
ADR ANTWERP
DIAMOND
REPORT
2012





PREFACE

Annual Report **2012**

WELCOME

Dear reader,

Antwerp has been associated with diamonds for more than five centuries, but we know that in an ever-changing world nothing can be taken for granted. Uncountable millions of carats of diamonds have passed through the city over the past 550 years due to its status as the first and foremost global diamond trading centre. And, of course, many millions of carats continue to enter and leave the city annually: traders know that this is the best place in the world to market their goods, and buyers benefit from the fact that Antwerp's diamond trade can cater to literally every taste, at the best price. We have the critical mass to attract rough goods as well as the reputation for honest and transparent trading that encourages diamond buyers from scores of countries to come here to fulfill their diamond requirements.

The year 2012 proved to be pivotal for the Antwerp diamond business, for it was at the start of the year that, instigated by Governor Cathy Berx of the Province of Antwerp, we set out our ambitious plans with the Antwerp Diamond Masterplan – Diamonds Love Antwerp 2020. For the Belgian diamond sector, this is a critical blueprint because not only does it aim to consolidate our strength



in the global diamond business, but to increase it further in light of the challenges that face us. In a highly globalized world, we must constantly fight to retain our position at the apex of the diamond sector.

The Diamonds Love Antwerp 2020 strategic plan comprehensively analyses the issues facing the sector and sets out many ways in which we aim to raise our share of global trading in both rough and polished goods. And it is more than a strategical compass alone, but a series of tangible projects and initiatives, built around one vision. Upon launching our Masterplan, we vowed that the majority of those projects would be realized before the end of the year 2012. This annual report bears witness to that commitment. We believe there is, inevitably, more work to be done, and there is always room to be flexible and adapt. But the guidelines are clear and we have confidently set out on the road to strengthening our diamond industry.

Ari Epstein
AWDC CEO

Stéphane Fischler
AWDC President

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ANTWERP

DIAMOND DATA

Polished diamond trade

The AWDC and Bain & Company report *'The global diamond industry - Portrait of growth'* gives a detailed review of the three key consumer markets - the U.S., China and India - which represent 60% of the global diamond market. Though the consumer markets are moving eastwards - with China and India gaining importance to the detriment of the U.S. - Antwerp maintains its leadership role as a global polished diamond hub.

After a huge increase in volume (+10%) as well as in value (+34%) in 2011, the trade in polished diamonds stabilized in 2012. However, a smaller decrease in value (9%) against a drop in volume (18%) shows the average price of diamonds is still moving upwards.

The top three export markets for polished diamonds in 2012 remained the same as in 2011: the U.S.A., Hong Kong and Israel. Polished diamond exports to the U.S.A. kept increasing in volume in 2012 (+9%), even though prices stabilized after a 25% increase in 2011. Total exports of polished diamonds to the U.S.A. dropped 7% to \$3.6 billion. Hong Kong is in second position as a distribution hub

for polished diamonds to the Far East and especially to China. When the export figures of Hong Kong and China are combined, we can see that - even with a small decrease of 3% in volume and value - they are maintaining their position. The share of Switzerland, a typical transit country, soared in 2010 (+50% in carat terms and +95% in value) but fell in 2012. Meanwhile, India changed places with the U.A.E. in sixth position, compared to its number five rank in the list of largest export destinations for polished diamonds in 2011. This was mainly due to the introduction of 2% VAT on polished goods. In Europe, the economic crisis clearly had an influence on the polished diamond trade. Exports to France, Italy and the U.K. decreased significantly.

Imports of polished diamonds showed the same trends as exports, with a global decline of 17% in volume and 8% in value compared to 2011. The U.S.A. - still holding the number one position - stabilized, whereas in Hong Kong, we can see an increase of almost 11% in volume and 7% in value. When we do not take traditional polishing countries, such as Thailand and Sri Lanka, into



Manuella Merckx, Chief Officer, Diamond Office:

“Though 2012 was marked by increased market volatility, nevertheless with a turnover of \$52 billion, we can say the Antwerp diamond industry did remarkably well under the circumstances, and recorded the second best year in the past decade. When we take a look at 2013, we see a few important challenges ahead of us. EU and US sanctions on Zimbabwe diamonds. The DTC move from London to Gaborone at the end of 2013? Industry financing? How will the most important consumer markets like India and China evolve? How strong will the US economy rebound? Consumer confidence in the EU? A lot of questions, but one thing is for sure: Antwerp’s infrastructure is uniquely placed to maintain the city’s position as the biggest and most important diamond trading hub in the world.”

account, we can see that imports of polished diamonds in other traditional supply countries, such as India, Israel,

Switzerland, China, U.A.E. and Russia, experienced a relapse in 2012 after a strong growth in 2011.

Rough diamond trade

After a year with exceptionally high rough diamond prices in 2011, the market stabilized in 2012. The volume of imported rough diamonds decreased by 11% and the value of the imports dropped 9%. This evolution is in line with declining rough diamond production worldwide, and shows how Antwerp remains the world’s top distribution center for rough diamonds.

The most important suppliers for the Antwerp market in 2012 were the U.A.E., Russia and the U.K. Imports from Russia

remained fairly stable, illustrating the excellent trade relationships between both countries. To enable companies to tender their goods in Antwerp and to attract more, and smaller, rough diamond producers, the AWDC opened the Antwerp Diamond Tender Facility in 2012.

Rough diamond exports maintained their position in 2012. Figures show a slight decrease of 2.5% in volume and 6% in value. India remains Antwerp’s most important export market for rough diamonds.

Antwerp diamond data 2012

EXPORT OF POLISHED DIAMONDS BY COUNTRY					
		Jan-Dec 2012		Difference 2011	
		Carat	USD	Carat	USD
1	U.S.A.	1,112,462.92	3,632,945,008	9.08%	-6.80%
2	HONG KONG	1,608,967.12	3,166,775,817	-4.40%	1.29%
3	ISRAEL	534,331.63	1,351,710,631	-17.21%	-16.37%
4	SWITZERLAND	612,094.64	1,168,263,076	-22.05%	-6.24%
5	UNIT.ARAB.EM.	669,579.26	823,116,676	-19.10%	7.92%
6	INDIA	667,117.57	512,533,560	-56.95%	-53.60%
7	CHINA	322,491.81	478,614,595	6.56%	-22.14%
8	FRANCE	166,392.95	350,754,725	-14.52%	-3.27%
9	UNITED KINGDOM	61,856.70	242,156,128	-11.22%	-37.22%
10	ITALY	279,583.61	236,387,507	-20.43%	-12.76%
	OTHERS	912,233.79	1,247,995,434		
	TOTAL GROSS	6,947,112.00	13,211,253,157		

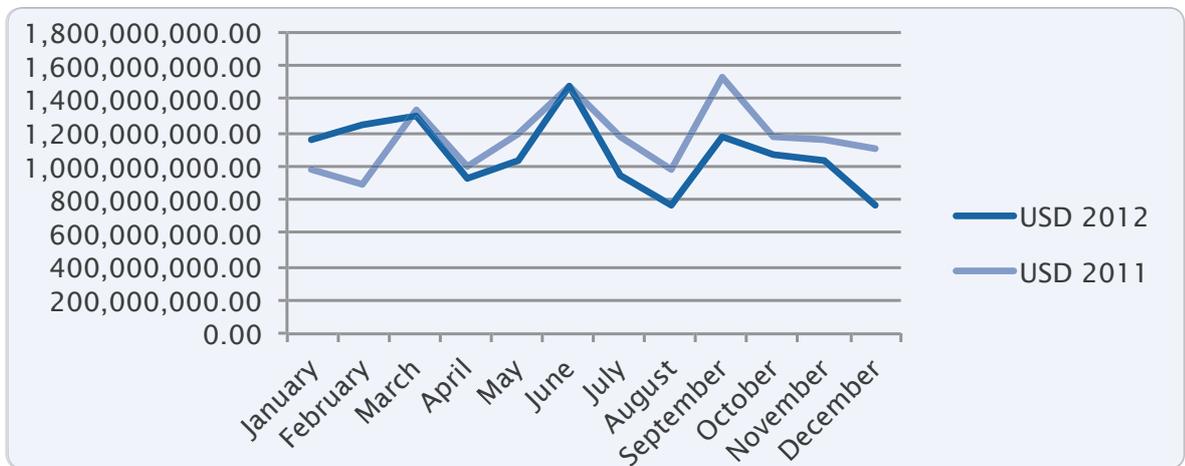
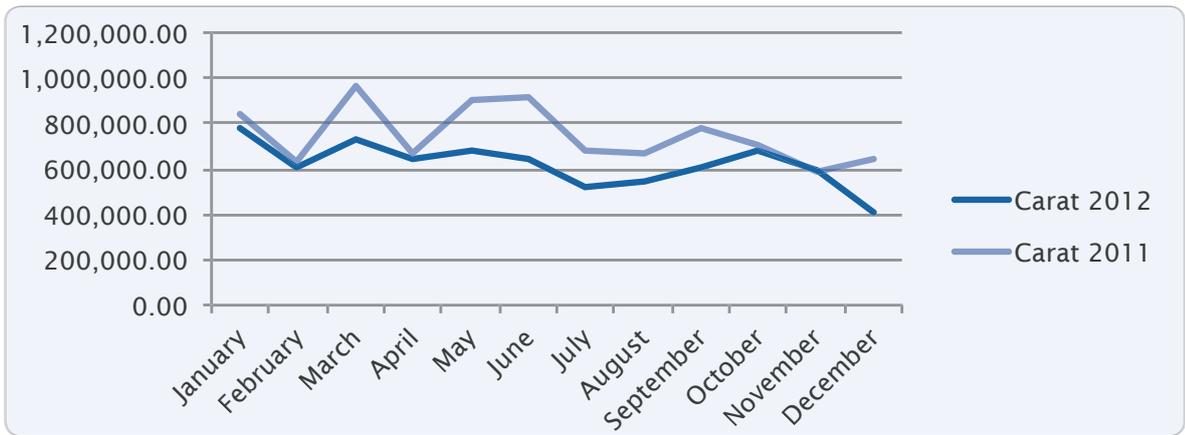


IMPORT OF POLISHED DIAMONDS BY COUNTRY					
		Jan-Dec 2012		Difference 2011	
		Carat	USD	Carat	USD
1	U.S.A.	938,559.03	2,865,180,527	4.91%	-2.70%
2	HONG KONG	1,345,186.30	2,518,980,939	10.63%	7.42%
3	INDIA	2,005,381.57	1,944,651,927	-33.74%	-25.80%
4	ISRAEL	398,566.17	1,222,623,745	-10.08%	-11.41%
5	SWITZERLAND	515,078.01	898,656,008	-20.90%	-10.62%
6	CHINA	711,637.71	784,354,275	-5.90%	-13.93%
7	UNIT.ARAB.EM.	612,813.13	742,584,449	-39.16%	-15.94%
8	THAILAND	229,845.23	318,104,173	2.91%	4.29%
9	RUSSIA	130,335.36	297,129,014	-19.25%	-28.52%
10	SRI LANKA	120,669.21	261,129,352	-3.65%	0.62%
	OTHERS	432,092.30	1,051,124,780		
	TOTAL GROSS	7,440,164.02	12,904,519,190		

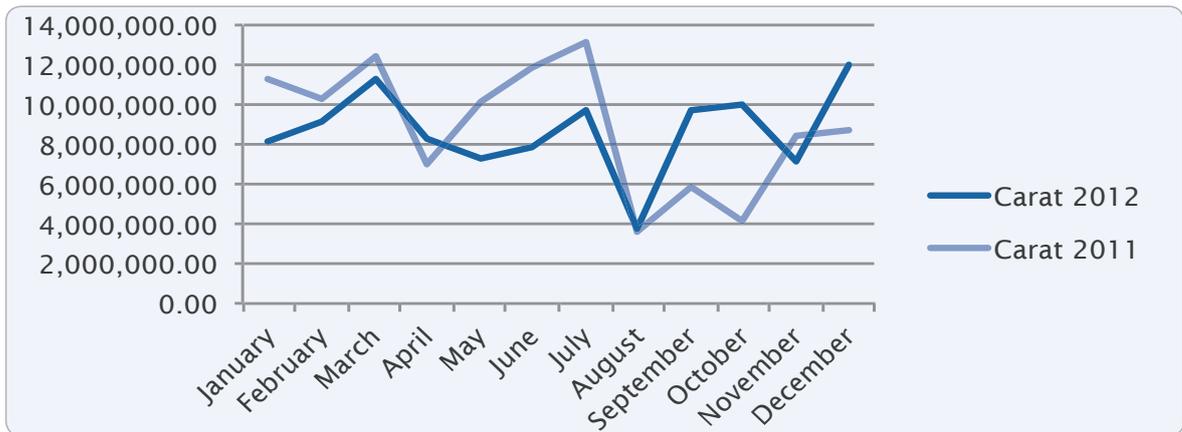
EXPORT POLISHED						
	2012		2011		Difference	
	Carat	USD	Carat	USD	Carat	USD
January	468,858.03	819,934,022	598,812.88	812,395,788	-21.70%	0.93%
February	655,196.95	1,372,734,661	774,542.46	1,316,796,678	-15.41%	4.25%
March	652,916.33	1,379,433,455	970,516.14	1,303,478,073	-32.72%	5.83%
April	588,939.43	942,757,005	672,822.97	1,010,297,688	-12.47%	-6.69%
May	666,613.14	1,180,706,254	839,371.67	1,391,206,831	-20.58%	-15.13%
June	637,452.32	1,320,837,113	827,860.29	1,509,241,424	-23.00%	-12.48%
July	702,220.48	1,251,902,534	911,113.43	1,558,984,928	-22.93%	-19.70%
August	263,299.38	404,376,894	325,507.90	527,984,804	-19.11%	-23.41%
September	617,783.26	1,331,401,437	731,220.51	1,641,162,531	-15.51%	-18.87%
October	601,053.70	1,056,330,366	532,782.34	1,105,306,902	12.81%	-4.43%
November	562,722.53	1,153,745,982	637,524.41	1,251,820,224	-11.73%	-7.83%
December	534,667.48	997,878,263	659,388.23	1,211,387,920	-18.91%	-17.63%
TOTAL	6,951,723.03	13,212,037,986	8,481,463.23	14,640,063,791		



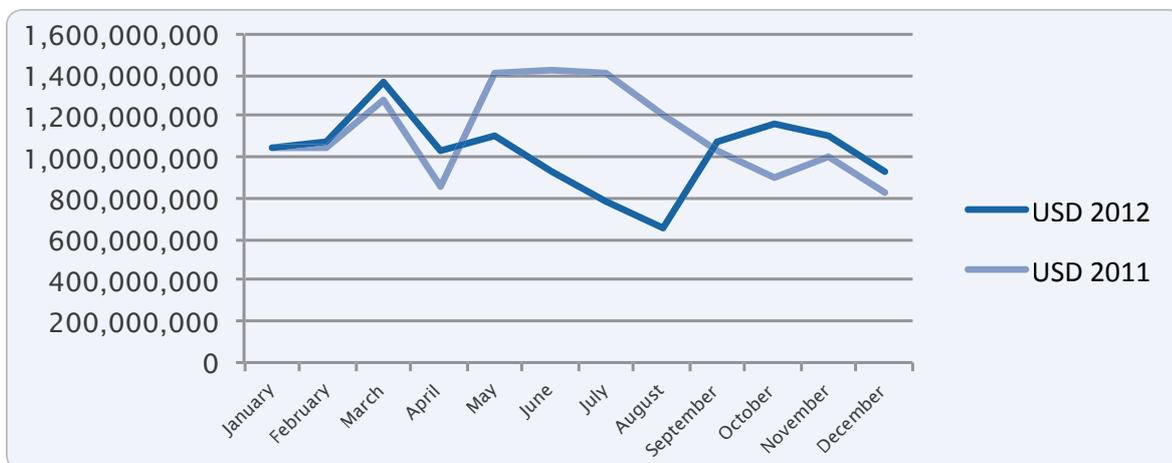
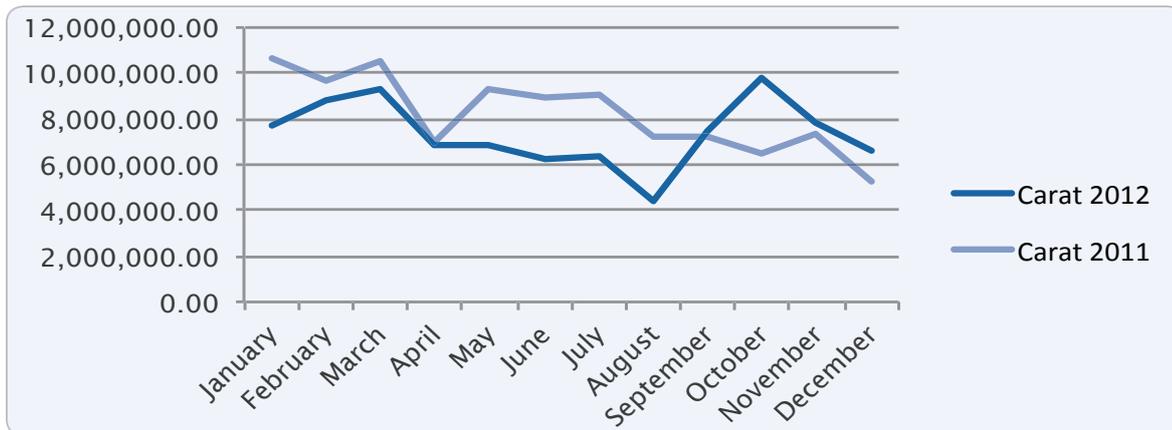
IMPORT POLISHED						
	2012		2011		Difference	
	Carat	USD	Carat	USD	Carat	USD
January	776,344.05	1,161,510,157	843,744.76	980,259,700	-7.99%	18.50%
February	602,797.31	1,247,909,811	627,553.59	885,414,663	-3.91%	41.19%
March	734,565.51	1,303,395,163	959,953.65	1,338,475,744	-23.48%	-2.62%
April	640,304.03	931,210,023	668,576.40	1,008,392,591	-4.23%	-7.65%
May	680,278.73	1,026,782,464	907,582.22	1,201,598,160	-25.04%	-14.55%
June	649,764.00	1,472,021,322	910,347.76	1,477,310,257	-28.61%	-0.33%
July	524,233.17	942,660,655	680,710.24	1,178,117,394	-22.99%	-19.99%
August	539,877.44	760,668,509	673,021.36	987,712,474	-19.78%	-22.97%
September	612,253.06	1,179,220,061	780,151.44	1,530,831,289	-21.52%	-22.97%
October	685,747.88	1,068,574,454	702,740.52	1,185,564,200	-2.42%	-9.87%
November	588,126.16	1,035,822,967	587,524.40	1,164,315,314	0.15%	-11.00%
December	405,883.00	774,816,609	644,318.52	1,098,032,531	-37.01%	-29.44%
TOTAL	7,440,174.34	12,904,592,195	8,986,224.86	14,036,024,317		



EXPORT ROUGH						
	2012		2011		Difference	
	Carat	USD	Carat	USD	Carat	USD
January	8,121,943.24	986,144,101	11,354,471.47	1,036,061,932	-28.47%	-4.82%
February	9,089,422.23	1,160,982,025	10,264,542.25	1,136,662,486	-11.45%	2.14%
March	11,281,655.14	1,461,594,845	12,493,877.20	1,351,032,063	-9.70%	8.18%
April	8,272,288.00	1,195,263,517	7,066,218.14	1,128,928,740	17.07%	5.88%
May	7,314,284.90	1,150,661,704	10,128,197.48	1,471,566,491	-27.78%	-21.81%
June	7,820,784.63	1,074,257,584	11,859,388.76	1,613,877,866	-34.05%	-33.44%
July	9,720,389.16	1,230,126,592	13,204,331.22	1,860,545,905	-26.38%	-33.88%
August	3,756,024.93	429,875,265	3,610,060.67	655,636,275	4.04%	-34.43%
September	9,771,298.33	1,146,779,481	5,829,822.22	1,059,878,566	67.61%	8.20%
October	10,019,269.51	1,241,849,723	4,127,159.17	742,953,794	142.76%	67.15%
November	7,197,711.57	1,044,384,344	8,438,487.81	1,170,639,571	-14.70%	-10.79%
December	12,031,067.60	1,393,946,992	8,718,303.59	1,192,796,984	38.00%	16.86%
TOTAL	104,396,139.24	13,515,866,174	107,094,859.98	14,420,580,673		



IMPORT ROUGH						
	2012		2011		Difference	
	Carat	USD	Carat	USD	Carat	USD
January	7,667,180.55	1,047,472,605	10,600,382.65	1,052,467,887	-27.67%	-0.47%
February	8,871,084.39	1,069,191,765	9,720,165.35	1,053,355,261	-8.74%	1.50%
March	9,348,586.63	1,364,201,410	10,564,913.27	1,273,569,432	-11.51%	7.12%
April	6,826,087.47	1,028,171,206	7,013,544.43	857,285,002	-2.67%	19.93%
May	6,858,968.27	1,110,631,372	9,319,490.62	1,405,160,992	-26.40%	-20.96%
June	6,270,218.87	925,094,899	8,989,680.44	1,418,304,804	-30.25%	-34.77%
July	6,349,574.42	785,032,247	9,117,309.38	1,416,205,416	-30.36%	-44.57%
August	4,385,867.05	656,062,805	7,257,759.56	1,206,276,036	-39.57%	-45.61%
September	7,439,607.32	1,074,424,048	7,287,468.43	1,027,493,136	2.09%	4.57%
October	9,736,934.35	1,162,376,782	6,460,562.25	900,726,884	50.71%	29.05%
November	7,892,988.74	1,100,481,587	7,292,967.04	998,584,371	8.23%	10.20%
December	6,652,017.89	929,811,194	5,260,817.20	825,184,109	26.44%	12.68%
TOTAL	88,299,115.95	12,252,951,920	98,885,060.62	13,434,613,328		



ANTWERP
DIAMOND
MASTERPLAN

Annual Report **2012**

INTRODUCTION

In February 2012, Governor Cathy Berx of the Province of Antwerp, presented the Antwerp Diamond sector's **Antwerp Diamond Masterplan - Diamonds Love Antwerp 2020**. Based on leadership, innovation and transparency, the plan is a blueprint to consolidate and further strengthen Antwerp's leading position in the global industry.

It is not only a strategy for growth, aimed at **expanding Antwerp's reach in both rough and polished diamond trading**. The plan also focuses on further anchoring diamonds within the **local community** and actively reinforcing the ties with government and other stakeholders.

Underpinning Antwerp's strengths is a wealth of experience, know-how and craftsmanship. Therefore one of the pillars of the Masterplan is to continue to develop those assets and position Antwerp even more as the **prime centre of knowledge and excellence** within the industry.

Another essential component lies in Antwerp's exceptional status as a role model for an **ethical and transparent diamond business**. Both in the field of Corporate Social Responsibility and Compliance, Antwerp endeavours to translate its commitment to a sustainable diamond business into tangible projects.



As the world's first and foremost diamond trading hub, providing a **secure trading environment** remains a key objective in ensuring the future of Antwerp.

Finally, through this growth strategy, the Antwerp Diamond Masterplan aspires to maintain and even steadily **increase employment**, stemming directly and indirectly from the initiatives proposed in the Masterplan.

More than anything, the Masterplan is an expression of Antwerp's firm intention to go beyond mere theory, setting ambitious deadlines to achieve its goals. In this section, we assess the projects that were initiated over the past year.



Cathy Berx, Governor of the Province of Antwerp:

"I am pleased to see that through this strategic plan, the diamond industry is committing itself to further integration in the local society. The Antwerp diamond sector should be the beating heart of the city and the greater Antwerp region, literally and figuratively. Alongside the diamond industry, government can play a crucial role, creating optimal conditions to enable this process. In short, it is a matter of shared responsibilities. Sharing the same vision, enhancing our mutual relationships and increasing the dialogue in a joint cooperation will be beneficial for us all."

KEY OBJECTIVES	INDIVIDUAL PROJECTS
Growing Antwerp as a Diamond Trading Hub	<ol style="list-style-type: none"> 1. Business & Compliance Advisor ✓ 2. Fusion Four ✓ 3. Follow up Antwerp Diamond Master Plan ✓ 4. Securing New Polished/rough Markets ✓ 5. Door-Opener Strategy & Foreign Promotion ✓ 6. Improved communication with government/industry ✓ 7. AWDC Contact Person & AWDC-led Antwerp Inter-Sector Cooperation ✓ 8. Electronic Polished Trading Platform ✓ 9. Antwerp Diamond Manufacturing Hub - GIP ✓ 10. Jewelry Distribution Hub 11. "Diamonds From Antwerp" ✓
Antwerp as a Diamond Knowledge Centre	<ol style="list-style-type: none"> 1. International Diamond Data Centre ✓ 2. Quality of Information and Promotional Material ✓ 3. International Retail Database 4. WTOCD Commercial Focus / Link to Antwerp's core activities ✓
Education Transparency	<ol style="list-style-type: none"> 1. Working together with The International Training Centre on Corporate Opportunities (ITCCO) ✓ 2. Business/Technology Seminars ✓
Community Integration City Experience	<ol style="list-style-type: none"> 1. MAS ✓ 2. Next Generation of Ambassadors 3. Public Courses and Lectures on Diamonds ✓ 4. Story of Authentic Antwerp Craftsmanship 5. Aesthetic Improvements of the Antwerp Diamond Quarter ✓ 6. Visitor Centre 7. Low Cost Media Events and Antwerp Diamond Days ✓ 8. Antwerp Scholarship Fund & Diamond Competition at Antwerp Universities 9. 'Secondary Markets' ✓
Job Creation	<ol style="list-style-type: none"> 1. Detailed information Job Creation 2. AWDC Online Recruitment Platform ✓

GROWING ANTWERP AS A DIAMOND TRADING HUB



Combining decades of experience and skills with the most unique infrastructure built around the diamond “square mile” Antwerp has been able to maintain its leadership position.

To reinforce its position further, AWDC has been tasked with developing a global, strategic mapping of Antwerp’s diamond interests, both in terms of rough and polished markets. This mapping provides stakeholders, such as Antwerp diamond companies and banks, but also national as well as international entities involved, with strategic guidance in their approach to policies on issues of importance to the industry.

When we look at Antwerp’s figures in rough trading, the fact that 8 out of 10

of all mined diamonds pass through Antwerp is clearly reflected in the statistics: out of total world production of approximately \$14.2 billion, we can see Antwerp imports of rough amounted to a total of \$11.2 billion.

This clearly indicates that Antwerp is, and remains, the premier market for the industry. The reason is simple: Antwerp has the critical mass necessary to absorb production without negatively influencing the market. Through this critical mass - the presence of more than 1,850 local companies operating within a unique infrastructure, combined with a growing number of foreign buyers, especially from the East and Far East, we can guarantee the best market price. We are, in short, both the market and partner of choice.

Business Development

For the past three years, Alrosa, the world's largest supplier of rough diamonds and Antwerp, the prime diamond hub for the global rough trade, have been committed to a long-term agreement for the supply of rough goods. From a total of 23 Long-Term Customers, no less than 13 are based in Antwerp, underscoring the strong and mutually beneficial ties between the Russian mining giant and Antwerp. On February 11th, AWDC and the Ambassador of Belgium to the Russian Federation hosted an exclusive networking reception attended by Alrosa's Executive Committee, members of the Gohkran, a delegation of high-level AWDC Board members, AWDC's CEO and top management, representatives of the Antwerp Diamond Bourses, Antwerp's Alderman for Diamond Affairs, Ludo Van Campenhout, and the Managing and Executive Directors of Antwerp's most important diamond companies, at the Belgian Embassy in Moscow.

This exclusive business meeting between the most prominent elements in our industry was the perfect opportunity to affirm and reinforce the historical, long-term relationships between the world's most important diamond producer: the Russian Federation, represented by the Gohkran and Alrosa, and the number one trading hub of choice, Antwerp.

Over the past year, AWDC has also continued to further deepen the historical

relationships with diamond producers and official stakeholders in Canada. One of the projects involved the AWDC and Québec authorities working on the Renard Project. The mine is located 850 km north of Quebec and is estimated to provide 2 million carats a year on average over the next decade. Because it is expected that the quality of the diamonds will be very high, the estimated annual revenue could approach approximately \$328 million. Stornoway, a listed company of which the government of Quebec is the main shareholder, obtained all the necessary permits to start with the Renard project. First production is scheduled for July 2015.

Apart from reaffirming long-term alliances with rough producers, AWDC actively focuses on increasing its global business network, particularly in supporting small and medium-sized producing companies in the southern African region.

In addition, AWDC has directed much effort in further deepening the excellent

Dries Holvoet, Business Development:

"We did a lot of important groundwork in 2012, by building up stronger and new trade relationships with various stakeholders both at home and abroad. We are convinced that this long-term vision will determine and confirm the future of Antwerp as the world's first and foremost diamond trading hub."



trade relationships Antwerp enjoys with China. These efforts will form the basis for new initiatives to be developed and executed over the course of 2013.

In 2012, AWDC became a member of the FEB, the Federation of Belgian Enterprises (VBO), an alliance that will promote the Antwerp diamond sector more actively in the FEB's national and international policies and that will also contribute to

fulfilling the goal of functioning as a 'door-opener' for other industries and economic stakeholders in Belgium.

Lastly, AWDC has consolidated its partnership with VOKA Antwerpen - Waasland, the regional division of the Flemish Network of Chambers of Commerce, aiming to establish new joint and mutually beneficial projects and initiatives.

Antwerp Diamond Tender Facility

One of the key projects defined in the Antwerp Diamond Masterplan was to actively increase Antwerp's reach by exploring new markets and bringing even more rough diamonds to Antwerp. That vision was put into practice with the opening of the Antwerp Diamond Tender Facility (ATF), a joint initiative of the Antwerpsche Diamantkring (KRING), the world's only rough diamond bourse, and the AWDC.

The ATF is an independent, fully-fledged, Triple A facility that enables companies to tender their goods right in the heart of the largest and leading diamond marketplace.

Mining companies, large and "junior", are invited to use this highly secure and state-of-the-art facility to hold their tenders. The facility includes all the necessary amenities such as seven separate and fully equipped viewing rooms, a high-tech control room, lounge area and restrooms.

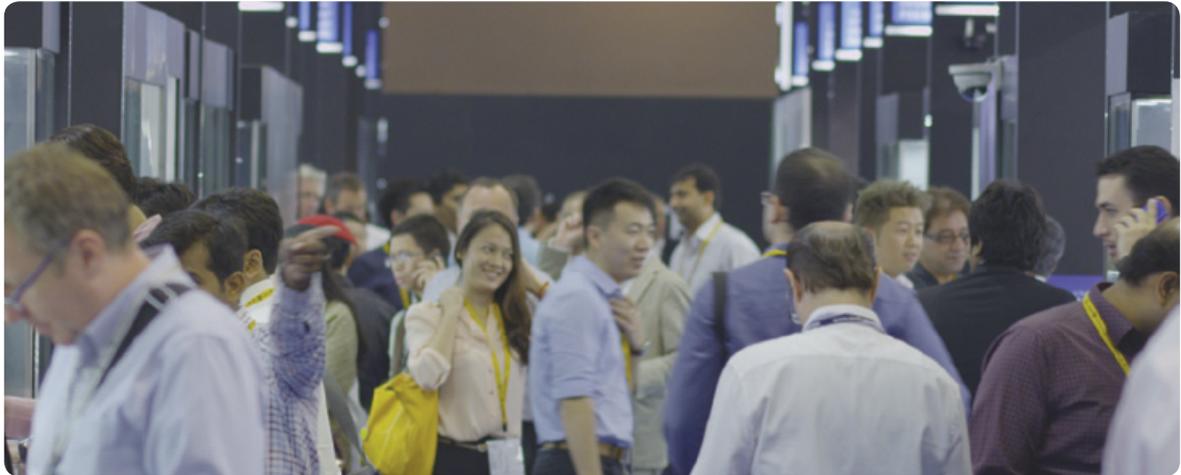
Dries Holvoet, Business Development:

"Thanks to the combined efforts of both De Antwerpsche Diamantkring and the AWDC, the Antwerp Diamond Tender Facility is yet another tangible project that stems directly from the vision of our Antwerp Diamond Masterplan; to be and to remain the number one diamond trade hub in the world. More specifically, through the ATF we are attracting more smaller and medium-sized producers to Antwerp, such as Firestone Diamonds (Botswana) through First Element (Pty) Ltd, which have already held several succesful tenders of their production."

Trade Fairs

In 2012, Antwerp continued the year-long success of the **Antwerp Diamond Pavilions** at trade fairs across the globe, including Hong Kong, Las Vegas, Mumbai and Vicenza. As it is our goal to actively promote Antwerp as the world diamond centre, AWDC bargains favorable deals with trade fair organizations, enabling Antwerp diamond companies to exhibit as a group at leading trade fairs worldwide. In doing so, AWDC wants to offer the

opportunity for equal participation to the biggest possible number of Antwerp diamond companies, collectively promoting diamonds from Antwerp. Alongside these trade fairs, AWDC aims to add value to the investments of participating Antwerp diamond companies by creating additional marketing tools and events that connect our diamond dealers with global target markets.



Following the success of the previous editions of the **Antwerp Diamond Trade Fair**, the third edition of the invitation-only event in the heart of the diamond capital of the world took place from January 29 through January 31, 2012. Since the program's inception in 2010, the number of exhibitors has doubled to 66, and aims to further extend invitations to jewelry manufacturers and retailers from across Asia and North America, as well as Europe. For the first time, a delegation of buyers from the Middle East

was welcomed at the prestigious event. The concept of the Antwerp Diamond Trade Fair is unique. Buyers are invited to make their acquaintance with the Antwerp diamond sector. For many, it was the first time that they had actually visited a diamond centre. Powered by AWDC, fair organizers, the Antwerp Diamond Bourse and the Diamantclub van Antwerpen, once again succeeded in highlighting Antwerp's position as the diamond capital of the world for rough and polished diamonds.

Nele Bouchier, Senior Manager, PR & Communication:

"The international B2B trade fairs worldwide are an essential and crucial component of the polished diamond trade. One of the core tasks of the PR & Communications Department is not only to enable and facilitate the participation of Antwerp diamond companies at these fairs. Under the umbrella of our Antwerp Diamond Pavilions, we continuously evaluate the effectiveness of international trade fairs, search for opportunities in new and existing target markets, and add value by creating dedicated marketing events and tools, in and outside the trade fairs. Lastly, we aim to further enhance the efficiency of the Antwerp Diamond Pavilions by implementing innovative applications, such as an online platform where individual diamond companies can manage all administrative and practical details concerning their participation, to be launched in the second half of next year."

CSR

CSR – a story we believe in

AWDC takes the lead in creating more transparency in the diamond industry through the implementation of Corporate Social Responsibility (CSR). AWDC has engaged in a number of partnerships, boosting corporate citizenship and the level of transparency in the sector.

AWDC is a member of the **United Nations Global Compact** and member of the Steering Committee of the Global Compact Local Network Belgium, co-founder of the **UN Antwerp International Training Centre on Corporate Opportunities**, associate member of the **Responsible Jewellery Council** and member of **Kauri**. Last but not least, the Antwerp World Diamond Centre developed the “**Diamonds have a heart**” umbrella, which is an on-going campaign addressing environmental, ethical and societal issues.

AWDC also lends its support to other key projects. We sponsor the **Special Olympics** and are a firm supporter of the Youth Sports Fund (Jeugdportfonds) **Camille Paulus**, an initiative fostered by the Province of Antwerp. The fund strives to motivate young people and disabled people to participate in sports.

AWDC also is a strategic partner of **WeForest**, an international not-for-profit organization, dedicated to sustainable reforestation of areas that are impacted by the mining industry. In December 2012, in cooperation with WeForest, AWDC sent out unique seed paper season’s wishes. The special wishes symbolize our commitment to sustainability by initiating several projects to address environmental, ethical and societal issues.

Apart from WeForest, AWDC has committed to several other not-for-profit organizations. **Transparency International** is a not-for-profit organization dedicated to the promotion of ethical conduct and the battle against corruption. **WorldPC** (better known as WorldLoop) strives for more socially engaged enterprises in East-Africa while reducing pollution and preserving the environment. And the **Intercultureel Vrouwencentrum Antwerpen** (IVCA) dedicates itself to the defence of women’s rights in Antwerp and building bridges between communities. All four organisations focus strongly on CSR policies and can be considered as prime examples in the field of sustainability. Therefore, AWDC agreed to partner with these four initiatives in the framework of the **Oppenheimer** gala dinner, on July 24th 2012, in Antwerp.



In his career, Nicky Oppenheimer, retiring De Beers Chairman, proved to be a strong advocate for the implementation of corporate social responsibility within the diamond industry. He believed that true opportunities exist for sustainable growth in Africa through sound business models. Under his leadership De Beers adopted several policies that ensure a positive social, environmental and economic impact in De Beers' African operations. As a tribute to these achievements, AWDC offered a gift donation to WeForest, Transparency International, WorldLoop and IVCA.

In order to enhance transparency in the sector, AWDC also initiated a support

program for **Responsible Jewellery Council Certification**. RJC is a not-for-profit organization that, in collaboration with a wide range of stakeholders, defines and implements responsible jewellery practices through the RJC certification standard, the RJC Code of Practice. Obtaining RJC certification is a highly complex matter, especially for smaller businesses. In order to further advance the implementation of ethical business standards in the diamond jewellery supply chain, AWDC set up a specific program to help these smaller businesses achieve RJC certification. Through the program, 10 diamond companies succeeded in obtaining RJC certification.

Quality Label ‘Diamonds from Antwerp’

On October 24th 2012, Ludo Van Campenhout, Alderman for the City of Antwerp for diamond affairs, informed AWDC that the City of Antwerp intended to assess the feasibility of a quality label for diamond jewellers in Antwerp. Van Campenhout wished to involve AWDC as a strategic partner in this project. Considering that the creation of an ethical quality label was one of the key issues put forward in the Antwerp Diamond

Masterplan, AWDC pledged its assistance to the project. An ethical quality label will increase the visibility and image of Antwerp’s role as an international ethical diamond centre. The creation of such a label underscores AWDC’s commitment to the implementation of higher standards in the domains of compliance, confidence and CSR, summarized as the so-called ‘Fifth C’.

Antwerp-ITCCO

On March 27th, representatives of the City of Antwerp, the UN Institute for Training and Research, the United Nations Global Compact, the Fonds voor Diamantnijverheid, CIBJO and AWDC signed the Antwerp-ITCCO by-laws.

private sector engagement to support UN goals. This initiative aims to foster knowledge and skills, allowing private companies to incorporate the UN Global Compact principles into their CSR strategies and policies.

This new training initiative, conducted under the joint auspices of UNITAR and UN Global Compact, aims to strengthen

Supported by the Flemish government, the centre proposes a new approach to strategic leadership and operational

Karla Basselier, Senior Manager, Public Affairs:

“Corporate Social Responsibility is an essential component of the Antwerp brand. It defines us as an industry and as a community of business people who want to focus more on transparency and ethical business standards. It is not just an ethical prerequisite, but a strategic choice, and it is our role to inform and involve all our stakeholders, both in and outside our community about the measures that are being taken to ensure and protect the integrity of the diamond pipeline. Antwerp will maintain its leadership role within the global diamond industry to promote responsible business practices and CSR. The initiatives and partnerships we set up in 2012 are a tangible translation of that commitment.”



business management. The training activities are designed and developed according to UNITAR standards for quality. These are developed in collaboration with specialized institutions and internationally recognized universities. While some of its activities

focus on the diamond and jewellery industry, the scope of the Antwerp-ITCCO is being expanded to other industries.

The Royal Decree on the creation of the Antwerp-ITCCO as a Foundation of Public Interest was declared on April 25, 2012.

CSR Meet-up

Members of the diamond sector participated in the first Corporate Social Responsibility (CSR) Meet-up in Antwerp, organized by UNITAR on June 5th 2012. The event, hosted by AWDC, was organized with the support of Antwerp-ITCCO in collaboration with the Antwerp Management School and the Global Compact Network Belgium. The executive program was organized by Antwerp-

ITCCO, HRD Antwerp, the HRD Antwerp China Association and the Shanghai Diamond Exchange. The CSR Meet-Up was part of a three-day executive course on CSR and management for 20 of China's leading jewellery companies. The meeting was designed to increase awareness and understanding of CSR challenges and opportunities, with a special focus on the Chinese domestic markets.



KIMBERLEY – THE BRILLIANT ROLE OF ANTWERP

Member of the KP Monitoring Team for Marange (Zimbabwe)

In November 2011, during the Plenary Session in Kinshasa, through the persistence and exceptional efforts of the European Commission as chair of the Working Group Monitoring within the Kimberley Process, the decision was made to appoint a KP Monitoring Team on Marange. At the same time, the export of rough goods from the Marange area was authorized, provided the Marange sites were declared as conforming to the minimum KPCS requirements after an audit by the KP Monitoring team.

The Plenary appointed former KP Monitor Abbey Chicane from South Africa who is also a former Chairman of the Kimberley Process (2001-2003) and Mark Van Bockstael from Belgium, current President of the WDC Technical Committee alongside a working group of KP diamond experts. The appointment of Mark Van Bockstael was explicitly requested, among others by the British Minister for African Affairs Henry Bellingham, who raised the issue in the British Parliament in May 2011.

They were given a mandate starting at the Kinshasa Plenary Session of November 1st 2011 until the Plenary Session in Washington DC of November 29th 2012. During this timeframe, two additional Marange mining sites were assessed as conforming to KPCS minimum requirements. The reports on these verification missions can be consulted on the renewed KP website - www.kimberleyprocess.com. Furthermore, four quarterly reports were issued, mapping every aspect of production and sale of Marange diamonds in detail. The reports contain a thorough financial overview, describing the exact production and exports from the various KPCS compliant Marange mining sites. In addition, the reports provide a calculation of quarterly state revenues. Finally, each report focusses strongly on issues regarding site security and indications of potential human rights violations in the context of Marange mining activities.

As a result of the highly improved level of transparency, the absence of blatant human rights infractions and the detailed

reports provided by the KP Monitoring Team, the Plenary Session in Washington of November 2012 completely lifted the

special monitoring measures in regard to Marange.



Chairman of the Kimberley Process Working Group of Diamond Experts (WGDE)

The Working Group of Diamond Experts (WGDE) is the sole working group or committee within the Kimberley Process structure that is not chaired by a Member State representative, i.e. a member state government, but by a representative of an Observer, more specifically, the WDC, representing the diamond industry.

The WGDE was set up at the very start of the KPCS in 2003, in order to resolve technical issues pertaining to the complexity of the KPCS introduction. Mark Van Bockstael has been leading the Working Group right from the beginning, representing the WDC, granting him the status of KPCS Working Groups veteran.

KP Administrative Support Mechanism

In 2012, the Kimberley Process Plenary approved the Administrative Decision (AD) on Selection, Engagement and Operation of a Kimberley Process Administrative Support Mechanism (ASM). The ASM will provide logistic, organizational and communications support to the KP on an

on-going basis. There are four main tasks outlined in the AD. The ASM will:

1. Support the KPCS through the maintenance of a user-friendly and updated website

2. Facilitate communications to and among KP Participants, observers and other stakeholders
3. Provide logistical support to the KP Chair and Working Group and Ad-Hoc Committee Chairs in planning intersessional, Plenary or other working meetings
4. Offer technical assistance to the KP Chair for training, data and research

AWDC will play a key role in the ASM, alongside the WDC and three other members of the diamond industry. AWDC will also be a central focal point, responsible for coordinating service delivery between the different agencies and other external partners willing to engage in the ASM.

Diamond Task Force

In addition, AWDC also discusses KP-issues on a national level. In this regard, we participated in several meetings of the “Diamond Task Force”. This task force is headed by the Federal Public Service Foreign Affairs and includes representatives from other governmental institutions. Regular meetings of this task force allow governmental institutions, the sector and other stakeholders to

quickly exchange information concerning regulations, policies and practices to implement and follow-up on the Kimberley Process. The objective of the task force is to exchange information, to identify bottlenecks in the process of implementation and to take steps to create a higher level of transparency in the diamond sector.

Kimberley Process Reform

The Kimberley Process is currently debating future reforms. In light of these discussions, AWDC - under the leadership of the World Diamond Council - met several times with other key industry players in Washington. This allowed us to exchange opinions and formulate potential entries for reform. Apart from this input, as a member of the WDC,

AWDC also participates in the Committee on KP Reform in order to support Antwerp’s level of compliance and strive for a more equal level playing field.

Zimbabwe Diamond Conference

The Zimbabwe Diamond Conference took place on November 12 and 13, 2012. High-level politicians and key industry figures met with members of civil society to discuss the accomplishments made by Zimbabwe and its diamond industry. AWDC President and WDC Vice-President Stéphane Fischler pleaded for sustainable cooperation. AWDC stressed that the KP reform should be considered an evolution, not a revolution. In his address,

Fischler emphasized the need for caution so that such a reform does not result in a KP with double standards. A strong KP implies a strong international trading system based on a country-by-country certification; fully respectful of their sovereignty and focusing on an equal level playing field, where internal controls are equally implemented and duly controlled.

DDI Fundraiser

On November 15th, the Diamond Development Initiative International (DDI International) opened its annual industry fundraising campaign, with the first contributions made by AWDC, aimed at supporting the development aspect of the Kimberley Process and at fostering high standards of Corporate Social Responsibility in the industry.

DDI's support for capacity building in order to enhance KP internal controls complements AWDC's initiatives to

provide training and technical assistance. AWDC actively helps countries to set up their internal KP legislation. KP compliance is a crucial element in the economic development of a sustainable diamond industry, especially on the African continent. In addition, AWDC is confident that DDI's efforts to regulate Africa's artisan diamond diggers will also contribute to a better KP level playing field.

Ari Epstein, CEO Antwerp World Diamond Centre:

"Somebody once said, that the ultimate test of a moral society is the kind of world that it leaves to its children. In serving the best interests of children, we serve the best interests of all humanity. That is exactly why AWDC is proud to be part of this forum."



First Children's Rights and Business

Principles Forum in Belgium

On December 3rd 2012, the Belgian Global Compact Network in close cooperation with Unicef Belgium presented the "Children's Rights and Business Principles" at the Egmont Palace in Brussels, in the presence of HRH Princess Mathilde of Belgium and Deputy Prime Minister and Minister of Foreign Affairs, Trade and European Affairs, Mr Didier Reynders at the First Children's Rights and Business Principles Forum.

The forum brought together many different stakeholders such as the Federal Public Service Foreign Affairs, the European Commission, the Council of Europe, Kauri, the private sector including companies like Rosy Blue, Solvay, SNCB,

Studio 100, Telenet, Glaxo Smith Kline, Ferrero, Ikea, Ernst & Young, Antwerp Management School etc. The Antwerp World Diamond Centre supported this forum from the start.

The Principles address all the different dimensions in which children and business interact, including in the workplace, marketplace and community and environment. They help make sure that children are seen as key stakeholders. Companies can use the principles as a tool to thoroughly evaluate the impact their business practices are having on children, both negative and positive.

Egmont seminar

On December 17th 2012, AWDC and the Egmont Institute organized a seminar, chaired by the Egmont Institute, regarding the current state of the Kimberley Process, and addressed current issues such as the challenges that lie ahead for the KP in the future, how it will balance the concerns of stakeholders within and outside the process, and the achievements and challenges to date.

Several key actors in the industry were involved in the seminar, such as **H.E. Mxolisi Nkosi**, Ambassador of the

Republic of South Africa in Belgium to the Kingdom of Belgium, the Grand Duchy of Luxembourg and the Mission of the European Union, **Genoveva Ruiz Calavera**, Head of Unit, Service for Foreign Policy Instruments (FPI), Stability Instrument Operations and Foreign Policy Regulatory Instruments (FPI2) European Commission, **Mark Van Bockstael**, Chief Officer Business Intelligence at AWDC, **Dorothee Gizenga**, Executive Director, Diamond Development Initiative, DDI, and **Alan Martin**, Research Director Partnership Africa Canada (PAC).



Karla Basselier,
Senior Manager, Public Affairs:

“This triple citation of activities spearheaded by the Antwerp World Diamond Centre in the Kimberley Process resolution of the United Nations General Assembly, is a most welcome and gratifying acknowledgement of all the hard work and resources that the Antwerp diamond community has invested in eradicating conflict diamonds.”



United Nations General Assembly Resolution on Kimberley Process

AWDC was commended in a resolution adopted by the UN General Assembly. The resolution, drafted by the outgoing chair of the Kimberley Process for 2012, U.S. Ambassador Gillian Milovanovic, highlights the role of the KP in helping eliminate trade in conflict diamonds.

The resolution welcomed the important contribution of the Kimberley Process. It noted with satisfaction that the implementation of the Kimberley Process Certification Scheme continued to have a positive impact in reducing the opportunity for conflict diamonds to play a role in fuelling armed conflict. It said that the KP would help to protect the legitimate trade and ensure the effective implementation of the relevant UN resolutions relating to conflict diamonds.

It also acknowledged that lessons learned from the Kimberley Process might be useful for the work of the UN Peace Building Commission.

The UN resolution explicitly applauded the efforts of the Antwerp World Diamond Centre in the development of a more efficient and effective Kimberley Process website. Furthermore, the UN General Assembly acknowledged the KP decision to establish a Kimberley Process administrative support mechanism (ASM), hosted by the World Diamond Council and supported actively by the AWDC.

In addition, the resolution praised the work of the Kimberley Process Working Group of Diamond Experts for its work in diamond mining areas in Côte d'Ivoire.

COMPLIANCE

Online Guide: “Doing Business in Antwerp”

The Antwerp diamond sector and, more specifically, Antwerp diamond dealers are subject to an abundance of regulations, stemming from European and national legislation. In addition, the industry itself applies a series of self-regulating measures.

The result is a highly complex range of rules and regulations. In order to assist diamond companies more efficiently, the AWDC compliance team has compiled all relevant and necessary information a diamond dealer needs to set up and conduct business in Antwerp on a



dedicated section of its website. In 2012, AWDC launched a comprehensive online guide on Doing Business in Antwerp, focusing on rules and regulations on compliance, anti-money laundering, the Kimberley Process and step-by-step information on how to start up a business in Antwerp. The guide is targeted at start-ups as well as experienced diamond dealers, providing them with practical information on the exact requirements to start up a diamond business in Antwerp and facilitating diamond companies in regard to compliance issues, such as client identification, verification and (non-)acceptance regulation.

The online guide is divided into three chapters:

Setting up a business in Antwerp:

This chapter covers the rules necessary to start up a company in Belgium, with special attention to diamond specific formalities. Among other things, this section covers registrations and formalities, an overview of different types

of companies, a summary of insurance requirements, potential subsidies, etc.

Conducting Diamond Business in

Antwerp: This chapter more specifically addresses the pure business side of trading as a diamond dealer. Once up and running, more specific questions might arise with respect to invoicing, payment mechanisms, dispute resolution and transport.

Diamond Sector-Specific Regulations:

This is the most extensive chapter. It covers all specific trade restrictions and legal requirements for diamond dealers in Antwerp. It is divided into regulations regarding internal European trade and those for external European trade. This part also contains essential information on the Kimberley Process, anti-money laundering and sector specific self-regulation rules and regulations.

A hard copy version of the online guide will be available in 2013.

Anti-Money Laundering and Compliance Helpdesk

In 2012 an Anti-Money Laundering and Compliance helpdesk was created. The helpdesk is managed by AWDC's Legal Department, staffed by Trissia Stavropoulos and Marijke Achten. This Helpdesk provides assistance to registered diamond dealers on a variety of issues.

Firstly, the helpdesk assists with completing the annual activity report, mandatory under Belgian anti-money laundering legislation. Every year the Federal Public Service requests all registered diamond dealers to complete the so-called "Activity Report". Almost one in four diamond dealers already use the services of the Helpdesk.

Secondly, the helpdesk can answer any questions with respect to the anti-money laundering legislation and other laws by means of advice by telephone, personal consultation or e-mail.

Thirdly, the helpdesk has an advisory role, informing the diamond dealers by means of the 'Doing business in Antwerp'-chapter on the AWDC website, regular Antwerp Compliance Newsletters and the distribution of flyers and posters.

The AML & Compliance Helpdesk operates in close coordination with the Federal Public Service Economy in order to advise and assist them as much as possible with

respect to existing and planned rules and regulations.

Furthermore a Client Acceptance Policy is being developed in cooperation with all relevant authorities. This Policy is designed to help registered diamond dealers to comply with anti-money laundering regulations. It is a step-by-step guide handling topics such as client identification, verification and (non-) acceptance. Once finalized, the helpdesk plans to organize seminars with respect to the above mentioned acceptance policy and the recently changed anti-money laundering legislation in order to inform and educate Antwerp diamond dealers in regard to applying obligations.

IT Seminar

The digital age does not only imply increased efficiency for businesses. New technologies also pose a number of potential threats. For example, 2011 figures indicate one in six companies fell victim to so called cybercrimes. In order

to create awareness of these threats, AWDC, in cooperation with the Diamond Jewellery Management Institute and KMO-IT, organized an IT seminar for small and medium-sized enterprises (SMEs).

Trisevgeni Stavropoulos, Senior Manager, HR, Legal & Compliance:

"Providing tailor-made, facilitating services for the Antwerp diamond companies is a core business of our organization. With the set-up of our Anti-Money Laundering & Compliance Helpdesk and the online guide 'Doing Business in Antwerp', we have created two powerful tools that can facilitate trade and boost the competitive strengths of Antwerp significantly."

IMPROVED COMMUNICATION

Professional communication with governments and the diamond community is critical for the future of the diamond industry. All levels of government have to understand, appreciate and have confidence in the operation, status, performance and needs of the Antwerp diamond trade. A well-informed government can protect and promote the sector on a continuing basis.

To improve the communication flow for the local diamond community and

industry stakeholders, AWDC developed several new tools in 2012. An important source of information for everybody is undoubtedly the Internet. That is why AWDC decided to update and renew the website and the entire digital infrastructure of AWDC. Furthermore, AWDC sends out newsletters on a regular basis to keep the industry informed about all the latest initiatives, developments and news.



Governments

In 2011, AWDC set up a structural partnership with the City and Province of Antwerp. The purpose of this cooperation is to maintain and support Antwerp's position as the world capital of the diamond industry. Furthermore, AWDC established a network of local, regional, federal, European and international governments to ensure that the interests of the industry are being represented on

a structural and proactive basis. Specific events at European and federal level were hosted by the AWDC. For instance, AWDC organized a networking luncheon with members of the European Parliament. This event allowed us to elaborate more in depth on our role in the Kimberley Process. At the same time, AWDC was able to promote the concept of business standards at the European Parliament.

New AWDC Website

On November 22nd, AWDC launched its new website, the first step in a two-stagedigital overhaul.

The first objective was to create a new website that would allow a more efficient means of disseminating information, both to the diamond community and external target audiences. Through a single page, easily accessible via www.awdc.be, all the various target audiences can easily navigate to accurate and up-to-day information and news. The website is designed to introduce visitors to the AWDC, its range of specialized services, to Antwerp as the world's leading diamond centre and to the jewellery

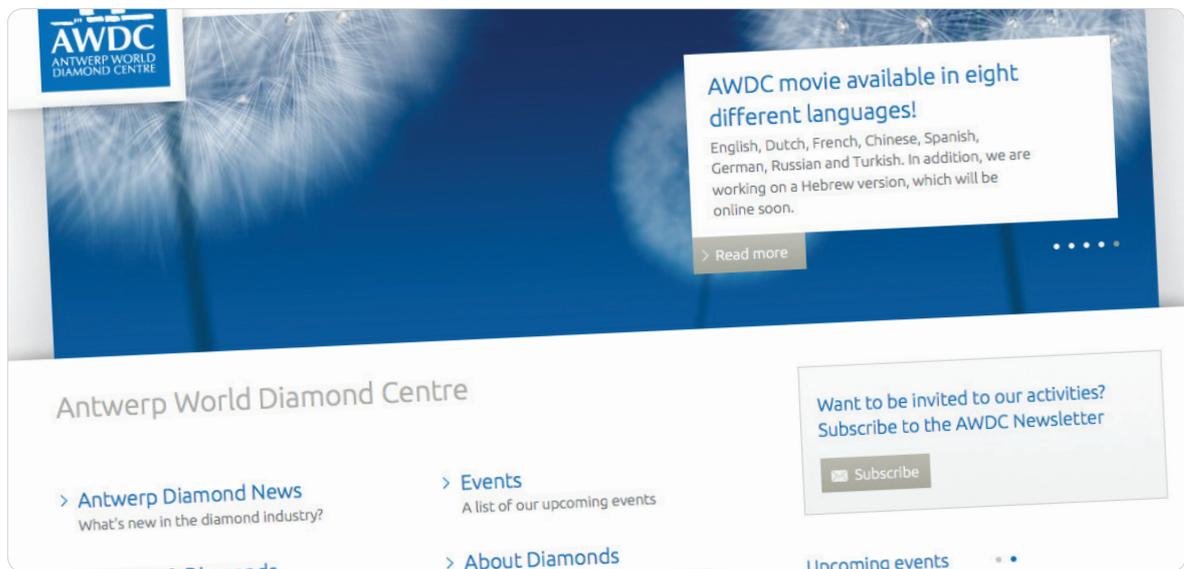
industry with which it is inexorably related.

In a second stage, AWDC will gradually introduce additional, interactive features, designed specifically to increase its efficiency as service provider to the industry, through a digital services section entitled 'My AWDC'. Once registered, diamond companies will be able to log in to 'My AWDC' through their personal AWDC account and access various online AWDC services, such as participation in events, Antwerp Diamond Pavilions, Seminars and the online jobsite Antwerp Diamond Jobs.



AWDC Newsletter

At the end of 2011, AWDC decided to discontinue the Antwerp Facets Online digital news service, shifting the focus more on news and information relevant for the Antwerp diamond community, through the launch of a weekly AWDC Newsletter. The objective of the Newsletter is to disseminate important or useful information for the community, such as announcements about events, combined with the latest developments and news facts from within the industry. Registration for the AWDC Newsletter is free. For more information, check the AWDC website.



Transparent and open communication

The diamond business is perhaps one of the most intriguing and fascinating industries in the world. The transformation of a rough diamond, from the process of mining through multiple sorting stages, polishing, marketing and trading, into a sparkling and exquisite jewellery piece is a mystery to most people. Similarly, the importance of Antwerp as the world's leading diamond trading hub and the immense impact it has from a regional, national and global perspective, is relatively unknown to key target audiences such as the general public, but also in government circles and organisations.

That is precisely why **enhanced and clear communication** is proposed as a priority in the Antwerp Diamond Masterplan.

Nele Bouchier,
Senior Manager,
PR & Communication:

"We are focusing on building awareness and reinforcing the involvement of the local Antwerp, Flemish and Belgian public by further anchoring diamonds as an essential part of Antwerp's identity, an industry to be proud of. At the same time, we are directing much effort to increasing our visibility by promoting Antwerp's unique strengths as the prime diamond trade centre for international B2B stakeholders in various target markets. A new website, regular dissemination of useful, relevant information and newsletters and various other initiatives are just the first steps in a more transparent, open communications approach."

COMMUNITY INTEGRATION

One of the key issues that was put forward in the Antwerp Diamond Masterplan, is to create a greater diamond sector commitment and

engagement on different levels, especially by developing closer links with the broader local and regional communities.

The Antwerp Diamond Community Events

Wherever your roots may lie or whatever your origins or beliefs are, there is one thing that the diamond community has in common; a fondness for its various cultural and religious celebrations.

These occasions do not only have the power to bring people together, as families and friends, as kindred spirits. They tell us something about who we are, about our values and our cultural identity.

We may be very different, but the strength and uniqueness of our community lies in our diversity. Respecting and sharing

our traditions defines and enriches us. It broadens our perspective and our mutual understanding.

That is why in 2012, the AWDC organized four events on four traditional days of celebration in our local diamond community. Each represents one of the many religious communities that live together here; Catholic, Jew, Muslim and Hindu. Each event gave an exclusive and colorful taste of the melting pot of cultures that live and work together in the Antwerp diamond district.

January 9th ‘VERLOREN MAANDAG’ – a Catholic Festive Day

‘Verloren Maandag’, literally ‘Lost Monday’ refers to the first Monday after the Catholic holiday of Epiphany, which is especially celebrated in the Antwerp

region. On that day, the custom is to eat a traditional sausage roll and apple-pastry, which is only available at bakeries in the region on that specific day.

March 8th ‘PURIM’ – a Jewish Holy Day

‘Purim’ is a Jewish holiday that is celebrated on the 14th day of the Hebrew month of Adar and actually starts the day

before, at sundown. It commemorates the deliverance of the Jewish people in the ancient Persian Empire.



August 19-22nd 'EID UL-FITR' – a Muslim Holy Day

'Eid Ul-Fitr', often abbreviated to Eid, is a Muslim holiday that marks the end of Ramadan, the Islamic holy month of fasting (sawm). Eid is an Arabic word meaning "festivity", while Fitr means

"breaking the fast". The holiday celebrates the conclusion of the 29 or 30 days of dawn-to-sunset fasting during the entire month of Ramadan.

November 13th 'DIWALI' – an Indian Holy Day

Diwali, derived from Sanskrit Dipavali meaning 'a row of lights' is popularly known as the "festival of lights", and celebrated between mid-October and mid-December for different reasons. For Hindus, Diwali is one of the most

important festivals of the year and is celebrated in families by performing traditional activities together in their homes. For Jains, Diwali marks the attainment of moksha or nirvana by Mahavira in 527 BC.



Nele Bouchier,
Senior Manager,
PR & Communication:

“The Open Company Day was a huge success, people were queuing for the guided tours long before opening hours and we had to close down tour registrations early, as we were fully booked by 3 PM. We look forward to next year’s edition. Through our participation in the Open Company Day, several press initiatives and our community events, we succeeded in involving our local stakeholders in one of Antwerp’s biggest success stories; the brilliant tale of Antwerp and diamonds, more than five centuries old but still very much alive.”

Open Bedrijvendag / Open Company Day

Every first Sunday of October, a wide variety of companies and industries in Flanders open up their doors to the general public during the Open Bedrijvendag / Open Company Day. This initiative is the perfect opportunity to introduce people to a world they would otherwise never get to see.

That is why, in 2012, AWDC decided to join this initiative, a unique occasion to open the doors of the wondrous world of sparkling diamonds, one of the most renowned, captivating but at the same

time very closed industries in Belgium: the diamond industry. In collaboration with the Diamond Museum, the Antwerp Diamond Bourses and participating diamond and jewelry companies such as HRD Antwerp, over 2,000 visitors took a guided tour behind the scenes. In total, more than 4,000 people visited the Antwerp Diamond Square Mile, where information billboards, food corners and musical entertainment gave the audience a glimpse behind the fascinating and multicultural world of the Antwerp diamond community.

Press initiatives

For more than five centuries, Antwerp has been the diamond capital of the world, renowned across the globe. Unfortunately, this highly successful story is a well-kept secret within the local, Antwerp community. Therefore, AWDC initiated a project in collaboration with the *Gazet van Antwerpen*, Antwerp's most popular daily newspaper.

In December 2012, a series of three supplements dedicated to the diamond industry in Antwerp was published in the *Gazet van Antwerpen*. Each supplement contained eight pages, focusing on three themes: Antwerp's rich diamond history, Antwerp's current status as the world's leading diamond hub, and a more consumer and lifestyle oriented theme. The overall target of this initiative was to introduce a wide audience of readers

to the fascinating world of diamonds, emphasizing what makes Antwerp unique and how the local, Flemish and Belgian economy are impacted by this powerhouse sector.

The series was concluded during a unique Diamond Day, organized by AWDC and *Gazet van Antwerpen*, exclusively for readers of the newspaper. The event proved highly successful, as registrations were fully booked in less than 24 hours. Visitors were given a glimpse behind the scenes of the editorial offices of the newspaper, followed by a diamond discovery tour, where eager readers got more information on diamonds, diamond certificates and took the opportunity to have their personal diamond jewellery pieces evaluated.



ANTWERP AS A DIAMOND KNOWLEDGE CENTRE

With a rich diamond heritage that goes back more than 550 years, Antwerp is widely regarded as the foremost centre of diamond excellence and knowledge. Expertise, experience, craftsmanship and knowledge already exist in abundance in the Antwerp diamond marketplace, but these must be far more effectively promoted. Relevant information, facts

and figures on the diamond industry should be made available to encourage best business practices and thus to offer Antwerp enterprises a competitive advantage that can boost growth on an international level. That is why AWDC decided to invest in several research studies in 2012.

Bain & Company Studies

In 2012, in cooperation with Bain & Company, one of the world's leading business consulting firms, AWDC published two studies about the diamond industry. In January 2012, AWDC launched *'The Global Diamond Industry – Lifting the Veil of Mystery'* which was followed by *'The Global Diamond Industry – Portrait of Growth'* in December.

The Global Diamond Industry – Lifting the Veil of Mystery

Diamonds are one of the world's major resources and historically one of the least understood. For many years observers and even many participants have considered the diamond industry to be complex and difficult to comprehend, even impenetrable. This report is the first

step in the process of shedding light on the industry, which spans the globe and involves a wide spectrum of players, from mining to retail.

Major changes over the past 50 years have transformed the diamond industry. New diamond suppliers have emerged, and mining and production have expanded. Furthermore, structural changes have opened up the field to more competition.

The report traces these developments, explains the mining process, and explores the two main uses of diamonds: in jewelry and for industrial applications. It touches on the structure of the value chain, from the financial risk involved in early exploration to the economics of the

retail trade. It also devotes one chapter to the potential impact of synthetic diamonds on the jewelry sector.

Furthermore, the study also explores potential future scenarios through a supply-demand forecast. With the prospects for demand rising in key consuming countries, demand for rough diamonds is set to outpace supply over the coming decade. Bain & Company conducted numerous interviews with players in all segments of the value chain and gathered a consensus opinion wherever possible. Other sources of information were the latest public announcements, presentations and annual reports of diamond companies.

The Global Diamond Industry – Portrait of Growth

Following up on The Global Diamond Industry – Lifting the Veil of Mystery, AWDC and Bain & Company released a second report, focusing in more detail on the dynamics of consumer demand across the globe.

In this particular report, Bain & Company investigated the demand fundamentals that will shape the diamond industry's near- and medium-term future and offers evidence for a positive outlook.

Starting with a review of 2011, it discusses how the long-term supply-demand balance affects prices and how macroeconomic developments and changing consumer preferences, based on surveys of more than 5,000 consumers around the world. The document also further explores the three largest diamond markets, the US, China and India, which represent 60% of global diamond demand.

By combining the findings with extensive market analysis, including the latest developments of key diamond miners and the largest diamond mines worldwide, the report concludes with an update on the outlook for the diamond industry through 2020.

You can find both reports on our website www.awdc.be

Ari Epstein, CEO Antwerp World Diamond Centre:

“Given Antwerp’s leadership role on all levels of the diamond industry, it is fitting that AWDC sponsored the Bain reports. With Lifting the Veil of Mystery, we were able to provide unprecedented insight into the complex dynamics of our industry. The second report, with an in-depth analysis of the underlying processes of consumer demand, was the next logical step.”

University of Antwerp

In 2012, AWDC set up a partnership with the University of Antwerp to initiate a new study on the economic impact of the Antwerp diamond industry. Considering the previous report, also conducted in cooperation with the University of

Antwerp was published in 2008, AWDC decided an update on those facts and figures was in order. The study is currently being conducted, and results are due to be announced in June 2013.

Antwerp Diamond Academies

The Antwerp Diamond Academies are a series of workshops and seminars aimed at the continuous professionalization of various stakeholders in the Antwerp diamond industry. They are targeted directly at Antwerp diamond companies. Through these academies, AWDC aims to provide them with information, hands-on knowledge and support services in order to enhance their position in an increasingly competitive business environment. Each Academy is built around a specific topic, such as innovation, technology, and finance.

The first edition, launched by no other than Sir Richard Branson, founder and CEO of Virgin, on May 6th 2012 was all about innovation. In three sessions, each of two workshops, participants were introduced to the latest IT trends in a business environment, such as the role of social media, e-marketing and e-security, and how e-business can increase efficiency, through such means as a paperless office and efficient time management.

Nele Bouchier, Senior Manager, PR & Communication:

“This initiative stems directly from the vision and ideas launched in the Antwerp Diamond Masterplan | Project 2020. Through the organization of these academies, we aim to directly boost the efficiency and professionalism of the Antwerp diamond sector. We also believe that by opening up these initiatives to external stakeholders and sharing our knowledge, network and experience with them, we can gain political and business support and further anchor diamonds as a vital part of Antwerp’s identity.”

AWDC
ANTWERP WORLD
DIAMOND CENTRE



JOBS

Focus on education

Because of the large increase in demand for diamond polishers, the Antwerp diamond industry took the initiative to organize a free course in diamond polishing in September 2012.

Many of the current Antwerp polishers are nearing retirement age and, in addition, the Antwerp diamond sector is continuously evolving and diversifying. Over the next two years, there will be an estimated 55 vacancies, and the industry is eager to have them filled quickly.

To train these new polishers, the industry organized a free course covering basic polishing skills. The project was assisted by the involvement of several diamond companies. Each company adopted one of the students and closely followed their progress. The company also committed to hiring their apprentice, after graduation.

In this way, the students not only have a very high chance of being employed, but will also further develop their skills on the job. As a result, 12 new polishers graduated in December 2012, and the initiative continued in 2013.

In 2012, AWDC also actively supported the organisation of a diamond polishing Masterclass for experienced polishers that aimed to maintain and reinforce the high level of craftsmanship in diamond polishing for which Antwerp is famed.

In addition, AWDC, the City of Antwerp, the Fonds voor diamantnijverheid, and the municipal education department engaged in a review of existing schooling programs, aiming to better co-ordinate available training with the demands of the diamond industry.

Karla Basselier, Senior Manager, Public Affairs

“The polishing courses we run not only safeguard the existing polishing activity but also actual jobs in Antwerp. These training programs, combined with a review of diamond related education availability, are also an answer to the increasing demand for more and skilled staff.”



Antwerp Diamond Jobs

Antwerp Diamond Jobs entails the development via a jobsite dedicated to the diamond sector. It aims to connect employers and job seekers through a centralized approach. As a result, Antwerp Diamond Jobs targets an increase in overall employment in the sector and to improve the image of the diamond sector as an employer.

The jobsite is designed to enable diamond related employers to post vacancies. At the same time, job seekers, interested in a job in the Antwerp diamond sector, are directed more efficiently to potential jobs. In addition, AWDC will support the marketing of the jobsite to both the diamond sector and the general public.

One of the problems diamond companies face is that it can take a very long while before their vacancies are filled. The jobsite will provide for more visibility for candidates enabling positions to be filled within a reasonable timeframe.

Furthermore, the implementation of the jobsite will put the diamond sector in the spotlight as an employer. Once fully deployed, this service can also increase the level of transparency in the Antwerp diamond industry; for the first time there will be a clear overview of employment opportunities within the diamond sector.

Antwerp Diamond Jobs will function as a meeting point for employers and



Trisevgeni Stavropoulos,
Senior Manager HR,
Legal & Compliance:

"The online jobs platform Antwerp Diamond Jobs, facilitating a sustainable influx to the diamond workforce is part of a broad strategy that will enable growth and innovation."

candidates for jobs within the diamond sector. The jobsite will consist of a platform where diamond companies can post their vacancies and potential candidates can go through a variety of job postings, enabling them to respond directly, online, to the vacancies of their choice.

A separate section of Antwerp Diamond Jobs will be dedicated to job opportunities within AWDC.

Given that AWDC will support the marketing of the jobsite up to a national level, a much bigger range of candidates and potential employees can be reached.

SECURITY

Security is one of the critical aspects of the Antwerp diamond business. In 2010, AWDC established 'ADA-Security', the dedicated security office of AWDC. Its mission is to support and facilitate the diamond business, and to protect the diamond community's personnel, products, reputation, information and assets against all internal, external, deliberate or accidental threats.

In 2012, a new Board of Directors was appointed for ADA Security, consisting of Ari Epstein - on behalf of AWDC, Martin Leake - on behalf of the mining companies and diamond banks, Mark Hanna - on behalf of the diamond traders, Martine De Bruyne - on behalf of the Federation of Belgian Diamond Bourses and Yvan De Mesmaeker - as independent director.

ADA Security also launched a new, dedicated website, www.ada-security.be. The site provides members of the diamond community with useful information regarding security issues, such as contact details of relevant authorities, but also serves as an online platform where you can file a report on suspicious activities or request a vehicle permit to enter the secure area.

To enhance communication efficiency, ADA Security initiated the physical move of the entire diamond square mile police force into AWDC's premises.

Furthermore the dedicated security office continued working on the development of custom-made software that will enable a highly secured biometrical entry system



Stephan Van Hauwe, Senior Security Coordinator - AWDC security office:

"The high level of security in the Antwerp diamond square mile is undoubtedly a competitive strength. I look forward to building further on the hard work and accomplishments of my predecessors here in Antwerp. It is my ambition to nurture this asset and add value, by implementing my own experience in the field of security."



for the secured diamond area, to be launched in 2013.

In 2012, in collaboration with the Federal Police, ADA Security organized two workshops aimed at improving the operational efficiency of companies providing security services active in our industry. This initiative will be continued in 2013.

ADA Security appointed Stephan Van Hauwe as Senior Security Coordinator to manage ADA Security, starting February 18th 2013. In addition, ADA Security will change its name to AWDC Security Office.

Stephan Van Hauwe has 16 years of experience in the fields of security,

crime, information security and anti-terrorism. He is a skilled professional with an impressive curriculum vitae and an excellent reputation.

Since the start of his career, he has continuously focused on further developing his skills through various courses in the fields of security, investigations, leadership and management, in Belgium, and abroad (the United States, The Netherlands, Austria and Israel).

Stephan Van Hauwe is the 'Single Point of Contact' at AWDC Security Office for all security related topics and can be contacted through AWDC.

EPILOGUE

Annual Report **2012**

BOARD OF DIRECTORS AND MANAGEMENT TEAM

Board of Directors

- **Mr. Stéphane Fischler** (Industry)
President
- **Mr. Philippe Barsamian** (Bourses)
Vice President
- **Mr. Kaushik Mehta** (Trade)
Vice President
- **Mr. Santosh Kumar Agarwal (Kedia)**
(Trade)
- **Mr. Freddy Inzlicht** (Bourses)
- **Mr. Shailesh Javeri** (Trade)
- **Mr. Jacques Korn** (Bourses)
- **Mr. Samir Mehta** (Trade)
- **Mr. Ramesh Patel** (Trade)
- **Mr. Koen Vandenbempt** (Independent)
- **Mr. Jacques Weisz** (Trade)

Management Team

- **Mr. Ari Epstein**
Chief Executive Officer
- **Mr. Michel Janssens**
Chief Operating Officer
- **Mrs. Manuella Merckx**
Chief Officer Diamond Office
- **Mr. Mark Van Bockstael**
Chief Officer Business Intelligence
- **Mrs. Trisevgeni Stavropoulos**
Senior Manager HR & Legal
- **Mrs. Nele Bouchier**
Senior Manager PR & Communications
- **Mrs. Karla Basselier**
Senior Manager Public Affairs
- **Mr. Dries Holvoet**
Business Development

AWDC Security Office

- **Mr. Stephan Van Hauwe**
Senior Security Coordinator

AWDC by-laws extend duration of board members' mandates

In June 2012, members of the diamond community went to the polls to elect six board members representing the trade on the AWDC Board of Directors. The by-laws of AWDC extended the duration of the mandates to four instead of two years and implemented an alternating rotation system that will renew half of the board every two years, which ensures continuation on the Board of Directors.

As a transitional measure, only the Directors representing the trade were elected in June 2012. The mandate of the Directors representing the industry, bourses, workers council and independent director will be automatically prolonged until the elections of June 2014.



Mr. Stephane Fischler elected as new AWDC President

On June 15th, during the first meeting of the newly elected Board of Directors, the Board Members elected Mr. Stéphane Fischler as the new President of AWDC. Mr. Kaushik Mehta and Mr. Philippe Barsamian were elected as Vice-President, respectively representing the Trade and the Diamond Bourses.

“Antwerp has a unique people infrastructure and a unique pool of talents, in and outside our industry”, said Mr. Fischler after his election. “Together, we must strengthen and promote our common and rich history for the benefit of all. I firmly believe we need to focus on further anchoring our industry in our local society; share the value of our entrepreneurship and global networks with Antwerp, Flanders and our country.”

Mr. Fischler was born in Antwerp in 1958. He is a third-generation diamond professional who started working at Fischler Diamonds in 1979. The company was founded in 1953 by Aby and Cappi Fischler, and by the late Bram Fischler, who served as President of the World Federation of Diamond Bourses, the Antwerp Diamond Bourse and the HRD. Stéphane Fischler is a partner in the company.

Over the years, Mr. Fischler has held many executive positions in various industry bodies. He has served as Vice President of SBD (the Belgian Diamond Manufacturers Association) since 1994. He also served



as Vice President of IDMA from 1996 to 1997, and Secretary-General/Treasurer of IDMA from 1998 to 2008. In addition, he served as President of WTOCD (the HRD research center) from 1998 to 1999, and has been a member of its board for several years. Mr. Fischler is a founding member of the World Diamond Council (WDC). He has also been HRD’s Treasurer from 2005 till 2008 and served as Vice President of the AWDC over the past two years. He is the current Chairman of the International Diamond Council.

AWDC Chief Executive Officer, Ari Epstein: “Mr. Fischler has many years of in-depth experience in the diamond industry and a long record of public service. He is highly respected in and well known for his dedication to the Antwerp diamond community and beyond. With Mr. Fischler leading the Board, I’m confident we will successfully continue our ambitious Masterplan projects in the future.

2012, ANOTHER BRILLIANT YEAR





Responsible Publisher

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