



ROSY BLUE

MORE THAN DIAMONDS

2017  
CSR REPORT

# THIS IS OUR 9TH CSR REPORT.

The UN Sustainable development goals truly matter, and Rosy Blue along with many other companies have taken up their responsibilities.



*Diamonds demand the highest level of ethical integrity.*



Amit Bhansali  
Managing Director Rosy Blue NV

One of the biggest challenges in 2017 has been the attempt to assess our supply chain and evaluate our broader impacts. By the time a piece of jewelry is offered for sale, it may be very difficult to know the origin of the diamond it contains and most importantly whether along the way it is tainted by human rights abuses or ethical violations. All players in the diamond pipeline have the responsibility to assure there is no contribution to human rights abuses at any point throughout their supply chain. That's why our due diligence process has been put in an even more mature framework, guaranteeing ethical origin.



Russell Mehta  
Managing Director Rosy Blue (India) Pvt. Ltd.

Launching our centers of excellence in Antwerp and Mumbai has been one of the highlights of 2017. We have had robust integrity procedures for many years, but now our processes have been updated and streamlined in order to eliminate even the slightest risk for an undisclosed synthetic.

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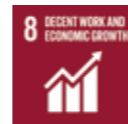
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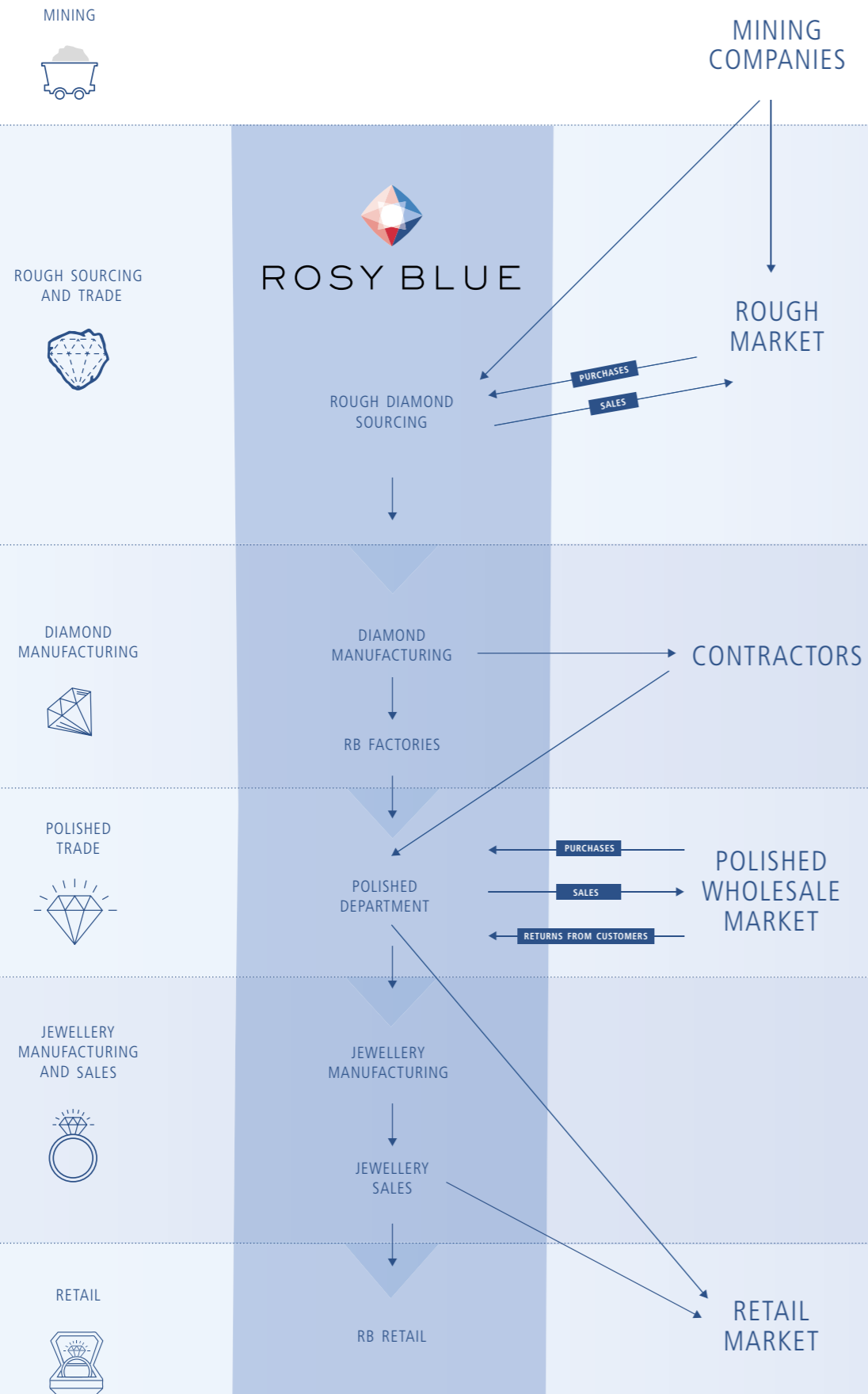
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# ROSY BLUE'S POSITION IN THE DIAMOND SUPPLY CHAIN

Rosy Blue began trading as B Arunkumar more than 50 years ago and continues to be a leading, trusted and successful player in the global diamond industry. Today Rosy Blue is a big brand, composed of 2 companies that are active in the same activities and share the same name. Each of these companies is composed of several entities that operate in 11 countries around the world.

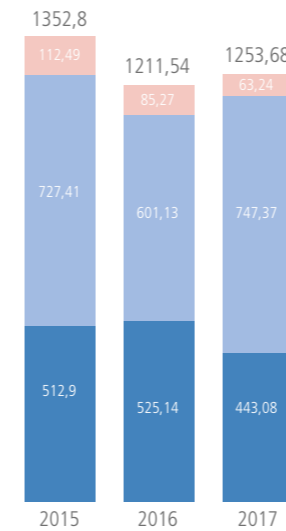
# ROSY BLUE'S POSITION IN THE DIAMOND SUPPLY CHAIN



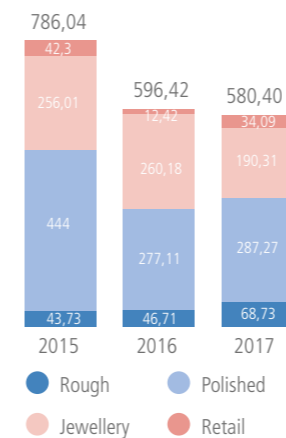
# ROSY BLUE'S POSITION IN THE DIAMOND SUPPLY CHAIN

## Turnover

Rosy Blue Non India



Rosy Blue India



'in million dollars'

## Rough sourcing & trade

Our close relationship with the world's premier diamond mining companies, including the De Beers Global Sightholder Sales (DBGSS), Alrosa and Dominion Diamond Corporation, enables us to assure our client a regular and unrivalled supply of rough diamonds well into the future. We participate in all major tenders and auctions. Our globally spread sourcing team also buys from all rough trading centers and across a full range of goods, but only from known and trusted suppliers. Depending on our own needs in polished stones, we trade the rough that will not be sent for manufacturing.

We are extremely careful with every rough diamond that we buy, conflict-free and human rights abuse-free source.

## Diamond manufacturing

Our manufacturing centres combine the traditions of diamond craftsmanship with the most advanced polishing technology and highest technical standards. We manage our production with an advanced series of internal control mechanisms to drive quality and maintain the integrity of the pipeline. Because of the large proportion of in-house manufacturing, we can guarantee transparent and respectable practices. Our production ranges from rounds (from 0.005pts to 10cts+) to calibrated princess diamonds (from 0.03pts to 10cts+) as well as a wide variety of fancy shapes.

## Polished trade

By combining our own manufactured diamonds with polished stones sourced from the open market, we ensure a consistent depth of inventory.

Our clients for polished stones are a diverse group, ranging from the world's most prestigious international brands to large chain retailers catering to every price point, as well as small, specialty jewellers.

We have teams of key account managers across the world buying and selling specific weights and qualities of polished stones. These specialists are in continuous, open communication with our rough diamond procurement operations, to quickly pass on details of a customer's requirements. This is how we tailor our rough procurement as tightly as possible to the real-time demands of our customers, creating a responsive and client-centered pipeline.

## Jewellery manufacturing and sales

Intergold is the jewellery manufacturing arm of Rosy Blue India, employing 293 employees in our jewellery factory in India. Our marketing and distribution network spreads across the globe, with special expertise in the United States, Europe, Japan and Asia Pacific. Each zone is backed by a local service desk.



## Our retail brand ORRA in India

ORRA is one of India's finest jewellery retail chains, having spread its glow with 33 stores across 21 cities.

Over the years, the brand has been able to create a niche for diamond and platinum jewellery in a market that was otherwise dominated by a strong preference for gold. Innovation was the celebrated ORRA Crown Star, a 73 facet solitaire v/s the regular 57 facets. These facets are aligned in perfect proportion to provide maximum brilliance. The accuracy with which the diamond is cut gives it an unmatched brilliance.

In 2017, ORRA opened its fourth flagship store in the

city of Bengaluru, Karnataka at Phoenix Market City. ORRA closed two stores in Rajkot and Amritsar while looking to relocate them. The focus this year has been on the diamond bridal Jewellery, mainly focusing the designs on millennial generation. Propelled by the rising demand in the men's category for jewellery, ORRA witnessed a platinum sales growth by about 40% during the same quarter which was otherwise just 25%.

We have also looked to create more conversation with our customers focusing on digital campaigns that engage. During the festival of Diwali, ORRA launched a 'She is Diwali' campaign celebrating emotions behind the purchase of jewellery. This campaign too received a very positive response.

## 2017 AWARDS & recognitions:

- Precious Color Gemstone Jewelry of the year, at Retail Jeweller India Awards 2017
- India's Most Trusted Brand in the Diamond Jewellery category by IBC Infomedia for three consecutive years in 2015, 2016 & 2017.

# OUR GLOBAL PRESENCE: ACTIVITIES & PEOPLE



# OUR GLOBAL PRESENCE: ACTIVITIES & PEOPLE

2477 people

4 manufacturing plants

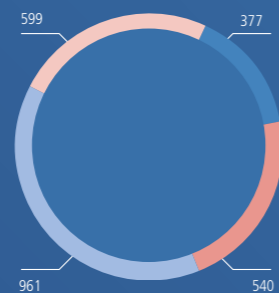
153 000 carats polished diamonds produced!



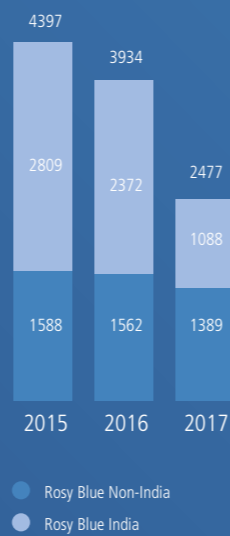
## PEOPLE BY COUNTRY

|              | Blue Collar |     | White Collar |     | Total 2017 |
|--------------|-------------|-----|--------------|-----|------------|
|              | ♂           | ♀   | ♂            | ♀   |            |
| Belgium      | 0           | 5   | 38           | 20  | 63         |
| China        | 75          | 255 | 17           | 49  | 396        |
| Hong Kong    | 0           | 0   | 17           | 25  | 42         |
| Israel       | 0           | 2   | 13           | 12  | 27         |
| India        | 9           | 14  | 743          | 285 | 1051       |
| Japan        | 0           | 0   | 19           | 24  | 43         |
| Luxembourg   |             |     |              |     |            |
| South Africa |             |     |              |     |            |
| Thailand     | 277         | 260 | 63           | 142 | 742        |
| UAE          | 16          | 4   | 19           | 10  | 49         |
| USA          | 0           | 0   | 32           | 32  | 64         |
|              |             |     |              |     | 2477       |

- Blue Collar Male
- Blue Collar Female
- White Collar Male
- White Collar Female



## WORKFORCE EVOLUTION



## ACTIVITIES BY COUNTRY

|              | Rough diamond trading | Diamond manufacturing | Polished diamond trading | Jewellery manufacturing | Jewellery sales | Retail | Holding company | Administration |
|--------------|-----------------------|-----------------------|--------------------------|-------------------------|-----------------|--------|-----------------|----------------|
| Belgium      | •                     |                       | •                        |                         | •               |        |                 | •              |
| China        |                       | •                     | •                        | •                       |                 |        |                 | •              |
| Hong Kong    | •                     |                       | •                        | •                       | •               |        | •               | •              |
| Israel       | •                     |                       | •                        |                         |                 |        |                 | •              |
| India        | •                     | •                     | •                        | •                       | •               | •      | •               | •              |
| Japan        |                       |                       | •                        |                         | •               |        |                 | •              |
| Luxembourg   |                       |                       |                          |                         |                 |        | •               | •              |
| South Africa |                       |                       |                          |                         |                 |        | •               | •              |
| Thailand     |                       | •                     |                          |                         |                 |        |                 | •              |
| UAE          | •                     |                       | •                        |                         | •               |        |                 | •              |
| USA          | •                     |                       | •                        |                         | •               |        |                 | •              |

• Rosy Blue Non-India • Rosy Blue India

# SUSTAINABILITY APPROACH

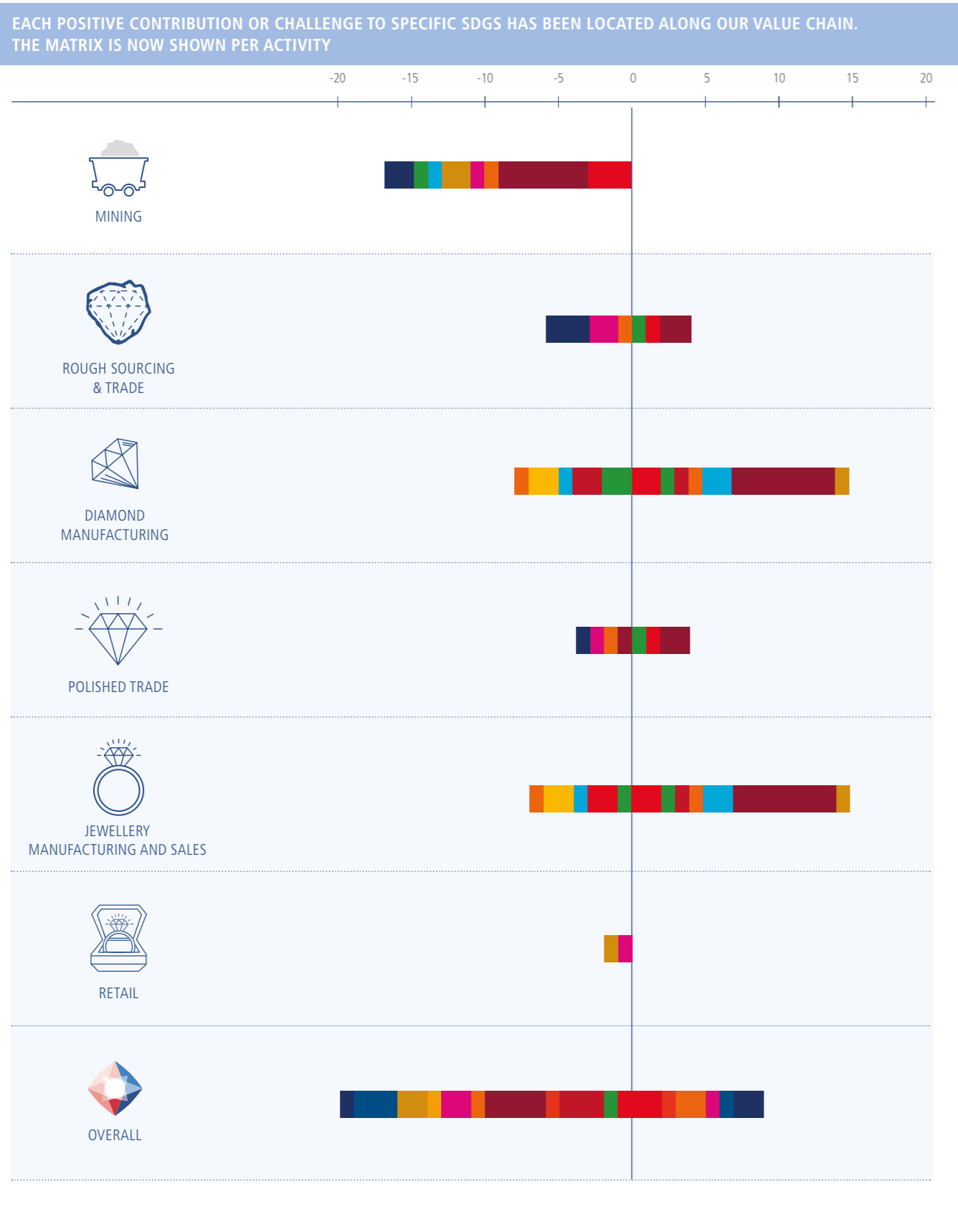
## SDG IMPACT MAPPING 2017

Rosy Blue has engaged in a sustainability journey since many years. In 2017, our value chain be challenged by the United Nations Sustainable Development Goals that were launched in 2015. We are striving to maximise our contribution to the solutions sought, and to minimize our impacts that are counterproductive to achieve these goals. The below results are based on an objective impact assessment exercise, conducted in cooperation with Antwerp Management School.

ROSY BLUE CAN BRING A MEANINGFUL CONTRIBUTION TO 14 OF THE 17 UN SDGS. THE MATRIX SHOWS WHERE OUR IMPACT IS POSITIVE (+) AND WHERE THERE IS STILL ROOM FOR IMPROVEMENT (-)



We have assessed the impacts we have or can have in every goal, in our own operations or in our sphere of influence. This tight cross-analysis amounted to identify touch points between our company and the 17 SDGs. After this exercise we decided to see for every goal, in which stage of the diamond supply chain we can influence most the solutions sought. We found that in our own operations, in our manufacturing activity, we can already make a positive difference. However, still, opportunities are to be explored. And especially in the mining activity we acknowledge there are opportunities where we can have an influence.



## Some examples of specific SDG projects in 2017- 2018.



### SDG 3: Good health & wellbeing: 'SA8000 certification of our factories'

The SA8000 Standard is one of the world's first auditable social certification standards for decent workplaces, across all industrial sectors. It is based on the UN Declaration of Human Rights, conventions of the ILO, UN and national law, and spans industry and corporate codes to create a common language to measure social performance.

In 2017 our factory in Thailand finished their SA8000 certification. Our factory in China was assessed by SAI to review the current social performance and to assess gaps and challenges. More details are given in the chapter on decent work.



### SDG 13: Climate Action: 'In depth energy efficiency audits in our factories'

Rosy Blue has conducted energy audits with our environmental partner, the Carbon Trust at manufacturing sites in India and China. Our objective is carbon reduction and energy efficiency. Energy audits are fundamental in order to encourage the business to deliver reductions. Energy Management training was rolled out to other sites across the Group. More details are given in the chapter on environment.



### SDG 17: Partnerships for the goals: 'Goodcrowd tool'

Rosy Blue worked together with the Antwerp Management school to create, launch and promote a free online tool for consulting stakeholders, based on the SDG's.

Stakeholder consultation is an important part of CSR. Through consulting stakeholders you can, among other things, map responses and suggestions of your organization's constituents. Still, few organizations appear to conduct a stakeholder consultation on a periodic basis. GoodCrowd is an indispensable tool for developing, evaluating and reviewing your organization's CSR policy and engagement to the Sustainable Development Goals.



### SDG 17: Partnerships for the goals: 'Alignment of RJC provisions with Sustainable Development Goals'

As a part to our sector organisation the Responsible Jewellery Council, we work hard with them to raise awareness on the SDG's in our industry. While reviewing the RJC's most accepted standard, we advised on how they could promote the SDG's along the way. Making sure RJC provisions and compliances have direct SDG impact, could make organisations aware of they impact, what they are currently already doing and where there is still room for improvement regarding their SDG impacts.



# SOME INPUT FROM OUR STAKEHOLDERS

## Methodology

We map our stakeholders to be able to consult them about their key concerns and expectations. Informally through the networks that we attend or participate in and annually through a formal stakeholder consultation. With our stakeholders we refer to anyone that's affected by us or affects us in any possible way: suppliers, employees, contractors, customers, governments, international organisations, local communities, financial institutions, NGO's, business organisations and academic institutions.

For this report we surveyed a selection of 120 stakeholders, with an important influence on Rosy Blue's business during the reporting period. The survey was conducted in April 2018 and covered a total of 58 internal (management, employees) and 62 external stakeholders.

We surveyed them through the Goodcrowd tool, provided by the Antwerp Management School to review our SDG mapping and impact assessment and to prioritize the main SDG's they believe we could be impacting in our business.

## Results of the consultation

According to our stakeholders Rosy Blue should definitely NOT focus on all SDG's, but only on a number of SDG's on which it has a reasonable impact.

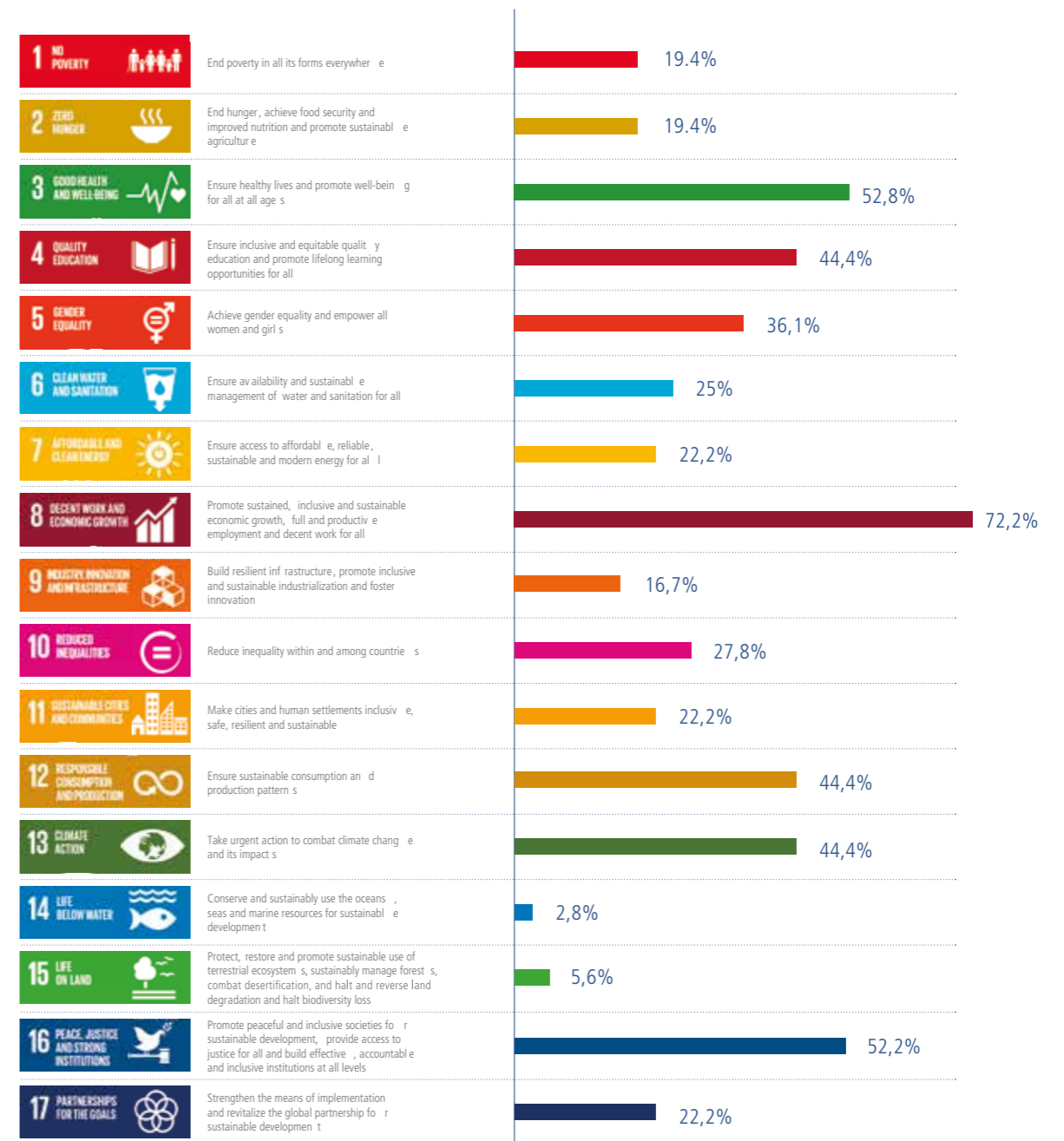
☹☹ The diamond industry is still reluctant about full traceability because it is costly but most companies are heading towards it, it will come eventually.

☹☹ Dare questioning some ancestral practices in the light of today's expectations

☹☹ The trading activity must be stronger in due diligence, to monitor financial flows and conflict minerals that get in the jewellery activity.

☹☹ Fight against old mentalities, there is a big resistance to change in the sector, against anything formal

## How our stakeholders responded. Which SDGs should be given most priority by Rosy Blue?



45% of our stakeholders believe our general efforts and performance with regards to the SDG's in much better compared to other companies in the sector, 35% believe it to be somewhat better and 20% believes it is comparable to the efforts of other companies in the sector.

Out of our consultation we distilled 7 SDG's, directly linked to our material business issues, where we believe to have most impact moving forward.



## GOVERNANCE & COMPLIANCE

**Material SDG's related:**  
SDG 16 Peace, justice and strong institutions

**What it means for us:**  
Promoting transparency regarding our own governance structure and practices. Ensuring effective policies and procedures to prevent bribery, money-laundering and corruption.

**Average score on performance by stakeholders:** 6.6/10



## LABOUR STANDARDS & DECENT WORK

**Material SDG's related:**  
SDG 3 Good health and wellbeing

**What it means for us:**  
Ensuring the health, safety and well-being of all Rosy Blue's employees through workplace policies and initiatives for equality, inclusion, & occupational health and safety.

**Material SDG's related:**  
SDG 8 Decent work and economic growth.

**What it means for us:**  
Contributing to economic development, through decent jobs and livelihoods, infrastructure investments, building the skills of employees.

**Average score on performance by stakeholders:** 8.6/10



## ETHICAL SOURCING & SUPPLY CHAIN TRANSPARENCY

**Material SDG's related:**  
SDG 12 Responsible production and consumption

**What it means for us:**  
Ethical sourcing and supply chain transparency will ensure our diamonds have not been used to fund armed conflicts nor have been sources in a way that didn't respect human rights or the environment.

It is our obligation to guarantee the authenticity of our diamonds and gold jewellery in all their physical characteristics. Product disclosure rests on the quality and veracity of the information that is disclosed to the consumers about the diamonds they purchase.

**Average score on performance by stakeholders:** 8.9/10



## CRAFTSMANSHIP & EDUCATION

**Material SDG's related:**  
SDG 4 Quality education

**What it means for us:**  
Improving technical skills (direct and indirect through scholarships, gifts to schools, grants...), literacy, reinforcing and sharing know-how.

**Average score on performance by stakeholders:** 8.3/10



## COMMUNITY ENGAGEMENT & PARTNERSHIPS

**Material SDG's related:**  
SDG 17 Partnerships for the goals

**What it means for us:**  
Supporting non-profit organisations like the RJC and donating to charitable organisations and causes which are linked to our sector and operations.

**Average score on performance by stakeholders:** 9.1/10



## ENVIRONMENTAL FOOTPRINT

**Material SDG's related:**  
SDG 13 Climate action

**What it means for us:**  
Minimising the impacts of Rosy Blue's operations on the environment by investing in technologies that reduce emissions, energy and water use.

**Average score on performance by stakeholders:** 7.2/10

INTEGRITY & TRUST  
GOVERNANCE & COMPLIANCE

LABOUR STANDARDS & DECENT WORK

ETHICAL SOURCING & SUPPLY CHAIN TRANSPARENCY

COMMUNITY ENGAGEMENT & PARTNERSHIPS

CRAFTSMANSHIP & EDUCATION

SUSTAINABLE LUXURY

ENVIRONMENTAL FOOTPRINT

IMPORTANCE

PERFORMANCE

We asked our stakeholders to give a score for every of the above topics, on how important they believe each topic to be for Rosy Blue (importance) and how advanced they perceive us on each topic (maturity). This is comparison with our own evaluation resulted in this maturity matrix.

# GOVERNANCE, COMPLIANCE AND STRONG INSTITUTIONS

## Our interpretation



Promoting transparency regarding our own governance structure and practices. Ensuring effective policies and procedures to prevent bribery, money-laundering and corruption.

Score on relevance: 9.2/10

Score on performance: 6.6/10

### Our CONCRETE actions in 2017:

- Updated global KYC procedure
- Update global AML policy
- Recertification RJC – India and Non India
- OECD implementation

## CORPORATE GOVERNANCE AS RISK MITIGATION

We recognize the importance of good governance to prevent business and social risks within our company. To achieve this goal, we have increased management efficiency and transparency by improving our internal control system. A number of corporate bodies have been established to create a sound balance of reporting.

### Our core values

#### Integrity:

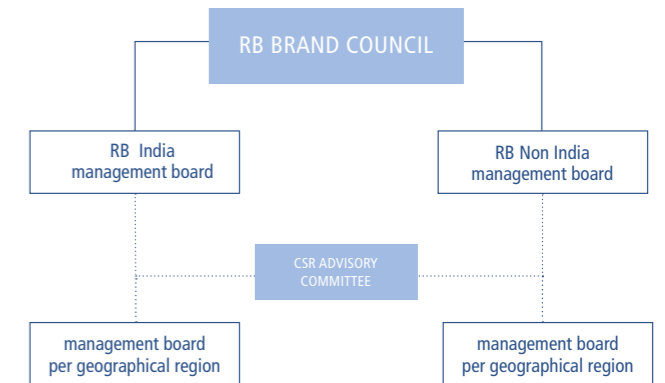
we strive to uphold ourselves to moral and ethical standards

#### Accountability:

we are keen to deliver the same promise of trust and craftsmanship to all our stakeholders around the world.

#### Diversity:

we embrace the diverse characteristics of all people who work with us and respect their dignity.



### Rosy Blue Brand Council

Since Rosy Blue NI and Rosy Blue I are two independent legal entities, a Rosy Blue Brand council has been established with the main function to manage growth and oversee the Rosy Blue Brand. Their task is also to maintain ethics and core values across our operations.

#### Members

Dipu Mehta,  
Vishal Mehta,  
Amit Bhansali,  
Ravi Bhansali  
Russell Mehta,  
Viraj Mehta

### Local Management Boards

Each Rosy Blue entity is governed by a Management Board and covers a certain geographical region with its own profit and loss responsibility within the wider framework of the Rosy Blue brand. They define long-term goals and strategies, coordinate and monitor the most important activities, develop and deploy managerial staff, allocate resources and decide on its financial steering and reporting.

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

### CSR Advisory Committee

The main objective of the CSR advisory committee is to review and make appropriate strategic recommendations regarding Rosy Blue's CSR management and to monitor the conduct of business in accordance with the different compliance standards. Its 4 members come from different operational departments and complement each other in terms of their diverse professional expertise and excellent knowledge of the complex supply chain we work in.

#### Members

**Valerie Michel,**  
Manager corporate  
Affairs & CSR, Belgium,

**Alon Moolleman,**  
Manufacturing coordinator

**Ashish Mandloi,**  
General Manager (HR & Admin) India

**Sookruthai Karintanaka,**  
head of HR, Thailand

### AML – KYC (Know Your Counterpart) team

Rosy Blue has a dedicated AML-KYC officer in every entity who follows up on financial compliance and possible suspicious transactions. The 'know-your-counterpart' procedure is followed to verify and keep records on the counterpart's identity as per anti-money laundering (AML) requirements. As buyers, we are also subject to the same disclosure obligations to our suppliers. Under no circumstances, goods can be sold to a new customer without the KYC process finalized with a green light.

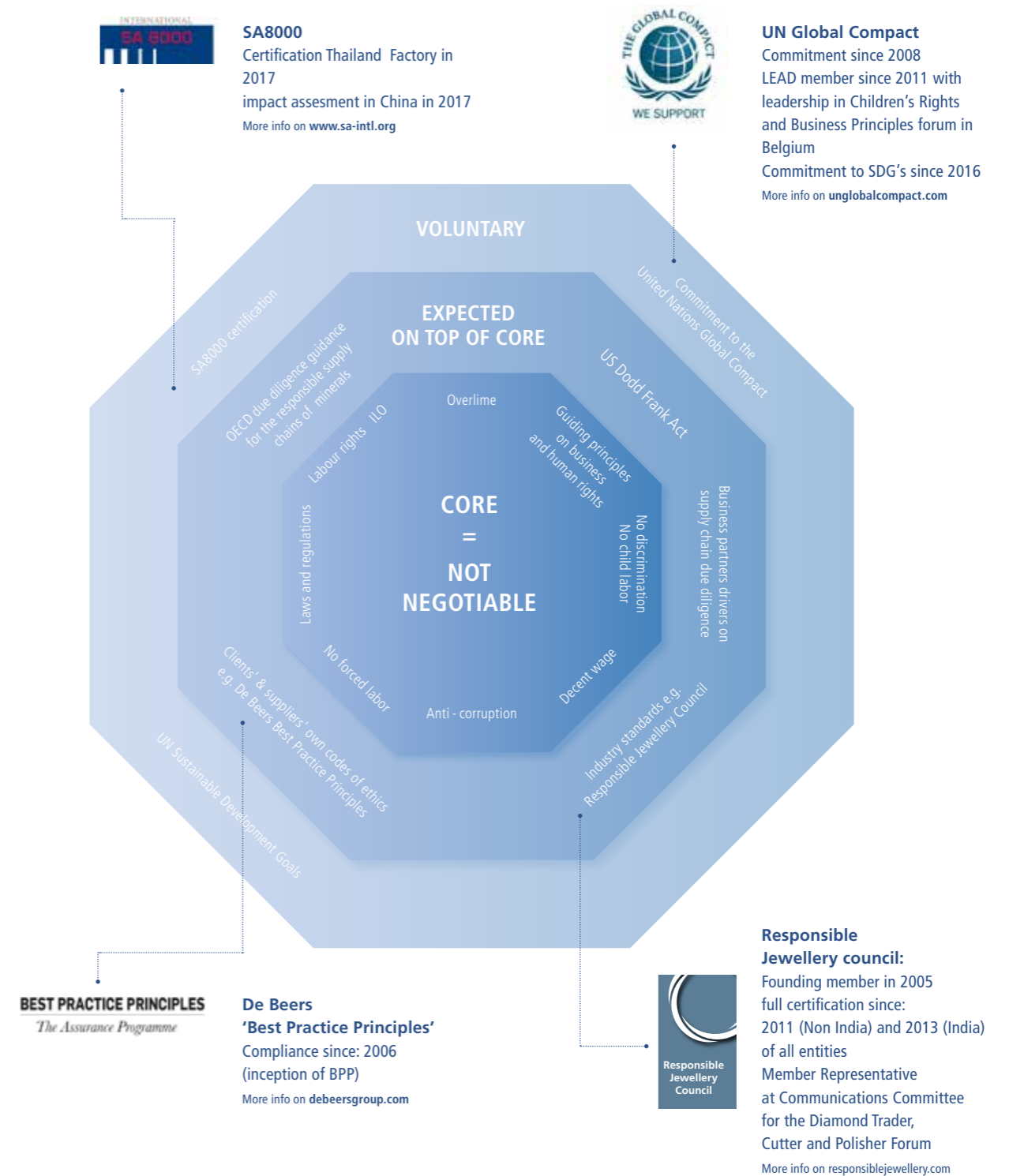
## We updated our Know Your Counterpart Procedure

In 2017 we have implemented an updated identification procedure to understand more about the people we do business with.

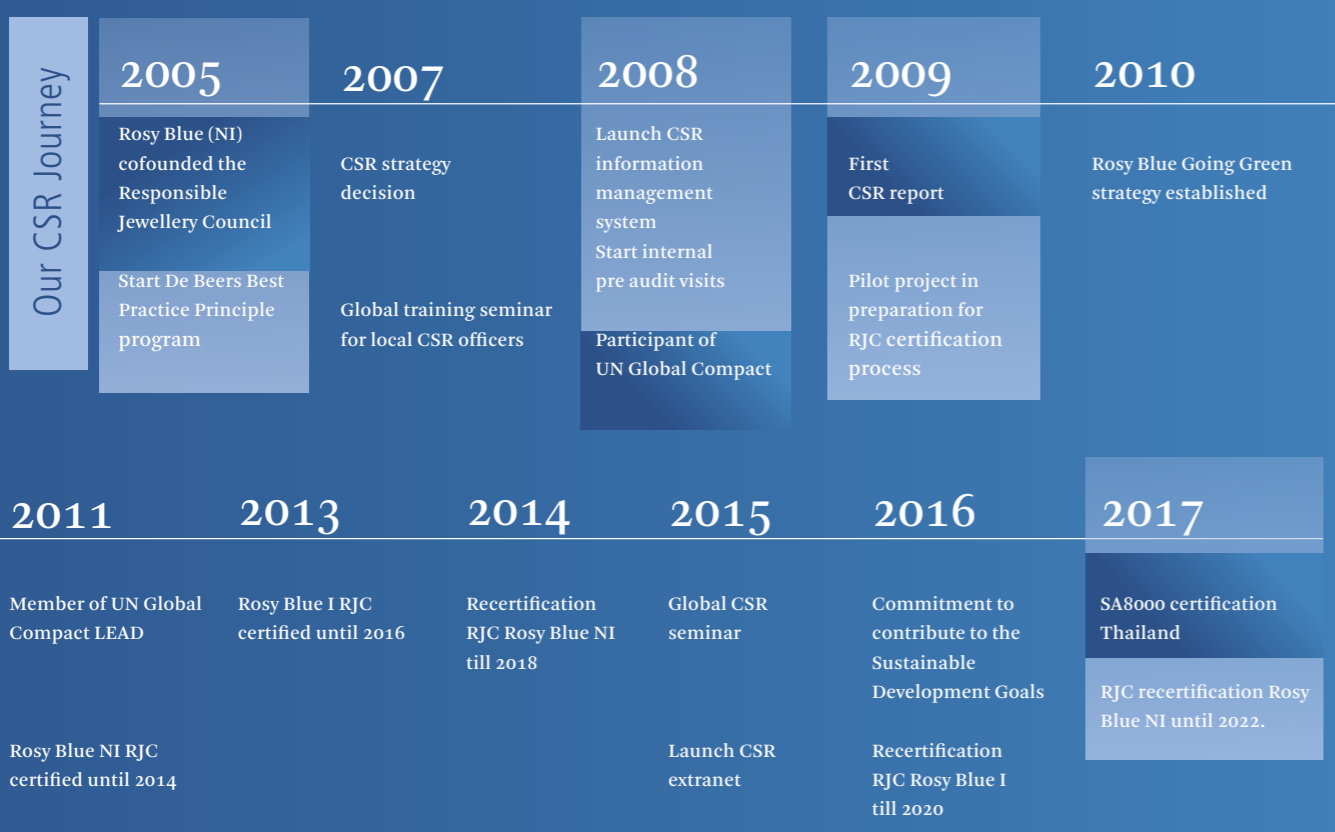


## COMPLIANCE: A VERY DEMANDING OPERATING ENVIRONMENT

Compliance with international rules and regulations is a minimum responsibility for every company. There are several initiatives in the diamond industry that seek to help companies improve their impact on society and to enhance consumer confidence. We also adhere to codes of different suppliers and customers, which for confidentiality reasons we have not individually and specifically mentioned here. On top, we also engage explicitly in a series of initiatives which we believe help us to consistently improve business and operating practices across the value chain and our markets.



GOVERNANCE, COMPLIANCE AND STRONG INSTITUTIONS



GOVERNANCE, COMPLIANCE AND STRONG INSTITUTIONS

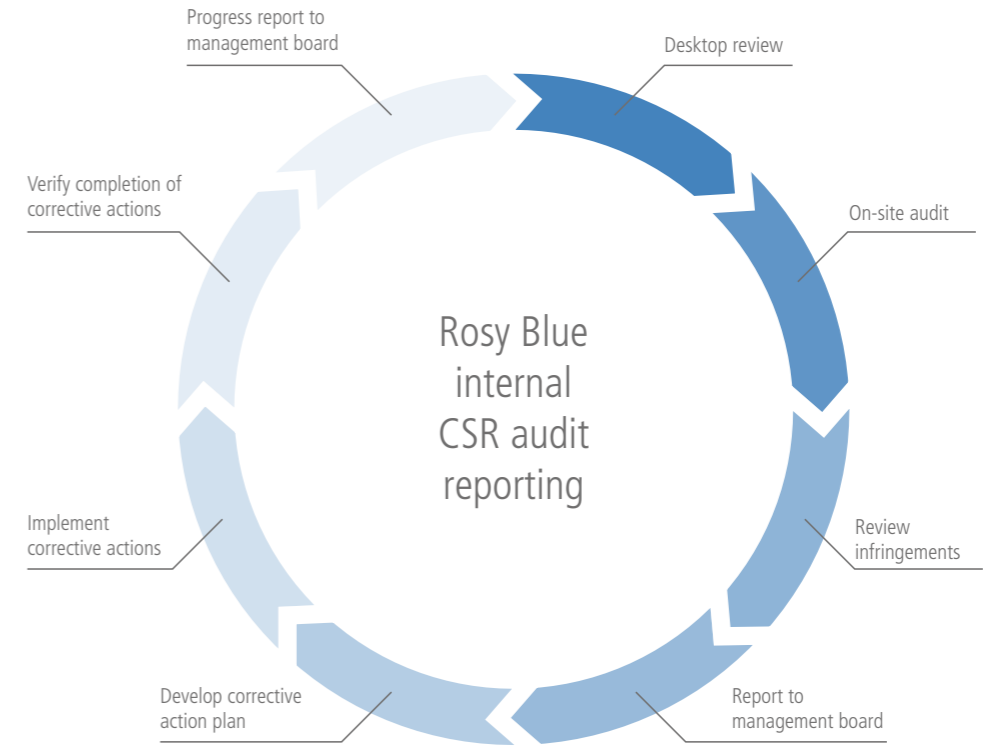


# OUR NETWORK OF LOCAL CSR OFFICERS



# OUR COMPLIANCE STRUCTURE: A CENTRAL YET LOCAL ORGANISATION

Two central CSR departments are at the core of the leadership structure. They hold responsibility for the alignment and steering of our global sustainability strategy. Some of their tasks are communicating externally, collecting data, and developing policies and procedures and monitoring their implementation.



## Internal monitoring to know what happens where

The two central CSR departments evaluate compliance through an internal audit system and work proactively with our people to drive change. Every entity has appointed a local CSR compliance officer who is responsible for implementing compliance and tailoring global, all-encompassing directives to local national and cultural needs.

Each year the 2 Central CSR Departments, in close coordination with the local CSR officers, audit a number of entities based on various risk criteria including geographic sensitivities, past audit performances and the nature of facility's work. In 2017, Belgium, Dubai, New York, Thailand, India hosted an internal audit and China was assessed in collaboration with Social Accountability International (SAI).



# RESPONSIBLE CONSUMPTION AND PRODUCTION



## Our interpretation

Ethical sourcing and supply chain transparency will ensure our diamonds have not been used to fund armed conflicts nor have been sourced in a way that didn't respect human rights. It is our obligation to guarantee the authenticity of our diamonds and gold jewellery in all their physical characteristics. Product disclosure rests on the quality and veracity of the information that is disclosed to the consumers about the diamonds they purchase.

**Score on relevance:** 8.6/10

**Score on performance:** 8.9/10

### Our CONCRETE actions in 2017:

- human rights due diligence according to the OECD guidance
- establishment of centers of excellence in Antwerp and Mumbai in order to increase our diamond testing and eliminate any risks for synthetics entering our supply chain
- audited and approved provenance claim on SRSP compliance and Non Marange origin for Rosy Blue Non India only.
- re-establishment of our CanadaMark program for Rosy Blue Non India only.
- project on global supply chain contamination control

## Ethical sourcing from primary mines and trusted suppliers

**All our diamonds are conflict free origin.** We apply the rough Diamond export and import verification system and controls as laid out by the Kimberley Process Certification Scheme and national legislation of the countries where we operate. We only supply diamonds that have been sourced from countries that are participants in the Kimberley Process and that have been legally exported under a relevant Kimberley Process certificate. Certifying their origin is to prevent diamonds from potentially being used to finance armed conflicts by rebel movements from entering the market. \* We also fully comply with the World Diamond Council System of Warranties.

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

## Provenance traceability for every stone manufactured in-house

For a company the size of Rosy Blue traceability challenges are substantial, as the rough is bought in various locations and is then routed through procurement and sorting offices, before ending on polishing wheels in different factories.

In all entities, integrated IT systems have been set up in order to guarantee full transparency on every stone that is manufactured in house. Allied with human vigilance, this helps us monitor every diamond passing through our manufacturing and finishing process. These processes are independently verified through our membership of the Forevermark Program in 4 of our operations: Belgium, Thailand, China and India.

### Rosy Blue NV teams up with DE BEERS for traceability project.

We are so excited to have been working with De Beers during the development of Tracr, the first blockchain platform to span the entire diamond value chain.

This will for the first time mark a diamond's journey, digitally tracked from mine to retail, providing consumers with confidence, promoting transparency and trust, and enhancing efficiencies across the diamond value chain.

Our Managing Director Mr. Amit Bhansali: "Technology has already significantly contributed to improving transparency within the diamond industry. Initiatives that use blockchain can drive this process even further, as their implementation requires collaboration and trust creation among all industry stakeholders. We are excited to be contributing to this process through our participation in the Tracr platform."

### Provenance Claims made By Rosy Blue Non India.

#### SRSP compliance

Rosy Blue Inc. USA sources gold responsibly in accordance with the Signet Responsible Sourcing Protocol (SRSP).

Rosy Blue Inc. USA sources diamonds responsibly in accordance with the Diamond Signet Responsible Sourcing Protocol (D-SRSP).

#### Non Marange Origin

"Diamonds herein invoiced have not originated from Marange Region of Zimbabwe. The supplier of these diamonds has provided a similar assurance from non Marange origin."

### Fantasy system at Rosy Blue NI

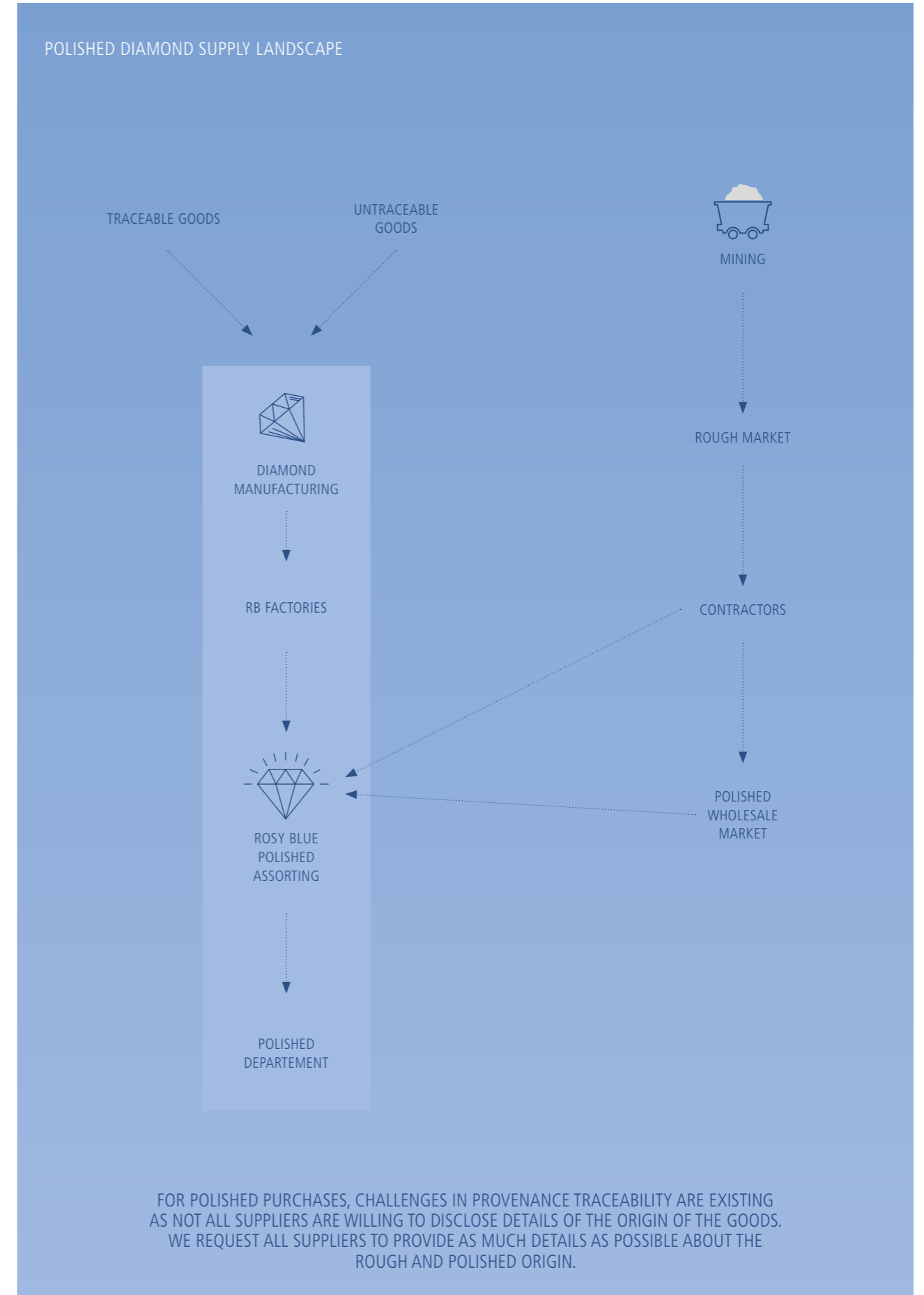
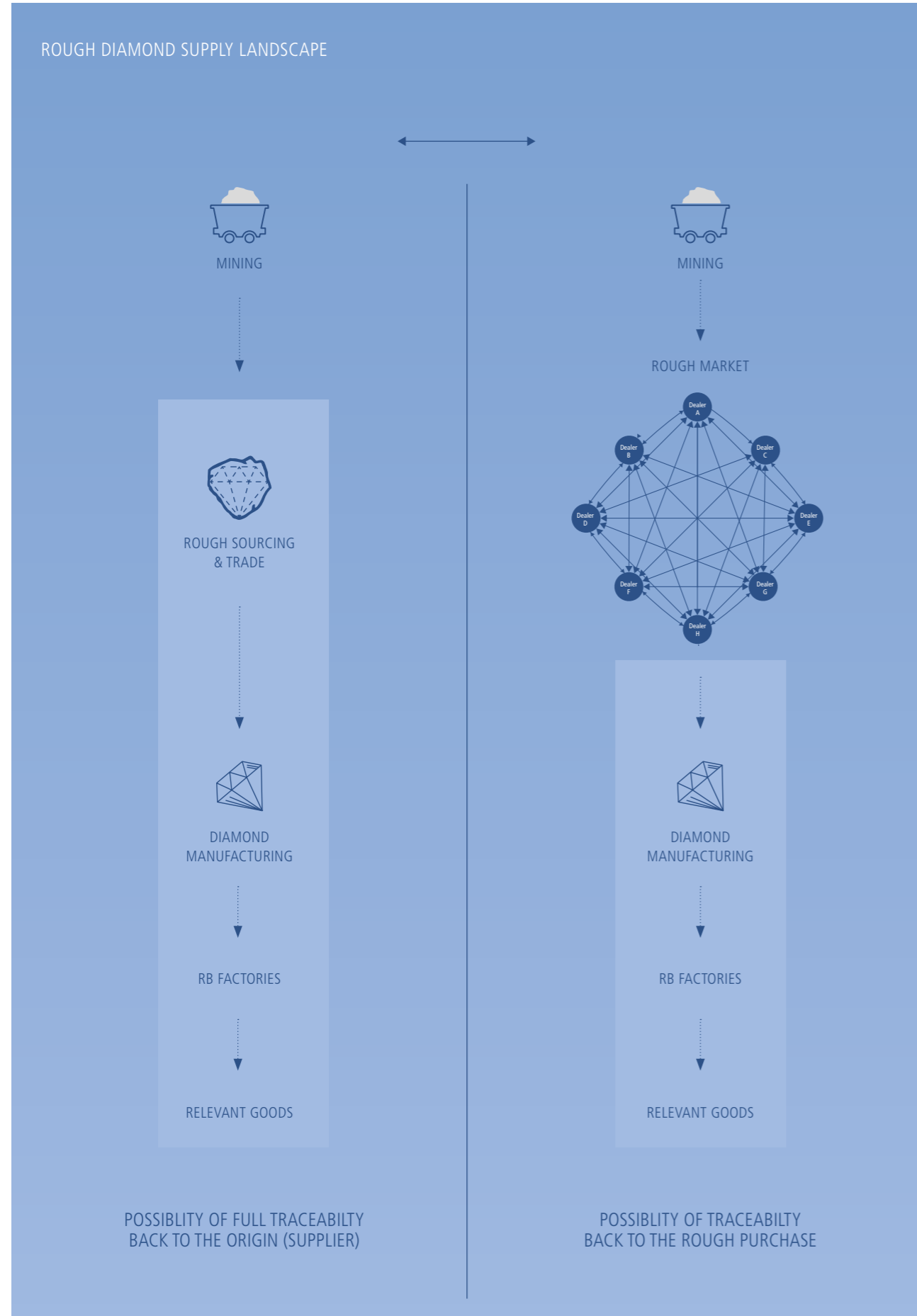
The Fantasy system allows for **absolute tracking of every single stone, as well as entire** lots, manufactured in-house, throughout our entire global supply-chain, at every stage.

**e.g. Canadian origin hallmark:** We use our traceability system to be able to guarantee Canadian origin of diamonds. Our factory in Thailand is approved as manufacturing facility using the CanadaMark™ program, a trademark of Dominion Diamond Corporation, one of our main suppliers. This origin hallmark signifies that the polished diamond is mined in Canada, natural and untreated, tracked from mine to polished and of standardized quality.

### JD Edwards at Rosy Blue I

JD Edwards is the integrated applications suite of resource planning software that offers databases, operating systems and hardware to develop IT solutions to meet business requirements like a tight monitoring of all receivable and payables. It tracks each rough parcel from the time it is received till the completion of manufacturing process and the value addition made thereto.

# Traceability challenges



## Product integrity and authenticity

### Full disclosure at all times

Full disclosure at all times is key throughout our processes. We acknowledge that in our sector, the non-disclosure of the potential treatment of natural diamonds, and the misrepresentation of

simulants and synthetics as natural diamonds, undermines consumer confidence in the integrity of our product. Written disclosure is needed in each bill of sale, receipt, laboratory certificate or other documentation we give to our clients.



### 4C's of a diamond

Each diamond is unique. The quality and value of a diamond is defined by its 4 Cs: carat, colour, clarity and cut.

The weight or size of a diamond is expressed in CARATS.

Most diamonds range in COLOUR from colourless to slightly yellow. Diamonds can also occur in all ranges of colours, from brownish to striking yellow, pink, purple, red, blue and green. These are called 'fancy colours'.

With clarity, a diamond's purity is described. The clarity scale reflects the size, number and location of the internal characteristics. Diamonds that have no inclusions visible to the naked eye are of excellent quality and are called 'loupe clean'.

A diamond's cut defines the proportion, polish and symmetry of the cut. A perfect cut equals more sparkle, brilliance and fire. Cut is not the same as the shape or form into which it was cut. Diamonds can be cut into various shapes, the best-known is probably the round brilliant.

\*source: www.hrd.be

## Global supply chain contamination control

### What is a synthetic diamond?

A synthetic diamond is a diamond produced in an artificial process, as opposed to natural diamonds, which are created by geological processes. Synthetics are made from carbon, but crystal is formed through production methods that are, high-pressure high-temperature (HPHT) or chemical vapor deposition (CVD). The cost of a synthetic diamond is about 40% lower than that of a natural diamond.

### Rosy Blue's view on synthetics:

Gem quality synthetic diamonds are a genuine product in their own right. If sold with the proper disclosures, it offers consumers an alternative to buying natural diamonds. What affects the natural diamond industry and the consumers is the undisclosed mixing of natural and synthetic diamonds. This is clearly a fraudulent practice, which is not acceptable to any respectable actor in the sector.

### Detection procedure for rough

Buying rough diamond from the market poses a medium risk for contamination. Since a simple visual distinction between unprocessed synthetic diamond and natural rough is possible, all rough parcels are checked by eye. The rough team of Rosy Blue NI is formally trained in identifying differences between natural and synthetic rough diamonds. In 2017 they received again an official HRD course on hard-to-detect rough synthetics

### Detection procedure for polished

Rosy Blue anticipates the risk of mixing natural with synthetic diamonds by mapping, controlling and minimizing all possible 'contamination points' in our pipeline. Each contamination point holds a different level of risk and a different level of risk requires a different type of action. We have determined at what stages testing is required and have rolled out and implemented our integrity procedures across locations.

### Rosy Blue NV Customer protection center of excellence

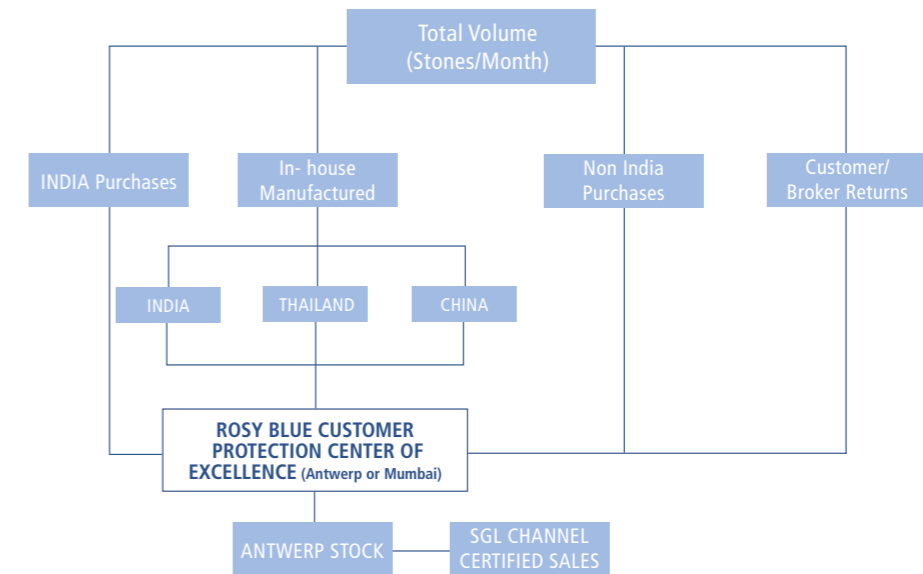
In 2017 we initiated a new project to create a Center of Excellence that will secure our supply to customers for 100%. Due diligence

and compliance processes were established in all our manufacturing sites and also conducted with strong revolving governance processes in place. Inspection of 100% of melee goods, both coming from in house manufacturing and purchases, will be done at the Center of Excellence before entering the polished inventory. All the customer returns, sales returns and contractor returns will also be returned directly to the Center of Excellence. A system based lock will be activated to ensure these goods shall not be transferred between Rough – Polished department and vice versa. A system flow will be maintained in Fantasy separate. All the stones with parcel id, location, and other technical details will be stored in the system. Pointers and above will be done sampling test in Antwerp only. In our sampling approach it is essential that measures are taken to ensure that sampling is random.

### Internal certification system

For the MELEE goods since 100% testing is done internally, there will be an internal certification system in compliance with CORPO-RATE INTEGRITY PROCEDURE and the requirements of clients. The certification will be accompanied with every Melee goods sale invoice to every customer.

### MELEE PROCESS FLOW FOR ROSY BLUE NV



### Detection equipment:

Various machine options were validated for Melee goods. After trial periods, we have decided to opt for primary testing with AMSII, and the REFER stones further will be subjected to secondary testing by

a machine that will be evolved shortly by HRD (D-tect). Till the D-tect machine is commissioned in place, all referrals will be sent to independent gem labs for further testing.

#### Voice of Customer

1. Growing synthetic infiltration day by day in market is alarming
2. Need client protection
3. Limited processes in place

#### Key Customer issue

- Unverified process controls in India & China factories
- Good controls in Thailand Factory but unauditable

#### Critical Customer Requirement

**Need 100% assurance from Rosy Blue to all customers by Q2 2018**

**Automated Melee Screening ('AMS2'):**  
A fully automated instrument for screening volume melee diamonds to verify they are not synthetic or simulant.



**Supplier:** De Beers IIDGR  
**Scope:** Round brilliant colorless diamonds in size range 0.003cts – 0.2 cts  
Fancy cut melee (0.01-0.2cts)  
**Logs:** Log of every tested parcel and the outcome.  
**Speed:** up to 3600 stones an hour (AMS2)  
**Referrals:** Separates: natural, HPHT & simulants; 4 bins: Pass – Refer – Refer Type II – non – diamond. All CVD is referred. Low referral rate

**Diamond Sure:** A manual instrument for testing of diamonds of 0.30cts and up  
**Supplier:** De Beers IIDGR  
**Scope:** Loose and mounted 0.05 – 10ct  
Near – and Colourless (brown/natural fancy color will show high referral rate)



**D-tect:** A non-automated screening device based on UV luminescence for mounted or loose diamonds (D-to-Z) of all sizes and shapes. The results provided deliver a definitive evaluation concerning the nature of your stones, whether natural, laboratory grown or simulant.  
**Supplier:** HRD



# DECENT WORK & ECONOMIC GROWTH



## Our interpretation

Ensuring the health, safety and well-being of all Rosy Blue's employees through workplace policies and initiatives for equality, inclusion, & occupational health and safety. Contributing to economic development, through decent jobs and livelihoods, infrastructure investments, building the skills of employees.

Score on relevance: 9.2/10  
Score on performance: 8.6/10

### Our CONCRETE actions in 2017:

- human rights due diligence according to the OECD
- extended risk assessment of our own operations
- SA8000 certification Thailand factory
- complete RJC recertification

## Beyond labour rights in our own operations

For Rosy Blue Human rights include Labor Rights as stated in the International Labour Organisation (ILO's) core conventions and the Declaration on Fundamental Principles and Rights at Work. We focus our efforts on those rights that are within our sphere of influence and our working environment. We respect human rights primarily by providing safe and healthy working conditions for our employees and ensuring non-discrimination in human resource practices.

Most of our operations and people are in manufacturing. Environmental and social standards for labour vary tremendously — for example, the national minimum wage, or working hours in a certain country may exceed or fall short of actual decent living standards. Because of this, we are committed to going beyond

the minimum regulations as stipulated by local law. 23.81% of our total workforce is covered by collective bargaining agreements. As we operate in some of the world's most complex economic, political and social environments, due diligence and continuous monitoring, (and where appropriate remediation) is key to implementing our commitment. The fact that we are certified RJC member and SA8000 applicant enables us to claim that all practices throughout our own operations are conducted in an ethical and responsible way, without any human right abuse or conflict.

### Health and Safety

Rosy Blue is committed to providing and maintaining a safe and healthy work environment

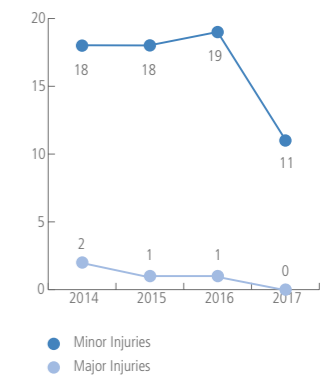
for all employees, contractors and visiting members. The main health and safety risks are cuts to fingers, projection of parts of stones in the eyes and inhalation of dust during polishing. All of our entities have appointed a Health & Safety Manager, responsible and accountable for ensuring compliance with our global policy and local regulations. They are supported by a Health and Safety team. In 2017, 134 people were involved in preserving health and safety across our sites.

### Working accidents

We take all practicable steps to eliminate, isolate and minimise the risk of injuries or illness from identified actual and potential hazards. Our factories are staffed with a full time nurse. Some locations have a clinic and we monitor health of

employees at regular intervals. All new employees undergo full health check-up within a month of their joining. We focus on wearing personal protective equipment (PPE) which makes a considerable impact in the occurrence of accidents.

We call a major injury when a doctor is called or the person is hospitalized.



Some of the risk factors we identified in our 'labor and working conditions' risk assessment:

| Risk factors   | Potential negative impact   | Probability of occurrence | Severity of impact | How to handle?   |
|--|---|---------------------------|--------------------|--|
| There is a difference in nationality, race or religion between workers and managers. | Discrimination, disciplinary abuse an harassment, communication barriers. | High                      | High               | Open communication, grievance procedure, training              |
| Some of the workers in our factories are migrants from other areas.                  | Forced labor, discrimination.   | Low                       | High               | Employment contracts, open communication.                      |
| There are security guards at our companies due to high value goods.                  | Lack of freedom of movement, harassment.                                  | Low                       | High               | Contractual agreements on human rights with security agencies. |
| Our production activities involve workers routinely interacting with machinery.      | Worker injuries and chronic conditions.                                   | Low                       | High               | Health protocol to be monitored and controlled.                |



## Our social performance

During the social audits of our entities in 2017 the following infringements were found. You can read below how we addressed and corrected the findings.

### Results of BPP external audits per country

|           | 2015   | 2016    | 2017   |
|-----------|--------|---------|--------|
| Armenia   |        |         |        |
| Belgium   |        |         | •2 inf |
| China     | •1 inf |         | •3 inf |
| Hong Kong |        |         |        |
| Israel    | •      | •       |        |
| Japan     |        |         |        |
| Thailand  |        | •2 inf  |        |
| UAE       |        | •1 inf  | •      |
| USA       |        |         | •      |
| India     | •3 inf | •10 inf | •1 inf |

INF= potential minor and major infringements. An infringement is a compliance issue that can be managed and rectified within a short or reasonable period. Both minor and major infringements require us to submit a Corrective Action Plan.

### Our Thailand factory has passed the SA8000 certification January 2018.



## Human rights due diligence in the supply chain

Because we buy directly from primary mines and trusted suppliers, we consider the human rights risks in our upstream supply chain as low.

We carry out a risk assessment to review our responsibility with respect to human rights, as a requirement for the RJC code of practices. The exercise allows us to proactively manage the Human Rights related risks of our supply chain. We have mapped any human rights impacts our company may cause or contribute to and how we can prevent or adverse these.

| 2. Human Rights Due Diligence Review  |   |  |   |   |   |  |                                   |
|---|---|--|---|---|---|--|-----------------------------------|
| 2.1 Human Rights Issues (including COP references and risks)  | 2.2 Indicator   | 2.3 Tips and guidance  | 2.4 Risk response   | 2.5 Recommended Next Steps  | 2.6 Supporting Information / Evidence   | 2.7 Next Review Date                                     | 2.8 Comments / Notes              |
|   | Below are indicators or types of systems and processes that the Member should have in place.  | Tip and issues to consider when preparing the response and supporting notes / evidence for each indicator<br>(Click on the cell to be able to scroll down.)  | Please note whether you meet this indicator<br>(Select from the menu options) | Based on your response, a message will be generated that recommends the next steps for you.   | Please list any supporting notes, evidence, relevant information and/or an explanation for your response. | Monitor the next human rights due diligence review date. | Comments or notes about the risk. |
| <b>Use the toolkit to confirm implementation of these core human rights-related COP requirements.</b> |   |  |   |   |   |  |                                   |
| <b>General Employment Terms (COP 5)</b><br>• Right to privacy   | <b>1</b> Privacy rights of employees are respected when gathering personal information or implementing employee-monitoring practices. | Privacy legislation is a good example of a human right that is enshrined in the applicable laws of most countries. Consider how you provide for safe storage of private information about employees and applicants in recruitment processes. Make sure employees' email under what circumstances their email or internet access may be accessed. Where appropriate for the size of your business, consider a privacy policy outlining data collection and monitoring practices, how the information is stored, who has access, and why the | Broadly managed   | Please document the processes and controls used to support this response. No further action is required unless there is a change to the business. | Code of conduct / employment manual   |  |                                   |
| <b>Child labour (COP 12)</b><br>• Abolition of child labour<br>• Right to education                   | <b>2</b> Minimum age and appropriate work requirements of the Code of Practices are being upheld.                                     | Check your responses in the RJC Assessment Workbook (RJC Self-Assessment). Consider both the general minimum working age (generally 15 years old) and that for hazardous work (generally 18 years old). See the Child Labour Standards Guidance chapter for more information.  | Managed via RJC COP implementation  | Please provide reference to the related COP Self-Assessment or other corrective action(s) undertaken to manage this Human Rights issue.           | Human rights and social performance policy  |  |                                   |
| <b>Child labour (COP 12)</b><br>• Abolition of child labour<br>• Right to education                   | <b>3</b> If the Member becomes aware of a situation of child labour, a documented remediation process is developed.                   | Check your responses in the RJC Assessment Workbook (RJC Self-Assessment). Consider both the general minimum working age (generally 15 years old) and that for hazardous work (generally 18 years old). See the Child Labour Standards Guidance chapter for more information.  | Broadly managed   | Please document the processes and controls used to support this response. No further action is required unless there is a change to the           | grievance mechanisms, open communication policy   |  |                                   |

### Social audits: examples of how we addressed and corrected the findings.

| Country | Finding   | Corrective action  | Status |
|---------|---|--|--------|
| China   | Some small chemical containers in the polishing area were not labelled, including glue and machine oil.   | Labelling was done accordingly.  | Closed |
| Belgium | A first aid box was provided in the entity. However, it was noted that some of the medicines in the kit had expired.  | Written procedures were put in place to ensure that contents are checked regularly. A register was made of the full content of the first aid box, including expiration dates. This register will be monitored twice a year by the first aid officer. | Closed |
| Belgium | There was an old clause in the employment contract which mentioned potential disciplinary deduction in case of non-confidentiality after the termination of employment. | The clause was taken out the contracts and all staff was informed of the deletion with a letter from HR.   | Closed |
| India   | It was observed that the doors between departments of the building open inwards.  | The direction of the doors was adjusted.   | Closed |

### RJC noteworthy achievements:

- Senior Management interviewed indicated a very good commitment to CSR and felt that the corporate safety policy statement reflects the company's philosophy and actions towards the RJC requirements.
- The company was able to show continued commitment to monitor its progress against the RJC objectives to ensure compliance by their employees.
- All applicable regulatory and certification standards were readily available to staff and amended to be most up to date with 2013 RJC requirements.
- Current copies of RJC publications, checklists and guidance were maintained. Relevant Kimberly, AML and SOW training program outlines were comprehensive and detailed."

During our human rights due diligence process following topics came up:

| Criteria   | Good practice  | Improvement opportunities   |
|--|--|---|
| Adoption and implementation of a robust <b>supply chain policy</b> —that is incorporated into all contracts with suppliers;  | We have a business partner code of conduct that included human rights. All our suppliers and contractors are expected to sign the Code of Conduct.                           | The code of conduct is not part of the company's contract with suppliers. The policy is also not yet publicly available.  |
| Traceability or <b>Chain of custody</b> over diamonds, including efforts to trace these minerals to their mines of origin by requiring full supply chain documentation from all suppliers; | Yes, all efforts to provide origin, at least for in-house manufactured goods. For purchased goods we formally request our suppliers to provide all the information they can. | No chain of custody.  |
| <b>Assessment of all human rights risks</b> throughout the supply chain, including evidence of human rights due diligence by upstream suppliers, such as on-the-ground mine assessments;   | We have done a human rights due diligence based on RJC and OECD guidance. All our own operations are complying with the highest possible standards.                          | We have not physically visited our suppliers to assess any risks with in our further supply chain.  |
| <b>Third-party audits</b> of the company's and its suppliers' human rights due diligence by auditors qualified to assess human rights issues;  | We are RJC COP certified and third-party audited by SGS.   | We do not audit our suppliers.  |
| <b>Annual public reporting</b> on human rights due diligence, including steps to manage and mitigate risks;  | Annual sustainability report that includes our own human rights due diligence and information on efforts to achieve responsible mining, and its approach to supplier audits. | Including audit results of our suppliers in our communication.  |
| Support for artisanal and small-scale mining:  | no.  | Financial support for the Diamond Development Initiative and the Institute for Environment and Development to help formalize and promote responsible artisanal mining in both the diamond and gold sectors. |





# QUALITY & EDUCATION

Polishing diamonds is a very specific and respected craftsmanship. We provide a variety of mandatory and voluntary, internal and external training opportunities for our employees to help them develop technical skills on the workplace, and gain the competences specific to their roles. We communicate our global policies and procedures covering the subjects of compliance on our CSR extranet. Regarding CSR and compliance knowledge, the training material and toolkits can be adjusted by the local CSR expert as per the local reality and language.

In 2017, Rosy Blue recorded a total of **436 hours** of training mainly on compliances, human rights, social performance and management practices. In 2017 energy efficiency trainings were provided to our factories.

## Managing our contractors

In 2017 we worked with 5 majority contractor and 72 minority contractors for Rosy Blue (NI), and 1 majority and 50 minority contractors for Rosy Blue (I). These include grading services, cleaning, jewellery retail shops, but also polishing activity. We focus on 'substantial contractors', being the contractors that generate 75% or more of the revenues of the contractor from one of our entities.

Each year, these majority contractors are selected for audit by SGS based on risk factors such as conditions in the country where a facility is located and the facility's past audit performance.

We continued to enhance awareness in 2017 among our 'non-substantial' contractors by distributing our Business Partners Code of Conduct and a formal undertaking which we ask to sign off.



## Our interpretation

Improving technical skills (direct and indirect through scholarships, gifts to schools, grants...), literacy, reinforcing and sharing know-how.

**Score on relevance:** 7.2/10

**Score on performance:** 8.3/10

### Our CONCRETE actions in 2017:

- Training
- community initiatives based on education

# CLIMATE ACTION



## Our interpretation

Minimising the impacts of Rosy Blue's operations on the environment by investing in technologies that reduce emissions, energy and water use.

Score on relevance: 7.6/10

Score on performance: 7.2/10

### Our CONCRETE actions in 2017:

- energy audits conducted in all factories
- concrete carbon reduction actions
- implementing energy efficiency management systems

CARBON FOOTPRINT 2017 =  
6311 TONNES CO<sub>2</sub>e:

67%

ELECTRICITY USED IN OUR OPERATIONS

21%

BUSINESS TRAVEL

2%

COMPANY CARS (OWNED + LEASED)

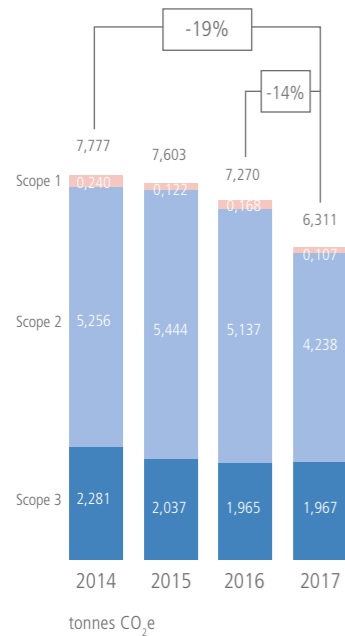
10%

OTHER + UPSTREAM FUELS /  
ELECTRICITY

### Evolution of our footprint

In 2017, 92% of Rosy Blue's emissions (scope 1&2) were associated with the 4 factories. This is to be expected given the higher energy consumption of manufacturing sites compared to offices. The highest energy consumption was at our jewellery manufacturing site in Intergold, India. Since 2016 Rosy Blue's footprint has decreased by 4%. This drop in emissions is due to:

- Reduction in number of sites in scope, particularly energy intensive sites 1 large factory was removed from scope
- Reduction in business air travel
- Improvements in energy efficiency resulting in reduced electricity Consumption



Since 2014 our organisational carbon footprint has decreased by 19%. Despite a reduction in absolute emissions, emissions per FTE have increased slightly. This is due to a shift in business activity and site numbers, resulting in lower absolute FTE numbers.

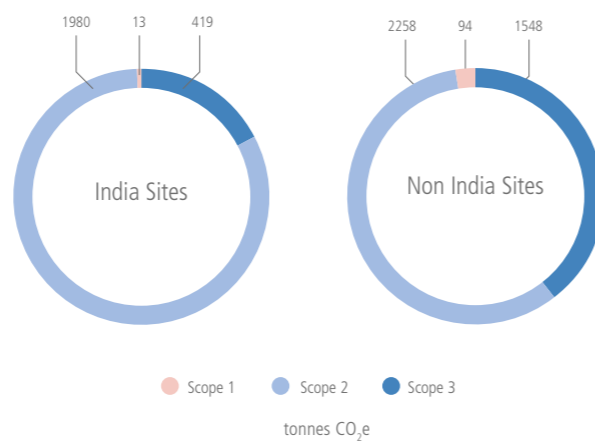
|                                 | 2013                    | 2014                    | 2015                    | 2016                    | 2017                    |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Full Time Employee Equivalent   | 5,491                   | 4,135                   | 3,818                   | 3,453                   | 1,769                   |
| Emissions Scope 1&2 per FTE     | 1.34 tCO <sub>2</sub> e | 1.33 tCO <sub>2</sub> e | 1.46 tCO <sub>2</sub> e | 1.54 tCO <sub>2</sub> e | 2.46 tCO <sub>2</sub> e |
| Emissions Scope 1,2 & 3 per FTE | 1.72 tCO <sub>2</sub> e | 1.88 tCO <sub>2</sub> e | 1.99 tCO <sub>2</sub> e | 2.11 tCO <sub>2</sub> e | 3.57 tCO <sub>2</sub> e |

\* Not all entities of Rosy Blue India are covered in this calculation

We calculate our organisational carbon footprint in line with Greenhouse Gas Protocol guidance. The boundary of our footprint includes:

- Onsite fuels and owned transport (Scope 1)
- Electricity consumption (Scope 2)
- Business travel and upstream impacts of electricity consumption and fuel usage (Scope 3)

We have excluded upstream Scope 3 emissions associated with purchased goods and services (diamond mining). Water consumption and waste disposal (including chemicals) is measured and monitored, however they are excluded from our carbon footprint. This is because they do not represent a material carbon impact.



### Carbon reduction actions

The focus of these actions was on reviewing the savings identified via the energy audits.

1. A review of existing technical opportunities to understand the key carbon and financial metrics (capital costs, predicted annual cost savings, carbon savings, estimated date for implementation)
2. Working with the Sustainability Manager to understand when and where these opportunities will help to reduce the energy consumption across Rosy Blue's factories.
3. Modelling the impact that the opportunities will have on Rosy Blue's projected costs and carbon emission trajectory - This analysis will help to quantify the value-at-risk analysis.
4. Calculate the overall business case for investment, including capex budget and phasing

### Some examples of energy audit findings that led to carbon reductions actions

#### 1 develop

Develop a dedicated energy policy for the factory.  
**We had an energy policy in place. However the audit identified some points and specifications for improvement.**

#### 6 air-conditioning

In the medium term replace the central R22 air-conditioning systems in the office and factory  
**We intend to replace the entire air conditioning system with a more efficient solution utilizing more environmentally friendly gases which avoid the ozone depleting potential of R22 and minimize the Global Warming Potential from HFC refrigerant gases. This shall be carried not only in compliance with local legislation but also industry best practice.**

#### 2 improve

Improve energy analysis and sub-metering.  
**Sub-meters were in place at two major energy consuming points. We have added two more sub-meters: One on the furnaces of casting department and the other on the refining process.**

#### 7 upgrade

Upgrade the remaining fluorescent and compact fluorescent lighting to LED with improved controls.  
**We have this established practice of replacing all conventional type of bulbs/tubes by LED lamps/tubes as and when they get fused. During the first months of 2018, we have replaced 40 4 feet old fluorescent type tube lights with new 4' LED tube lights. Wherever any renovation of area is required, we use only LED lights as replacement.**

#### 3 implement

Implement a staff energy awareness campaign.  
**We have implemented this campaign via staff and workers mailing communications and through posters displayed at appropriate positions in the factories.**

#### 8 replace

Replace the air-compressors with a centralised system.  
**We have already initiated the process of replacing our existing compressors with a single new one which will be fitted with a VFD (Variable Frequency Drive) so as to ensure energy savings. As part of reviewing our air requirement, we have recently replaced an air operated metal bar cutting machine with a hydraulic one.**

#### 4 review

Review the temperature set points of the air-conditioning systems  
**We have uniformly set the temperature of 24 degree across the factory and office areas except for server room and couple of machines specifically requiring lower temperature. Additionally, we manually control AC operations by switching off AC during the lunch time And also half an hour earlier before closing time.**

#### 9 improve

Improve the control of the extract systems.  
**We have discussed opportunities with our production staff to improve the operating procedures in the factory. One of the area for improvement relates to improved control or stopping of idle or underutilized machines. We have also installed individual work stations of dust collection to avoid under utilizing existing full lines of six/eight seats.**

#### 5 minimise

Minimise building air infiltration to improve the energy performance of the air-conditioning system.  
**We are examining options to minimise the infiltration of warm external air into the air conditioned factory by ensuring production extract systems have adequate make up air and that interfaces between warm and cool areas of the building are adequately managed. We are in talks with two consultants on this.**

# COMMUNITY INITIATIVES AND PARTNERSHIPS FOR THE GOALS

We have a responsibility to help strengthening communities for a better, more promising tomorrow, Our partnerships are focused primarily within two areas:

## Education

We support programs and projects that improve access to primary and secondary education for children; build skills in confidence; and partnerships with higher education institutions to foster educational opportunities for youngsters

## Community Partnerships

We proudly work together with many organizations to help tackle important societal challenges. These partnerships are typically multi-year commitments where we contribute financial and business expertise.



## Our interpretation

Supporting non-profit organisations like the RJC and donating to charitable organisations and causes which are linked to our sector and operations.

Score on relevance: 7.1/10

Score on performance: 9.2/10

### Our CONCRETE actions in 2017:

- RJC commitment and cooperation on review Code of Practices and SDG implementation
- Goodcrowd tool in cooperation with Antwerp Management School
- Rosy Blue foundation activities

## ROSY BLUE FOUNDATION

Rosy Blue Blue Foundation is our best relay inside the surrounding communities of Rosy Blue. The SDGs pinpoint a series of urgencies that the Foundation can help address by supporting the right non-profit organizations. 2017 was a busy year for the Rosy Blue Foundation (RBF), as we have continued to expand ongoing initiatives, and have grown our in-house initiative to a significant degree! Here's a snapshot of our main projects from the past year:

### ConnectFor

ConnectFor is a homegrown RBF project. It is a technology platform that seeks to demonstrate the value of human resource. ConnectFor acts as an intermediary between volunteers and NGOs, and helps to create value add matches by finding the right volunteer for the right opportunity. With over 8000 volunteers, and more than 140 NGO partners in Mumbai and Bengaluru, ConnectFor has already seen more than 16000 hours of completed volunteering! The project is only two years and a half old, having

launched in December 2015, but has seen incredible traction. More information can be found on [www.connectfor.org](http://www.connectfor.org).

ConnectFor was recently awarded the Solutions4Good grant by Vodafone Foundation and Nasscom Foundation.

### Mentor Together

We have continued our engagement with Mentor Together, resulting in the creation of over 100 mentorship pairs across 3 locations in Mumbai. The mentors, some of whom are RB employees themselves, have been divided across two programmes: Flagship mentorship, which is for children from grades 8-12 who are at risk of dropping out of school, and Work Based Mentorship, which is in partnership with Magic Bus, and is for first generation students who are looking to transition into workspaces or gain employment. We have also piloted a remote mentorship programme in rural Maharashtra, called Mentor To Go, which seeks to explore

whether a mentorship relationship can be developed without in person interaction. Mentor Me India We have also continued our engagement with Mentor Me India, with our pilot for mentorship with "high risk children" i.e. children who are even more vulnerable due to their circumstances. The two groups we worked with were street children, and the daughters of sex workers in 2017-18, and now we have expanded the same, looking at the impact of mentorship on HIV orphans.

### Indian school leadership institute (ISLI)

ISLI is an organization that is invested in improving the quality of school leaders, believing that they are critical to the quality and standard of education across the country. We have supported them in creating a peer-to-peer mentorship network that matches government school leaders with private school teachers/leaders to help them define and achieve growth and a higher quality classroom experience.



# COMMUNITY PARTNERSHIPS

## Children's rights & business principles

The leaders, decision-makers and innovators of tomorrow are the children of today. Respecting and supporting children's rights is preserving the best future of society. A couple of years back we asked ourselves the question: how can a business take concrete actions in implementing children's rights?

This is why, in 2013, during the Global Compact LEAD meeting at the World Economic Forum in Davos we launched a forum with the main goal to promote Children's Rights and Business Principles in Belgium and abroad.

We have assessed our impact on children's rights. The question Rosy Blue has asked itself is how and where we can make a substantial difference in the lives of children. Children are major stakeholders to our company, but also to business in general. We interact with them on a daily basis, both directly and indirectly. They are family members of employees, can be young workers, future employees and business leaders. At the same time, they are key members of the communities and environments in which we operate.

Looking at our operations, we believe principle 1,2,3,4 and 10 are the most relevant for our business.

In order to really determine what we can do to protect their rights, it is important to

have a clear picture of the risks involving them in the countries where we have operations. We have updated our global internal policies with special attention to Children's rights. In our manufacturing plants, we have set up employee programs to support them in their caregiver's role (enhancing health and well-being or providing them decent work). We also focus our community investments mainly on Children. The final step is reporting about the progress we make in children's rights implementation.

Developed by UNICEF, the UN Global Compact and Save the Children – the Children's Rights and Business Principles are the first comprehensive set of principles to guide companies on the full range of actions they can take in the workplace, marketplace and community to respect and support children's rights. More specifically, we enthusiastically welcomed the practical tool on children's rights in sustainability reporting that provides guidance to businesses on how to incorporate children's rights in their GRI-based reporting.

While writing our report and using the G4 guidelines this year, we could easily extend the guidelines to integrate children's rights into our sustainability measuring.

More info on [www.childrenandbusiness.org](http://www.childrenandbusiness.org)



## Social accountability international

SAI is a multi-stakeholder, non-profit organization dedicated to improving workplaces and communities by developing and implementing social responsibility standards and assisting brands, retailers and suppliers in meeting labor and human rights objectives.

SAI convenes stakeholders – companies, non-governmental organizations (NGOs), trade unions and governments – to conduct research, training and technical assistance programs focused on developing the management systems required to adequately address social compliance issues in a sustainable manner.

As a corporate member of SAI, Rosy Blue works to improve the social performance of organizations and their supply chains around the world. The direct result is a better workplace for over one million people around the world and a way for consumers to trust the companies whose products they purchase.

SAI Corporate Members are committed to the widespread attainment of social responsibility and strive to further the development and implementation of a management system for the continual improvement of social compliance in their companies and their supply chains. SAI provides Corporate Members with resources to assist in meeting social compliance goals, including customized trainings

and services to address strengthening of management systems, supply chain management, code of conduct monitoring and compliance, specific aspects of a company's social initiatives, as well as all aspects of the SA8000 code or its implementation.

## Family centers for Special Olympics Games



Rosy Blue is truly a long time fan of Special Olympics. Since 2004 we have been actively involved in supporting this venture and in 2008 Mr. Amit Bhansali was appointed as Ambassador of Special Olympics in Belgium. Every year we try to support this organisation with a specific project as part of a structural and long term partnership. In 2017 Rosy Blue NV has funded the infrastructure and the decoration of the 2 Family Centers at the two main sites of the National Games and Regional games in 2017.

The Family Centers are meeting places for families of the athletes. They can enjoy a warm welcome and a relaxed atmosphere

that lends itself to sharing experiences and exchanging advice during the bustle of the Games. Soft drinks, coffee and cake are offered.

For the family, the experience of the Games is also very heartening; they witness their child performing and getting recognition as an athlete. Parents and children share their pride and joy of this sports experience in these family centers. Each day of the Games around 1,500 families were welcomed in the Family Centers.

*The Special Olympics is a non-profit organisation 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 themselves both socially and physically, but also stimulate their integration into the community.*



# Assurance Statements



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

**Date:** 25th May 2018

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

As part of each annual cycle the Sightholders have been required to submit self-assessment workbooks for all owned facilities. For the last few years they have also been required to submit for contractors with whom they represent 75% or more of their output.

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

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

For the 2017 cycle, this resulted in 06 workbook reviews and 02 visits. No material breaches were found as part of this verification and they are compliant with the requirements of this programme and have provided corrective action plans where infringements were raised.

SGS has reviewed the summary of findings and statuses on Page 34 of the Rosy Blue Corporate Social Responsibility Report 2017 and can confirm that the information provided is aligned to the outcomes of the third party verification activities undertaken as part of the Best Practice Principles programme.

Signed:

**Effie Marinos**  
Technical Governance Manager



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

**Date:** 25<sup>th</sup> May 2018

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

As part of each annual cycle the Sightholders have been required to submit self-assessment workbooks for all owned facilities. For the last few years they have also been required to submit for contractors with whom they represent 75% or more of their output.

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

For the 2017 cycle, this resulted in 03 workbook reviews and 03 visits. No material breaches were found as part of this verification and they are compliant with the requirements of this programme and have provided corrective action plans where infringements were raised.

SGS has reviewed the summary of findings and statuses on Page 34 of the Rosy Blue Corporate Social Responsibility Report 2017 and can confirm that the information provided is aligned to the outcomes of the third party verification activities undertaken as part of the Best Practice Principles programme.

Signed:

**Effie Marinos**  
Technical Governance Manager

# Global reporting Content index

| GENERAL STANDARD DISCLOSURES                      |   |                             |
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| General Standard Disclosures                      | Title   | Page Number                 |
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| <b>ORGANISATIONAL PROFILE</b>                     |   |                             |
| G4-3  | Company name  | Page 1                      |
| G4-4  | Principal brands, products and services                             | Page 6                      |
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| G4-7  | Nature of ownership and legal form                                  | Page 50                     |
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| G4-11   | Percentage of employees covered by collective bargaining agreements | Page 33                     |
| G4-12   | Organisation's supply chain   | Pages 6                     |
| G4-13   | Significant changes in the reporting period                         | No significant changes      |
| G4-14   | Precautionary principle   | Pages 17; 21; 18-19; 23; 25 |
| G4-15   | Charters, principles or initiatives                                 | Pages 23                    |
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| G4-19   | Material aspects  | Page 18-19                  |
| G4-20   | Aspect boundaries within the organization                           | Page 18                     |
| G4-21   | Aspect boundaries outside the organization                          | Page 18                     |
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| <b>STAKEHOLDER ENGAGEMENT</b>                     |   |                             |
| G4-24   | Stakeholders list   | Page 16                     |
| G4-25   | Stakeholders identification   | Page 16                     |
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| <b>REPORTING PROFILE</b>                          |   |                             |
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| G4-29   | Date of most previous report  | Year 2017                   |
| G4-30   | Reporting cycle   | Page 50                     |
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| <b>GOVERNANCE</b>                                 |   |                             |
| G4-34   | Governance structure  | Pages 21                    |
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| <b>ETHICS AND INTEGRITY</b>                       |   |                             |
| G4-56   | Code of conduct   | Page 21                     |

| SPECIFIC STANDARD DISCLOSURES                   |                    |             |  |
|---|--------------------|-------------|--|
| Material aspects                                | DMA and Indicators | Page        | Omissions                                    |
| <b>ENVIRONMENT</b>                              |                    |             |  |
| Emissions                                       | G4-DMA             | Page 39     |  |
|   | G4-EN15            | Page 40     | Partially                                    |
|   | G4-EN16            | Page 40     | Partially                                    |
|   | G4-EN17            | Page 40     | Partially                                    |
|   | G4-EN19            | Page 40     | Partially                                    |
| <b>LABOR PRACTICES AND DECENT WORK</b>          |                    |             |  |
| Occupational Health and Safety                  | G4-DMA             | Page 33     |  |
|   | G4-LA5             | Page 33     | Partially, no percentage                     |
|   | G4-LA6             | Page 33     | Partially, only injuries                     |
|   | G4-LA7             | Page 33     |  |
| Training and Education                          | G4-LA9             | Page 33     | Partially, total hours not per employee      |
| Supplier Assessment for Labor Practices         | G4-DMA             | Page 22     |  |
|   | G4-LA14            | Pages 35    | partially, not new suppliers                 |
|   | G4-LA15            | Pages 22,35 | partially                                    |
| <b>HUMAN RIGHTS</b>                             |                    |             |  |
| Investments                                     | G4-HR2             | Page 33; 35 | partially. Not only on Human Rights          |
| Assessment                                      | G4-DMA             | Page 33; 35 |  |
|   | G4-HR9             | Page 34     | partially, not total number                  |
| Supplier Assessment for Impacts on human rights | G4-DMA             | Pages 35    |  |
|   | G4-HR10            | Page 35     | partially, not new suppliers, not percentage |
| <b>SOCIETY</b>                                  |                    |             |  |
| Anti-corruption                                 | G4-S03             | Page 23     | partially                                    |
| Supplier Assessment for Impacts on Society      | G4-DMA             | Page 13     |  |
|   | G4-S09             | Page 13     | partially, not new suppliers, not percentage |
|   | G4-S010            | Pages 13    | partially                                    |
| <b>PRODUCT RESPONSIBILITY</b>                   |                    |             |  |
| Product and Service Labeling                    | G4-DMA             | Pages 30-31 |  |
|   | G4-PR3             | Page 30-31  | partially                                    |
|   | G4-PR4             | Page 30-31  |  |
| Marketing Communications                        | G4-PR6             | Pages 30-31 |  |

# About this report

## Reporting on our performance

This report has been prepared in accordance to the core option of the Global Reporting Initiative G4 guidelines. The GRI content index is included at the end of the report. In addition this report serves as Communication On Progress for the UN Global Compact.

## Assurance

To ensure the credibility of the report content on social audit results, this report has received independent third party assurance. The assurance statement is included and indication of assurance is in the GRI content index.

## Reporting period

The scope of this annual report covers a 12 months reporting cycle, from 01/04/2017 until 30/03/2018, except where specifically indicated. We believe it is important to only focus on relevant changes and core matters.

## Reporting scope

In this report we cover activities of the Rosy Blue Business Alliance, composed of:

> Rosy Blue (India) Pvt Ltd and its subsidiaries in 5 countries, covering 8 entities, hereafter called Rosy Blue (I) (Rosy Blue India), headquartered in Mumbai, India

> Rosy Blue Investments Sàrl and its subsidiaries in 11 countries, covering 20 entities, hereafter called Rosy Blue (NI) (Rosy Blue Non-India), with main operational center in Antwerp, Belgium.

Rosy Blue (I) and Rosy Blue (NI) are legally independent from one another and constitute the Rosy Blue Business Alliance. Rosy Blue is a common trade name used by the Business Alliance entities, which are distinct, privately owned and independently managed. In this report we refer to the Rosy Blue Business Alliance as 'Rosy Blue' for convenience reasons.

*\*\*The term "subsidiary" is used to cover all types of parent companies and affiliate organizational structures.*

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## We welcome your feedback

