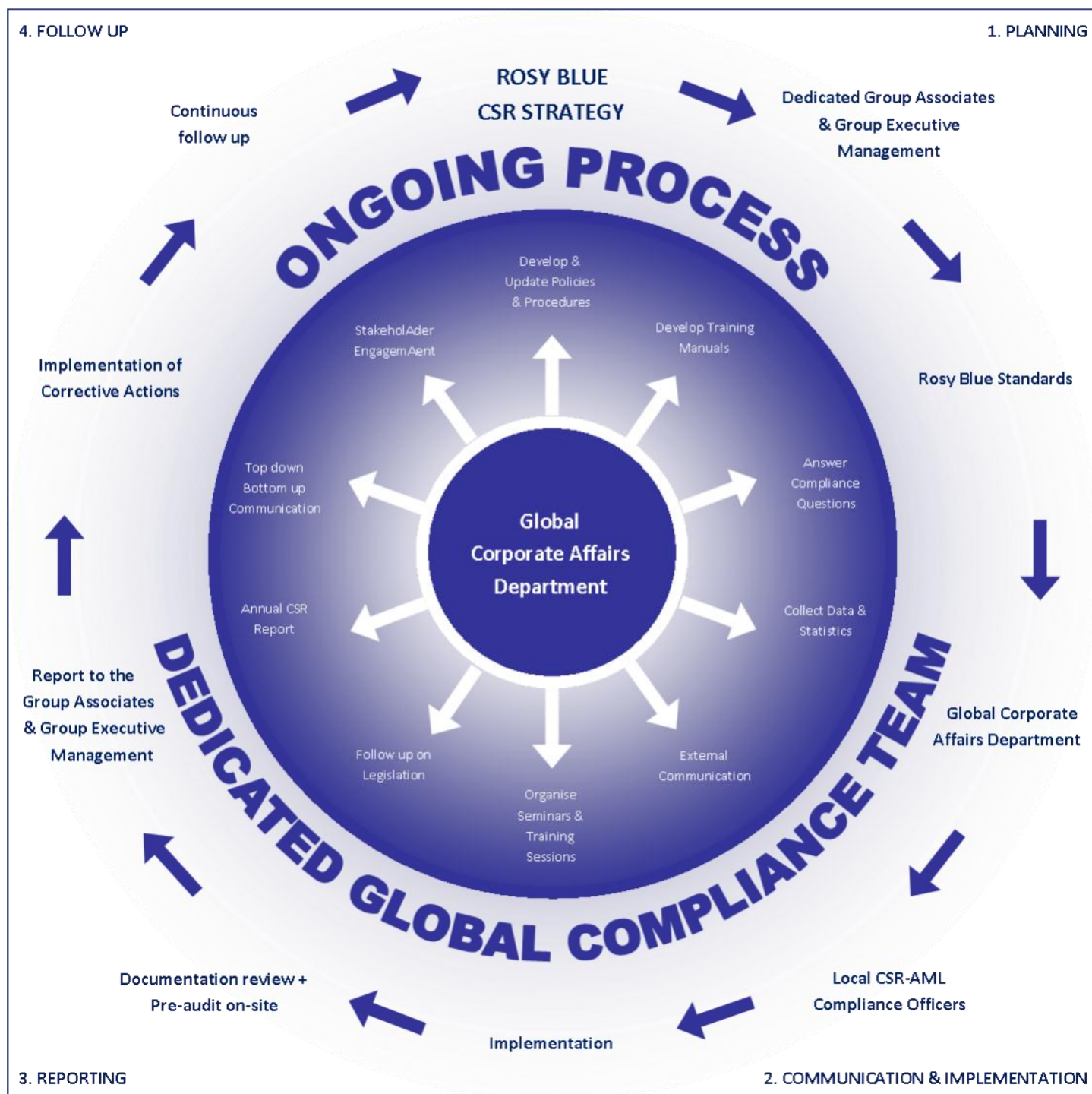
“

The concept of CSR is evolving throughout our organisation and becoming a core component in our Business Strategy and a driving force for innovation.

Mr. Amit Bhansali—Group Associate

”

INTERNAL CSR MODEL



GLOBAL CORPORATE COMPLIANCE TEAM



Commitment from the top

Global yet local



²⁹ Including Manager Corporate Affairs Global

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

GLOBAL CORPORATE AFFAIRS DEPARTMENT

COMPLIANCE

- Management of overall compliance activities across the Group
- Development, implementation and maintenance of the Rosy Blue Group compliance policies and procedures according to all the relevant standards and principles³⁰:
 - Internal Rosy Blue CSR Model;
 - Best Practice Principles;
 - Responsible Jewellery Council;
 - United Nations Global Compact.
- Oversight of compliance to required policies and regulatory obligations
- On-going liaison and follow-up with local CSR-AML Officers and compliance teams to monitor progress and obtain input required for compliance reporting
- Assist with all general compliance reporting required under the Rosy Blue Group's policies
- Coordination with external audit companies to manage the CSR audit processes
- Participation in or management of general compliance projects that arise from the compliance oversight activities
- Helpdesk for compliance questions
- Review and processing of all completed compliance workbooks
- Development and updating of training manuals.
- Market & CSR knowledge
 - Industry information
 - Presentations
 - Briefings to key players
- CSR reporting according to Rosy Blue Internal CSR model, UN Global Compact Principles, BPP, RJC ...
- Reporting pre-audits and follow up
- Report to the Group Associates

INTERNAL & EXTERNAL COMMUNICATION

LOCAL CSR-AML COMPLIANCE OFFICERS

- Identification and maintenance of an inventory available to all staff of essential laws and regulations pertinent to the compliance standards of the Rosy Blue Group
- Adjustment and implementation of the Rosy Blue Group corporate standard guidelines, policies and procedures to the local laws and regulations
- Implementation of external standards such as BPP Principles, UN Global Compact Principles and RJC Code of Practices
- Monitoring of compliance with internal policies, procedures and guidelines by performing regular and comprehensive compliance risk assessments and testing;
- Regular reporting of results to the corporate compliance department and to the executive management
- Communication and distribution of information to the staff, relevant to CSR compliance
- Training of all staff according to the Rosy Blue Academy training standards and act as advisors on compliance queries from staff members
- Preparation of pre-audit visits by CSR team or external CSR auditors
- Following up on corrective actions
- Communication of issues to Global Corporate Affairs Department and providing assistance in finding constructive solutions to improve our CSR model within the group
- Continuous communication with global CSR team on general progress of implementation of the standards

³⁰ non-exhaustive list

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

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

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

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

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

In 2009 we organised a global training seminar on compliance in Mumbai which also included a session on finetuning the reporting on the CSR Extranet.

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



CSR Home This List

Home Armenia Belgium China Hong Kong India Israel Japan Russia South Africa Sri Lanka Thailand UAE USA

CSR Home > Announcements

Announcements

View All Site Content
Pictures
▪ CSR Picture Library
Documents
▪ Rosy Blue Induction Program - General
▪ CSR Strategy 2008-2011
▪ Compliance Standard Document Center
▪ Rosy Blue Academy
▪ Cases Rosy Blue Group - Best Practices
▪ BPP
▪ RJC
▪ UN Global Compact
▪ CSR Reporting
▪ Other Standards
▪ Marketing Material
▪ Internal Communication
▪ Industry News
Lists
▪ CSR Global

New	Actions		Title	Modified	Body
			CSR Report 2009 NEW	5/21/2010 2:27 PM	<p>Dear CSR team,</p> <p>Just wanted to inform you that today our first DRAFT of our CSR Report has been distributed to our CEO and Group Associates. Next Friday we will have a Meeting with our External CSR advisory board to discuss their input and feedback on the content of our second CSR Report.</p> <p>I would like to THANK YOU for all your hard work.</p> <p>We will keep you informed.</p> <p>Regards, Iris Van der Veken Manager Corporate Affairs Global</p>

View: **Announcements**

8 Stakeholder Engagement

“

We carry out management that combines our pursuit of sustainable profitability with our efforts to bring sustainable development to society.

Baron Dilip Mehta—CEO & Group Coordinator

”

8.1

Building a circle of trust

Today, we see engagement with multiple stakeholders as a key enabler of both risk mitigation and innovation.

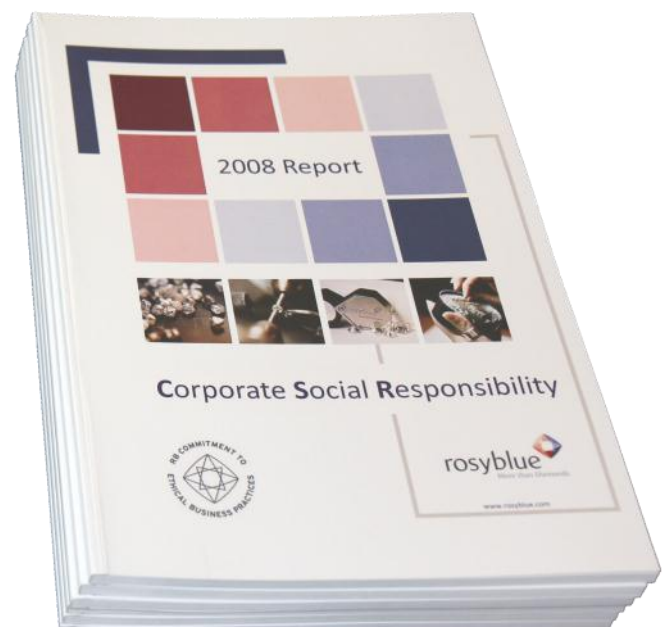
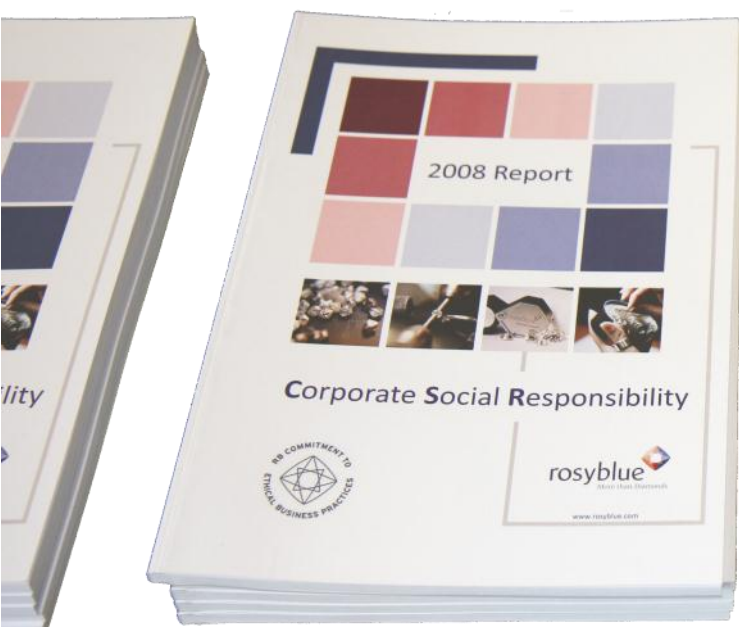
We believe that developing and refining skills of listening and sensing are critical to a company's success. Since the launch in 2009 of our first CSR Report on May 4th in Mumbai and May 8th in Antwerp we have begun to take up our engagement with the outside world to a new level.

Improved transparency and accountability are instrumental to build trust. Our stakeholders help us prioritize key issues and develop our corporate responsibility strategy. We learn a great deal from our interactions with these stakeholders. We find that constructive engagement is most often the approach that brings about the best insight to the challenges and that we all have an interest in addressing those.

Since 2009 Rosy Blue has actively been involved with a broad range of stakeholders on an ongoing basis including civil industry, government, academic institutions and focused workgroups.

We do this informally, through networks and organisations where we participate and as a structured part of our outreach strategies on issues and challenges

Our engagements with stakeholders are discussed throughout this chapter.



BUILDING TRUST WITH ALL OUR STAKEHOLDERS

Stakeholder engagement is integral to global citizenship, and Rosy Blue works hard to build strong, mutually productive relationships with our diverse stakeholders.

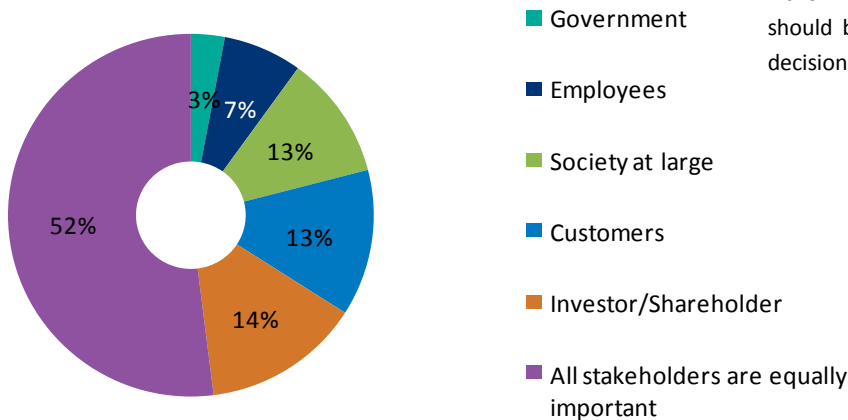


ENGAGING ALL STAKEHOLDERS³¹

AS THE NATURE OF TRUST HAS CHANGED,
SO TOO HAS THE WAY THAT COMPANIES MUST EARN IT
COMPANIES NEED TO BE EVERYWHERE, ENGAGING EVERYONE

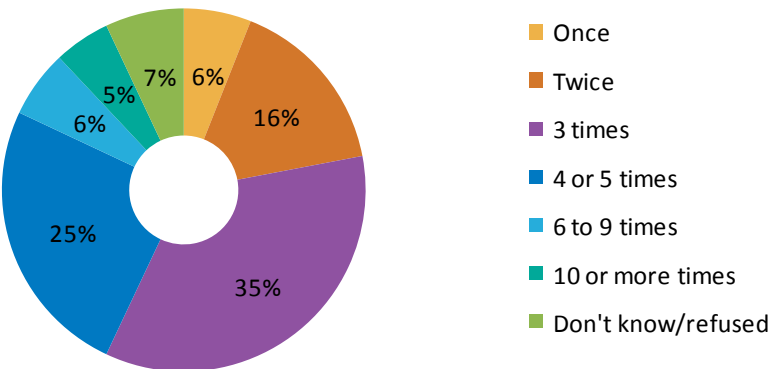
2010 Edelman Trust Barometer Executive Summary

A STAKEHOLDER, NOT A SHAREHOLDER, WORLD



When a CEO makes business decisions for his or her company, which stakeholder should be most important to his or her decision? ³²

MULTIPLE INFORMATION SOURCES ENHANCE CREDIBILITY



How many times in general do you need to hear something about a specific company to believe that the information is likely to be true? ³²

³¹ Source: 2010 Edelman Trust Barometer Executive Summary

³² Informed publics ages 25 to 64 in 20 countries

Why trust matters

The new corporate reputation



INTERVIEW WITH RAJIV JHAVERI-ATUL JHAVERI-MAYANK MEHTA-RAJESH MEHTA-RAJ MEHTA

How did the financial crises impact your relationship with your customers?

The economic recession of course had direct impact on all our customers, who had serious concerns about the future of their business, buying power and the consumer behavior. Although many of our customers had taken already precautionary measurements, we took the time to speak to our customers and discussed issues, found balanced solutions where needed. We wanted to ensure our long term relationship. The crisis has shown us that responsible management of customer relationships based on a careful assessment of the financial capacity and proper risk analysis are essential. We definitely focused on this in 2009 and with result.

How can Rosy Blue add value to a responsible supply chain?

Trust is the basis. You can only build trust by actions. At Rosy Blue sustainable customer-consumer confidence is not an isolated objective. We believe It is the sum total of the individual behavior of each company or segment in the diamond pipeline. It is the total reputation of all pipeline participants. That is why we are so actively involved in the Responsible Jewellery Council and why we are applying for certification. We need to take our responsibility. We can only encourage the others to follow our example.

What are the main challenges ahead?

Too often though, consumers are receiving confusing information and a great variety of industry claims make this hard.

We all need to support a diamond and jewellery (including gold) industry wide strategy to help consumers make the right sustainable choices.

A diamond is a beautiful and a unique product and we need to protect the reputation of our diamonds and our industry. There is a lot of competition from other product categories – we need to provide a framework of trust for the consumer to make the right choice. As discussed on the annual RJC meeting³³, we need to be more positive and less defensive. We can create reputational and financial value by taking a leadership position in implementing best practices. This will lead to improved market share and consumer demand.

You can only build
trust by actions

What shapes your trust in a company? ³⁴

U.S. 2006



How important are these factors to corporate reputation? ³⁴

U.S. 2010



³³ presentation Philip Olden RJC annual meeting London—May 2010

³⁴ Source: 2010 Edelman Trust Barometer Executive Summary

ROSY BLUE EMPLOYEES³⁵

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

At the occasion of the 50th anniversary of the Rosy Blue Group, we have introduced the first Quarterly sparkle: an internal communication tool to update our people on what is happening inside the Rosy Blue Group.

This is only a start; our intention is to evolve to an internal newflash with more input, suggestions and including different topics on the agenda coming from the workforce.

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

As the working world continues to evolve, so do the needs and aspirations of the global workforce. We will continue to create various tools to improve our internal communication network and organise initiatives that contribute to a balanced working environment.



SUPPLIERS

We work to establish and maintain productive relationships with our business partners and suppliers. In 2009 we worked closely with De Beers on a pilot project of our facilities in India and Dubai, in order to establish our current position and prepare for RJC Certification. The pilot is being used as a learning tool to understand the new global requirements of the RJC. The project covered aspects from manufacturing to trading³⁶.



CONTRACTORS³⁷

Means any natural person, legal entity or business (or any part thereof) who carries out any work on behalf of Rosy Blue in connection with the buying and/or selling, or manufacturing of diamonds or diamond jewellery, where the diamonds are owned or controlled by Rosy Blue. Our commitment is to only work with contractors that abide by our CSR standards. We do realize that this is a process to manage carefully and in a sustainable manner. We need to give guidance and help our contractors to move forward.

In 2009 two majority contractors were audited. We also sent a formal undertaking to all our minority contractors regarding a commitment to compliance.

³⁵ For more information CSR in Action p73-91

³⁶ For more information CSR Audits p63-65

³⁷ For more information CSR in Action p66-72

CUSTOMERS

We strive to treat our customers fairly and honestly, maintain product quality and integrity, engage in responsible marketing and consumer information practices, and address business, social and environmental issues related to our products. Part of our commitment to this group of stakeholders is to make sure that our business partners and suppliers uphold the ethical standards that we set for our own entities. This is definitely a priority for 2010 – 2011

COMMUNITIES³⁸

We try to invest in meaningful community projects that serve to enhance the quality of life across the communities where we operate. We address important social issues through initiatives can move toward self-sustainability and economic growth. Establishing and maintaining trust with our local communities is something we value tremendously.

FINANCIAL INSTITUTIONS AND AUDITORS

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

GOVERNMENTS

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

ACADEMIC INSTITUTIONS

We engage with stakeholders from institutions that include universities, schools, social and educational organisations. The future growth and stability of our global economy depends on the ability of education systems to prepare students for career opportunities and help them attain higher levels of achievement. Rosy Blue is working with UAMS and other institutions to develop, scale, and replicate successful models that promote CSR practices for the Diamond Industry and that can contribute to improving our own practices across the Group. In 2009-2010 several guest lectures were given at Plantijn Hogeschool and the University of Ghent and Antwerp. Rosy Blue has also had its first meeting with the Danish Institute of Human Rights on the launch of their country risk portal and how Rosy Blue in India and China can share practices.



NGO'S

We are committed to build dialogue and to understand the priorities of our stakeholders.

MEDIA

We are committed to building reliable relationships with the media.



³⁸ for more information CSR in Action p106-114

I am delighted to welcome the new Local Network in Belgium, situated at the heart of Europe, to the Global Compact family. There is much that Belgian businesses and other stakeholders can contribute to our mission of advancing corporate responsibility around the globe.

Mr. George Kell Executive Director of the UN Global Compact in New York



WE SUPPORT

Since its official launch in July 2000, the Global Compact today stands as the largest corporate citizenship and sustainability initiative in the world, with over 7700 corporate participants and stakeholders from over 135 countries³⁹.

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

In June 2008 the Rosy Blue Group signed the UN Global Compact, signifying our commitment to operate in a responsible and sustainable manner. We will promote the Global Compact's ten principles and report our progress toward implementing them. Our first CSR report (2008) has been submitted as Communication on Progress (COP) on April 9th 2009. This CSR Report (2009) has been submitted on June 17th 2010.

2008		2009		2010	
June 10th	Rosy Blue becomes member of UNGC	April 29th	Submission first 2008 CSR Report Rosy Blue as COP	February 18th	Member of the Human Rights Working Group
December 10th	Baron Dilip Mehta & Mr. Amit Bhansali supported the statement published in 'The Financial Times' at the occasion of the 60th anniversary of the Universal Declaration of Human Rights	May 4th	Stakeholder Meeting Mumbai <ul style="list-style-type: none"> Presentation first CSR report Promoting UNGC Principles COP accepted by UNGC	February 26th	General Assembly UNGC and launch of UNGC Belgium. Chairmanship by Iris Van der Veken; Rosy Blue and Steering Committee by <ul style="list-style-type: none"> KBC Group Efico Ubeon Rosy Blue JCI Belgium
		May 8th	Stakeholder Meeting Antwerp <ul style="list-style-type: none"> Presentation first CSR report Promoting UNGC Principles 	March-May	Close cooperation with UNGC on case study Social Accountability International (SAI)
		September 7th-8th	Global Seminar Compliance Mumbai promoting UNGC Principles and integration in our operations	April 30th	Supply chain management workgroup session at Rosy Blue sharing the UNGC toolkit with other industries
		October 15th	Launch event UNGC Belgium, headed by at that time Minister of Foreign Affairs Yves Leterme	May 11th	Rosy Blue Case at Kauri Human Rights workshop
		December 10th	Rosy Blue's participation in a Webinar about UNGC Human Rights	June 17th	Rosy Blue's second 2009 CSR Report submitted as COP
				June 24th - 25th	Participation Leaders Summit UNGC in New York

³⁹ www.unglobalcompact.org



Global Compact Network Belgium

INTERVIEW WITH IRIS VAN DER VEKEN—Chair UN Global Compact Network Belgium



What are the main objectives of the Global Compact Network Belgium?

It is not about just connecting the current Belgian Participants, it is about incorporating CSR practices in small and larger organisations based on the 4 pillars—encouraging companies to do business with the utmost respect for responsible environmental practices, universal principles surrounding human rights and progressive workplace standards, all with uncompromising integrity.

Parallel to outreach efforts we want to consult with some champion companies to develop a strategy of core activities of a Global Compact Local Network in Belgium. We want to promote best practices from Belgium across the globe.

Although we are currently a small network, more important is that we want to focus on delivering quality and focused CSR solutions for topics and issues that are relevant for all the stakeholders in Belgium.

There are already several initiatives in Belgium concerning CSR. How does the Global Compact Network Belgium fit into the CSR landscape?

We believe the Global Compact Network Belgium⁴⁰, with the great support we receive from the Belgian Ministry of Foreign Affairs, in close cooperation with the Federation of Enterprises in Belgium (FEB) and different CSR organisations such as MVO Vlaanderen, KAURI, Business and Society Belgium and NGO's, can be a powerful tool and can serve as crucial entry point for fundamental change in a company's management system.

Today we as businesses all face the challenge to integrate three bottom lines: financial, environmental and social factors.

Governments can set the framework and introduce control mechanisms; the actual implementation is largely dependent on the seriousness of the actions undertaken by the various companies and their true commitment!

Stricter laws are not the ultimate solution; the challenge is to move the standards from paper to workplace.

Good business is above all joining efforts by the Government, NGO's, Voluntary Initiatives to explore practical solutions to challenging problems and create a culture of compliance and support for enforcement of laws.

Our ultimate goal is to create a benchmark across different industries in cooperation with other CSR organisations.

What are the plans for the next six months?

We have just organised our first workshop on Communication on Progress Reporting. On July 6th we are organizing a debriefing event at KBC Brussels on the results of the Leaders Summit UNGC in New York. We also work closely together with Business & Society Belgium and Kauri on key CSR topics such as Supply Chain, Human Rights...

We have conducted a survey to the other Global Compact Network participants in Europe to understand the priorities of CSR on their agenda and to see where we can collaborate.

It is my aim to work closely with the European Members of the Global Compact and others CSR Organisations. This vision also reflects the statement of Mr. George Kell – Executive Director of the UNGC in New York.

As you know, this year the UN Global Compact celebrates its 10th anniversary, which coincides with Belgium holding the EU presidency as of 1st July 2010. In this context, the Steering Committee of the GCNB thought it would be an excellent occasion to link those two important happenings through the organisation of a Global compact European regional event to be held on Friday 29th October 2010.

This Event will be organised the day after the launch of "The Responsible Enterprise 2020", a CSR Europe initiative supported by the European Commission and several European governments, including the Spanish and Belgian EU Presidencies.

As previously said our Global compact European regional event would aim to initiate closer contacts between the European Global Compact networks and serve as a follow-up to the outcomes of the Global Compact Leaders Summit in New York (24th-25th June 2010).

Looking forward to close cooperation and I invite other Belgian companies to join our CSR platform.

⁴⁰ More information: www.globalcompact.be

The Antwerp World Diamond Centre⁴¹ can nowadays be seen as an international representative of the Belgian diamond industry. Their main purpose is thus to represent the collective interests of the sector and especially promoting Antwerp as the world's leading diamond business center.

AWDC was an initiative started in 1973 by the Belgian government and the diamond industry representatives, to protect and promote the diamond sector and to manage the trade and regulations of diamonds in Belgium. It initially was launched as the Hoge Raad voor Diamant (HRD), or Diamond High Council.

Over years of expansion they included several departments offering professional services to the Belgian diamond industry, such as laboratories, equipment suppliers, educational service, research, PR and marketing. This last mentioned department organised in 2002 the first Antwerp Diamond Conference, which developed into a milestone event and forum for the international diamond audience. Another crucial department is the one from International Affairs, which plays a significant role in the eradication of conflict diamonds and the establishment of the Kimberley Process Certification Scheme in 2003.

Due to the broad expansion of the AWDC, they decided in 2007 to restructure the HRD and split up the public and the commercial functions and services. This way the AWDC was created encapsulating all public services, such as representation, advocacy and defense of the Antwerp diamond centre, but also the promotion and marketing of the Antwerp diamond centre, with a new corporate slogan: "Diamonds love Antwerp". The former HRD's commercial functions and services were incorporated into a company called HRD Antwerp NV, a subsidiary of the AWDC. These restructurings were made, aiming to maintain Antwerp as the leader of the modern-day diamond trade.

ANTWERP
DIAMOND
SYMPOSIUM
15-16 November 2009



CSR ON THE AGENDA OF THE ANTWERP DIAMOND SYMPOSIUM

On November 16th 2009, the AWDC organised the second annual Diamond Symposium in the Province House of Antwerp. The main theme was "The Diamond Industry in the New Economy," the symposium examined the state of the diamond markets and their prospects as the global economy starts along the path toward recovery.

Five workshops were held the day before. They dealt with corporate social responsibility, finance, rough diamond supply, the polished diamond trade and marketing.

INVOLVEMENT OF ROSYBLUE

Rosy Blue was well presented at the Symposium: our key Executive Management participated at all the sessions. Baron Dilip Mehta managed the workshop on finance, while Pranay Narvekar made a financial forecast in a renewed growth scenario and Iris Van der Veken coordinated the agenda on Corporate Social Responsibility.

⁴¹ www.awdc.be

A DETAILED SUMMARY OF THE 2009 ANTWERP DIAMOND SYMPOSIUM⁴²

Stability in the diamond market, concerns over sharply rising rough prices, praise for the policies of diamond miners and banks and a "new normal" in the global economy were the main themes of the second Antwerp Diamond Symposium held on November 16th. Although the mood of participants at the event, organised by the Antwerp World Diamond Centre (AWDC), was far calmer than at the first-ever symposium held last November when the global financial crisis was at its height, diamantaires nevertheless stressed that a full recovery was still some way off.

The symposium was opened by AWDC CEO Mr. Freddy J. Hanard who said the diamond trade's stakeholders came together last year, to discuss a strategy in times of financial insecurity. Thanks to the decisions taken during the first diamond symposium, new strategic business models and practices had been developed. Despite a calmer mood in global markets, the 2009 symposium had been necessary due to changing world conditions which called for the diamond industry to come together to debate current developments. As the world's largest diamond trading centre, Antwerp was the ideal meeting place for dialogue, he said.

"Many of you were here last year when we held the first symposium in an atmosphere of financial uncertainty. The symposium gave us all the opportunity to explore issues affecting us all and we made a great deal of progress. In the last year, the key stakeholders have come together and shown collective responsibility. This was satisfying for us at the AWDC because facilitating dialogue is an important part of our work. We have navigated through the challenges and we are stronger now.

"We are stronger now, so the question is: Do we need another symposium? The answer is yes because we are living in a changing world and we need to come together to understand the changes. Strategies and practices of businesses throughout the pipeline have changed. Mining companies have not been immune to the changes and have rethought their sales strategies," Mr. Hanard stated.

"The gravity of the issues facing us should not scare us," Mr. Hanard said. "If we act proactively we will succeed. We have the destiny of the industry in our hands. Are we looking for answers, results and predictions? We will not solve all of the problems today, but we can get an insight into how we can go forward. I do not doubt that the different messages carried out through this symposium, will be put into practice in coming months."

Mr. Hanard was followed by Mrs. Cathy Berx, Governor of the Province of Antwerp who revisited some of the comments she made at the 2008 symposium to illustrate the fact that Antwerp's long history as a diamond trading centre should give diamantaires confidence about the future. Mrs. Berx spoke about the massive government stimulus plans that have saved the global economy from sinking into a 1930s style Great Depression.

"During the decade leading up to the collapse of the markets in September last year, the dominant or dominating philosophy – depending on where you stand – was that government's primary role was to ensure that business be allowed to do what it knows best, undisturbed. Today, with the benefit of hindsight, we realise this was an approach that was perhaps followed too zealously. More careful oversight in the financial markets, coupled with better managed checks and balances, may have helped the world economy avoid the crisis. As it was, the financial system was saved from the brink of disaster by massive injections of government capital. By staying away, government ironically found itself more involved in the markets than it ever had intended."

Mrs. Berx said it was "reasonable to expect" a recovery in the diamond markets during 2010, possibly beginning with the 2009 Christmas season. But she warned that it was generally accepted that the recovery would be slow. "Here in Antwerp we have seen that across the board, and not only in the diamond sector. Container traffic at the Port of Antwerp fell by 18.4 percent during the first nine months of the year, compared to the same period in 2008. However, it did appear to stabilise during the third quarter of the year."

She warned diamantaires that governments agree there was an urgent need for new regulations on the financial community, but the process in bringing this about was proving slow due to the need for consistently applied financial regulation across the globe. "With the talk of new regulation, the banks clearly understand that they soon will be facing higher capital requirements. But by how much? It is difficult to say. As long as the banks don't know the rules of the game, says [economist] Mr. Kenneth Rogoff, they will continue to be cautious in their credit policies. And that puts a drag on trade."

⁴² Source: Antwerp World Diamond Centre

SALES TO REBOUND IN 2010, BUT ONLY MODERATELY AT RETAIL

Symposium moderator Mr. Chaim Even-Zohar and economist Mr. Pranay Narvekar provided detailed statistics on sale figures throughout the diamond pipeline in the last two years and a forecast for 2010. However, Mr. Even-Zohar began with asking whether anyone would have believed in November 2008 that the industry would be in a relatively strong position just a year later.

"There are no more insolvencies, the main producers cut back sales to the market and received strong shareholder support for doing so," Mr. Even-Zohar stated. The steep fall in prices was contained and the trend is up again, and manufacturers and cutters brought in \$1 billion of equity to strengthen their positions. The diamond industry managed without large government bailouts. India had the courage to reduce costs and worker numbers some of whom were rehired when the situation turned around. There was successful and orderly debt reduction without distress sales."

However, most polished diamond prices are below those of January 2008, and there is still a mismatch between rough and polished. Confidence is still very low, and consumer confidence is lower than that of business confidence. Consumers are still not really back yet, he said. The industry is in a stability phase and not fully out of the crisis yet.

Presenting figures for the performance of the diamond business, he said retail diamond demand in 2008 was down 9 percent on 2007. He forecast that the 2009 figure would be down 9.7 percent on 2008, while in 2010 there would be a slight rise of 0.4 percent on 2009.

As for the cutting centres, polished demand in 2008 was \$18.8 billion, but in 2009 would fall 27 percent to \$13.7 billion, however it would rise by 25 percent next year to \$17.1 billion. In the rough market, while sales amounted to \$13.4 billion in 2008, they would drop to \$7.5 billion this year and rise to \$12.5 billion in 2010.

Meanwhile, Mr. Pranay Narvekar said the banks had supported the diamond industry "admirably," particularly during mid-2009 which had been a critical period. In addition, the financial stimulus packages of central banks throughout the world had helped shore up retail sales. He said that the level of diamond companies borrowing was down by around 30 percent, and estimated the global diamond sector's indebtedness at \$11.5 billion.

He described the state of the diamond markets as being in stabilisation mode, and said that 2010 would see a "new equilibrium." He said that new markets, including India, China and the Middle East, would emerge "as against the power of the United States." American retail sales would continue to decline while emerging market sales rose. Unemployment in the United States and continuing uncertainty would further affect demand.

There would be large rises in rough and polished demand next year, and a need for refinancing would be felt by the end of 2010 as growth begins and the industry falls short. "The banks will need to support the diamond industry, and we will need to make sensible business choices. But will the banks want to pump in an extra \$1.7 billion? The depreciation of the dollar will lead to an increase in the cost of doing business for all the large diamond centres. Debt-equity ratios will need to be kept in check," Mr. Narvekar said.

CONSIDERING THE 'NEW NORMAL'

Mr. Even-Zohar then explained what he meant by the "new normal" in the market. There would have to be corporate deleveraging with banks looking for better debt-equity ratios. In addition, the diamond industry had to understand that it was fighting with many other sectors for credit from banking institutions. The Basel II banking regulations which, even before the financial crisis, were proposing more stringent financial conditions for bank clients could soon be overtaken with a large range of new financial regulations. In addition, there was likely to be increased government intervention in financial and corporate affairs, while reputational issues were likely to become even more important.

Mr. Even-Zohar raised the issue as to whether more "recycled" diamonds were likely to come on the market, saying that the recycling of even a small part of existing diamonds was likely to have a significant effect on the market. He gave the example of the gold market where recycled gold this year was equal to 60 percent of new mine production. "There is hard evidence to suggest that considerable recycling has already taken place, although it is difficult to state how much exactly."

Mr. Tim Dabson, DTC Executive Director for Beneficiation, also dealt with the new normal, speaking about market shifts caused by changing demographics, the growing strength of India and China, and the rise ethical consumerism. In the United States, between 1997-2007, the number of Americans in 55+ age group almost doubled, and since that is an age group who know and like diamonds, the development was encouraging. On the other hand, the percentage of younger consumers has steadily fallen. "Do we know the iPod generation? Will diamond jewellery be important to them? If not, how do we adapt to that."

In the Indian and Chinese markets, although diamond jewellery sales are rising, the aspect of value for money is more than twice as important for their consumers as it is for their counterparts in the United States, and more important than the symbolism of love and commitment. Meanwhile, the issue of ethical consumerism was a "subtle" problem since different consumers saw the issue in different ways. "Business ethics and transparency, labour practices, environmental issues: people are affected by different issues when making diamond jewellery purchases, and we must not ignore this issue."

In an energetic address towards the end of the symposium which left the audience in an upbeat mood, industry analyst Mr. Ken Gassman presented a different approach the new normal. "Is the jewellery business going out of business," he rhetorically asked, replying that humans having been making and wearing jewellery for 50,000 years. "The crisis of the past year is not going to derail the jewellery industry. Will consumers stop shopping? Definitely, the answer is 'no'. The number of jewellery sales has been rising since December 2008."

He said the problems affecting the industry are well-known: a lack of credit, falling demand, and conspicuous jewellery consumption going out of fashion due to the depth of the recession in the United States.

On the other hand, however, the economy is recovering, there are more people in shopping malls, jewellers are seeing higher conversion rates, and the bridal jewellery sector remains strong. "Are people delaying weddings because of the recession? The answer is 'No'."

Mr. Gassman said jewellery sales in November-December this year will be slightly above those of the same period last year albeit well below the same months in 2006 and 2007. By 2011, they will have recovered. He also made a 10-year forecast for jewellery sales, seeing growth of 4-5 percent due to the bridal market, rising incomes, financial recovery and an expanding market.

He also pointed to the phenomenon of female self-purchasing as a reason for optimism. "There are more young women working, and the gap between men's and women's salaries is closing, particularly women in the 25-30 age group," Mr. Gassman said. "By 2050, there will be 60 million more women in the U.S. market. They want lower price points, fashion-oriented jewellery and they want flash for cash."

Mr. Gassman also said that he did not entirely agree with Mr. Tim Dabson's comments about the younger generation not being interested in jewellery purchases. "I see that younger shoppers of all ages have cash to spend, and all ages want diamond jewellery. Younger people buy almost as much as the 25-34-year-olds. They like buying jewellery, but they may not be buying diamond jewellery."

SALES AND PRICING STRATEGIES OF THE ROUGH PRODUCERS

Mr. Chaim Pluczenik, managing director of Pluczenik Diamonds, who headed the workshop on rough supply the day before the symposium, reported that speculation in rough was on the rise. The shortage of rough in the market was also having a clear impact on prices.

"It is asked what are the reasons for the lack of rough," Mr. Pluczenik told the symposium. "The consensus is that in the first quarter of this year the supply of rough to the market dropped sharply. Manufacturers are asked to buy only what they need in order to prevent rough prices from rising sharply." He also said that there were many question marks surrounding the issue of tender goods. "Tenders do not allow manufacturers to have a steady supply of goods," he commented.

"We can see the end of the tunnel, but we are not there yet," Mr. Pluczenik said. "We must be careful in our practices. We should thank the producers for their action in reducing the supply of rough to the market. Due to them, we managed to come out of recession much faster than other industries." He also had praise for the banks, saying they did not reduce credit and were flexible in their approach to the diamond sector. "Without them, we would not be where we are today."

Mr. Chris Ryder, Marketing Director of BHP Billiton, denied that tenders were causing damage to the industry by leading to speculation. "Tenders simply reflect what is happening in the market. At BHP Billiton, we do not think that we are smarter than the market, we follow it. We do not believe we can outperform the market, and we aim for a win-win situation for us and our customers. We are pleased with the level of acceptance by our clients with the system we use. We aim to follow the market and realised that we cannot outperform it, so we try to work according to the spot price of the day, every day."

Mr. Ryder said BHP Billiton had three criteria for its diamond sales: clarity, transparency and competition. "We are clear about what we are doing, and customers appreciate that. We believe that transparency helps the whole market. We also want customers to make money due to their core competencies, not because of being able to buy cheaper diamonds," he said, adding that BHP Billiton was "bullish" in the long term.

Since Russian diamond firm Alrosa, which accounts for about a quarter of annual global output, was the only producer not to cut back production this year, the symposium was keen to hear the views of company vice-president Mr. Sergei Ulin. Saying it was too early to speak of a recovery in the market, Mr. Ulin said the past year had shown how it was possible for the industry to come together and act collectively. "Reducing output [to the market] was supported by Alrosa even though it meant substantial losses for the company," Mr. Ulin said. "Alrosa output was not reduced in the first half of this year, but we did not sell diamonds [commercially] either.

Mr. Ulin had good news for the symposium, which was warmly received, when he said that the miner did not have any plans to dump rough goods on the market. "Rumours that [state minerals depository] Gokhran will flood the market with goods are simply not true," Mr. Ulin said. "The company will approach its inventory in a responsible manner. This is not the time to rush for a quick profit."

Mr. Ulin said that by mid-2009, Alrosa's debt had risen to more than \$5 billion, and the firm aimed to cut it to \$3.8 billion by the end of this year by selling off non-core assets, increasing income and cutting employee numbers.

Mr. Patrick Coppens, marketing manager of Rio Tinto, said the firm had been very careful with its sales policy since the start of the year, and had identified an improvement in the market since April. The rising rough prices were due to a lack of goods. He said the firm was cautiously optimistic in the short-term, but that the long-term fundamentals for the industry were strong.

Rio Tinto Diamonds has restructured its marketing distribution system and removed five select diamantaires and now has 20 customers, as the company see further declines in its production capacity. Mr. Coppens did not elaborate on the names of the five diamantaires. "We have cut our long-term customer base from 25 to 20 companies due to the fact that our production has fallen and will continue to change in the near future. Mr. Coppens explained that Rio Tinto is moving to a tender system, or a "mechanism that is driven by market dynamics," for a small part of its production, while the main part will be provided to ensure a long-term supply for its clients.

Mr. Des Kilalea, RBC Capital Markets Equity Research Analyst, spoke about the issues affecting mining and why it took so long for diamonds to come on stream. He said companies did not have much incentive to explore for diamonds, and the largest miners have cut back their exploration budgets. "Mining is a long-term business, it takes a long time to get the product, and we know that it can take seven years for a mine to start producing, and that enables us to know what the diamond situation looks like for the next seven years.

Mr. Anish Aggarwal, managing director of Gemdax, told the symposium that there were three factors that had an impact on rough demand: normal diamond sales through the pipeline, industry financing and market speculation. Mr. Aggarwal pointed out that speculators are legitimate participants in the pipeline who have a direct influence on the market. As a result, Mr. Aggarwal called on the diamond sector to consider and control market speculation and finance as separate activities.

THE IMPORTANCE OF THE BELGIAN MARKET OVERSEAS

A key speech to the symposium was delivered by Mr. Thomas Leysen, chairman of the Belgian Federation of Enterprises. He said that unsustainable growth had come crashing down in the financial crisis last year.

"A return to sustainable growth means the world must address some of the fundamental imbalances," Mr. Leysen said. "The U.S. must continue to deleverage, and rebalancing must take place meaning China has to consume more."

Mr. Leysen said that global financial mechanisms, such as the G8, had to more accurately reflect the new economic balance of power in the world, and this would likely change in the coming decade

He provided the perspective of a business leader from outside the diamond sector. "During my travels abroad as part of state delegations, we see that the diamond industry provides Belgium with both glamour and importance," he said. "It is a calling card for our country and its image. Antwerp has weathered the crisis well, in part through the diversification of markets. The results will take time to come to fruition, but it is heartening to see that the process has started."

But he said the diamond industry in Belgium has operated independently of the rest of the business sector. "I feel that the diamond sector has been seeking more interaction with the rest of business in Belgium, and we, in the Belgian Federation of Enterprises, are ready and prepared to help you with contact with the government, authorities and civil service.



On the issue of Corporate Social Responsibility (CSR), Mr. Leysen said the diamond industry must "stay one step ahead of public opinion" and had to continue to fight to maintain its reputation. "Formulating CSR policies is an important step, and I have been impressed with the seriousness with which the industry has addressed the issue."

THE BANKERS' VIEW IN THE NEW ECONOMY

Mr. Dilip Mehta, CEO and Group Coordinator of the Rosy Blue Group, who headed the workshop on financial issues, reported that diamond firms appreciated the efforts of financial institutions to stick with their clients during one of the most difficult years the industry has ever known. As with the diamond producers, the slump in demand had also called for responsible action by the banks involved in the diamond trade, and they had gained the gratitude of diamantaires by keeping credit lines open. Although the banks had also pressed diamond firms to take tough action, they nonetheless showed a great deal of understanding of the requirements of the sector.

Mr. Victor van der Kwast, CEO International Diamond & Jewelry Group, spoke on the theme of 'The Diamond Industry in the New Economy'. He said the choice for the diamond trade was to sink, float or swim, and called for sustainable recovery with smart and responsible behaviour. He said that without the responsible behaviour of the financial institutions and the producers, there would have been a "massacre" among diamond firms. "We are committed and remain committed to the diamond industry."

He said it was still too early to say if a recovery was underway. The availability of credit was not easy, and banks were being forced to make tough choices over the clients they wanted to retain. "It is important that new banks come into the diamond industry. We are not a lender of last resort, and cannot give credit to everyone, so it is important that there are new players."

He said there were still many uncertainties in the global financial situation. Markets are volatile, gold prices are shooting up, U.S. diamond demand is still low, 30 percent of U.S. jewellery stores have closed down, global retail sales are down 20 percent, U.S. unemployment is still high and house prices are falling. Capital is scarce and getting more expensive, banks are withdrawing from the market, and the number of new entrants is limited. In the plus column, however, bridal jewellery demand is still strong, the industry decline has proven to be less severe than first forecast, and there is renewed optimism regarding jewellery sales.

He urged diamantaires to "sell diamonds with credit, not sell credit with diamonds." He said they should look for solid margins, the collection of receivables was key and stock management was vital with inventory levels kept low since "stock stinks."

Meanwhile, Mr. Pierre de Bosscher, chairman of the Antwerp Diamond Bank (ADB), said access to lines of credit were being kept open, and the ADB would continue to look for a balance between risk and reward.

"We will not fail to continue to promote Antwerp as a diamond centre," he stated. "All players must strive to play their role in the pipeline efficiently. As a fully committed bank, we will contribute to the goal and avoid financial speculation, over-paying for goods and over-stretched and unethical positions."

The ADB chairman called for companies to show full transparency, to make every effort to promptly collect receivables, timely submission of financial statements, and higher solvency.

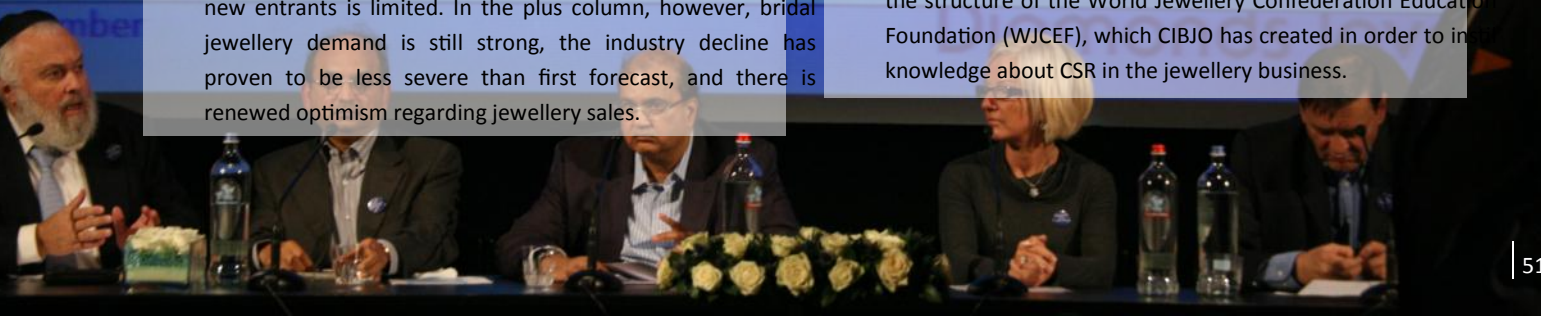
THE RISING IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY

Mrs. Iris Van der Veken, chair of the working session on CSR, explained that the concept was about how businesses align their values and behaviour with the expectations and needs of stakeholders. She said that CSR improved access to capital, sharpened decision-making, and reduced risk and costs. However, more than that, it boosts consumer confidence in the industry's products.

"An increasing proportion of consumers are willing to pay price premiums for products and services marketed by companies with proven and sustained track records of doing good," she said. "Consumers either have increased trust in your brand-or you lose them."

She said the industry has the tools, and the organisations so there no further excuse, and it time to join hands and find constructive solutions. The Responsible Jewellery Council system is the way forward to create a responsible supply chain.

Meanwhile, Dr. Gaetano Cavalieri, CIBJO president, described CSR as an industry doctrine in the new economy, and outlined the structure of the World Jewellery Confederation Education Foundation (WJCEF), which CIBJO has created in order to increase knowledge about CSR in the jewellery business.



He said a growing number of consumers was less likely to buy simply for the sake of spending money. Instead, they were looking for a purchase to make them feel good about themselves. Companies who are able to promote their products as ethically manufactured would be in a strong position to attract such shoppers.

A CRITICAL NEED FOR GENERIC DIAMOND MARKETING

With the withdrawal by De Beers from its long-time role as the sole financier of global diamond promotion, the International Diamond Board (IDB) has been established to find a joint platform for industry players to advertise and promote gems. Mr. Kaushik Mehta, the managing director of Eurostar Diamond Trading and vice president of the AWDC, who headed the workshop on generic marketing, reported to the symposium that some players see diamonds as simply a commodity and so no generic marketing was needed.

"Do we really need a generic marketing policy to sell out product or should we just see it as a commodity?" Mr. Mehta asked. "Some people said we only care about our margins while others said that generic marketing is needed. I do not believe that seeing diamonds as a commodity will help take us forward. This is short-term thinking."

Mr. Chris Ryder of BHP Billiton, one of the founding members of the body, agreed, saying the IDB could be a vehicle for driving demand. Category marketing can boost consumer confidence by reducing reasons for not buying diamond jewellery, while creating reasons for people to buy jewellery, he explained. He added that the IDB has CEO candidates ready, that there is broad support in the industry, and the organisation was ready to be incorporated.

Mrs. Krisztina Kalman-Schueler, managing consultant at Gorham & Partners, said there was evidence that consumer spending is increasing, however, customers are still cautious about diamonds due to lack of advertising and confusion around value. Buying for love, pride and commitment remains the key driver for buying diamonds, but it urgently needs reinforcement.

Mrs. Kalman-Schueler said a new and credible model was needed which could add value and set the right incentives along the entire pipeline with the final goal of increasing and protecting consumer demand. Diamond category marketing is essential for healthy long-term demand and market share, especially post-recession. She said the role of category marketing was more than co-operative advertising: it needed to cover PR, digital marketing, market intelligence, industry reputation and other issues.

Sector bodies and their category marketing are generally initiated and funded by the largest producers, and attract other players in the pipeline by proving the value of investment, Mrs. Kalman-Schueler stated. "The recommended model for diamond category marketing based on our experience leverages the producers' investments into consistent marketing programmes through financial and operational contribution of other players in the pipeline combines common category 'brand' positioning and guidance to other players in the pipeline so they can use this platform to drive sales by promoting individual products."

ACTING ON THE MESSAGES HEARD AT THE SYMPOSIUM

Concluding the symposium, AWDC CEO Mr. Freddy J. Hanard said that after the panic and near-collapse of a year earlier, the diamond industry has found a "renewed spirit." Diamond companies have had to search for resourcefulness in order to survive over the past 12 months and had done so admirably.

"It is fair to say that we have exceeded our own expectations this year," the AWDC CEO stated. "We have weathered the storm to continue producing, and we have heard from many speakers that the long-term outlook is good. We recognise that our industry is undergoing significant change, and we have the courage to succeed in that."

"We, at the AWDC, facilitated this symposium in order to promote global dialogue. The AWDC is committed to playing a global role since Antwerp is a leading centre not just in terms of history, trading and banking, but also as an intellectual centre."

"The value of this symposium will not end when we leave this hall," Mr. Hanard said. "As happened last year, the messages that go out to the global diamond industry from here will be heard and acted upon."

The Cambridge Sustainability Network (CSN)⁴³ brings together leaders who share an interest in and a commitment to creating a sustainable future. The Network is designed to encourage its members to remain engaged with sustainability issues, to share knowledge and to foster cooperation.

Who Does the Network Bring Together?

- 3,000 senior decision-makers, thought-leaders, policy-influencers and executives from across the world;
- a rich and diverse cross-section representing business, the public sector and civil society;
- world-class knowledge, thinking and practice from leading-edge faculty and contributors;
- the convening power of the University of Cambridge and HRH The Prince of Wales.

Invitations to join the Cambridge Sustainability Network are normally extended to those who have engaged in one or more of their initiatives. Each year the Network grows by around 700 new members and has a constantly expanding international reach.

COPENHAGEN COMMUNIQUÉ

The Copenhagen Communiqué is an initiative of The Prince of Wales's Corporate Leaders' Group on Climate Change (CLG) which is run by The University of Cambridge Program for Sustainability Leadership or CSN.

The Copenhagen Communiqué is a short, punchy statement that draws on some of the key recent thinking on climate policy that has emerged from the international business community, and sets out the business case for a strong and effective UN climate framework⁴⁴.

The Copenhagen Communiqué has already secured the support of 950 companies, including Rosy Blue, based in over 60 countries (including every member of the G20), ranging from the world's largest companies and best-known brands to small and medium sized enterprises (SMEs), and across a wide variety of business sectors. The full text of the Communiqué, along with the complete list of supporting companies, is available at: www.copenhagencommuniqué.com



Our CEO Baron Dilip Mehta and our COO Rosy Blue NV Mr. Amit Bhansali signed the Copenhagen Communiqué on November 26th 2009 as a commitment to contribute to developing CSR practices that tackle climate change⁴⁵.

Each and every signatory to the Communiqué played a vital role in helping to make the initiative such a success at the end of 2009, and Rosy Blue is looking forward to working with them again in 2010 to carry on rebuilding the momentum for action to tackle climate change.



⁴³ www.cpi.cam.ac.uk/about_us/cambridge_sustainability_netwo.aspx

⁴⁴ www.copenhagencommuniqué.com/the-communiqué

⁴⁵ www.copenhagencommuniqué.com/signatories/signatories-by-region/europe

BUSINESS & SOCIETY BELGIUM

BELGIAN BUSINESS NETWORK FOR CORPORATE SOCIAL RESPONSIBILITY

In 1998, there was a mutual consensus among some different companies, such as 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 bringing attention to the problem of social exclusion to these companies and promoting the integration of minority groups into the labour market. This network also existed on European level since 1995, under the chairmanship of Etienne Davignon.

In 2001, BENSC changed his name to Business and Society Belgium (B&S) and broadened his attention to the wider concept of Corporate Social Responsibility and Sustainable Development and same wise its membership and influence kept growing. This was also due to the cooperation with the Foundation of Enterprises and the membership of the 4 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 communicate on CSR topics with stakeholders. Furthermore they also organise themed lecturers 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 is an member of Business and Society since 2009 and Active member of the Working Committee for Supply Chain Management since 2010.



⁴⁶ www.businessandsociety.be



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 thanks his name to a shell that formerly was used as means of payment in Africa.

The launch of KAURI was a reaction on the growing importance of Corporate Social Responsibility and Sustainable Development in the Belgian and international business community, with the purpose to enable stakeholder dialogue and promote stakeholder engagement between companies and NGO's. They provide their members and stakeholders with relevant information on all aspects, but also organise 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 Belgian as European level.

Rosy Blue became a member of KAURI since 2010 and participated as 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 1st 2010.



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

WORLD FEDERATION OF DIAMOND BOURSES

The World Federation of Diamond Bourses (WFDB)⁴⁸ was founded in 1947 to unite and to provide bourses trading in rough and polished diamonds and precious stones, with a common set of trading practice. The WFDB provides a legal framework and convenes to enact regulations for its 28 member diamond bourses.

WORLD DIAMOND COUNCIL

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

INTERNATIONAL DIAMOND MANUFACTURERS ASSOCIATION

The International Diamond Manufacturers Association (IDMA)⁴⁹ was founded and convened for the first time in 1946, in Antwerp. It is committed to fostering and promoting the highest ideals of honesty and best practice principles throughout the diamond industry worldwide, as well as full compliance with all relevant national and international laws. Towards this end, the organisation has developed and adopted a Code of Conduct, which is binding on all members.

BONAS & CO. LTD.

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

GEMOLOGICAL INSTITUTES

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

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

⁴⁸ source: www.worldfed.com

⁴⁹ source: www.idma.net

Our stakeholders help us prioritize key issues and develop our CSR strategy

STAKEHOLDER GROUP	ENGAGEMENT	MORE INFO
Employees	Charter of Commitment The Quarterly Sparkle Diversity Programme Women Empowerment CSR Internal Ethics Programme	Welcome P78 P75-77, 81-84 P87-91 P74
Suppliers	Charter of Commitment Annual factory and operational audits	welcome P60-62
Contractors	Charter of Commitment Annual majority contractor audit Formal undertaking minority contractor	Welcome P67-70 P68
Customers	Charter of Commitment CSR Report	Welcome
Communities	Community Engagement Programme	P106-114
Financial Institutions and Auditors	Annual Internal Report and regular meetings CSR Report	P21
Governments	Engagement on regulatory issues Adherence to laws where we operate	P23 P23
Academic Institutions	Danish Institute for Human Rights UAMS Plantijn Hogeschool University of Ghent	P43 P43 P43 P43
International and Local Community including private businesses, NGO's, governments	Membership UNGC Membership Cambridge Sustainability Network Membership Business & Society Belgium Membership KAURI	p44-45 P53 P54 P55
Diamond Industry	Diamond Symposium AWDC Pilot Project RJC Diamond Empowerment Fund	P46-52 P63-65 P26
Media	Press releases	Rosy Blue website

9 Key Performance Indicators

INTERVIEW WITH AMIT BHANSALI AND RUSSELL MEHTA

How did the crises impact the implementation of your CSR Strategy?

2009 was an extremely difficult year for us. To overcome the economic crisis, we reformed the business structure of the Rosy Blue Group as a whole.

Unfortunately, it inevitably also demanded reorganisation. We regret having to take this decision to let go of many valued employees. Our aim is that the long-term structural growth drivers of our company are fully intact. Only then we can focus again on creating opportunities for the labor market.

How would you evaluate your CSR performance?

Many of the KPIs were monitored in 2009 and will be strengthened in 2010, while others are being introduced. As you know we have established a long term vision 2008-2011.

We will continue to update the progress on our CSR performance.

We need to respond to climate changes and start developing measurable programmes to cut down on emissions. In 2009 we definitely have developed awareness programmes to cut greenhouse gas (GHG) emissions and promote the sustainable use of resources. We are focusing on initiatives aimed at ensuring the efficient use and re-use of resources such as water, food, energy, paper...

At the same time, we are striving to improve the energy efficiency of our business operations.

It remains a considerable challenge to ensure that KPIs are recorded accurately, completely and consistently across our global operations. Part of the process involves developing awareness of our goals, and we have recently established new metrics in our CSR reporting in addition to our risk framework.

Besides our environmental activities and programmes, we also attach the highest priority to considering human rights in the supply chains of our business activities around the world. Accordingly, Rosy Blue supports the Universal Declaration of Human Rights and our active involvement with UN Global Compact reflects our commitment. We will also continue to provide guidance and work closely with all our contractors to improve their practices so we move forward to a more sustainable supply chain.

What is your view on the role of CSR for the next 50 years of Rosy Blue?







As we review the past 50 years, we must pave the way for new programmes and activities. In order to realize this, we need to listen to the input and opinions of our various stakeholders, to know how we can better manage our business for the sustainable development of society as a whole.



Amit Bhansali—Group Associate

We need to look beyond our industry and learn from other industries as well to go forward and create innovation. Avoiding duplication, sharing knowledge and practices is key to make this a successful journey.

Russell Mehta—Group Associate

Component	Key Outcome	Focus 2008	Status	Focus 2009-2010	Status	Strategy 2008-2011	Example of Key Performance Indicators to further develop	Status	
Corporate Social Responsibility	<i>Disseminating and enhancing CSR standards</i>	<ul style="list-style-type: none"> New CSR Vision announced Committee established CSR Extranet (data & information tool) established across the Group Internal control system through documentation review and pre-audit on-site visits External CSR Advisory Board review First CSR report Membership UN Global Compact Rosy Blue E-Training Academy established Reports according to standards disclosed in a timely manner 	<div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div>	<ul style="list-style-type: none"> CSR vision more imbedded by CEO and Group Partners throughout the organisation CSR Extranet extended with more information and more fine-tuned reporting Desk top review by SGS On site audits by SGS Pilot Project Responsible Jewellery Council Founding member of the Steering Committee of the UN Global Compact Belgium, followed by Chairmanship Member Business & Society Belgium Member KAURI Member of the Cambridge Sustainability Network Member of the UNGC Human Rights Working Group Refined reporting according to new guidelines, distributed at the global compliance training seminar in Mumbai 	<div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div>	<ul style="list-style-type: none"> Annual CSR Report Enhance CSR vision for all Group companies Enhance internal audit system—improve internal control systems Ongoing review of CSR reporting Expand training programmes to relevant areas Ensure thorough understanding of the CSR system 	<ul style="list-style-type: none"> Percentage of on-site audit reviews Number of questions & queries of all stakeholders Number of external communication with regards to CSR efforts Punctuality and accuracy of local reporting on the CSR extranet 	<div>■</div> <div>□</div> <div>■</div> <div>■</div>	
BUSINESS PARTNERS Suppliers Contractors Customers	<i>Ensure that all business partners we work with are committed to responsible business practices and create mechanisms to monitor this</i>	<ul style="list-style-type: none"> Active involvement of RJC Preparation documentation & training material RJC standards Define business partners list 	<div>■</div> <div>■</div> <div>■</div>	<ul style="list-style-type: none"> Pilot project Responsible Jewellery Council in India and Dubai First majority contractors audit in Israel and India Mapping of all minority contractors from the Rosy Blue Group according to the operations Formal undertakings sent to all the minority contractors Introductory toolkit developed for minority contractors to further develop in the future Member of the Work Group of Supply Chain Management initiated by Business & Society Shared business case for the Leaders Summit; “Rosy Blue: Local Compliance and Global Cooperation” 	<div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div>	<ul style="list-style-type: none"> Promote CSR practices among business partners Ensure appropriate contracts with all business partners to set specific measurable indicators to demonstrate contribution to CSR compliance Create CSR communication toolkits & process systems that are outcome focused for contractors and that will evidence compliance standards 	<ul style="list-style-type: none"> Degree of implementation Percentage of minority contractors signing the Formal Undertaking as a commitment to ethical business practices Mapping according to operations of all minority contractors Number of majority contractors audited on site Number of customers signing our charter to ethics Number of managed business partners with CSR plan and KPIs 	<div>□</div> <div>□</div> <div>■</div> <div>■</div> <div>□</div> <div>■</div>	
WORKPLACE	<i>Foster a working environment based on accountability, diversity and integrity</i>	<ul style="list-style-type: none"> Revised Code of Conduct Revised policies and procedures Promote the UN Global Compact 10 principles CSR training sessions Conducted Management and other HR related trainings 	<div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>□</div>	<ul style="list-style-type: none"> Restructuring operations and reducing workforce according to the compliance standards Revised policies and procedures as a result of the pilot project of the RJC (minor changes as a suggestion by SGS) Ongoing promotion of the UN Global Compact 10 principles Launch of an internal newsletter: “The Quarterly Sparkle” Global Compliance Training Seminar in Mumbai General compliance and other on-the-job trainings 	<div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div>	<ul style="list-style-type: none"> Enhance education with practical business cases Introduce a system of rewarding performance in all entities Employee survey on job satisfaction Create initiatives to help encourage work—life balance 	<ul style="list-style-type: none"> Percentage of employees that clearly understand the Code of Conduct, policies & procedures Number of positive feedback from employee interviews Percentage of employees who consider that their business acts responsibly in the society/community in which it operates Balanced ratios in terms of diversity 	<div>□</div> <div>□</div> <div>□</div> <div>□</div>	
HEALTH & SAFETY	<i>Fostering a safe and healthy working environment</i>	<ul style="list-style-type: none"> Implemented strong awareness programme on health & safety Implemented best practices in all entities Records for injuries Training certificates of Health & Safety team 	<div>■</div> <div>■</div> <div>■</div> <div>■</div>	<ul style="list-style-type: none"> Continued to work on awareness and improving H&S measures Special focus on the usage of the personal protective equipment Mapping of chemicals usage across the Group, an updated check on the compliance requirements Shared best practices in certain entities concerning bio-boiling Updated training certificates for H&S team 	<div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div>	<ul style="list-style-type: none"> Actively promote health & safety measurements Ensure that the Rosy Blue Group conducts their businesses in a manner that will safeguard the health & safety of all our employees 	<ul style="list-style-type: none"> Absenteeism rates Injury rates External reports on health & safety Specification of chemical use & disposal Number of trained managers & officers in Health & Safety 	<div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div>	
ENVIRONMENT	<i>Reduce and minimize the environmental footprint of our company</i>	<ul style="list-style-type: none"> Implemented awareness programme 	<div>□</div>	<ul style="list-style-type: none"> We signed the Copenhagen Communiqué as a commitment to the environment Continued to built awareness on the environment Initiated several projects in the factory 	<div>■</div> <div>■</div> <div>■</div>	<ul style="list-style-type: none"> Create control system for environmental performance measurements Create system for managing environmental programme across the Group 	<ul style="list-style-type: none"> Percentage change of energy used in all entities Percentage of recycled materials used in all entities Number of positive environmental reports Climate neutral printing: FSC 	<div>□</div> <div>□</div> <div>□</div> <div>■</div>	
COMMUNITY ENGAGEMENT	<i>Participative social contribution based on our core values</i>	<ul style="list-style-type: none"> Charitable contributions Community service 	<div>■</div> <div>■</div>	<ul style="list-style-type: none"> Charitable contributions Community service: volunteer work by emoloyees in a corporate framework 	<div>■</div> <div>□</div>	<ul style="list-style-type: none"> Create formal system for monitoring social projects across the Group 	<ul style="list-style-type: none"> Community giving as a percent of previous years operating income Percentage of total net working hours spent volunteering 	<div>□</div> <div>□</div>	

10 CSR Audits

10.1

Internal CSR Audits by Global Corporate Affairs Department

DOCUMENTATION AND SUPPORTING DOCUMENTS REVIEW

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

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

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

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

SCOPE OF WORK

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

ON-SITE VISITS

Since 2007, we have conducted **18 pre-audits** at the locations. Pre-audit visits are carefully planned. Our entity on-site visits include interviews with management, staff and production workers, personal records verification (age documentation, payroll and production hours) and a site inspection.

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

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

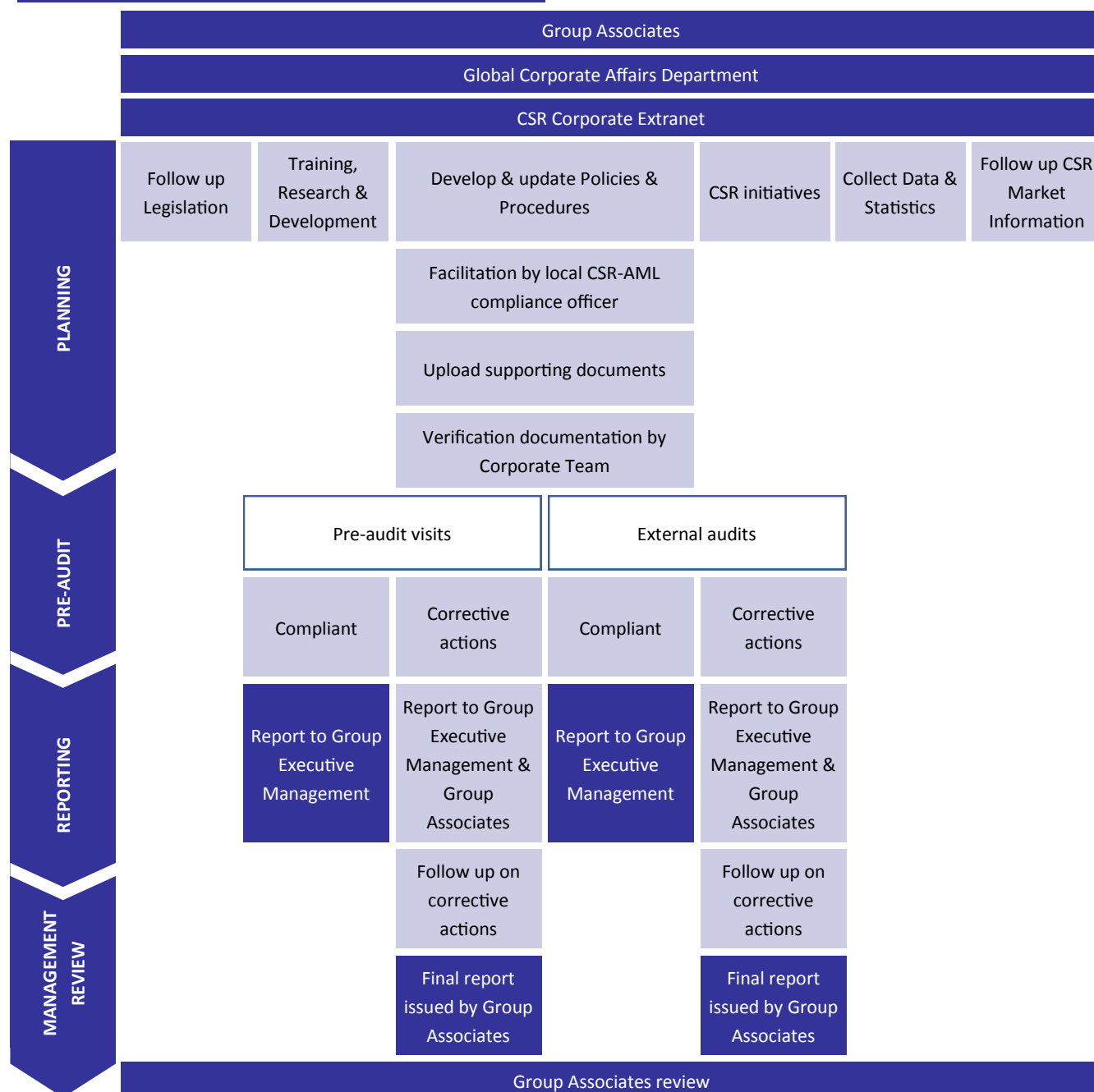
The information we have gathered on our CSR extranet is used in conjunction with other relevant data and supporting evidence from the on-site visit to prepare an internal audit report with all the significant findings for the Group Associates, Executive Management and the local CSR-AML compliance officer.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

ON-SITE INTERNAL AUDITS

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

	INTERNAL ON-SITE AUDITS		
	2007	2008	2009
BELGIUM	☑	☑	☑
USA		☑	
ARMENIA	☑		
CHINA		☑	
HONG KONG		☑	
THAILAND		☑	☑
SRI LANKA		☑	
RUSSIA		☑	
SOUTH AFRICA		☑	
INDIA		☑	☑
ISRAEL			☑
JAPAN		☑	
UAE		☑	☑

ROSY BLUE INTERNAL CSR AUDIT REPORTING



MAIN FOCUS OF PRE-AUDIT VISITS IN 2009:

- Internal risk assessment done in preparation for RJC certification
- Ongoing implementation of all policies & procedures relevant to the compliance standards
- Mapping of all chemicals across the Group as a first step to understand our environmental footprint in our manufacturing operations
- Training in all areas throughout all levels of the organisation
- Extra focus on human rights, open communication and health & safety in the factories

Since we are Sightholders of the DTC, we have been working hard on the implementation of the Best Practice Principles throughout the Group. Since 2005, we have had desktop reviews and on-site visits by the third party auditor SGS. In 2009 we had 4 minor infringements ^(INF)⁵⁰.

Infringements of the BPP audits per country:

	CSR AUDITS EXTERNAL DESKTOP REVIEW				CSR AUDITS ON-SITE ASSESSMENT			
	2005/2006	2007	2008	2009	2005/2006	2007	2008	2009
BELGIUM	☑	☑ 1 ^{INF}	☑	☑				
USA	☑	☑	☑	☑				
ARMENIA	☑	☑ 5 ^{INF}	☑	☑		☑		
CHINA	☑	☑	☑	☑			☑ 4 ^{INF}	
HONG KONG		☑	☑	☑				
THAILAND *	☑	☑	☑	☑		☑	☑ 2 ^{INF}	
SRI LANKA	☑ 1 ^{INF}	☑ 2 ^{INF}	☑	☑	☑		☑	
RUSSIA	☑	☑	☑	☑				
SOUTH AFRICA	☑	☑	☑	☑				
INDIA **	☑ 4 ^{INF}	☑ 4 ^{INF}	☑	☑	☑	☑ 3 ^{INF}	☑	☑ 4 ^{INF}
ISRAEL	☑	☑	☑ 1 ^{INF}	☑				
JAPAN	☑	☑	☑	☑				
UAE	☑	☑	☑	☑				☑
* = SA 8000 compliant since 2005								
** = BEM compliant since 2005, Wal-Mart certified 'Yellow'* in 2009								

Main areas of improvement on BPP:

- Time registration for workers on contract (housekeeping and canteen)
- Refining evacuation plan including more fire alarm call points

Main areas of improvement on Wal-Mart:

- Chemicals: MSDS display in the wax setting department
- Waste storage area not marked
- Electrical safety: rubber matting recommended below electrical panel
- More frequent monitoring of waste water

All minor infringements have been followed up and corrective actions have been taken.

⁵⁰ Definition minor infringement p29

Integrating different standards in the Diamond and Jewellery Industry to create a community of confidence across the Supply Chain including gold.

BACKGROUND

One of the main challenges for companies is to provide responsible leadership in times of significant change throughout the supply chain. Rosy Blue acknowledges the key role that mining companies such as De Beers, Rio Tinto and BHP play in promoting good CSR practices.

As DTC Sight holder, we are engaged in contributing to an ethical supply chain. Since 2005 we adhered to the De Beers Best Practice Principles. This was an important milestone as we used this supplier initiative to create our internal CSR model and prepare ourselves to embed CSR in our business strategy.

Since 2009 we have mainly focused on the preparation for certification for the Responsible Jewellery Council (Rosy Blue is founding member since 2005). The aim of RJC is to provide the industry with one CSR standard which is applicable to the entire diamond and gold industry. Through RJC we intend to integrate all the different current CSR standards implemented at Rosy Blue under the umbrella of the UN Global Compact Principles. For RJC we participated in a pilot project in India and Dubai in order to establish our current position and prepare for RJC certification in collaboration with De Beers and SGS.

DESCRIPTION OF THE RJC PILOT PROJECT

The pilot is being used as a learning tool to understand the new global requirements of the RJC. The project covered aspects from manufacturing to trading.

OBJECTIVES

- To become a certified member of the RJC (to clearly understand where Rosy Blue positions itself towards the new industry standard and how to adopt the CSR strategy to be ready for certification)
- To understand and highlight the substantive and procedural differences between the BPP and RJC systems
- To integrate the current standards within one system = to align our current CSR model to RJC (adjusting policies, procedures and training accordingly)
- To integrate the results in changes in policy and process implementation across the supply chain
- To avoid duplication of auditing and maintain the level of compliance
- To contribute to a circle of trust from mining to retail

KEY MILESTONES IN THE PROJECT

Jul '09	Decision to participate in pilot project with De Beers and SGS
Aug '09	Internal risk assessment in preparation for the RJC pilot audit Mapping the entities according to risk matrix Establishment of a core team responsible for the role out of the project
Sep '09	Internal global compliance training seminar Mumbai to clearly understand the requirements of the RJC Mailing to contractors on introduction to compliance (request for formal undertaking including requirements RJC)
Nov '09	Pilot verification visits BPP/RJC: <ul style="list-style-type: none"> Rosy Blue (India) Pvt. Ltd, Pithampur, India: cutting facility Rosy Blue (Eurasia) FZE: trading and sorting facility
Jan-Feb '10	Sharing of results audits with the RJC
March '10	RJC member workshops in Mumbai and Antwerp
Apr-Sep '10	Rosy Blue continues to work on the implementation of the RJC requirements based on the new information that is available about the potential interpretation of RJC questions and ratings
2010-2011	Objective: RJC verification assessment by an accredited auditor

OUTCOME

During the pilot verification visits, the opportunity was taken to broaden the discussions to cover activities undertaken at other locations so as to broaden as far as possible the implementation of the RJC requirements.

The visits were undertaken to test the way the requirements had been implemented in different types of operation and to evaluate the level of information, internal processes and control mechanisms available rather than as pure verification visits.

It was an excellent learning experience to receive feedback on all the different topics and understand the potential interpretation of RJC questions and ratings.

The results of this pilot project were shared with the Group Partners and the compliance team as a learning exercise how to continuously improve our internal CSR model and align the current CSR practices with the RJC standard.

Rosy Blue will apply for certification by 2011.⁵¹

STEPS TAKEN BY ROSYBLUE

- Mapping of all the entities
- Internal risk assessment done across the Group
- Global training seminar for all the compliance officers
- All RJC workbooks filled in by each entity
- Supporting documents uploaded on the CSR extranet
- Identification and addressing of minor non-conformances in advance and inform the global CSR compliance department
- Preparation of corrective actions and implementation of these actions within an agreed timeframe
- Relevant information assembled to enable external auditors to work efficiently

STEPS TO CERTIFICATION



⁵¹ Rosy Blue can apply for RJC certification once the auditor is accredited

LESSONS LEARNED

We are all responsible for our actions!

All players from mining to retail including the gold chain therefore are dependent on the proper understanding of the issues surrounding CSR and the supply chain within each economy, and on the willingness of government and industry participants to voluntarily work towards complete adherence to widely accepted standards such as the BPP and going forward the RJC.

Implementing standards takes time! It is an ongoing process!

We are striving for continuous improvement, and we want to achieve a feedback-controlled management cycle that not only keeps the implementation alive but also constantly renews itself by listening to the feedback of all our stakeholders.

The main challenge for the Rosy Blue compliance team is to improve our reporting system in CSR data management. All levels of management top down and bottom up are charged with bringing standards to life: walk the talk! This is a process that takes time.

Managing the contractors in the diamond industry will be a major challenge: step by step we all need to prepare a roadmap to compliance!

Rosy Blue has had its first audit of a majority contractor in 2009. All players throughout the supply chain need to take steps to ensure that the contractors conduct themselves in a socially responsible manner. We need to help them understand the importance and prepare toolkits to implement CSR practices within their organization. Big businesses should inspire smaller businesses and their supply chains to measure their own CSR performance.

Clear communication and training is essential to make the project a success.

Many different topics from human rights to product integrity, need to be explained and understood. It is critical to identify which topics need more information and communication. The toolkits need to be simplified and adjusted to the different environments (production, sales offices, jewelry store...). The messages should be consistent and focus on the priorities of each target audience of the supply chain. But overall everyone needs to understand the bigger picture of a circle of trust from mining to retail and each one's responsibility and accountability within that supply chain.

There is a huge opportunity for companies to develop ethical brands that consumers can trust!

Transparency and dialogue can help to make a business more trustworthy and enhance the standards of other organizations at the same time. We believe in growth for CSR in our Industry: companies will increasingly evolve to see CSR as a responsibility rather than a burden. If you see how RJC that is a member of UN Global Compact has evolved from 80 members in 2009 to over 225 in 2010, the message is clear: we are all committed to go forward!

We can jointly contribute to a solution by continuing to work together, enacting laws domestically and implementing and enforcing codes internationally that will ensure that those employing unfair CSR practices are penalized while those employing fair practices are rewarded. We can also encourage others to do so and contribute to international initiatives in meaningful and effective ways. In the end, all of the players from mining to retail including the gold chain need to confront and correct questionable business practices. Only then will the benefit be felt by those who need it most.

IMPACT

Reinforce consumer confidence in the jewellery supply chain by advancing and sharing responsible business practices throughout the industry in preparation for application to RJC Certification.

- Close cooperation with key supplier De Beers on compliance learning exercise
- More focused involvement from the local compliance officers with extra parameters in reporting as a result of the pilot project
- Adjusted and revised CSR strategy in preparation for RJC certification
- More focus on integration of all the current standards to avoid duplication and to contribute to more efficient CSR best practices
- Shared practices with the industry and other key stakeholders
- Participation in a local supply chain management Workgroup in Belgium across industries where best practices are shared⁵². Interesting to know is that we used the BSR/UN Global Compact Supply Chain Sustainability Guidance Draft to explain and share practices across the different industries; we also presented the RJC system to discuss with other CSR Executives in Belgium.

⁵² www.businessandsociety.be

11 CSR in Action

11.1

Business Partners

“

We embrace the challenge of raising standards in the supply chain. It is an ongoing process and collaboration is vital to our programme’s success. While assessing conformance is essential, our goal is long-lasting change.

Mr. Rihen Mehta—Group Associate

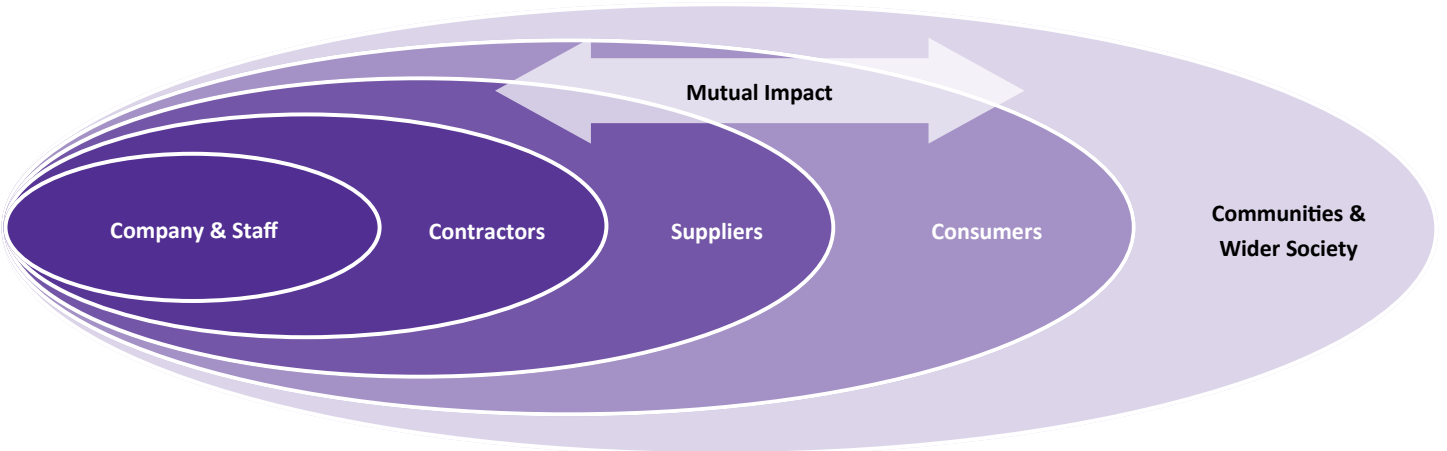
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OUR COMMITMENT

We are committed to making sure that all Rosy Blue products can be sourced, manufactured and sold in an environmentally and socially responsible manner.

OUR SPHERE OF IMPACT

Our business does not exist in isolation. We have an impact on our people, suppliers, contractors, customers and the local community where we operate. We believe CSR is about understanding our business impact on the wider world. It means taking a responsible attitude, going beyond the minimum legal requirements and following straightforward principles wherever we operate.



OUR APPROACH TO SUPPLY CHAIN RESPONSIBILITY

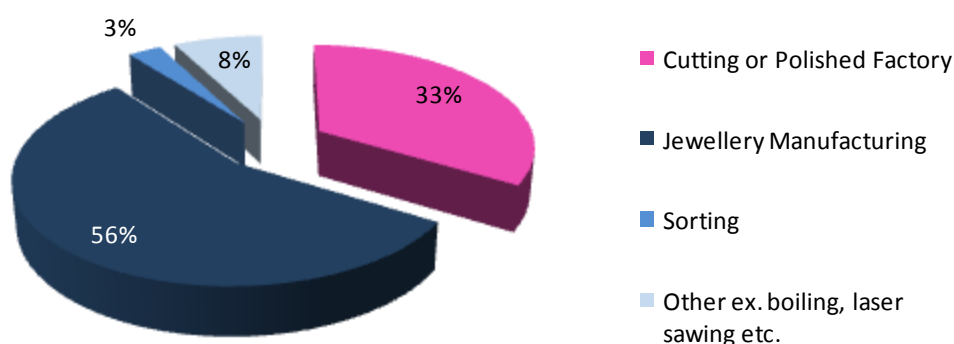
Our main priorities are the majority contractors and in a second phase of our implementation process the minority contractors.

Rosy Blue has 5 majority contractors and 100 minority contractors.

Majority contractor: one that generates 75% or more of the revenues from one Sightholder entity

Minority contractor: one that generates less than 75% of the revenues from one Sightholder entity

CONTRACTOR ACTIVITIES



The company's contractors guiding principles are organised around five pillars:

HUMAN RIGHTS

- No abuse of human rights
- No involvement of child labour (below 15 years of age) or forced labour
- No trade in conflict diamonds

LABOUR AND HEALTH & SAFETY

- Payment of minimum wages
- No willful or negligent acts or omissions resulting in serious injuries or death

PRODUCT INTEGRITY

- Disclosure of all information on diamonds (e.g. synthetics, treated, stimulants)

ANTI-BRIBERY AND CORRUPTION

- No involvement in corruption or bribery activities
- No involvement in money laundering or the financing of terrorism

ENVIRONMENT

- No actions causing a significant adverse effect to the environment
- No actions bringing the Diamond industry's supply chain from mining to retail into disrepute.

RAISING STANDARDS THROUGH COLLABORATION

Since we joined the BPP Programme of De Beers in 2005, we have also participated in the BPP Contractors Programme initiated in 2008: a special programme focused on continual improvement in contractors' facilities.

A distinction is made between minority and majority contractors.

Based on the impact of the contractor on our operations, we work with the contractors following a four-phase process:

- In phase one, Rosy Blue's majority contractors conduct a self assessment by filling in a contractors workbook that help them to understand, prioritize and address specific risks.
- The second phase is a desk top review of these self assessment contractors' workbooks by SGS.
- The third phase is validation and improvement through onsite audits.
- In the fourth phase, we address needs for contractor's capability building (including the minority contractors) and education and implement programmes designed for continual improvement.

HIGHLIGHTS IN 2009

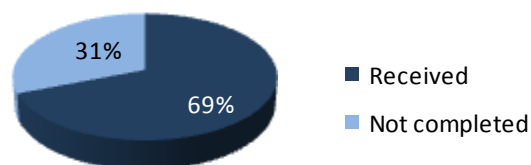
PROMOTING TRANSPARENCY IN THE SUPPLY CHAIN

We believe that transparency gains trust, which improves the effectiveness of our supply chain work.

In 2009 Rosy Blue has engaged all the majority contractors in this desk top review process and conducted two on site audits in Israel and India.

Rosy Blue has sent the Guiding Principles to all the minority contractors in 2009 and requested a formal undertaking.

FORMAL UNDERTAKING MINORITY CONTRACTORS



GOING FORWARD

WORKING FOR ROSY BLUE WIDE IMPROVEMENTS

The next step will be to include the supply chain management principles in the contractors' agreements and to evaluate the minority contractors. When a minority contractor is not in compliance, we will take appropriate action on a case-by-case basis, and work with them to correct deficiencies, conduct follow-up audits, and, if appropriate, terminate relationships.

WORKING FOR INDUSTRY WIDE IMPROVEMENTS

We believe that the most effective way to bring about lasting social and environmental improvements in the supply chain is to collaborate with other companies in our industry to create common standards and audit procedures. As such, we have worked as an active member of RJC since 2005 at Board and Committee level. Rosy Blue is working with over 225 companies throughout the supply chain to drive this industry mechanism. Our application for RJC certification clearly reflects this commitment.

ADDRESSING NEW CHALLENGES IN MATERIALS SOURCING

We continue to face new challenges in our supply chain and are committed to addressing them. We will develop a sustainable procurement policy and establish a framework on all non diamond purchasing across the Group. A special taskforce will be appointed.

Engaging with all business partners for long-term success

INTERVIEW WITH PAUL HOTZ & ALLAN LEIBLER

In 2009 you had your first Contractors Audit? How did you manage this process?

We have found it important to go beyond assessment and actively support our contractor in developing their labor, health and safety, environmental, and ethics management capabilities.

Communication and on site regular visits were essential to clearly explain why we want to ensure compliance and how we want to help them implement best practices.

We went through all the contractors workbook questions and discussed the different areas of focus. We adjusted the contractors toolkit to a simplified document taking into consideration the local needs.

We also provided appropriate training for each employee, with a special focus on health and safety.

What impact did this audit had on your relationship with your contractor?

At first they thought we were interfering with their business. Over time they clearly saw the advantage of implementing policies and procedures. Now I can say it has strengthened our relationship. We are in this together with one goal: to deliver sustainable products.

For example we improved the structured reporting of the HR reports; we implemented a health & safety plan with one of their very dedicated polishers who is trained in health & safety. We organised training on different compliance topics in Hebrew by one of our own compliance managers.

How will you go forward?

We will continue to monitor and implement similar programmes where they are needed. The good thing is that they understand now why we are requesting certain data and evaluating on a quarterly basis.

Our Contractor has responded positively as well satisfied, by the positive impact on health, workplace satisfaction, and generated by the programme without disrupting production.

The result of the SGS audit was positive and no breaches were found. This was a true recognition to our contractor.





Francis Abraham
HR Manager Rosy Blue India
Member of the Corporate Affairs Committee

INTERVIEW WITH FRANCIS ABRAHAM

How was the first majority contractors audit in India?

A challenging journey. I agree with my colleague in Israel. Awareness and education is essential to make your contractors understand why we involve them and what the added value is for both of our businesses. This is a process, it does not happen overnight.

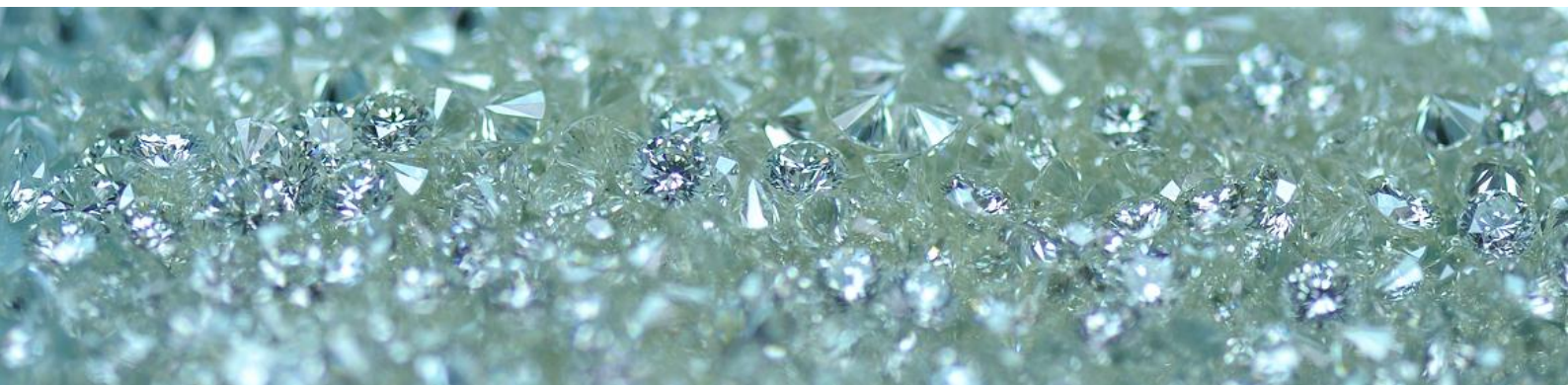
What were the results?

Based on information gathered through De Beers contractor self-assessment questionnaires, Rosy Blue used third-party auditors to conduct a detailed evaluation of our majority contractor facility which uncovered minor instances of non-compliance such as the need for a more detailed floor and evacuation plan, the establishment of a sexual harassment prevention committee and water potable tests at regular intervals. We have worked to address these findings systemically and these issues have been followed up and managed.

How will you go forward?

We will focus on improving practices at our majority contractor facility but also focus on building awareness to our minority contractors. A formal undertaking is a first step.

In 2009, we also provided a training toolkit to our contractors. We will continue to further develop training and guidance material to assist our contractors in their journey to compliance.



Workgroup Supply Chain Management across industries in Belgium



STEPS IN SUPPLY CHAIN MANAGEMENT⁵³

COMMIT

Develop the business case by understanding the external landscape and business drivers

Establish a vision and objectives for supply chain sustainability

Establish sustainability expectations for the supply chain

ASSESS

Determine the scope of initial efforts based on business priorities and environment, social and governance impacts

DEFINE and IMPLEMENT

Communicate expectations and engage with suppliers to improve performance

Ensure alignment and follow up internally

MEASURE

Track performance against goals

COMMUNICATE

Be transparent about progress and enter into dialogue and partnerships

PRACTICAL STEPS TO SUPPLY CHAIN SUSTAINABILITY FROM SUPPLIERS BURDEN TO INSPIRATION

Initiative by Business & Society Belgium

Leadership position by Umicore

Other participants include:

- Belgacom
- Ernst & Young
- ETEX Group
- ICHEC-Enterprises
- Reynaers Aluminium
- Rosy Blue Group
- Siemens
- Solvay
- UCB Pharma

Rosy Blue hosted the first working session on 30th April 2010, with guidance material from Belgacom, Solvay and Umicore.



⁵³ Source: A Practical Guide to Continuously Improving Upstream Impacts by Applying the Global Compact Principles (draft 19 April 2010)

OBJECTIVES WORKGROUP

- To set up a framework based on the best practices of Belgian companies across industries; how to manage and improve Supply Chain Management
- To establish a step-by-step approach with practical guidelines on how to start this complex process and move forward within your business
- To align the results of this work group with the new toolkit of the UN Global Compact
- To share the results in a final seminar at the end of the year with all the CSR players in Belgium

NEXT SESSIONS WILL FOCUS ON THE FOLLOWING TOPICS

- Evaluate the business case for action
- Understand the external landscape
- Identify the highest priority supply chain issues for your company
- Evaluate risks and opportunities
- Build the internal support to move forward
- Develop policy
- Integrate throughout the procurement process
- Report externally and internally



Foster a working environment based on our shared values accountability, diverisy and Integrity

THE WAY WE GET THINGS DONE

Our employees are integral to the success of our business. Their talent, expertise and skills drive everything from how we innovate products and how we connect with customers and collaborate with our business partners.

Mr. Rihen Mehta—Group Associate

TALENT AND EXPERTISE

We believe recruiting and retaining the best people is a key competitive advantage, and we strive to create a supportive, motivating work environment where all employees can flourish.

The work behind the final product often goes unnoticed in the diamond industry. Diamond cutting is the art, skill and, increasingly, science of changing a diamond from a rough stone into a faceted gem. It requires specialized knowledge, tools, equipment, and techniques because of its extreme hardness. Each worker / employee throughout this amazing process (from manufacturing to polished sales) plays a key role and contributes to the final unique product a polished diamond or jewellery piece.

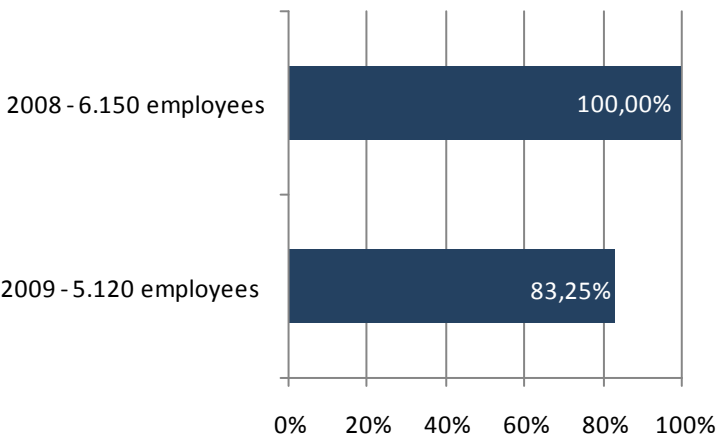
Against the backdrop of the difficult economic developments in the past 18 months, we needed to adjust our strategic model as economic and business conditions change. During 2008, we began a restructuring exercise that adapted our workforce throughout 2009. The restructuring is managed in a responsible way and in line with the applicable legislation. In total we reduced our workforce by 16,75%.

In Sri Lanka for instance, the company was forced to consider rationalizing the workforce due to the fact that there was a reduced availability of rough and increased competition from other polishing centres which could produce goods at more competitive rates.

The Management decided to offer a better retrenchment package beyond the legal requirements.

Rosy Blue Sri Lanka managed to reduce the workforce, while still maintaining a peaceful working environment, resulting in greater job security for the remaining persons.

REORGANISATION WORKFORCE ACROSS THE GROUP





ETHICAL STANDARDS

CODE OF CONDUCT AND POLICY IMPLEMENTATION

Rosy Blue has created a “Code of Business Conduct”⁵⁴, which is an outline of the ethical standards.

Operating with a strong sense of integrity is critical to maintaining trust and credibility with all our key stakeholders.

Employees are expected to be accountable for their actions and we expect all our people to implement this Code on a daily basis. Our success depends on our integrity with each other, our customers and our many business partners.

POLICY FRAMEWORK

We realize the need for a policy framework. We have standardized different policies on the relevant compliance areas. Our policies apply globally and reflect our commitment to fair treatment of all employees wherever we operate. At a minimum, we comply with local laws, but our own policies often set a more demanding standard.

This is an ongoing process of continuous follow-up. Our focus is to streamline all policies and procedures across the Group while respecting the diverse cultures and legal practices of the specific countries.

In 2009 we revised certain clauses in the policies as follow-up on the pilot project of RJC.

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

ROSY BLUE GROUP CODE OF CONDUCT

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



OVERVIEW POLICIES

1. BUSINESS	2. SOCIAL	3. ENVIRONMENTAL
<ul style="list-style-type: none"> ▪ Anti Money Laundering Policy ▪ Anti Corruption Policy ▪ Kimberley Process and System of Warranties Policy ▪ Product Integrity and Disclosure Policy 	<ul style="list-style-type: none"> ▪ Employment Policy ▪ Health and Safety Policy ▪ Non-discrimination Policy ▪ Child Labour Policy ▪ Forced Labour Policy ▪ Monitoring Policy ▪ Human Rights Policy ▪ Open communication policy 	<ul style="list-style-type: none"> ▪ Best environmental Practice Policy ▪ Sustainable Development Policy

⁵⁴ modified in 2009



DIVERSITY

Globalization has accelerated and reinforced the need to embrace diversity and inclusion. Managing a diverse work force is increasingly recognized as a key factor in improving efficiency, productivity, and overall business success.

Diversity for Rosy Blue is a fact. With a large global employee base across 14 countries, we have a diversified workforce with different races, gender, backgrounds, ethnicities, religions, ages, disabilities, sexual orientation, beliefs and cultures.

Diversity in the workplace includes embracing all differences that define each of us as unique individuals. Rosy Blue embraces an inclusive work environment – where open communication and honest dialogue exist and the contributions of all employees are valued; where equal opportunity and non-discrimination are held in high esteem.

By valuing diversity, both individuals and organisations are better equipped to meet the challenges presented by global competition.

CELEBRATING 50 YEARS OF DIVERSITY

At the occasion of the 50th Anniversary of Rosy Blue, the CEO Baron Dilip Mehta wrote a letter to all staff reinforcing the core values (ACCOUNTABILITY—DIVERSITY—INTEGRITY) of the company and our commitment to the 10 Principles of the United Nations Global Compact.

Since 1960 Rosy Blue has been in an evolutionary CSR journey that underscores the company's commitment to an inclusive work environment where people's ideas and contributions are welcome - regardless of where they come from, what they look like or what personal beliefs they hold.

We expect and require every employee to treat each other with dignity, respect and courtesy. We do not under any circumstances tolerate discrimination or harassment based on factors such as race, age, sex, national origin, disability, gender identity expression or sexual orientation. We comply with diversity laws as basic minimum requirements, and our policies often set a higher standard.

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We respect the unique differences and similarities of our employees, we believe in an inclusive workforce where everyone can equally succeed.

Mr. Harshad Mehta—Group Associate

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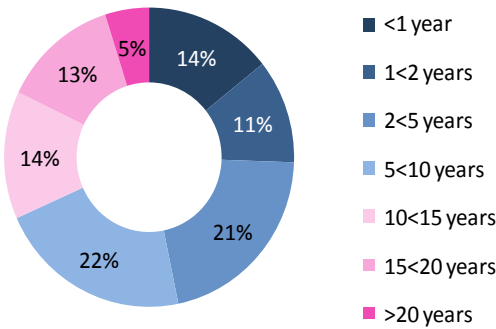


As a multi-cultural organisation with 28 nationalities, Rosy Blue embraces human differences and harnesses its power to create a competitive edge. These continued actions and experiences have shaped Rosy Blue into a positive business environment where people like to work.

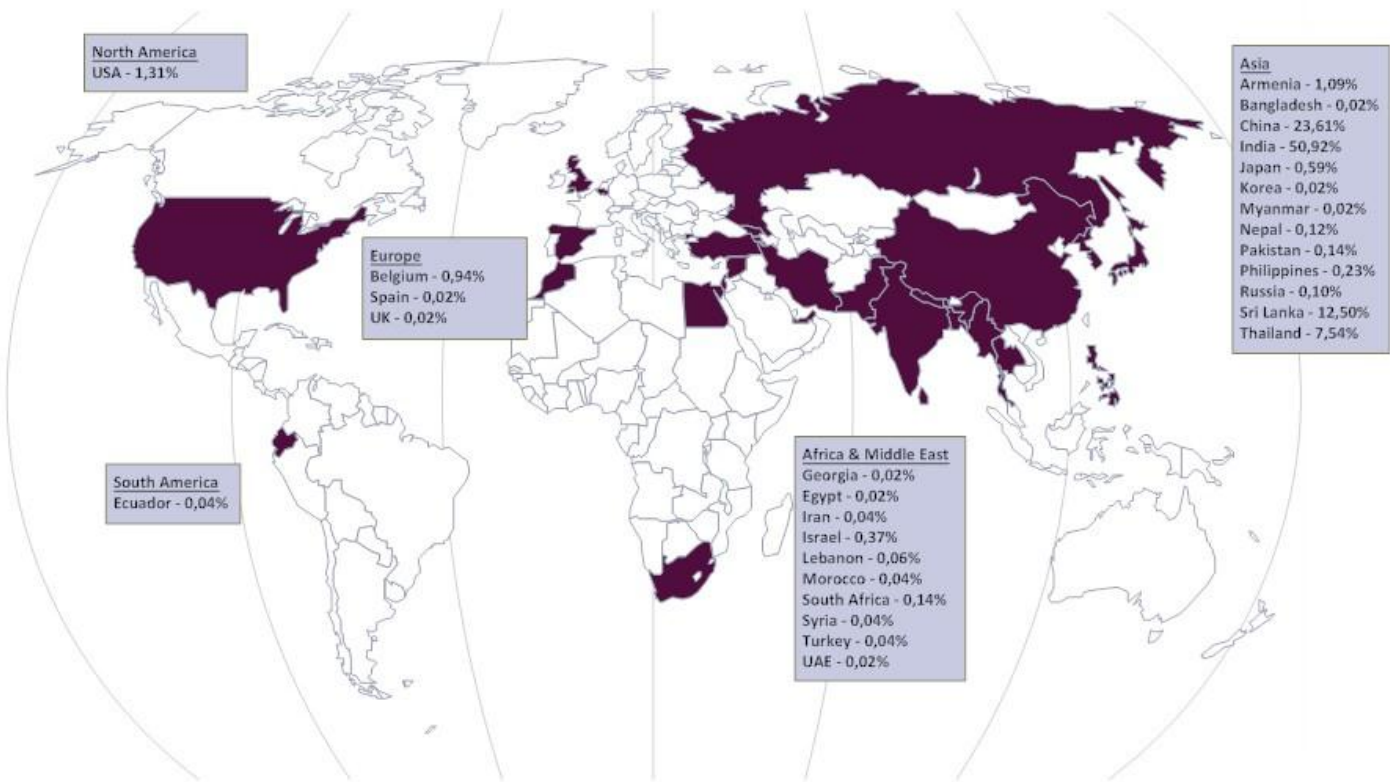
Our workforce comprises of people of diverse ages, capabilities, cultures, ethnicities and experiences and promotes creativity and innovation. We believe it is also key to understanding and reflecting the values and demographics of our customers, and vital to create a dynamic working environment.

We measure employee loyalty and diversity of our global workforce.

EMPLOYEE LOYALTY @ ROSYBLUE



DIVERSITY WITHIN THE GROUP



With 28 nationalities across the globe,
Rosy Blue truly embraces diversity



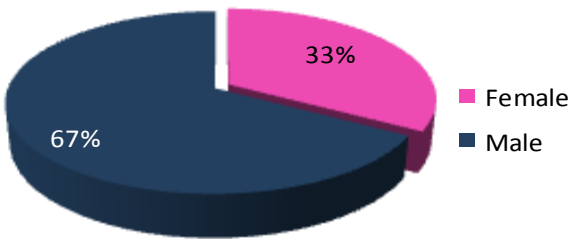
IMPACT

We have a balanced workforce in employment type: white and blue collar. Most of our jobs are in diamond and jewellery manufacturing in Asia.

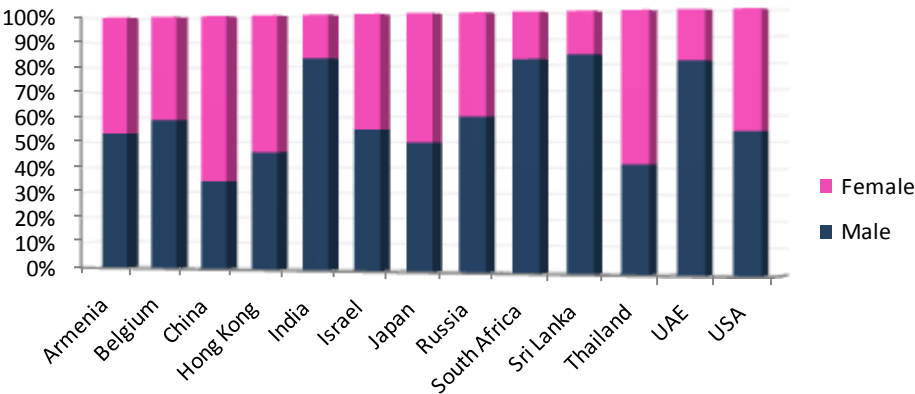
The traditional nature of our industry is reflected in the high proportion of males employed, particularly in manufacturing operations, while women represent 33% of the total workforce.

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

GROUP MALE/FEMALE DIVERSIFICATION



MALE/FEMALE DIVERSIFICATION PER REGION





DIALOGUE AND OPEN COMMUNICATION

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

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

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

We encourage employees to speak up. Employees worldwide can report suspected discrimination or harassment by contacting their local employee relations representative or CSR compliance officer at local or global level.

On May 4th 2010 the Quarterly Sparkle was introduced on a global basis. This internal newsflash is published every 3 months.

TALENT AND EXPERTISE@ROSYBLUE

Sparkling Team - We proudly present the Antwerp polishing team

"Our employees are integral to the success of our business. Their talent, expertise and skills drive everything from how we innovate products and how we connect with customers and collaborate with our business partners". Samir Parikh—Responsible Manufacturing ZCT+



Samir Parikh

"We believe recruiting and retaining the best people is a key competitive advantage, and we strive to create a supportive, motivating work environment where all employees can flourish."

Amit Bhansali—COO Rosy Blue NV



Ludo Denies

The work behind the final product often goes unnoticed in the diamond industry. Diamond cutting is the art, skill and, increasingly, science of changing a diamond from a rough stone into a faceted gem. Cutting diamond requires specialized knowledge, tools, equipment, and techniques because of its extreme hardness. Each worker or employee throughout this amazing process from manufacturing to polished sales plays a key role and contributes to the final unique product—a polished diamond or jewelry piece.

In this first edition we would like to recognize the excellent work of our small but very dedicated team in Antwerp.



Willy Hens



Tom Peeters



Tony Van Praag



Theo Martens



Marc Van den Eynde



Wim Hermans



Johan Biesmans



Felix Verbeeck

Message from the CEO - Happy Birthday Rosy Blue - Celebrating Indo-Belgian relationship - Sparkling entity in Sri Lanka - Sparkling polishers in Antwerp - About our Commitment to CSR

THE QUARTERLY SPARKLE

1st Issue- 4 May 2010

Message from the CEO

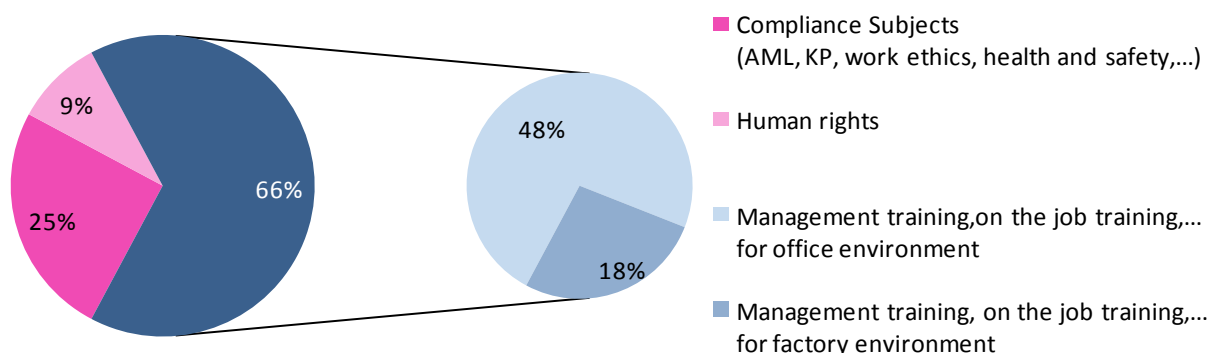
CELEBRATING THE 50th ANNIVERSARY OF THE ROSY BLUE



TRAINING AND DEVELOPMENT

The Rosy Blue Academy: a common training framework in place on our CSR extranet.

This web site offers training manuals and relevant legislative overviews on the different compliance areas: business, social and environmental practices. We have been developing our extranet to make it a comprehensive and useful resource easily accessible to all our compliance officers.



TAKING ACTION

In September 2009 the Group Partners invested in a second two-day Global Compliance Seminar in Mumbai for all the local compliance officers across the Group.

Objectives of the CSR seminar:

- To reconfirm our commitment to UN Global Compact Principles across our business and how to integrate the best practices CSR across the Group
- To explain the framework of implementation of the Code Of Practices of the Responsible Jewellery Council across our operations and the impact on our core processes and procedures
- To inform and discuss the framework for CSR going forward in preparation for the RJC pilot project and the integration of the other initiatives—how to avoid duplication in reporting?
- Follow up on how to meet our CSR objectives and how to work more closely and efficiently with a focus on improved reporting on the extranet



RESULTS OF THE GLOBAL CSR SEMINAR

OUR COMMITMENT TO COMPLIANCE

Rosy Blue made a voluntary commitment to the United Nations Global Compact (UNGC) and its ten principles, the RJC, BPP,... These commitments mean that we measure and monitor progress on a continuous basis. The fact that in a year of extreme cost cutting measurements, we received a budget to organise this training shows the strong commitment of the CEO and Group Partners.

RISK ANALYSIS DEVELOPED AND DISCUSSED

During the seminar the CSR risk Analysis (prepared by each Management team in preparation of the seminar) was reviewed. The team discussed how to move forward and continuously improve CSR practices across the operations. Different Issues included areas such as, gifts, hospitality and expenses; respecting human rights – use of security forces; business relations and value chain – covering suppliers and contractors, legislation and voluntary commitments on different initiatives.

IMPROVED REPORTING

This seminar has improved the reporting quality. Our expert in desktop review reporting clearly explained the guidelines and prepared a new practical toolkit how to work on the extranet.

A SUB WORKGROUP ON HEALTH AND SAFETY WAS ESTABLISHED

Mr. Palitha Jayasekera—Member of the CSR Committee—shared information on Rosy Blue's actions in the area of the use of chemicals across our business operations and developed guidance material on health and safety risks on the work floor.

TAKING THE MOMENTUM OF THE SEMINAR IN PREPARATION FOR THE RJC APPLICATION

The RJC pilot project in December 2009 was a successful learning experience for all parties involved. We would like to apply for RJC certification as soon as the auditors are accredited. We indeed have to see how we will score in the different areas but we have prepared ourselves intensively for this important milestone for our company.

BUILDING AN INTERNAL DEDICATED TEAM OF EXPERTISE ACROSS THE GROUP

All the compliance officers have aligned more closely with the internal CSR compliance model and more effectively address risk. Reporting research and best practice reviews show much more involvement and input from the local compliance officers. This allows the global corporate affairs department in Antwerp to provide more customized and comprehensive reporting on the extranet.

WHAT NEXT?

The CSR Training Programme will be taken forward with contractors and other business partners. Rosy Blue recognizes that it will need to support the business partners with training and capacity building so they can implement the RJC Programme.

We will continue to monitor the registration and timing of all the trainings managed in all entities. A special training project was developed in Dubai in preparation of the RJC Pilot Project.

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

We will continue to commit resources to training and to develop our employees throughout the organisation.



Rosy Blue strives to create workplaces where human rights are respected and equal employment opportunities allow individuals to make the most of their capabilities

INTERVIEW WITH ZAHARA SAMAR EL-BINI—Receptionist Antwerp

Samar has been working for Rosy Blue Antwerp since April 2008. Together with her colleague Helena Van Landeghem, she manages the reception at Rosy Blue.

Since when were you diagnosed with Multiple Sclerosis?

I was diagnosed with Multiple Sclerosis in January 1993. I was 27 years and I had just given birth to my son. MS is an autoimmune disease which affects the nerves of the brain and spinal cord. When an attack occurs it will leave a scar around the tissue of a nerve affected. That nerve will not be able to send signals towards a specific part of the body, so that part becomes disabled. It is a silent progressing disease and thanks to cortisone and other medications, the illness can be treated, this way it will not progress too fast. There is no cure yet, but the medical world is getting there, hopefully in the future there will be one.

What impact does this have on your personal and professional life?

In my personal life, it has a lot of effect on me, my children and my family. It is very hard to always feel very tired even though I have had a good night of sleep. Sometimes I am not able to do anything around the house, which frustrates me. But I always push myself to go further, as I do not give up. My professional life has also been affected as I have to work less hours due to the progress of MS. My intention is to keep on working as long as my body allows me to.

How can you find the right balance?

That is the problem with this illness, it is unpredictable. There are times when I really feel great and that I nearly forget I am ill; but many times I get an unexpected fallback. I am a very dynamic personality. It then frustrates me that I cannot come to work and also cannot manage my household.

Thanks to the Management of Rosy Blue and their flexible working regime, I found a balance between managing my job, my personal life and my illness. I work part time which allows me to arrange my private issues in the morning e.g. going to the doctor. If I am ill for a couple of days, my colleague Helena who works full time is there to manage the reception.



Are your colleagues supportive?

Yes, they are supportive and helpful. It is thanks to their flexibility and respect that I can work. My work motivates me also in 'fighting' against my illness. It feels good to be around people and contribute to a successful company.

What lessons have life taught you?

Life has taught me to accept what comes along and to move forward. Life has taught me to respect diversity and never judge. This is so great about working here. We have so many different nationalities and religious backgrounds; this multicultural flavour adds value to doing your work.

Another important point is to never give up. Life is what you make of it for yourself and for others. As long as I can make people laugh and be cheerful, life is worthwhile.



Embracing, respecting, honoring, recognizing and leveraging our differences to build a better community, workplace and world.

RECRUITING AND INTEGRATING DISABLED INDIVIDUALS IN THE WORKPLACE

Lanka Diamond Polishing LTD: Diamond Manufacturing operations

Background:

A highly significant element of the diversity debate – often overlooked – is recruiting and integrating disabled individuals in the work place. Until very recently disability was the forgotten dimension of human rights and unacknowledged as a subject for a right to equality.

How would you describe the role of CSR in your company?

Rosy Blue Sri Lanka has always been actively involved in local community projects and made a lot of contributions to the community through its philanthropic actions such as supporting the village blood donation camp, serving meals to blind, voluntary work from staff,...

But the company has made an even bigger contribution to the local community by indiscriminately employing 4 people with disabilities. What makes this application even more interesting is that it was done with firm conviction for equality, as opposed to simple compliance with the law.

How would you describe the culture within RB Sri-Lanka?

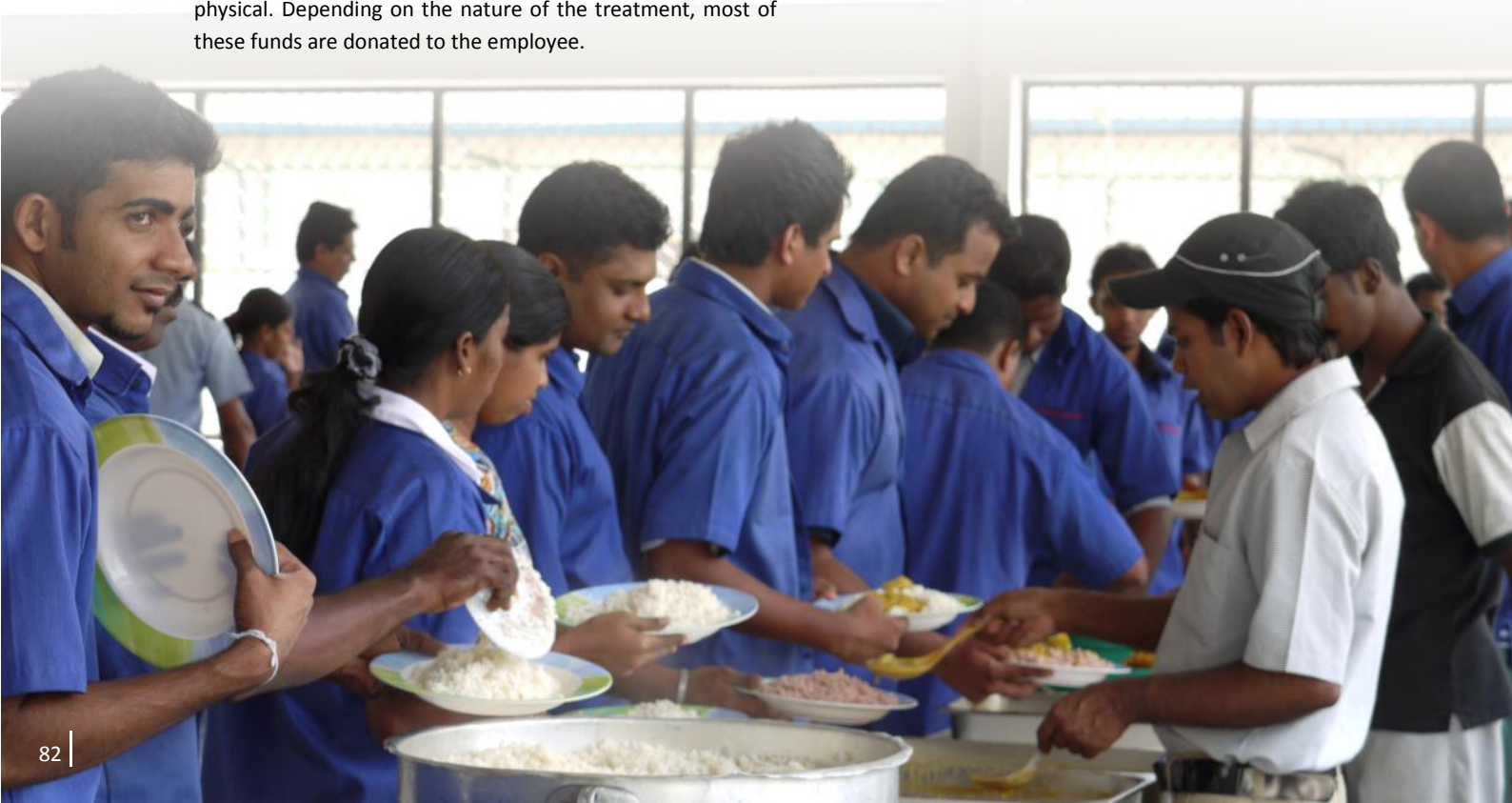
Rosy Blue Sri Lanka boasts a family culture where employees help each other and where most individuals are socially connected. They have made their workplace their home and their extended family. Traditionally, the company has always paid for its employees' recovery in the case of their absence due to illnesses or any form of treatment; psychological or physical. Depending on the nature of the treatment, most of these funds are donated to the employee.



What has been the focus of your Diversity Programme?

Since 2000 we recruited from the School for Disabled, established in Seeduwa area. At the factory, 4 disabled employees (deaf and mute) work alongside their non-disabled colleagues without any needs for adjustment in their working environment or working practices. They work at the bottom press pot plating and scaif reconditioning department.

This is quite an important point as many organisations feel a lot of adjustments need to be made to the workplace, in order to enable them to work effectively.



How are you rewarding them?

We reward performance and promote people according to their capacities. If any of our employees, whether disabled or not, is capable of performing other duties, we'd be very happy to give them that role, if available'. Furthermore, according to the company, no distinction is made regarding compensation of employees that have or do not have a certain disability. They earn a competitive salary. This indeed constitutes an effective element of Corporate Social Responsibility (CSR), which incorporates a wide range of themes including ethical practices, compliance with legal requirements, corporate community involvement, etc.

What impact does this have on the employee?

The disabled employees are able to manage their work and personal lives as they are earning a competitive wage. They feel recognized, respected and integrated in society. That is a Universal Right!

What are the benefits for Rosy Blue?

- It improves the workplace's diversity – it clearly helps in creating more awareness on the topic throughout our organisation
- It enhances our core values: accountability—diversity—integrity
- It enhances our business—community relations. Our workers all live close to the factory and this best practice contributes to a more sustainable community
- The dedication and commitment from our disabled employees has resulted in reduced absenteeism and higher attendance records for all staff members.
- Improved financial returns in the long run resulting from possible tax returns, and from savings that are brought about in return for having happy, productive and motivated employees



Integrating SA 8000 and other voluntary initiatives as a tool to implement the UN Global Compact Principles

Rosy Blue Diamond Co., Ltd. in Thailand

Initiatives (Group): UN Global Compact (June 2008); Member of the Responsible Jewellery Council (2005); DeBeers Best Practice Principles (2005)

Certifications: ISO 9001 (2003); SA8000 (May 2006); TLS 8001.2546 (2007); SA8000 (updated version 2008); ISO9001 (updated version 2008)

INTERVIEW WITH PALITHA JAYASEKERA—FACTORY MANAGER



Palitha Jayasekera—Factory Manager
Member of the Corporate Affairs Committee

Why did the Management decide to apply for certification SA 8000 in 2006?

As Rosy Blue expanded its operations around the world, it wanted to ensure that high standards of business conducts would be observed in all countries where the company is present. One such challenging environment is Thailand, where concerns about underage workers and work conditions are common. Rosy Blue Diamond Co., Ltd. was established in Phitsanulok, Thailand in 1989 as part of the Rosy Blue Group. It operates a diamond cutting plant focused on diamond manufacturing for export to Belgium. The company has placed particular emphasis on making this state-of-the-art facility excel in upholding social responsibility standards.

The work of diamond cutting and polishing is a highly skilled craft. Thus worker retention and training are key parts of high quality products, strong customer relationships, and sustainable operations. Those considerations contributed to Rosy Blue’s decision to apply for certification in its manufacturing facility in Thailand to SA8000, with results making it the only certified SA 8000 diamond plant in the world.

You are also certified ISO 9001:2000, you adhere to other voluntary initiatives. How do they contribute?

Indeed Rosy Blue is also the first diamond cutting company in Thailand to receive ISO 9001:2000 certification. The company uses a number of standards as well to ensure health and safety of its workers and community responsibility. Like the entire Rosy Blue Group, it adopted the De Beers Best Practice Principles in 2005. Since 2005 we are also actively involved in the Responsible Jewellery Council.



We utilize the national Thai labor standard (TLS8001.2546) to which we were certified in 2007. In 2008 we became member of the UN Global Compact which clearly reconfirmed our commitment to CSR. The UNGC philosophy is very much aligned with our core values and what we stand for. This membership required minor tweaks rather than major changes. All these different initiatives lead to a sustainable business model.

What are the synergies between SA 8000 and UN Global Compact?

It helped us do what we were already doing better and it helped uplift the image of the industry globally. Among the direct synergies between the UNGC and SA8000 in Rosy Blue Thailand have been better monitoring wages and hours, and being able to see and analyze in a more structured way how all the UNGC elements are currently covered in the company's daily operations.

Discussing synergies between SA8000 and the labor principles of the UNGC, we can also note that elements of SA8000 such as rules against child labor, forced labor, and rules on health and safety are reflected in the UNGC and reinforce each other. We have improved our monitoring, for example, health and safety, work-related accidents, any occurrences of discrimination, working hours standards, remuneration and minimum wage, so there are a lot of synergies.

In general we feel we enjoyed real benefits from more contented employees and we also notice that the awareness of compliance issues has gone up throughout the organisation.

What were your key results in 2009?

- Zero accidents in 6 million working hours—an award from the Thai Ministry of Labor
- Best factory—winner of the National Occupation Safety and Health Award
- Outstanding establishment for 5 consecutive years achievement on labor relations and welfare—another award from the Thai Ministry of Labor
- AIDS Standard Organisation's recognition for best management practices—awarded by the Thailand Business Coalition on AIDS (TBCA)

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.

KEY BENEFITS OF UNGC AND SA8000 PARTICIPATION

- Making implementation of standards more systematic
- Bringing global best practices into diverse workplace contexts
- Enhancing environmental awareness and “green” business conduct
- Improving corporate and industry reputation



Benefits from diversity

INTERVIEW WITH MURTUZA OFFICEWALA & SIVAKUMAR GINKALA—Compliance team Dubai

How would you define diversity within your entity?

We define diversity within our entity in terms of our cultural integration. Our team includes 16 different backgrounds from across India (Gujarat, Mumbai, Kolkata, Jharkhand, Kerala, Andhra Pradesh, Tamil Nadu, Delhi, and Karnataka), Sri Lanka, Syria, Lebanon, Egypt, Philippines, Turkey etc. With an increasing strength of employees from different nationalities our entity clearly implements diversity.

For example – Our diamond division is a multi cultural team including Lebanese, Indians, Syrians and Egyptians.

What are the main benefits in your opinion resulting from diversity?

- Adaptability and innovation. Having a diverse workforce means that our company is able to easily adapt to changes.
- Increased engagement and understanding of customers and suppliers. Our diverse workforce understands our customer needs and suppliers issues which lead to more engagement and ultimately, better performance.
- In general diversity provides new direction and innovation towards business as a whole. Since we are a global business it is good to have a global orientation within our company, by having different employees bring in their expertise in business from their country of origin.



Murtuza Officewala—Compliance Manager



Sivakumar Ginkala—Compliance Officer

How do you manage such a multicultural and diverse working environment? Can you give some guidelines?

We run our business in an open and transparent manner that involves staff and treats them with fairness. This is important in retaining and attracting the right kind of staff.

Equality and diversity issues will only increase in the future. Being prepared and knowing how to adapt and embrace a changing workforce is important.

Our compliance team plays an important role in ensuring these issues are considered. Specifically, to monitor policies are in place and that those policies are implemented and reported. We have organised different training sessions on business conduct to explain to our people how to work together with respect to our core values: accountability – diversity – integrity.



Women Empowerment in and outside the workplace

INTERVIEW WITH SUBHASH MATHUR—Factory Manager and Compliance Manager in India

WOMEN EMPOWERMENT PRINCIPLES

EQUALITY MEANS BUSINESS

The Women's Empowerment Principles are a set of Principles for business, offering guidance on how to empower women in the workplace, marketplace and community. They are the result of collaboration between the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Compact. The development of the Principles included an international multi-stakeholder consultation process, which was launched in March 2009.

OUR COMMITMENT TO WOMEN EMPOWERMENT INSIDE THE WORKPLACE

How would you define women empowerment in your entity? Do you have initiatives that you support also outside your organisation that contribute to women empowerment?

To understand the concept of women empowerment in our entity, it is important to understand the cultural background and the community where our factory is located. Originally at our factory in Pithampur women were not encouraged to work outside their homes. From the start, more than 20 years ago, we have encouraged women to join the mainstream and earn an income to support their families. During the initial years, it was rather challenging task, strong efforts were made to convince the local leaders in surrounding villages to allow their female family members to join the employment system.

Today we are proud to have more than 5% women in our workforce.

How do you stimulate the concept of women empowerment in the organisation? Since when does your project of women empowerment exist? Do there exist some institutions or tools inside your organisation to support them? Do you also organise some activities?

One of the reasons for women not working in places like Pithampur is the lack of transport and day care facility for children. As most of our women employees are married and have children, we have provided all female employees transport and day care facility for their children below the age of 6 years.

It may be worth mentioning that in the entire Pithampur Industrial belt; only Rosyblue has a functional day care centre. We have a qualified medical nurse and trained staff to look after the children. The doctor, who visits the factory on a daily basis, also attends the children at the day care centre when required.

Do you also organise some activities outside the working hours to contribute to women empowerment? Work-life balance?

We engage motivational women speakers to visit nearby villages and conduct educational sessions for women especially on the subjects of family planning and sexual education awareness, health & hygiene education, financial planning and saving, self-employment guidelines, rights and responsibilities of women.

How can you measure this women empowerment in your organisation? Economic and social?

In our factory, women are represented in all the committees and sub-committees and they actively participate in all activities. In our company there is no gender bias, which is demonstrated through equal pay for equal work.

We are also proud to have different women in key positions throughout the factory.



Our commitment to women empowerment outside the workplace- Establishment of a Welfare Center at Vishwas Nagar, Pithampur, District Dhar in India since 1998.

WOMEN AND MEN, GIRLS AND BOYS ARE EQUALLY EMPOWERED TO REALIZE THEIR RIGHTS, AND IMPROVE THEIR LIVES AND THE WELLBEING OF THEIR FAMILIES, COMMUNITIES AND SOCIETIES

INTERVIEW WITH MONICA VYAS, WELFARE OFFICER FACTORY

MAIN RESPONSIBILITIES

- Managing a well-being programme for the employees and their female family members.
- Education on different well being topics focused on empowerment of women: how to start your own business programme?
- Continuous follow up on health checkup, counseling sessions to female employees and health hygiene education, such as vaccination schedule, nutrition chart, family planning
- Recruitment of trainers for different types of training provided to employees and welfare members
- Coordination with different educational institutes to provide new programmes
- Evaluation of training programmes
- Dealing with Governmental agencies to get administrative help for women to start their own business

ABOUT THE LEARN AND EARN PROGRAMME

When did this initiative start? What was the main objective?

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 better lively-hood: "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, woollen items, mehandi, traditional decoration of palm, designing temporary tattoo, parlor course, 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, personality enhancement courses, such as communication development classes, how to learn and earn sessions, saving and banking, marketing etc.

1. Establish high-level corporate leadership for gender equality
2. Treat all women and men fairly at work – respect and support human rights and nondiscrimination
3. Ensure the health, safety and well-being of all women and men workers
4. Promote education, training and professional development for women
5. Implement enterprise development, supply chain and marketing practices that empower women
6. Promote equality through community initiatives and advocacy
7. Measure and publicly report on progress to achieve gender equality

This programme inspires employees and their families to enhance their health and well-being by providing an integrated network of services



What were the main challenges of developing a centre that focuses on Women empowerment in a rural village?

Accessibility to the Centre: We offer free transport to commute to the centre, as it is important that women have mobility and can easily access the welfare centre.

Training: Of course training free of charge (including manuals) has been essential to make this Programme a success. These women have to be motivated and well qualified trainers can definitely fulfill that expectation. We have appointed one qualified trainer in charge of training the beneficiaries and depending on the different courses we change and recruit other qualified women as well to develop new course material and new programmes

Recognition: We also give them Certificates for successful completion of the courses, as we feel it is important they receive recognition for their achievements.

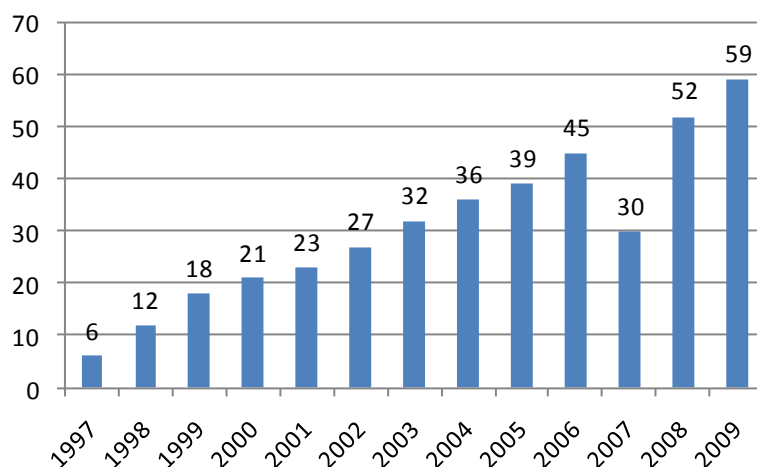
Financing projects to start a business: We have managed many interest-free finance projects. Women can start to set up their own business with the necessary assets, such as sewing machines, purchase of fabrics etc. Of course first a detailed evaluation is done on the potential of the member of the programme.

How would you evaluate the outcome of this Programme?

On average 15-20% trained female members establish their own business and earn a good living. It helps them to support the family and increase savings.

Till present we have trained approximately 400 female employees. We have maintained the attendance record, and it is increasing by 15-20% every year. We started with 6 trainees and now the regular attendance is 18-20 women on a monthly basis.

NUMBER OF PARTICIPANTS IN WELFARE PROGRAMME



MAIN ACCOMPLISHMENTS:

- Development of a variation of training programmes focused on empowering women
- Number of participants in the welfare programme has increased
- Initiated new training programme to increase education level and expertise in different areas
- Continuous health check up, counseling sessions to female employees and health hygiene education, such as vaccination schedule, nutrition chart, family planning discussion, how to cook nutritious food...
- Initiated personality enhancement courses such as communication development classes, how to learn and earn sessions, saving, banking, how to market the manufactured products
- Train the trainers: we established a programme that women can further train others

“Joining the Rosy Blue Welfare Programme changed my life completely! First I followed an intensive course on stitching in 2003 and wanted really become perfect in creating embroidery on clothes. Later on I followed extra courses on how to manage financials and my household in a balanced way. This programme gave me confidence to move forward. I did not know anything about banking and thanks to the training and continuous coaching I started my own business. I consider it to be the biggest achievement in my life. Now I have already two other women working with me closely on different programmes.”

Sawarna Lata Rajpoot has been in the Rosy Blue Welfare Programme for 7 years

Benefits of women’s participation in this welfare Programme

- Enhanced capacity of the women will realize their capabilities and fulfill their potential by strengthening primary education and training opportunities.
- Improved economic situation of the family resulted from increased production. Increased available income for family consumption, thus resulting in good nutrition and protein supplements.
- Uplifting the social status. Enhance women to achieve secure and sustainable livelihoods and increase their status and participation in various decision-making processes within the family.
- Children’s education sustained because of improved family income.

Today Sawarna is a 30 year young talented woman, mother of two girls and a boy, a manager, a motivator, and her own boss. She is married to Mr. Mehtab Singh Rajput, who has been working for us since May 1993. Just as important as the income is the feeling of pride and recognition she receives from her family and community.





“

Working for Rosy Blue adds value to my personal life and so many lives around me, every day I go to work I feel I can contribute and make a difference

Mrs. Sookruthai Karintanaka

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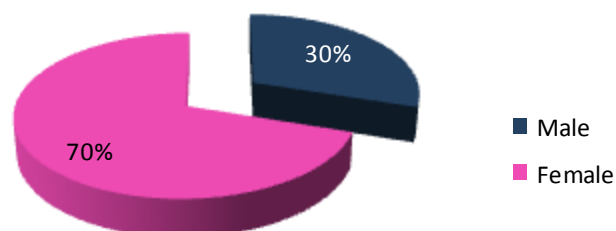
Two thirds of the employees at our factory Rosy Blue Diamond Co. Ltd.—Thailand are women who benefit from a number of family-friendly programmes.

PROFILE

Sookruthai Karintanaka, mother of a 13 year old son has been working since 1999 at Rosy Blue Diamond Co. Ltd. Originally she was responsible for Human Resources Management. Since 2007 she is actively involved on implementing the corporate compliance standards at a local level.

Her primary focus is on empowering women. She has overseen different programmes to promote empowerment. Examples include communication initiatives through a system of committees representing all workers and work-life balance programmes that reflect the gender composition. The company organises an annual “children’s day” when the children of workers can visit their parents in their workplace and learn 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.

Her management approach has allowed her to build close working relationships with the people and the communities around the factory.



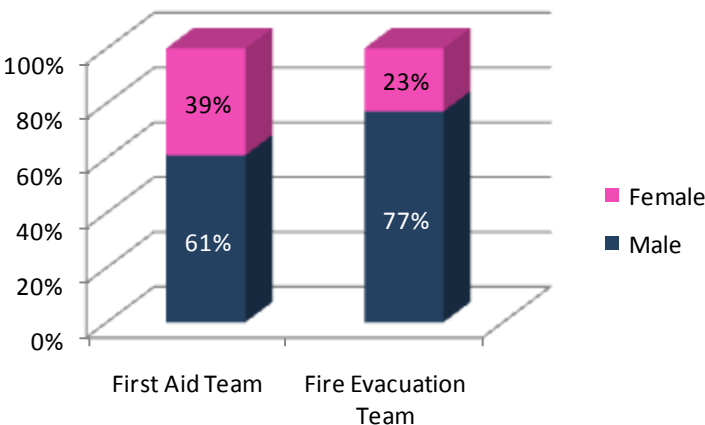
The protection of our people is a priority. Rosy Blue seeks to achieve industry best practice standards of health and safety. We want to provide the safest possible environment for our people through proactive health and safety programmes and education.

Mr. Palitha Jayasekera—Member of the Executive Management

DAILY PRIORITY

We are committed to making Rosy Blue a safe and healthy place to work. Health and safety management is a daily priority of our management. The company’s health and Safety policies have been widely disseminated and provide the guiding principles necessary to ensure that high standards are achieved at all sites around the world. They also afford a means of promoting continuous improvement based on careful risk assessment and comprehensive EHS management systems, against which all sites are audited.

MALE/FEMALE ACTIVELY INVOLVED IN FIRST AID AND FIRE EVACUATION



HEALTH AND SAFETY MONITORING

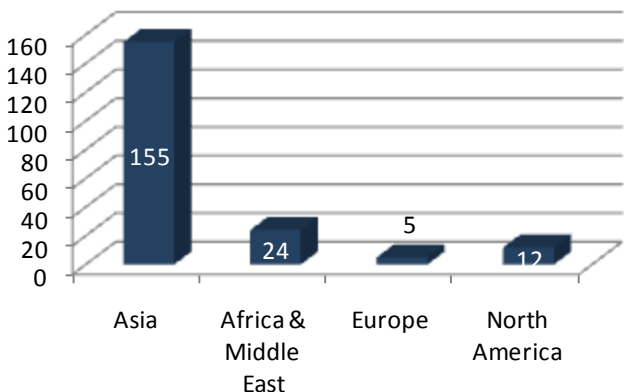
Safety results for the entire Group are closely monitored by senior management and are reported on the CSR extranet on a monthly basis.

At Rosy Blue, all operating entities have a health and safety governance process in place executive management is responsible for ensuring that company health and safety policies are fully adhered to, and that site managers and employees, supported by company safety officers, are trained in health and safety risk analysis and prevention.

Each business operates according to a policy that is compliant with the legal framework. These policies detail responsibilities throughout the operation highlighting the fact that each executive manager has nominated a health and safety manager to be responsible for health and safety performance of the entity.

In 2009, the total number of employees actively involved in health and safety worldwide is 196, this is a positive evolution of 0.5 % on the total workforce in comparison to 2008. Even though we faced a very challenging restructuring within our entities, we kept the focus on health & safety. This number represents the health and safety managers, health and safety officers and employees trained in first aid and fire evacuation. This team with expertise works together to provide a safe working environment.

ACTIVELY INVOLVED IN H&S PER REGION





HEALTH AND SAFETY MONITORING

The health and safety team conducts periodic audits to identify and correct hazards. We require employees to report injuries and accidents promptly so that the health and safety team can investigate and take corrective actions to avoid recurrence. Lessons learned are actively shared via the Group compliance team on the CSR extranet.

OUR SAFETY PERFORMANCE

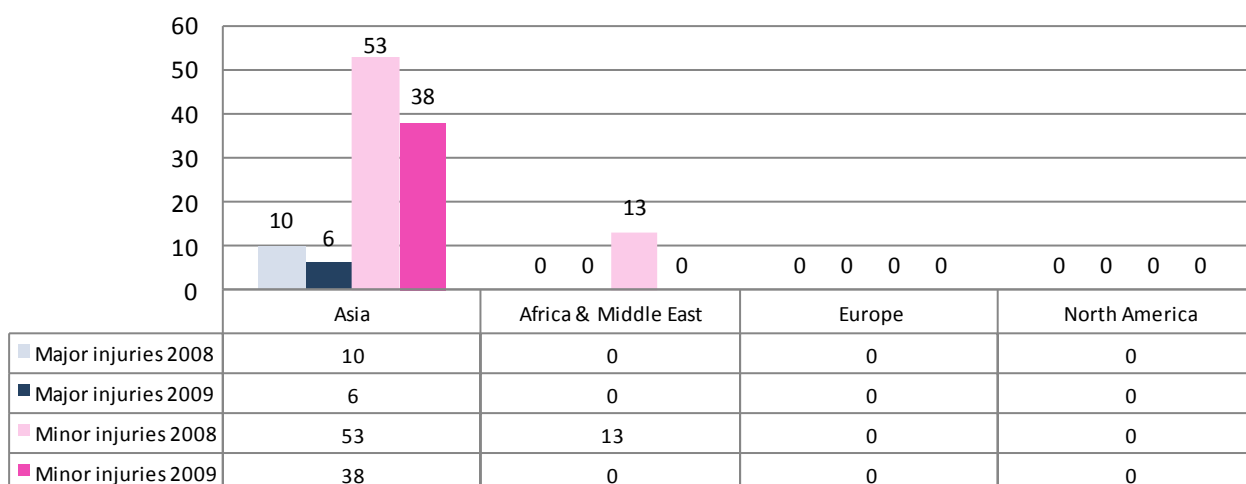
The annual review demonstrates that we have reduced our accidents from 2% to 1% of the total workforce.

Our occupational accident rates vary by activity and region. It is clear that the risks of injuries in factories are much higher than in office premises.

We have found that the most common causes of accidents are related to sawing activities in the manufacturing of diamonds. In general, the level of risk is limited due to very strong preventive measurements. Rosy Blue will continue to drive improvement in safety performance but manufacturing sites are definitely our priority.

Our goal is zero fatalities and zero accidents. We will continue to devote substantial management and employee time and all the appropriate resources to this area to progress Group performance towards those targets

NUMBER OF INJURIES 2008-2009



Major injuries: in case the employee will be more than 3 days absent for work, due to the injury, on doctor's recommendation. This is according to the law to be reported if the absence exceeds 3 days.

Minor injuries: in case the injuries can be solved on-site

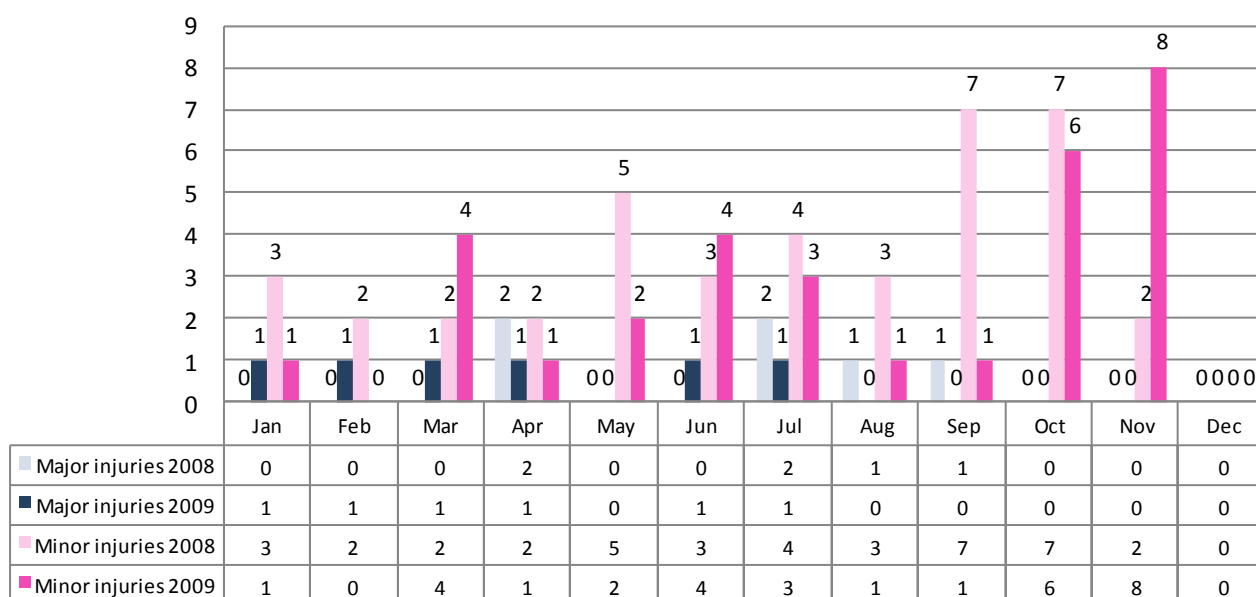


SPECIAL AWARENESS PROGRAMME IN SRI LANKA

In general there is an overall reduction of injuries across the Group by 1% on total workforce. Mid 2009, we evaluated our data on injuries and accidents. As a result of this analysis, we focused on the usage of PPE and we organised a general prevention campaign to improve awareness in our factory in Sri Lanka. Last quarter 2009 the major injuries reduced. But we noticed that the minor injuries (such as small cuts while working with machines and glasses as well as diamond powder spread to the eyes by lack of attention) increased and will thus remain an important focus. In the last three months of 2009, most of these injuries were reported in the repairs and maintenance section.

We developed a special awareness programme and trained the workers in-house. We also invited a district factory inspection engineer to inform the workers on how to avoid these kind of injuries. Importantly, the increase was disproportionate due to the fact that the factory was relocated to a brand new premise. Given the fact that a 30 year old factory had to be relocated and a lot of machinery and equipment had to be moved, these minor injuries were adequately handled.

OVERVIEW INJURIES SRI LANKA 2008-2009





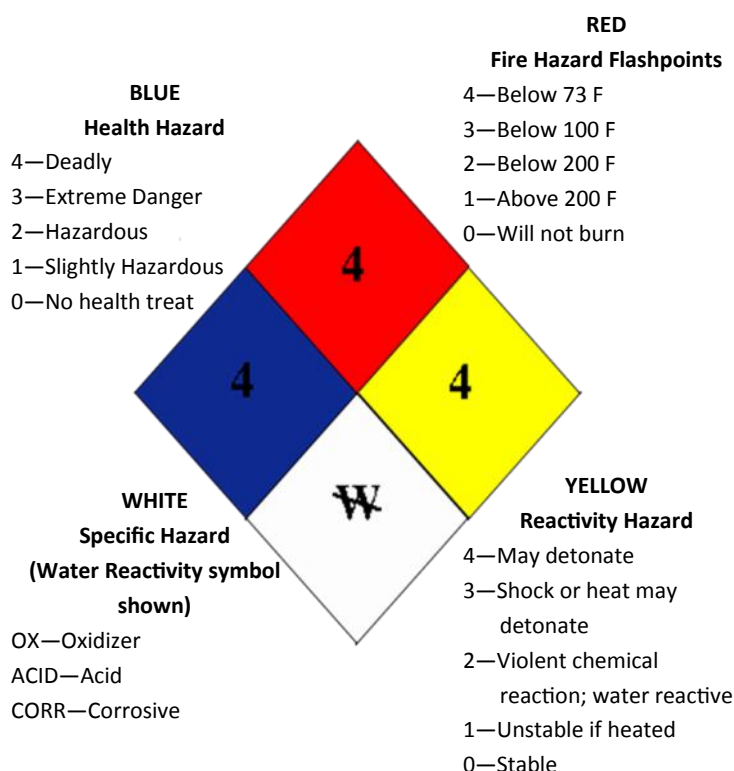
PRODUCT SAFETY

The products used by boiling and manufacturing, when properly used, present negligible health risks, and are accompanied by Material Safety Data Sheets advising on optimal application procedures.

At our global training seminar in Mumbai we discussed the importance of a unified approach across the Group. Since then Mr. Palitha Jayasekera – Member of the CSR committee and health and safety specialist has liaised with the relevant compliance officers to ensure that all Group companies are aware of and comply with their obligations in this area.

All the MSDS Sheets have been mapped and integrated in one manual for the Group.

A complete mapping of the chemicals usage has been done, the next step is to replace certain chemicals (if possible) by more environmental friendly alternatives.

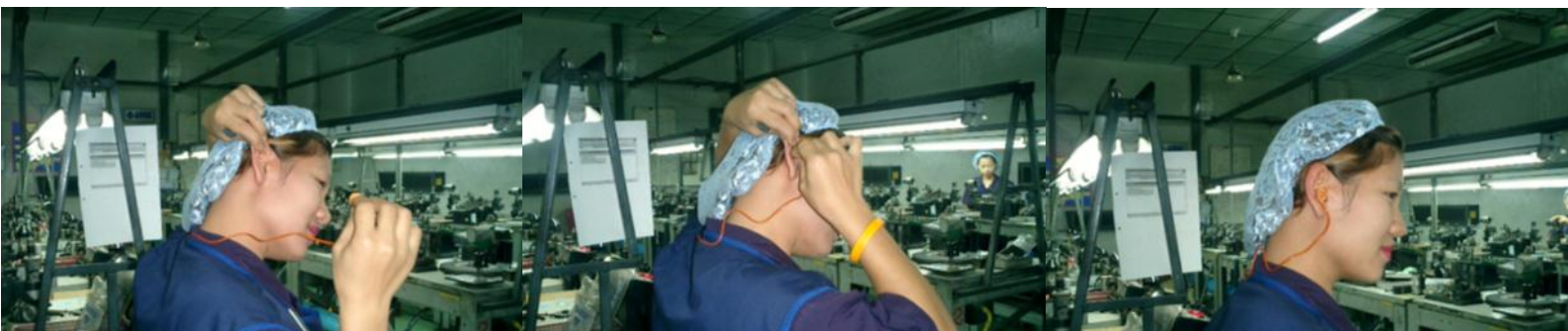


MEASUREMENTS IN PLACE:

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

TRAINING IN THE USAGE OF PROTECTIVE EQUIPMENT

In 2009 we focused on the usage of PPE in our factories. We will continue to communicate and train our people on the importance of responsible behavior in using protective equipment on the job.



How Intergold manages Health and Safety

INTERVIEW WITH SHIBU KRISHNAN—Compliance Officer

Inter Gold(India) Pvt Ltd—India

We at Inter Gold have always recognized the need for a safe, hygienic, healthy, working environment. We provide adequate medical facilities, safety equipment and well illuminated workstations. The concept of health and safety is constantly re-evaluated.

Have you defined areas that are on top of your priority list?

Our top most priority is to ensure that our work place is safe and accident free.

How do you implement the corporate health and safety policy?

From the start with the induction programme workers are trained to perform their jobs safely. Evacuations plans have been displayed at prominent places. We have a health safety and environment committee comprising of workmen and management representatives. This committee meets every month to discuss issues pertaining to health, safety and environment. We have a comprehensive risk assessment framework which covers hazard categorization and risk assessment. The hazards are categorized as chemical, fire, explosion, noise, environmental, physical and ergonomic hazards. Further risk assessments are categorised as high, medium and low. Our development action plan focuses on different methods to avoid accidents, storage and disposal, PPE requirements, emergency measurements...

Which investments did your company recently made in order to prevent accidents and injuries?

We provide all PPE equipments as per the needs of the particular department. This includes safety shoes, ear plugs, masks, hand gloves, safety goggles, face shields etc. More importantly, we invest in a strong health and safety training programme. The training sessions are very interactive. Through this programme, we are able to check the level of overall awareness of our employees and see if the PPE equipment is being used as explained in the manuals. The health and safety manager and other senior management personnel, conduct unannounced checks on the work floor. If a worker is found not using PPE, he receives guidance and counseling.

Are other trainings organised?

Senior counselors from Mumbai Aids District control authority have conducted training sessions on Aids awareness. We think it is important that our people are well informed on matters that have an impact on their personal and professional life.

What are for you the 3 top benefits for the organisation in managing health and safety?

- Safe working environment
- Improved employee satisfaction.- workers know we care- we want them to perform in a healthy environment
- Increased awareness of the importance of health and safety throughout the departments

What are your future actions planned in this health and safety area?

We are constantly assessing and evaluating on the improvements to be brought in health and safety aspects. Our employees are also encouraged to put forth their suggestions. The HSE committee also discuss on these issues. Informal counseling sessions are organised to make the workers understand about the importance of health and safety.

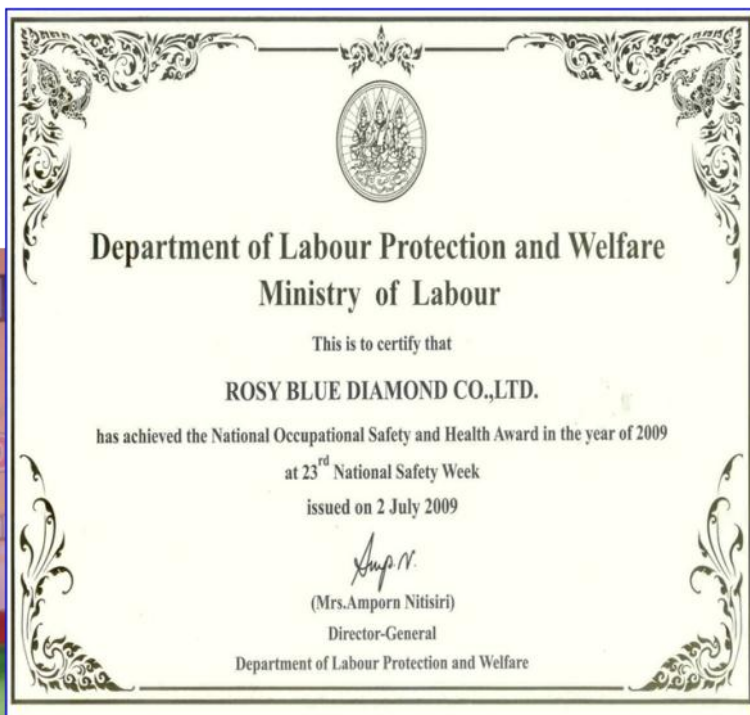


Shibu Krishnan—Compliance Officer

The Health and Safety of those who work for Rosy Blue is our Number 1 priority- Palitha Jayasekera

AWARDS

- Zero accidents in 6 million working hours, an award from the Thai Ministry of Labor
- Best factory winner of the National Occupational Safety and Health Award



- Outstanding establishment for 5 consecutive years achievement on labor relations and welfare, another award from the Thai Ministry of Labor

- AIDS Standard Organisation's recognition for best management practices, awarded by the Thailand Business Coalition on AIDS (TBCA)



“ By managing our operations responsibly, we have reduced our energy use, cut our carbon emissions, saved water, and developed innovative new ways to operate our business efficiently. Our way forward is definitely measuring the impact wherever we can.

Mr. Harshad Mehta—Group Associate

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REDUCE AND MINIMIZE THE ENVIRONMENTAL FOOTPRINT OF OUR COMPANY

OUR COMMITMENT TO THE ENVIRONMENT

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We acknowledge the challenges that climate change presents to humanity and to our businesses and we are committed to take action where we can.

Group Associates

”

REDUCE—RECYCLE—REUSE

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

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

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

In 2008 our primary goals were to advance our efforts towards awareness and communication of our Environmental Policy. In 2009 we focused on several projects in our entities to put the policy into action and implementation.

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

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



“Early, bold and comprehensive action to climate change is absolutely necessary. Businesses must take action to reduce their carbon footprint and to develop innovative solutions. I particularly encourage business involvement in leadership initiatives, such as Caring for Climate.”

Ban Ki-Moon, United Nations Secretary General

”

ENVIRONMENTAL MANAGEMENT AS A KEY PRIORITY ON THE AGENDA

Achieving our environmental policy objectives at all our locations is a management imperative; this key message has been clearly expressed by the CEO and the Group Partners in 2009. It was also a major point of discussion at the global CSR Seminar in Mumbai 2009: How can we improve our environmental performance?

Daily responsibility for ensuring that the Group’s environmental policy is effectively implemented lies with individual location managers. They are supported and monitored at operating company level by a compliance officer.

In 2009 we also established a taskforce headed by an expert in health & safety-environment in carrying out a detailed assessment of Group performance in the usage of chemicals, which is reviewed by the Group Associates. We have also started initiatives that address air pollution and related issues, such as reducing the impact of noise, dust, water pollution and energy.

OUR COMMITMENT TO ENVIRONMENTAL MANAGEMENT

ENERGY

To ensure continuing awareness programmes of the potential impact of generating greenhouse gases and set targets for the reduction of CO² equivalent emissions

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

WATER

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

AIR EMISSIONS

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

WASTE MINIMIZATION

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

To develop programmes and facilities that promote this attitude

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

TRANSPORT AND PACKAGING

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

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

OFFICE EQUIPMENT

To encourage use of recycled materials and environmental responsible office supplies

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

ACCOUNTABILITY AND EVALUATION

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

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

To hold each entity accountable for performance and measurement results

COOPERATION

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



ENVIRONMENTAL PERFORMANCE

Rosy Blue is committed to investing in a wide range of environmental improvements across all of our activities and countries of operation. Plant upgrades typically include increased recycling, better energy efficiency, implementing alternative measurements, together with improvements in ergonomics and safety. We realize this is a huge challenge but step by step we are moving forward. In our offices we have a strong programme on recycling of used materials such as parcel paper, reuse of paper for internal printing, recycling of batteries... In our factories we have several initiatives that contribute to a Green Environment. On the broad environmental front we continue, through ongoing systematic plant upgrading, to make progress in increasing energy efficiency, reducing waste, optimising water usage and recycling more secondary materials and fuels. We believe all of these initiatives are not only environmentally-positive but also business-positive.

In all cases, our aim is to optimize our environmental performance up to the technical limits practically achievable.

CLIMATE NEUTRAL PRINTING FSC-CERTIFIED*

- Environmentally friendly paper
- Safe cleaning agents
- Less alcohol
- Clean soil
- No emissions
- Vegetable-based inks
- Modern machinery
- The most economic printing technology
- No offset plates
- Sorting and recycling of waste
- Structural approach

SUMMARY OF ENVIRONMENTAL PERFORMANCES

AREAS	ACTIONS	GOING FORWARD
Commitment to Environmental Management	Member of United Nations Global Compact Member of the Cambridge Sustainability Network Rosy Blue signed the Copenhagen Communiqué Member of the Responsible Jewellery Council	Actively engage with stakeholders, how we can improve our environmental practices across our operations
Reducing Environmental Impact	Key topic on CSR Seminar September 2009 Strong awareness campaign across the Group to use less energy, water, paper in our daily operations Reuse of all parcel paper Mapping of all chemicals Shared best practices on bio boiling Best practice in India ⁵⁵	Improve measurable results according to the Key Performance Indicators on CO ² emissions and energy usage, as well as air, water, noise and waste
Transport	Less travel, not only due to expense management but strong awareness on technology solutions, such as Webinars and teleconferencing	Improve measurable results
Second CSR Report	Printed by Artoos; Climate Neutral Printing ⁵⁶ FSC label	Map our purchasing of paper across the Group to improve standards of printing, with respect to the environment

⁵⁵ See best practice: CSR in Action: p102-103

⁵⁶ Forest Stewardship Council: All printing work carrying the FSC label has to follow strict procedures, is subject to careful monitoring from the forest all the way up to the finished product. FSC printing is therefore far more than just an environmentally conscious reflex. It's a statement: a guarantee that the paper was produced in an ecologically and socially responsible as well as sustainable manner
source: Artoos ' environmental charter; www.artoos.be



This report is a climate neutral print job

Even though you already take the environment into account as much you can in the production process, it is unavoidable there will be a certain amount of CO² emissions. It is exactly these CO² emissions that are the most important factors for global warming and the deterioration of our environment and its biodiversity. Rosy Blue therefore asked Artoos to contact a specialist German engineering firm who measures the CO² emissions for each product and for each step in the production process.

They calculated:

- the direct CO² emissions from Artoos' branch in Kampenhout (means of transport, cooling installations, printing presses, etc.)
- the CO² emissions for the channels they purchase from
- all other indirect CO² emissions relating to the printed matter that Artoos has not control of, such as the CO² calculation for the paper manufacturer and supplier

On the basis of this knowledge they developed a unique model which we can use to calculate the CO² emissions for every print job, taking into account such variables as the print run, the paper chosen, the weight of the inks used, which printing press has been used and for how long, how many aluminium printing plates were used, etc.

The CO² emissions for this MIX amount to 972,4 kg. Rosy Blue has neutralised these emissions with the purchase of green emission rights in Kafeate (New Caledonia).

Paper:	73,53 % =	650,00 kg
Printing material:	10,88 % =	96,18 kg
Printing & finishing:	9,12 % =	80,62 kg
Transport:	6,47 % =	57,20 kg
Subtotal:		884 kg
10 % safety marge		
Total:		972,4 kg

Wind is one of the most sustainable forms of energy. The windmill project that Rosy Blue supports by compensating the CO² emissions of this MIX is located in New Caledonia. Intensive mining during the previous century depleted this island of necessary resources. This generation of islanders is determined to go for a sustainable future, with increased focus on a healthy environment.

The Kafeate windmill project is an integral part of this new plan. This small Gold Standard project consists of 6 windmill farms totalling some 100 turbines. They compensate the equivalent of 40.000 ton of CO² every year. The project provides jobs for some 50 local inhabitants, giving them the opportunity to build a sustainable future on the island they love.

Environmentally-driven operations innovation—Rosy Blue India

Best Practice

ENVIRONMENTAL MANAGEMENT AS A KEY PRIORITY ON THE AGENDA

Name factory: Rosy Blue (India) Pvt. Ltd.—Pithampur (INDORE)

Background:

In 1988 Rosy Blue India started to build a factory in Pithampur. Our factory building has a land area about 4 acres. Originally the environment around was completely barren. During the summer the average day temperature would be as high of 47 Degree Centigrade. Since the start, the Company has invested in 'greening' the entire location by planting trees and maintaining lush green gardens in all open spaces. In addition, the factory building was scientifically designed with high roofing and adequate ventilation in order to maintain ambient temperature and light in a natural way. This has resulted in substantial energy conservation and costs.

Today we are proud to say that we are the greenest factory in the entire Pithampur Industrial belt. We are proud of our employees that have been consciously maintaining and protecting the greenery around.

What are the initiatives recently developed in order to contribute to a Green environment?

- Energy saving through maintaining power factor by using lower power consuming lights and machineries
- We have set up waste water recycling plant programme, this water is used for gardening purposes
- The rain water is streamed from different locations and directed deep down through holes to protect the ground water level and depletion



- Waste management: The fallen leaves are collected and used as manures thereby avoid chemicals. After collecting fallen leaves we mix it with water and keep it covered for a few days to make manure. This manure is mixed with soil to increase the fertility and help us to reduce the use of chemicals. This leads to reduction in the residual effect of soil. This also helps us to regularly cleaning of fallen leaves at our premises.
- We have an arrangement with a local animal agency, which comes and collects all food waste on a daily basis to be used in their piggery farm. Thus waste disposal is suitable addressed.
- Installment of wind ventilators at various locations in the factory—these wind ventilators manage the temperature within our factory and we measure a decrease of 2-3 degrees centigrade. Since these systems are auto functioning there is no requirement of power to run them.
- Reduce temperature during summer by pasting local lime on the terrace, which brings down the interior temperature by around 2-3% in a natural way, thus saving power and costs.
- Ecological balance: We have planted large number of trees surrounding factory to maintain ecological balance and the environment is truly 'GREEN'. Since the factory is surrounded with trees, it attracts a lot of butterflies and birds such as peacocks and sparrows, which have made their habitat.



What has been the outcome of this Environmental Programme? How do you measure it?

Through all the above mentioned steps, we have significantly reduced the power consumption and carbon emission. It is estimated that we have saved 28318KWH annually since 2002 and prevented the release of 21.7 ton of carbon dioxide. This has been certified 'Green IT' by Energy Star, a US Environmental Protection Agency (an independent body).

What are the possible benefits for the organisation?

In 1996 we received a pollution free Industry status from the state government and this encouraged us to make our unit even more environmental friendly.

A healthy working environment keeps employees happy and that leads to better productivity. Our people are proud to work for us. As we are saving energy, we are also saving costs.

We believe that business partners prefer to work with those companies which are environmental friendly and contribute to sustainable products.

How do you stimulate and integrate this environmental responsibility in the organisation? Are the employees well aware of their responsibility towards the environment?

A special dedicated committee is in place to focus on the implementation of the environmental policy.

From the beginning, we have consciously trained all our employees to save our natural resources and keep the workplace neat and clean at all times. Now it is a habit that during the lunch hours and break periods lights, fans, air conditioners, computers etc. are switched off by the employees, which results in substantial savings. It is an ongoing process of educating and communicating about our impact on the environment.



Subhash Mathur— Compliance Manager

Do you have best practices that you can share with other entities?

Yes, the following best practices can be shared:

- Water saving through reuse of waste water in gardening
- Energy saving through less consumption of electricity
- Applying Lime at roof tops in summer to reduce heat effect
- Using Pool vehicle to save fuel
- Pollution check for all vehicles on regular basis
- Refilling of cartridges
- Reuse of waste paper
- Rain water harvesting
- Producing fertilizer from tree's fallen leaves.



ABOUT THE COPENHAGEN COMMUNIQUÉ⁵⁷

BACKGROUND

From the 7-19 December 2009, 33,526 people representing NGOs, business, government and media met in Copenhagen for the UN conference on climate change. In these two weeks, governments from 192 countries came together, making the 15th Conference of Parties (COP) 15 and the 5th Meeting of the Parties (MOP) the largest political event outside of New York, the official seat of the UN, and with 126 heads of state the event with the largest concentration of government leaders at one time.

Even though the participants made the trip to Copenhagen in the hope to attend a conference that would conclude with a historic agreement in the global fight against climate change, policy makers were just able to reach a minimal agreement in the end (according to the Bali Road Map, a framework for climate change mitigation beyond 2012 should have been agreed there, in light of the Kyoto protocol that expires at the end of 2012). All countries merely agreed to 'take note' of the Copenhagen Accord which was drafted by US, China, India, Brazil and South Africa. The accord recognises climate change as one of the greatest challenges of the present day. As the document is not legally binding, it also does not contain any legally binding commitments for reducing CO₂ emissions.

COP 15 AS AN EXAMPLE FOR SUSTAINABLE BUSINESS PRACTICES

ACHIEVEMENTS

Despite the rather disappointing political outcome of the Conference, from a perspective of sustainable business practices, the Ministry of Foreign Affairs Denmark (MFA) tried to follow the highest standard to date for a large political summit. Among the highlighted achievements were:

- **Climate Neutral Conference:** Achieved by measuring and offsetting 72,000 tons of delegate travel and local carbon emissions via a Danish Government Clean Development Mechanism (CDM) Project in Bangladesh⁵⁸.
- **Supplier Eco-Certification:** Influenced area hotels to meet environmental certification standards such that Copenhagen can now boast more than 53% of all hotels as certified, the highest such percentage of any capital city in the world. In addition, the conference center became the first Scandinavian conference centre to earn third party certification through the Green Key certification scheme.
- **Value Chain Management:** Revolutionised the concept of collaboration by requiring all COP15 sponsors and suppliers to contractually commit to upholding the United Nations Global Compact 10 principles concerning human rights, labour rights, the environment and anticorruption (www.unglobalcompact.org). With greater engagement and commitment to sustainable development principles, the MFA promoted the value of private-public partnerships and fostered a collaborative mutually beneficial approach to organising the event.
- **Local Transportation:** By providing free public transportation and using good communication, 93% of delegates attended the conference using metro, bus and train.
- **BS8901 Sustainable Event Management Standard:** The MFA became the first United Nations (UN) and governmental organiser to seek and achieve third party certification through the BS8901 standard for sustainable event management.

⁵⁷ Logos Public Affairs (www.logos-eu.com) and MCI (www.mci-group.com): The Copenhagen Accord can be found here: <http://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf#page=4>

⁵⁸ <http://cdm.unfccc.int/index.html>



LESSONS

Despite the efforts of the organisers to ensure the highest standards of compliance with sustainable event processes, also some errors and oversights occurred. For instance, not all suppliers were forced to measure their energy consumption or their waste production. That made it difficult to keep track if the stated goal of 20% recycling of material was met. This underscores the need for future COP events to have a proactive focus not only on waste management but also on waste measurement. Also the organisers were unable to use recycled content paper for the 8 million pages of copy paper consumed because of technical problems with the paper and photocopiers at the last moment.

CONCLUSIONS

The organisers were able to develop and employ several helpful measures:

- **Copenhagen Sustainable Meetings Protocol (CSMP)⁵⁹:** A flexible umbrella framework was created to help event planners to organise large complex meetings in a sustainable way. The CSMP integrates local and international sustainability initiatives, standards, systems and certifications programmes. The CSMP has been created to provide the UNFCCC and the international meetings industry with guidance on how to organise future events in a sustainable way.
- **Carbon Responsibility Project, Bangladesh:** The Brick Kilns offsetting project will establish 20 new energy-efficient brick production units in and around Dhaka and will reduce coal usage by almost 50%. Altogether the project will save the atmosphere from 100,000 tonnes of CO₂ annually, improving community air quality and creating year-round jobs for an at-risk population.
- **Capacity and Knowledge:** As a result of COP15, Copenhagen now has what may be the largest community group of informed and engaged sustainable event planners and suppliers. Linking local business organisations and sustainable municipal initiatives, MFA created a dialogue which will benefit the community and businesses for years to come. The destination now has the capacity to organise huge meetings with an adequate and affordable supply of sustainable food, services and products.

NEXT STEPS

According to an annex to the Copenhagen Accord, all countries are supposed to submit a national plan for emission-reduction pledges and other actions to the UN by the end of January 2010.

Negotiations will go on into the next year in the hope of having a legally binding document that can be signed by the end of 2010 at the COP16 meeting in Cancun, Mexico from 29 November until 10 December, and then ratified by national parliaments before the end of 2012 (the expiry date of the main provisions of the Kyoto protocol).

**Our CEO, Baron Dilip Mehta and our
COO Rosy Blue Antwerp
Mr. Amit Bhansali undersigned the
Copenhagen Communiqué on
26th November 2009**



⁵⁹ www.csmp.dk

“We’re driven by a promise to be accountable for everything we do. We aspire to lead by example, and to add value to the lives that we touch.”

Arun Mehta—Group Associate

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

All generations learn their lesson in family responsibilities. It is important that we realize that we are fortunate but that we should never forget our humble roots and our main values: ACCOUNTABILITY—DIVERSITY—INTEGRITY.

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

We also understand the value of money to those who are in need. Over the past 50+ years, our family has evolved from a very modest beginning to a multinational corporation.

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



“Family unity underpins our continued commitment to society, as well as our commercial success in the last 50+ years. The younger generation is buying into the philosophy of united approach to prosperity and responsible citizenship. We are therefore confident that our family will continue to contribute to society as we have done so till now.”

Group Associates Rosy Blue Group

Rosy Blue goals of sustainable development

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

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

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

Supplier—Customer Engagement for Charity Organised by Rio Tinto

CHARITY RUN 'KOM OP TEGEN KANKER'

On Sunday the 25th of April, the 25th edition of the DVV Antwerp 10 Miles was celebrated in Antwerp. 14.816 people started the 10 miles run.

Rio Tinto as a supplier of Rosy Blue organised a charity run for their company's staff and customers, to run either the 10 miles or the 5 km short run. The charity run for 'Kom op tegen kanker' was selected out of 4 proposed charity activities of Rio Tinto.

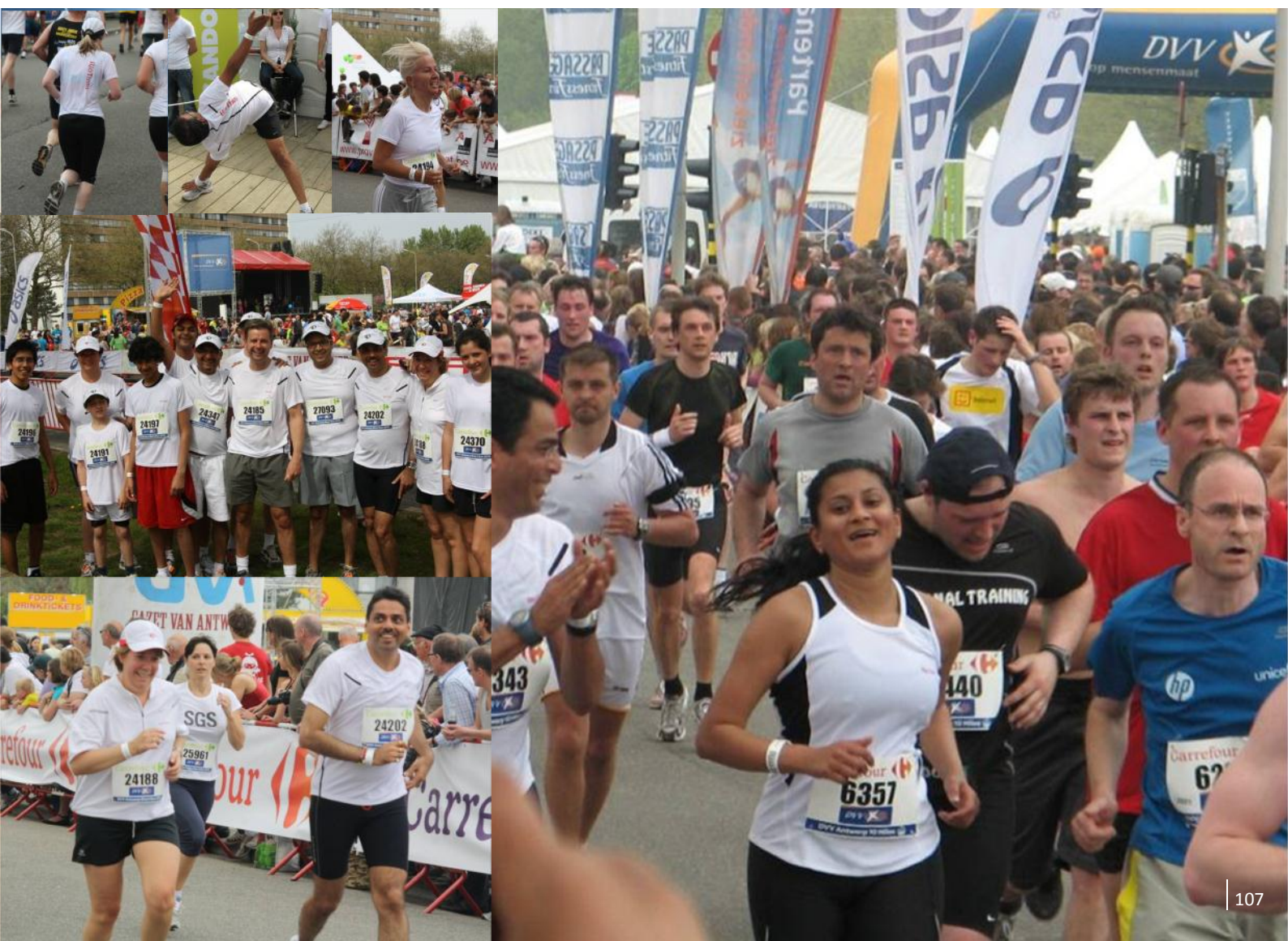
'Kom op tegen kanker' is a solidarity campaign from the 'Vlaamse Liga tegen Kanker'. They organise projects to raise money, more specific for non-medical care for people with cancer, such as psycho-social guidance of cancer patients. The total amount donated to Kom op tegen kanker was 24.500 euro.

In total 22 people run the 10 miles and 25 people joined the 5 km. Out of the 47 Rio Tinto participants, 23 persons were customers including Rosy Blue.



TOGETHER WE CAN MAKE A DIFFERENCE*

Diambel NV	Interjewel Europe NV
Dimexon Diamonds Ltd	Laurelton Diamonds, Inc
Dianco Star BVBA	Munic Gems NV
Dianco BVBA	Rosy Blue
Diarough Sourcing SA	Sheetal Europe BVBA
Gemmata	Soradial NV
Horizon Diamonds BVBA	Venus Jewel
IDH Diamonds NV	



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

CORPORATE SOCIAL INVESTMENT INITIATIVE

We make an effort to benefice various, socially conscious businesses and artistic endeavors so as to nurture the health of the social structure in a way that goes beyond our ordinary business practices.

Values of the partners are reflected in the projects chosen - medical care, education and a clean environment.

Hundreds of lives across India have been touched through various charities and non-governmental entities that we support.

Investments are continually audited as family members are on the board of the committees.

Rosy Blue India has invested approx \$627,906 in 2008-09.

One of our largest investments has been the Smt. Sushilaben Ramniklal Mehta & Sir Kikabhai Premchand Cardiac Institute (SRMKPCI).

SRMKPCI HOSPITAL

The SRMKPCI Hospital is a unique Cardiac Institute established in 1999 in Mumbai India, under the pioneering and enterprising chairmanship of Mr. M.C. Shah, a well known city industrialist and philanthropists. In it covers an area of approximately 41,000 square feet at Sion (E), and thanks to its central location it can be easily reached by the population. The hospital is named after Smt. Sushilaben Ramniklal Mehta, the mother of Mr. Arun Mehta, Mrs. Kairan Kothari, Mr. Harshad Mehta and Mr. Dilip Mehta, and Sir Kikabhai Premchand, the original donor trust. As a reaction to the increased incidences of heart diseases among the Indian population, they felt the need to establish a specialized heart hospital in the metropolis of Mumbai, to render high quality and super-specialized care that patients with heart disease require. The operations are done at concessional rate to free of costs, depending on the patient's financial condition. In general the costs of the operations and procedures at SRMKPCI are among the lowest in Mumbai, governmental hospitals excluded.

The mission of the hospital is to create a world-class facility in cardiac care, for which they have state-of-the-art equipment, contributed by the family Mehta. Furthermore the hospital also provides consumables of the highest quality, safety and reliability, which is backed by eminent medical professionals.



Smt S.R. Mehta and Sir K.P. Cardiac Institute



ROSY BLUE'S ROLE

The initial donation made by the Rosy Blue group was approximately Rs 30m (US\$ 654950), but the group continues to subsidize a total of 120 operations per year.

PROCEDURES CONDUCTED

Description of procedures	Number
Total Admissions	19136
Total Operations	4409
Cardio	3456
Ortho	953
Ortho Surgeries	953
Coronary Angiography	9502
Percutaneous Transluminal coronary angioplast	2332

HOSPITAL FACILITIES

The hospital facility has increased tremendously over the years. At present, the hospital has different types of rooms with a total capacity of 77 beds, including 28 fully automated ICCU beds and 11 dragger ventilators with basic and advanced modes.

They are also supported by a team of dedicated cardiologists and cardiac surgeons, and specialized consultants are available around the clock. The hospital includes a 24 hours Pathology, a Blood Bank and X-ray, 2 fully equipped, modernized operation theatres (supported by Central Sterile Supply Department (CSSD)) and 1 Digital Cardiac Catheterisation Lab.

Furthermore, it also provide a Day & Night Pharmacy, Physiotherapy, OPD with facilities for Tread Mill Test (TMT), Stress Test, 2D-Echo, ECG, Vascular Doppler, Conventional Sonography, Holter, an ICCU Central Monitoring System, Ambulatory B.P. and Pulmonary Function Test (PFT). And there is work in progress for Robotic Surgery and Hybrid Cardiac Operation Theatres

On top of that, one can consult the central and departmental libraries with Internet facility and the latest publications, journals and reference books.

STAFF STRENGTH

The hospital attracts only well-known professionals from the field. The hospital currently has 27 cardiologists and 10 cardiac surgeons. The nursing staff ratio is 1:1 for all the surgical patients and 1:3 for all the medical patients. The Medical director, Dr Chaudhari is also equipped with a diploma in Hospital Administration, and the hospital is managed by the CEO; Lt Cdr (Retd.) J.C.Sharma.

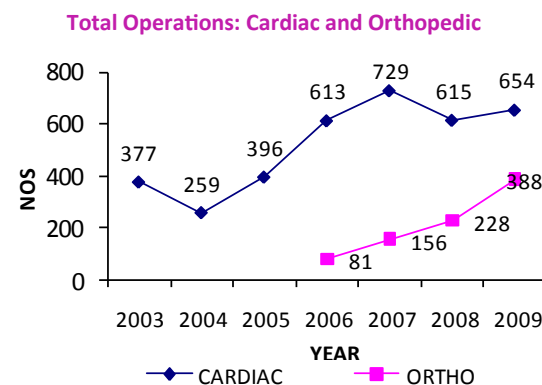
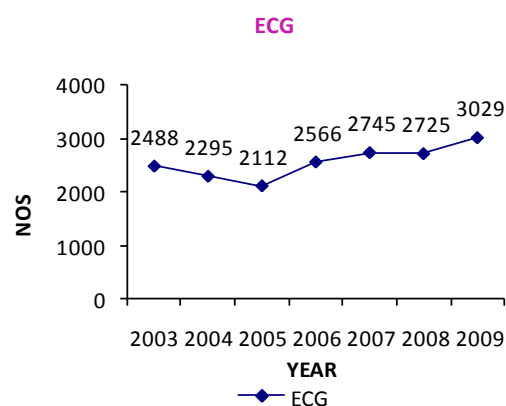
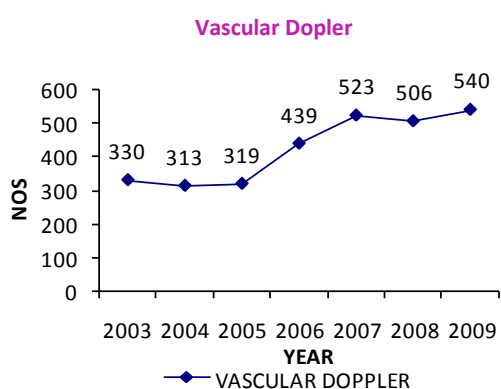
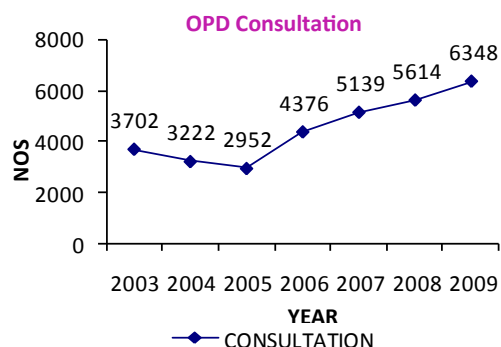
CONSISTENT GROWTH

As one can see from the graphs below, there is a continuous growth over the years in all sorts of the procedures. This is thanks to the accessibility of the hospital to the Indian population and the rising attention on health care.

ACADEMIC ACHIEVEMENTS

The hospital records also some academic achievements, such as several research papers that have been written under the guidance of the hospital's faculty and a DNB Cardiology Programme, including Echo, Stress Test and Cardiac Catheterisation Lab.

Furthermore they also foresee critical care courses, a nursing college for B.S.C nurses starting in 2010 and they also provide several internships for PT trainees, nurses and dieticians.



Special Olympics

ROSY BLUE'S CONTRIBUTION TO CHARITY

"Let me win. But if I cannot win, let me be brave in the attempt."

Special Olympics athlete oath

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 the 200 million people with intellectual 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 annually take place alternately in Wallonia, Brussels and Flanders. In 2010 the 29th edition of the Special Olympics Belgium took place. During Ascension weekend at the end of May, 3016 athletes, 800 coaches and 1200 volunteers all came together for this unique sports happening. 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 supports the JAAN FOUNDATION

NATIONAL DOMESTIC WORKERS' MOVEMENT

*"If you choose the beginning of a way,
You also choose the destination.
We choose the movement and did
It together.
It created the conditions to
Let us smile.
Happiness is no place but a direction."*

National Domestic Workers' Movement

25 Smiles that will last

Jubilee Edition 1895-2010

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

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

Sister Jeanne Devos, studied orthopedagogy, left Belgium as a missionary sister for India in 1963 to work with the physically challenged, deaf and autistic children and started numerous action groups, such as the foundation of the Young Student Movement for Development, a voluntary diligence of young Indian graduates prepares the breeding ground for the first non-governmental organisations.

Thereafter she studied the issues and concerns of domestic workers in Bombay and in 1985 founded the following groups in India.

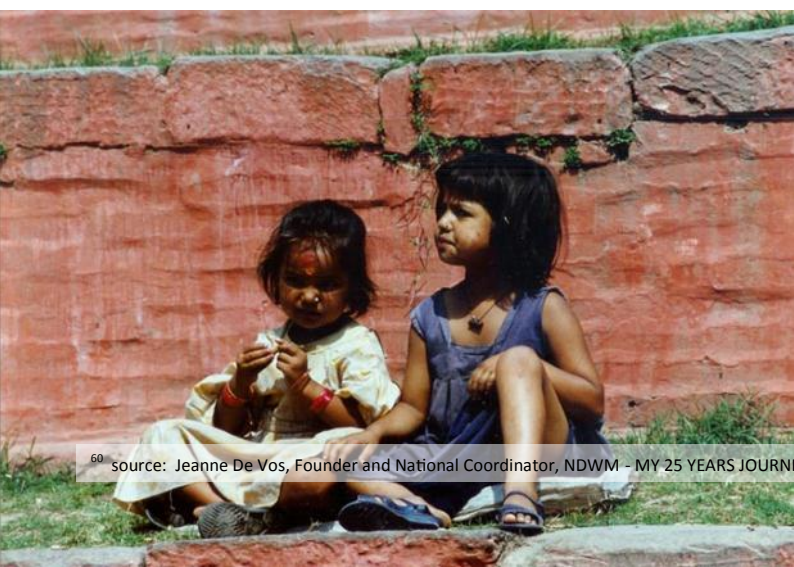


Instead of just organising some support groups, where domestic workers are united and can tell their stories, Sister Jeanne decided to stand up for these mistreated children and women. She engaged herself to help these people find back their self-respect and values and to find their inner strengths. So she started to gather all these women and children in a National Domestic Workers Movement, which now counts about 2 million members. The movement strives to give their members back their dignity, a legal place in society, with a protected income and working hours, safe labour conditions, protection from abuse and exploitation, minimal child domestic workers and the right to education for them.

"It was important to empower them, instead of giving them gifts that would make them all the more dependant. We decided to organise ourselves in the form of a movement that would be represented by domestic workers themselves.

I had trust in the domestic workers and the Spirit that leads us. As if the way was searching for us, instead of us looking for the way. I found my life by reaching out to others and listening to them. I learnt about the challenges of LOVE."⁶⁰

To keep the focus on these problematic, the 9th January became the day for domestic workers. The 'Day Of Hope' for children is celebrated on 17th February and gives children in difficult circumstances the right and chance to dream.



⁶⁰ source: Jeanne De Vos, Founder and National Coordinator, NDWM - MY 25 YEARS JOURNEY WITH NDWM

OTHER PROJECTS

The Foundation is also involved in relief help of the victims of the destructive Tsunami in South India. The death count in that region went up to 19.000 and another 40.000 are missing. Those who suffer most were the fisher communities and the domestic workers. In these destroyed areas, such as Tamil Nadu, Andhra, as well as in Kerala the Jaan Foundation is strongly involved at different levels: they distribute food and water, provide medical aid and temporary shelter, especially to women and children, and they also register children and adults, so that families can be reunited.



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

For her future work, the Jaan foundation relies on continued support to link Belgium's interests in India with the possibilities for hope and life of under-privileged children. In order to bring the attention to these world problems Sister Jeanne got an honorary doctorate at the University of Leuven (KUL) in 2000, but she was also nominated for the Nobel Prize of Peace, together with 999 more "peace builder"-women. In January 2010, Sister Jeanne celebrated her 75th birthday, but also the 25th years of existence of her movement in India.

ROSY BLUE SUPPORTS THE JAAN FOUNDATION

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

*"Ours is a movement of liberation, I am happy to share my vision in domestic work.
They keep the movement alive. Our movement breaks the silence of slavery.
It is a movement that has brought change.
Where else can we hear, "YES, WE CAN"?"⁶¹*



⁶¹ source: * Jeanne De Vos, Founder and National Coordinator, NDWM - MY 25 YEARS JOURNEY WITH NDWM

Schools sponsored by the Family Mehta



EKAL VIDYALAYA FOUNDATION

The Ekal Vidyalaya Foundation⁶² is a non-profit service, with the philosophy to take a holistic approach to social and economic development..

In contrast to the growth of India as a super power, the rate of literacy and basic education in the rural areas is far behind average. Illiteracy is the root cause and the biggest obstacle to the development of an economy and children are the future for India and therefore a necessary investment to make.

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 movement was initiatedly founded in 1986 by Late Dr. Rakesh Popli (USA-retuned nucleair scientist) and his wife Smt. Rama Popli (a child education expert) in Jharkhand. 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 the schedule. The commitment of these local people is very strong, as they are helping to advance their own community.

The village where they decide to operate plays a significant role in the Ekal Vidyalay process. First they do a village survey to see if there is enough interest among the villagers in non-formal education. Second, they encourage and prepare the village to become self-sufficient in 5 to 7 years, but in return the village also has to make financial contributions, but their contributions have a tremendous effect on their involvement and on the long-term sustainability of the Ekal Vidyalay. The Ekal movement is the largest, non-government education movement in India, operating in over 27,041 schools and educating over 753,123 children in rural India, as for January 2010.

Besides providing basis education, Ekal also works in the fields of health care education, programmes to provide information about health and preventions, development education, programmes to make villagers self-sufficient trough education about vermin-culture, fruit tree plantation, vegetable cultivation,... and empowerment education.

Ms. Naina Mehta and Harshad Mehta have sponsored the school in Baya, the Doda district in the state of Jammu & Kashmir. Today the Ekal Vidyalaya has been running successfully in this village and it is thanks to people such as Ms. Naina Mehta and Harshad Mehta, that 34 students are given the chance on proper education and a bright future.



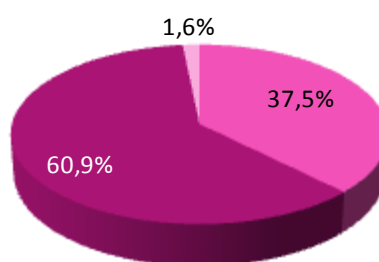
⁶² <http://www.ekal.org/>

ARTS, CULTURE AND EDUCATION

- Dariyapuri Sthanakwasi Jain Samaj
- Project School Palanpur
- Sarvodaya Shikshan Seva Samiti
- Shri Walkeshwar Sthanakwasi Jain Sangh Public Charitable Trust for Various Educational Activity
- Ekal Vidyalaya Foundation

COMMUNITY INVOLVEMENT, FOCUSED ON HUMAN RIGHTS AND MEDICAL SUPPORT

- Smt. Sushilaben R. Mehta & Sir Kikabhai Premchand Cardiac Institute in Mumbai
- Vithal Chavan Mitra Mandal
- Acil Navasarjan Rural Development Funds
- Bandra East Community Centre (BECC)
- Cry Child Rights & you for Children basic Rights to Survival, Protection & participation in the world.
- The Bombay Society For The Prevention Of Cruelty To Animals
- World Jain Confederation
- Shri Mumbai Jain Yuvak Sangh
- Bhgwan Mahavir Vishwa Kalyan Trust
- Vishwa Vatslya Prayogik Sangh for Rice Distribution at Chinchal Boisar
- Ram Roti Ann kshera at Vankaner-Gujrat
- Shree Vardhman Sthanakwasi Jain Shravak Sangh
- Shree Mumbai Patidar Stree Sama
- Shree Shantinath Charitable Trust.Surat for Jivdaya and Manavseva
- Vishwa Vatslya Prayogik Sangh
- Welfare Center at Vishwas Nagar, Pithampur
- Gem & Jewellery National Relief Fund
- Vijaya Kumaratunge hospital - Seeduwa
- Join Labour Day activity with Phitsanulok province
- Blood donation with Red Cross association
- School Donation to celebrate the King's Birthday
- Jewelers for Children
- All India Gems & Jewellery Trade Federation
- Bombay Natural History Society
- Shree Palanpur Mahajan Panjrapol
- Vardhman Sansakar Dham
- Foundation for the Global Compact
- Jaan Foundation
- Special Olympics Belgium
- Jaan Foundation
- Charity for Clarity
- Tikvatenoe
- Charity Run 'Kom op tegen Kanker'



- Arts, culture and education
- Community Involvement, focused on Human Rights and Medical Support
- Environment

ENVIRONMENT

- Tree project in Rosy Blue Thailand, Rosy Blue India and Rosy Blue Armenia
- Project Windmill Park 'Kasaete in New Caledonia'

12 Challenges Ahead

“

It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change.

Charles Darwin

”

CSR IS A LONG-TERM ENDEAVOR

Since Rosy Blue was founded 50 years ago as a small Mumbai workshop, our company has come a long way. We saw how integrating our core values into a Corporate Social Responsibility Strategy, was a natural and logical step to move forward.

While we have been successful in many areas of our CSR implementation, we realize that we have a challenging journey ahead of us. Despite the economical downturn, we have invested in our CSR model and our aim is to continue, improving our reporting on reliable indicators of progress.

THE WAY FORWARD

- To develop new initiatives that embeds the CSR practices throughout the operations
- To improve the reporting methodology that takes into consideration the global and local needs beyond legal compliance

PARTNERSHIPS WITH BUSINESS AND GOVERNMENT

Implementing an effective CSR model can only succeed when companies work hand-in-hand with the government and other stakeholders. Voluntary, industry and company initiated actions are essential but they need guidance and a legal framework that is designed to help achieve the CSR goals. We refer to the report of Mr. John Ruggie about ‘*Business and Human Rights: Further steps towards the operationalization of the “protect, respect and remedy” framework.*’ We believe this is a huge challenge on an international and national level in different areas of business, social and environmental responsibilities.

THE WAY FORWARD

- Dialogue with the governments and other relevant stakeholders where we operate
- Sharing knowledge and data to discuss CSR issues with governments, so they can develop new legal frameworks that help companies to set up a CSR business model in emerging countries

RESPONSIBLE PRACTICES IN THE DIAMOND AND JEWELLERY INDUSTRY

Our commitment to the Responsible Jewellery Council clearly reflects our commitment to CSR within the Diamond and Jewellery Supply Chain. With over 225 members, we aim to promote responsible practices in our supply chain. We have taken several steps to ensure that our majority contractors* conduct themselves in a socially responsible manner. Our next focus is to help the minority contractors understand the importance of CSR and guide them to implement the CSR practices within their organizations. Further due diligence of our supply chain will be key to understand the further impact all the players have and how we can work together to develop a roadmap to improve practices and build trust across the value chain.

THE WAY FORWARD

- Develop effective mechanisms to generate data on our contractors to improve CSR performance
- Work closely together with all the players throughout the industry, from mining to retail, to share best practices
- Apply for RJC Certification

WORKPLACE: FOSTER A WORKING ENVIRONMENT BASED ON ACCOUNTABILITY, DIVERSITY AND INTEGRITY

2009 was a challenging year for us. It inevitably demanded reorganization. We needed to eliminate many positions throughout our operations. As we entered 2010, we are slowly recovering. Our aim is that the long-term structural growth drivers of our company are fully intact. Only then we can focus again on creating opportunities for the labor market.

We could only manage these tough times due to our strategy of focusing on long term relationships with our key stakeholders: suppliers, bankers, customers... but most of all thanks to our people.

The entrepreneurial spirit and deep commitment from our employees throughout our operations drive superior quality and service to our customers and continues to deliver quality and value in each product we bring to the market.

We remain committed to develop and recognize our talent as we begin a new decade for Rosy Blue.

THE WAY FORWARD

- To engage all employees, top-down and bottom, up to contribute to small and larger projects that improve practices and have a positive impact on their work and the community in which they live
- To improve internal communication and measure impact on the awareness of CSR practices throughout the organization

HEALTH AND SAFETY: FOSTERING A SAFE AND HEALTHY WORKING ENVIRONMENT

We will continue to strive towards zero accidents. We have to keep focused to ensure that all our business conduct their operations in a responsible manner that safeguard the health and safety of our employees. Good safety is important, not only to create safe workplaces and job satisfaction for each and every employee, but also to operate effectively and for the company to create value.

THE WAY FORWARD

- To ensure the health and safety of all our people in the communities where we work and live
- Continue to organise awareness campaigns and training on specific health and safety programmes

ENVIRONMENT: REDUCE, RECYCLE, REUSE

In 2009 we have worked hard to implement more environmental practices throughout our operation that protect the existing environment and minimize our environmental impact.

We do believe there is room for improvement. Reporting on key performance indicators on environmental performance is challenging. We need to move beyond the baseline from measurements such as paper, water, energy usage and adopt innovative practices in our operations.

THE WAY FORWARD

- To move beyond commitment and integrate environmental performance across our operation
- To monitor progress and impact on different initiatives which are relevant to reduce our environmental footprint

COMMUNITY: PARTICIPATIVE SOCIAL CONTRIBUTION BASED ON OUR CORE VALUES

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

We need to implement a formal system to monitor our projects and continuously evaluate the performance and impact on communities.

THE WAY FORWARD

- To create a formal system to monitor our social projects and evaluate the impact it has on the people and the surrounding community

WE MUST WORK TOGETHER WITH ALL OUR STAKEHOLDERS TO ACHIEVE THESE CHALLENGES

We need to build a community of confidence. All the efforts of the players, small and large, throughout the Diamond and Jewellery Supply Chain will determine our collective success in achieving a more sustainable future.

Stakeholder engagement is essential to build dialogue and create transparency. This helps to make a business more trustworthy and improves the standards of other organizations at the same time. Since 2009, we have worked closely with different stakeholders; we need to follow up the dialogue we initiated on different topics.

We welcome your feedback

csr@rosyblue.com

13 Reporting Index: GRI & Internal Mapping

SECTION	INDICATOR	UNGC PRINCIPLE COP Element Addressed	CHAPTER IN REPORT	PAGE
1. STRATEGY AND ANALYSIS				
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy		Welcome– Message by the CEO	4-6
1.2	Description of key impacts, risks, and opportunities		The dynamics in the diamond industry	11-13
			Stakeholder engagement: AWDC	46-52
2. ORGANIZATIONAL PROFILE				
2.1	Name of the organization		Our Business at a Glance	8-10
2.2	Primary brands, products, and/or services		Our Business at a Glance	8-10
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures		Our Business at a Glance	10
2.4	Location of organization's headquarters		Our Business at a Glance	10
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are relevant to the sustainability issues covered in the report		Our Business at a Glance	10
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)		Our Business at a Glance	10
2.8	Scale of the reporting organization		Executive Summary	7
			Our Business at a Glance	8-10
2.9	Significant changes during the reporting period regarding size, structure, or ownership		Executive Summary	7
			Our Business at a Glance	8-10
3. REPORT PARAMETERS				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided		Welcome	6
3.2	Date of most recent previous report (if any)		Welcome	6
3.3	Reporting cycle (annual, biennial, etc.)		Welcome	6
3.4	Contact point for questions regarding the report or its contents		Welcome	6
			Contact Information	142
3.5	Process for defining report content, including: Determining materiality; Prioritizing topics ; and identifying stakeholders the organization expects to use the report		Stakeholder Engagement	38-57
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers,...).		Our Business at a Glance	10
3.7	State any specific limitations on the scope or boundary of the report		Our Business at a Glance	10
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		Welcome	6
3.12	Table identifying the location of the Standard Disclosures in the report		Reporting Index	118-119
4. GOVERNANCE, COMMITMENT AND ENGAGEMENT				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	PRINCIPLES 1-10	Corporate Governance	18-22
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	PRINCIPLES 1-10	Corporate Governance	18-22
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	PRINCIPLES 1-10	Corporate Governance	18-22
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	PRINCIPLES 1-10	CSR in Action: Workplace	78

SECTION	INDICATOR	UNGC PRINCIPLE COP Element Addressed	CHARTER IN REPORT	PAGE
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	PRINCIPLES 1-10	Our Commitment to Responsible Practices Reporting Index	23-27 118-119
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	PRINCIPLES 1-10	CSR Audits	61
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	PRINCIPLE 7	Our Approach to CSR	32-37
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	PRINCIPLES 1-10	Our Commitment to Responsible Practices	23-32
4.13	Membership in associations (such as industry associations) and/or national/international advocacy organizations in which the organizations: has position in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues, or views membership as strategic	PRINCIPLES 1-10	Stakeholder Engagement	38-57
4.14	List of stakeholder groups engaged by the organization		Stakeholder Engagement	57
4.15	Basis for identification and selection of stakeholders with whom to engage		Stakeholder Engagement	38-57
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		Stakeholder Engagement	38-57
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting		Stakeholder Engagement	38-57
5. PERFORMANCE INDEX				
ECONOMIC PERFORMANCE INDICATORS				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	PRINCIPLE 6	CSR In Action: Workplace	74-77
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts		CSR In Action: Business Partners	66-68
ENVIRONMENTAL PERFORMANCE INDICATORS				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	PRINCIPLES 8-9	CSR In Action: Environment	98-105
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	PRINCIPLES 7-9	CSR In Action: Environment	98-105
LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS				
LA1	Total workforce by employment type, employment contract, and region		CSR In Action: Workplace	73-92
LA6	Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs	PRINCIPLE 1	CSR In Action: Health & Safety	92-97
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	PRINCIPLE 1	CSR In Action: Health & Safety	92-97
HUMAN RIGHTS PERFORMANCE INDICATORS				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	PRINCIPLES 1-6	CSR In Action: Business Partners	66-70
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	PRINCIPLES 1-6	CSR In Action: Workplace	79
SOCIETY PERFORMANCE INDICATORS				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		CSR In Action	79

OVERVIEW OUR COMMITMENT TO COMPLIANCE										
Global Compact Principle		Best Practice Principles		RJC Code of Practices – Related Provisions	SA 8000	Rosy Blue internal integrated compliance model				
Since 2008		Since 2005		Since 2005 (pending project for certification)		Since 2006		Since 2007 (continuous process)		
HUMAN RIGHTS										
1. Businesses should support and respect the protection of internationally proclaimed human rights; and		B.6 Social Responsibilities – Human Rights		2.1 Human Rights 2.4 Freedom of association and collective bargaining 2.5 Discrimination 2.8 Hours of work 2.9 Remuneration		4. Freedom of association and right to collective bargaining 5. Discrimination 7. Working hours 8. Remuneration				
2. Make sure that they are not complicit in human rights abuses.		A.3 Business Responsibilities – Kimberley Process A.5 Business Responsibilities – Best Endeavours		1.3 Kimberley Process 2.2 Child labour and young persons 2.3 Forced labour 2.7 Discipline and grievance procedures 2.12 Use of security personnel 4.3 Business Partners – contractors, customers, suppliers and partners		1. Child labour 2. Forced and compulsory labour 6. Disciplinary practices				
LABOUR										
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;		B.1 Social Responsibilities - Employment		2.4 Freedom of association and collective bargaining 2.10 General employment terms		4. Freedom of association and right to collective bargaining				
4. the elimination of all forms of forced and compulsory labour;		B.5 Social Responsibilities – Forced labour		2.3 Forced labour		2. Forced and compulsory labour				
5. the effective abolition of child labour; and		B.4 Social Responsibilities – Child labour		2.2 Child labour and young persons						
6. the elimination of discrimination in respect of employment and occupation.		B.3 Social Responsibilities – Discrimination / Discipline		2.5 Discrimination		5. Discrimination				
ENVIRONMENT										
7. Businesses should support a precautionary approach to environmental challenges;		C.1 Environmental Responsibilities - Environment		3.1 Environmental protection 3.2 Hazardous substances						
8. undertake initiatives to promote greater environmental responsibility; and		C.1 Environmental Responsibilities – Environment		3.3 Wastes and Emissions						
9. encourage the development and diffusion of environmentally friendly technologies.		C.1 Environmental Responsibilities - Environment		3.4 Use of energy and natural resources						
ANTI-CORRUPTION										
10. Businesses should work against corruption in all its forms, including extortion and bribery.		A.2 Business Responsibilities – Anti Money Laundering		1.1 Bribery and facilitation payments 1.2 Money laundering and finance of terrorism						

OVERVIEW OUR COMMITMENT TO COMPLIANCE						
Global Compact Principle	Best Practice Principles		RJC Code of Practices – Related Provisions		SA 8000	Rosy Blue internal integrated compliance model
Since 2008	Since 2005		Since 2005 (pending project for certification)		Since 2006	Since 2007 (continuous process)
HEALTH & SAFETY						
Universal Declaration of Human Rights: Right to a healthy and safe working environment	B.2 Social Responsibilities – Health and Safety	2.6 Health and safety		3. Health and Safety	Policies Health and safety policy Verification Reports Report on absenteeism Report on minor and major injuries, occupational diseases, fatality rates Annual prevention plan on workplace hazards Report overview machinery + instructions + maintenance Certificate Cobalt-free diamond impregnated scaifes License of boiler control Records on safety inspection Overview PPE Overview first aid provisions (content + expiry date) Appointment letter nurse + copy qualifications Appointment letter health & safety manager including key responsibilities	Overview health and safety team / first aid officers (taking into consideration scale of the business) Qualifications health and safety team + updated training Report on general Health and Safety Conditions including temperature, noise, light, ventilation... Floor plan including number of fire extinguishers + exits + alarm signals Report on annual evacuation exercise Report on general maintenance of the premises Report on drinking water Training manual health & safety Training registration Procedures Health and safety procedure including usage of chemicals, MSDS data... Evacuation procedure
PRODUCT AND MATERIAL SECURITY						
Universal Declaration of Human Rights: Right to a safe working environment		1.4 Product and material security			Policies Security policy on people and products Verification Reports Risk Assessment including personal safety of employees and visitors to the facility Records on product handling, storage and transportation Training manual including training on human rights	Training registration Procedures Security procedure including the priority of safety of people and the movement and security of the products
PRODUCT INTEGRITY						
Universal Declaration of Human Rights Right to correct and accurate information	A.4 Business Responsibilities - Disclosure	1.5 Product integrity			Policies Product integrity policy including proper disclosure of all relevant information Verification Reports Record keeping on goods Training manual Training registration	Procedures Procedure on disclosure of information
MANAGEMENT SYSTEMS						
Universal Declaration fo Human Rights UN Global Compact 10 Princples	A.1 Business Responsibilities – Ethical Standards A.5 Business Responsibilities – Best Endeavours	4.1 Legal compliance 4.2 Policy 4.3 Business Partners – Contractors, Customers, Suppliers and Partners		9. Management systems	Internal CSR model and procedures Overview relevant legislation that is applicable Mapping all business partners Risk assessment Training toolkit business partners Code of conduct on supply chain	

14 Glossary

A

Accreditation

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

AGS

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

www.americangemsociety.org/whoisamericangemsoci.htm

ALROSA

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

eng.alrosa.ru

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 organization, recognized internationally and acting as host, spokesperson and intermediary for the Belgian diamond community.

www.awdc.be

B

BEM

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

www.riotintodiamonds.com/ENG/sales_marketing/business_excellence_model.asp

BHP Billiton

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

www.bhpbilliton.com/bb/aboutUs/companyOverview.jsp

BIS Hallmarking

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

www.bis.org.in/cert/hallasscentre.htm

BPP

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

www.debeersgroup.com/en/Sales-and-distribution/Best-Practice-Principles

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; or
- Any private sector Employee (including a person who directs or works for a private sector enterprise in any capacity).

Business Ethics

Ethical rights and duties existing between businesses and society.

Business Partners

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. 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.

C

4 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."

Carat

This is a diamonds physical weight. One carat equals 1/5 gram and is subdivided into 100 cents – a diamond of 75 points weighs 0.75 ct.. Carat weight is the most objective of the diamonds 4Cs.It involves no estimates.

www.agslab.com

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.

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

Clarity

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

www.agslab.com

Colour

Diamonds are found in almost every color of the rainbow. The most popular ones are the white colored ones. Diamonds are graded on a color scale which ranges from D to M and down. Color differences are very subtle and it is difficult to see the

difference between a D and an E. The price varies a lot between the higher scale diamonds D-color to a J or K-color one. Nature has also created diamonds in intense shades of blue, green, pink, orange, yellow or the rarest of all – red. These are called “colored fancies” and are extremely rare and high in price.

www.agslab.com

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.

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 Development

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.

Community Engagement

Two way information sharing and decision making process covering community issues and priorities as well as the concerns and needs of the business. Beyond just listening, the aim is to ensure mutual understanding and responsiveness by all parties to enable them to manage decisions that have the potential to affect all concerned.

Conflict Diamond

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 insofar 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

Means any natural 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

Coastal and inland mining

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

www.debeersgroup.com/en/Exploration-and-mining/Mining-methods

Conflict Diamonds

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

www.kimberleyprocess.com

COP

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

www.unglobalcompact.org/COP/index.html

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

CTF

Combating the finance of terrorism

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.

Discipline

A means to correct or improve job-related behaviour or performance.

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

Emergency

An abnormal occurrence that can pose a threat to the safety or health of employees, contractors, visitors, customers, or local communities, or which can cause damage to assets or the environment.

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.

Employment Relationship

The legal link between employers and employees that exists when a person performs work or services under certain conditions in return for remuneration.

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.

Enterprise resource planning (ERP)

ERP is an Integrated computer-based system used to manage internal and external resources including tangible assets, financial resources, materials, and human resources. It is a software architecture whose purpose is to facilitate the flow of information between all business functions inside the boundaries of the organization and manage the connections to outside stakeholders. Built on a centralized database and normally utilizing a common computing platform, ERP systems consolidate all business operations into a uniform and enterprise wide system environment.

Extranet

Global information management system

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 defense of occupational interests.

G

GIA

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

www.gia.edu

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

H

Hazard

A source of potential harm, injury or detriment.

Hazardous Substance

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

Health

A state of physical, mental and social well-being and not merely the absence of disease or infirmity.

Health and Safety

The aim of health and safety initiatives is to prevent accidents and injury to personal wellbeing 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.

HRD

Hoge Raad van Diamant

www.hrdantwerp.be/content/hrd_antwerpen/about_hrd_antwerp.htm

Human rights

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

I

IDM

International Diamond Manufacturers Association

www.idma.net/

IGI

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

www.igi-usa.com/igi-about.htm

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

ISO 14000

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

www.iso.org/iso/iso_catalogue/management_standards/iso_9000_iso_14000.htm

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.

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/

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

Legal Compliance

Acting within, or under the direction of, Applicable Law.

Majority contractor

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

Marine Mining

Excavation of diamond from the seabed:

www.debeersgroup.com/en/Exploration-and-mining/Mining-methods/

Minority contractor

One that generates less than 75% of the revenues from one sight holder.

source: Best Practice Principles, The Assurance Programme, Manual 2008

Money Laundering

The process by which the financial proceeds of crime are disguised to conceal their illegal origin.

NGOs

Non-government organizations

O

Objective Evidence

Verifiable information, records, observations and/or statements of fact and can be qualitative or quantitative.

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

OHSAS 18001

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

www.ohsas-18001-occupational-health-and-safety.com/what.htm

Open pit Mining

Excavation to reach diamonds on the surface of the ground

www.debeersgroup.com/en/Exploration-and-mining/Mining-methods/

Overtime

Hours worked in addition to those of a regular schedule.

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.

Provision

A requirement stipulated in the Code of Practices.

R

Rio Tinto

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

www.riotintodiamonds.com/ENG/whoweare/rio_tinto_and_diamonds.asp

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.

S

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

Safety

The condition of being safe and free from danger, risks or injury.

Securitisation

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

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

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

Sightholder

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

www.dtc.sightholderdirectory.com/Sightholder/disclaimer.aspx

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.

T

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.

Treated Diamonds

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

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

Underground Mining

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

www.debeersgroup.com/en/Exploration-and-mining/Mining-methods/

UNGC

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

www.unglobalcompact.org/AboutTheGC/index.html

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

Waste

Solid, liquid or gaseous material that is discarded or no longer needed. Waste can cause pollution and impact on the environment if not properly managed. In the Jewellery supply chain, the main forms of Waste include Hazardous Substances, air and water emissions, and general operational Waste.

WFDB

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

www.wfdb.com

Workers

Persons defined as Employees, Contractors.

Working hours

The time during which the persons employed are at the disposal of the employer. Rest periods are time during which the persons employed are not at the disposal of the employer.

15 More Information—Links

BUSINESS ETHICS

CATEGORY: ETHICAL STANDARDS

EISEL - Search Engine on International Law

<http://www.eisil.org/index.php?sid=490029851&cat=0>

OECD - Ethical principles on global business

http://www.oecd.org/document/48/0,3343,en_2649_34487_42181872_1_1_1_1,00.html

World Legal Information Institute

<http://www.worldlii.org/>

HUMAN RIGHTS

CATEGORY: HUMAN RIGHTS

Business and Human Rights - Jewellery

<http://www.business-humanrights.org/Categories/Sectors/Consumerproductsretail/Jewellery>

United Nations - Universal Declaration of Human Rights

<http://www.un.org/Overview/rights.html>

United Nations Office of the High Commissioner for Human Rights

<http://www.ohchr.org/EN/Issues/Pages/WhatareHumanRights.aspx>

2008 Report of the Special United Nations Representative on the issue of Human Rights & Business, John Ruggie

<http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf>

CATEGORY: CHILD LABOUR & YOUNG PERSONS

Business for Social Responsibility - Child Labour Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=49773>

International Programme on the Elimination of Child Labour (IPEC)

<http://www.ilo.org/ipecc/index.htm>

ILO Convention 138 on Minimum Age (1976)

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C138>

ILO Convention 182 on the Worst Forms of Child Labour (1999)

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C182>

ILO Recommendation 146 on Minimum Age (1976)

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?R146>

SA 8000 Social Accountability International Standard (2001)

<http://www.sa-intl.org/index.cfm?fuseaction=Page.viewPage&pageID=710>

UNICEF UK's Child Labour Resource Guide

<http://www.unicef.org.uk/campaigns/publications/clrg/index.asp>

United Nations Global Compact - Principle 5 on Child Labour

<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle5.html>

CATEGORY: COMMUNITY DEVELOPMENT

Business for Social Responsible Issue Brief - Community Economic Development

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=49809>

Community driven Development

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTCDD/0,menuPK:430167~pagePK:149018~piPK:149093~theSitePK:430161,00.html>

Community Engagement & Development - Mining

http://www.minerals.org.au/_/_data/assets/pdf_file/0003/17643/CED.pdf

Diamond Area Community Development Fund -Sierra Leone

http://www.sfcg.org/programmes/sierra/sierra_encouraging.html

Diamond Development Initiative

<http://www.ddiglobal.org/>

ICMM Community Development Toolkit

<http://www.icmm.com/page/236/community-development>

CATEGORY: DISCIPLINE & GRIEVANCE PROCEDURES

ACAS - Advisory Handbook on Discipline & Grievance at work (UK)

<http://www.acas.org.uk/index.aspx?articleid=890>

CIPD - Discipline & Grievance at Work (UK)

<http://www.cipd.co.uk/subjects/emplaw/discipline/disciplingrievprocs.htm>

Smart Manager - Workplace discipline

http://www.smartmanager.com.au/web/au/smartmanager/en/pages/115_work.html

CATEGORY: DISCRIMINATION

Business & Human Rights Resource Centre

<http://www.business-humanrights.org/Home>

Business for Social Responsibility - Discrimination Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=50411>

ILO - Database on Conditions of Work and Employment Laws

<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle6.html>

International finance Corporation - Good Practice Note on non-discrimination & equal opportunity (2006)

[http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_NonDiscrimination/\\$FILE/NonDiscrimination.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_NonDiscrimination/$FILE/NonDiscrimination.pdf)

International Labour Organisation (ILO) - Equality & Discrimination

http://www.ilo.org/global/Themes/Equality_and_Discrimination/lang--en/index.htm

Universal Declaration of Human Rights - Art. 2, 7 & 23

<http://www.un.org/Overview/right.html>

United Nations Global Compact Principle 6 - Discrimination

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=50411>

CATEGORY: FORCED LABOUR

Business for Social Responsibility - Forced Labour Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=50885>

ILO Convention 29 on Forced & Compulsory labour (1930)

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C029>

ILO Convention 105 concerning the Abolition of Forced Labour (1957)

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C105>

ILO Special Action Programme to Combat Forced Labour - information resources

<http://www.ilo.org/sapfl/Informationresources/lang--en/index.htm>

SA 8000 Social Accountability International Standard (2001)

<http://www.sa-intl.org/index.cfm?fuseaction=Page.viewPage&padeID=710>

United Nations Global Compact - Principle 4 on Forced & Compulsory Labour

<http://www.sa-intl.org/index.cfm?fuseaction=Page.viewPage&padeID=710>

CATEGORY: USE OF SECURITY PERSONNEL

BHP Billiton - human rights training course case study

<http://www.bhpbilliton.com/bb/sustainableDevelopment/caseStudies/2007/humanRightsTrainingProgramAtCerrejonCoal.jsp>

International Committee of the Red Cross - training resources for armed police and security forces

<http://www.icrc.org/Web/eng/siteeng0.nsf/html/5HTF8K>

Voluntary Principles on Security & Human Rights

<http://www.voluntaryprinciples.org/>

LABOUR**CATEGORY: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

Business & Human Rights Resources Centre

<http://www.business-humanrights.org/Home>

Business for Social Responsibility - Freedom of Association Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=49812>

Ethical Training Initiative - Base Code

http://www.ethicaltrade.org/Z/lib/base/code_en.shtml

ILO Convention 87 - Freedom of Association & the Right to Organise (1948)

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C087>

ILO Convention 98 - Right to Organise and Collective Bargaining (1949)

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C098>

ILO Declaration on Fundamental Principles & Rights at work

<http://ilo.org/dyn/declaris/DeclarationWeb.IndexPage>

Universal Declaration of Human Rights - Articles 20

<http://www.un.org/Overview/rights.html>

UN Global Compact Principle 3 - Freedom of Association & Collective Bargaining

<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle3.html>

CATEGORY: GENERAL EMPLOYMENT TERMS

ILO - Contracts of Employment

<http://www.ilo.org/public/english/dialogue/themes/ce.htm>

ILO - Employment relationship

<http://www.ilo.org/public/english/dialogue/ifpdial/areas/legislation/employ.htm>

ILO - The Employment Relationship: An Annotated Guide to Recommendation 198

<http://www.ilo.org/public/english/dialogue/ifpdial/downloads/guide-rec198.pdf>

CATEGORY: HEALTH & SAFETY

Business for Social Responsibility - Health and Wellness Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=50304>

Equator Principles

<http://www.equator-principles.com/principles.shtml>

ICMM Sustainable Development framework - Health & Safety Principle 5

<http://www.icmm.com/our-work/sustainable-development-framework>

ILO Convention 176 Safety & Health in Mines (1995)

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C176>

ILO SafeWork Programme - information and resources

<http://www.ilo.org/public/english/protection/safework/>

International labour Law (ILO) - list of health & safety conventions

<http://www.ilo.org/ilolex/english/subjectE.htm#s12>

Material Safety Data Sheet - Gold

<http://www.cise.columbia.edu/clean/msds/gold.pdf>

Material Safety Data Sheets - Information

<http://www.materialsafetydatasheetssearch.info/>

National Skin Centre - Nickel Allergy

http://www.nsc.gov.sg/cgi-bin/WB_ContentGen.pl?id=103&gid=33

Programme on H&S at work and environment

<http://www.ilo.org/public/english/protection/safework/cis/index.htm>

UN - Internal Labour Organization

<http://www.ilo.org/declaration/lang--en/index.htm>

United States Nuclear Regulatory Commission - FACT Sheet on Irradiated Gemstones

<http://www.nrc.gov/reading-rm/doc-collections/fact-sheets/irradiated-gemstones.html>

World Bank/International Finance Corporation - Environment, Health & Safety Guidelines

<http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvSocStandards>

CATEGORY: WORKING HOURS

Business Social Responsibility - Work Life Quality Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=50965>

Employers & Work-Life Balance (UK)

<http://www.employersforwork-lifebalance.org.uk/>

ILO - Database on Conditions of Work & Employment Laws (info on working time legislation in more than 100 countries)

<http://www.ilo.org/public/english/protection/condtrav/database/>

ILO - Working Time around the World Report (2007)

http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang--en/WCMS_082827/index.htm

Links to text of ILO Conventions 1, 14, 30, 132 and 183

<http://www.ilo.org/ilolex/english/convdisp1.htm>

ENVIRONMENT**CATEGORY: ENVIRONMENT**

American Society - International Environmental Law

<http://www.asil.org/resource/env1.htm>

Centre for International Environmental Law

<http://www.ciel.org/>

United Nations - Environmental Convention

<http://www.unece.org/env/pp/treatytext.htm>

UN - The Rio Declaration on Environment and Development

<http://www.un.org/esa/sustdev/documents/agenda21/index.htm>

World Conservation Union

<http://www.iucn.org/themes/law/>

CATEGORY: HAZARDOUS SUBSTANCES

International Chemical Safety Cards (ICSC)

<http://www.ilo.org/legacy/english/protection/safework/cis/products/icsc/dtasht/index.htm>

International Cyanide Management Code for the gold mining industry

<http://www.cyanidecode.org/>

CATEGORY: USE OF ENERGY & NATURAL RESOURCES

BSR - Climate Change Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=48802>

BSR - Energy Efficiency Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=49765>

BSR - Water Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=49620>

Carbon Catalogue - Carbon Offset Directory

<http://www.carboncatalog.org/>

Carbon Footprint - Reducing your Impact

<http://www.carbonfootprint.com/>

Environmental Protection Agency, USA - Watersense

<http://www.epa.gov/watersense/>

Environmental Protection Agency, Victoria - Conserving Energy

http://www.epa.vic.gov.au/bus/resource_efficiency/conserve_energy.asp

Environmental Protection Agency, Victoria - Conserving Water

http://www.epa.vic.gov.au/bus/resource_efficiency/conserve_water.asp

Friends of the Earth Scotland - Green travel Plan

<http://www.green-office.org.uk/audit.php?goingto=factsheet7>

Greenhouse Gas Protocol Initiative - Corporate Standard

<http://www.ghgprotocol.org/standards/corporate-standard>

International emissions Trading Association

<http://www.ieta.org/ieta/www/pages/index.php>

United Nations Framework Convention on Climate Change - Essential Background

http://unfccc.int/essential_background/items/2887.php

CATEGORY: WASTE & EMISSIONS

Bamako Convention

http://www.ban.org/Library/bamako_treaty.html

Basel Convention on the Control of Transboundary Movements of Hazardous Wastes & their Disposal

<http://www.basel.int/>

Business for Social Responsibility - Waste Reduction & Resource Productivity Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=49813>

CATEGORY: ENVIRONMENTAL- PROTECTION

Business for Social Responsibility - Overview of Business and the Environment

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=49037>

Environment Canada Publications

<http://www.ec.gc.ca>

Global Reporting Initiative

<http://www.globalreporting.org>

International Finance Corporation Performance Standards & EHS Guidelines

<http://www.ifc.org>

International Organisation for Standardisation (ISO) 14000

http://www.iso.org/iso/iso_catalogue/management_standards/iso_9000_iso_14000/essentials.htm

UK Environment Protection Agency Publications

<http://www.environment-agency.gov.uk>

United Nations Division for Sustainable Development

<http://www.un.org/esa/sustdev/>

United Nations Global Compact

<http://www.unglobalcompact.org>

United Nations Global State of the Environment Report

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=49037>

US EPA Publications

<http://www.epa.gov>

US EPA Small Business Gateway

<http://www.epa.gov/smallbusiness/>

ANTI- BRIBERY & CORRUPTION

CATEGORY: ANTI MONEY LAUNDERING

AML practice notes

<http://www.lawsociety.org.uk/productsandservices/practicenotes/aml/450.article>

Basel Committee on Banking Supervision

<http://www.bis.org/bcbs/index.htm>

FATF - 40 Recommendations on AML

http://www.fatf-gafi.org/document/28/0,3343,en_32250379_32236920_33988956_1_1_1_1,00.html

Financial Action Task Force

http://www.fatf-gafi.org/pages/0,2987,en_32250379_32235720_1_1_1_1_1,00.html

Financial Action Task Force (FATF)

<http://www.fatf-gafi.org>

International Money Laundering Information Network (IMOLIN)

<http://www.imolin.org/imolin/index.html>

Jeweler's Vigilance Committee (USA) - guidance on compliance and anti-money laundering issues

<http://www.jvclegal.org/>

United Nations AML Info

<http://www.unodc.org/unodc/en/money-laundering/index.html>

UN Global Programme against Money Laundering

<http://www.unodc.org/unodc/en/money-laundering/index.html>

UN - The United Nations Convention Against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/index.html>

World Bank Group - Anti-Money Laundering and Combating the Financing of Terrorism

<http://www1.worldbank.org/finance/html/amlcft/index.htm>

CATEGORY: BRIBERY & FACILITATION PAYMENTS

Business for Social Responsibility - Corruption & Bribery Issue Brief

<http://www.bsr.org/research/issue-brief-details.cfm?DocumentID=49621>

OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions(1997)

http://www.oecd.org/document/21/0,3343,en_2649_34859_2017813_1_1_1_1,00.html

Publish What You Pay - aimed at natural resource extraction companies

<http://www.publishwhatyoupay.org>

Transparency International

<http://www.transparency.org/>

UN Convention against Corruption (2003)

<http://www.unodc.org/unodc/en/corruption/index.html>

UN Global Compact - Principles 10 on Anti-Corruption (2004)

<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/anti-corruption.html>

World Economic Forum - Partnering against Corruption

<http://www.weforum.org/en/initiatives/paci/index.htm>

DIAMOND INDUSTRY

CATEGORY: DIAMOND GENERAL INFORMATION

Antwerp Facets

<http://www.antwerpfacetsonline.be/>

Diamond Facts

<http://www.diamondfacts.org/>

Diamond Intelligence Briefs

<http://www.diamondintelligence.com/>

Idex Online

<http://www.idexonline.com/>

Mineweb

<http://www.mineweb.com/mineweb/view/mineweb/en/page1?>

Mining Life

http://www.mininglife.com/news/Diamond_mining_news.asp

Rapaport Net

<http://www.diamonds.net>

CATEGORY: KIMBERLEY PROCESS

Info by the World Diamond Council on KPCS and SOW

<http://www.diamondfacts.org>

Jewelers of America, information for retail jewelers

<http://www.jewelers.org>

Kimberley Process

<http://www.kimberleyprocess.com/>

PRODUCT INTEGRITY

CATEGORY: DISCLOSURE & PRODUCT INTEGRITY

Federal Trade Commission 2008

<http://www.ftc.gov/opa/2008/07/jvc.shtm>

Jewelers Vigilance Committee

<http://www.jvclegal.org>

US Government - Federal Trade Commission Guidelines for Jewellery

<http://www.ftc.gov/os/statutes/jewelryjump.shtm>

World Diamond Council

<http://www.worlddiamondcouncil.com>

World Gold Council

<http://www.gold.org>

World Jewellery Confederation CIBJO

<http://www.cibjo.com>

CATEGORY: PRODUCT & MATERIALS SECURITY

Crime Prevention Network for the Jewellery and Watch Trade in Europe

<http://www.warndienst.com>

Jewelers' Security Alliance (US) - Crime Prevention Bulletin

http://www.jewelerssecurity.org/crime_prev_bulletins/theftbulletin.html

JM University - Jewelry industry educ about safety, security and insurance

<https://services.jewelersmutual.com/JMUniversty>

Stolen Jewellery Tracking System (US)

<http://www.stolenjewelry.org>

NGO'S

Action Aid

<http://www.actionaid.org/index.aspx>

Africa Now

www.africanow.com

Amnesty international UK business group

<http://www.amnesty.org.uk/content.asp?CategoryID=10112>

Business and Human Rights

<http://www.business-humanrights.org/Home>

Business in the Community UK

<http://www.bitc.org.uk>

Catholic Agency for Overseas Development (CAFOD)

<http://www.cafod.org.uk>

Clinton Global Initiative

<http://www.clintonglobalinitiative.org>

Conservation International

<http://www.conservation.org>

Christian Aid

<http://www.christian-aid.org.uk>

Diamond Development Initiative

<http://www.ddiglobal.org/>

Earthworks

<http://www.earthworksaction.org/>

European Coalition for Corporate Justice

<http://www.corporatejustice.org/>

Ethical Tea Partnership

www.ethicalteapartnership.org

Fair Pensions

<http://www.fairpensions.org.uk>

Fair Trade Labor Association

www.fairlabor.org

Global Witness

<http://www.globalwitness.org>

Human Rights Watch

<http://www.hrw.org/>

Interfaith Center on Corporate Responsibility

<http://www.iccr.org>

Mallen Baker

<http://www.mallenbaker.net/csr>

Oxfam

<http://www.oxfam.org/en>

Partnership Africa Canada

<http://www.pacweb.org/e>

Rights and Accountability in Development (RAID)

<http://www.raid-uk.org>

The Eden Project

<http://www.edenproject.com>

Transparency International

<http://www.transparency.org>

World Resources Institute

<http://www.wri.org/about>

WWF (several national organizations)

<http://www.wwf.org>

16 Contact Information

For more information:

Corporate Affairs Department

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*The man who removes a mountain,
begins by carrying away small stones*

Chinese proverb

Every small step we take has IMPACT not only on our existence and operations but society at large.

It is vital that our CSR activities make a REAL DIFFERENCE - they must be CONTINUOUS and they must be SUSTAINABLE. It is important for our business to give back to society, to further develop our business model that is inclusive and cares for all.

While we have made a good start in our CSR journey, we acknowledge there is still a LONG WAY TO GO in addressing the needs and concerns of all sections of society.

Since we started our business 50 years ago, CSR is at the HEART of our EFFORTS.

We have DEDICATED PEOPLE across the globe that are passionate about our diamonds and customer needs. Step by step we are MOVING BEYOND THE BASELINE to contribute to CONFIDENCE and TRUST from all our STAKEHOLDERS.

WE HAVE THE WILL AND WE HAVE THE DETERMINATION TO RAISE THE BAR ON CSR PARTICIPATION, PERFORMANCE AND OUTCOME.

Baron Dilip Mehta - Dipu Mehta - Vishal Mehta
Arunkumar Mehta - Russell Mehta
Harshad Mehta - Rihem Mehta
Amit Bhansali - Ravi Bhansali
Group Associates Rosy Blue Group



Participant of the UN Global Compact
Member of the Responsible Jewellery Council
www.rosyblue.com

