

APPENDICES

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Appendix 1: Interview 1- Andrew Bone - De Beers :

J: J r my Gillard

I: Interviewee

J: In your opinion, in practice, the Kimberley process ensures the fair use of the precious stones in diamond trade? Could you issue a percentage of warranty? (0% = no warranty, 100% = total guarantee)

I: The Kimberley Process has been successful in insuring that something like 99.9% of the international trade of diamonds, by the certification and schemes. So in that respect, KP has been very successful. This has led to many benefits including the governments that have greater oversights for the export of the diamonds.

J: Ok, to what extent is there a strong seasonal demand for diamonds? If these variations exist, do you use a statistical forecasting tool? Why, according to you, does it seem necessary?

I: Well, what we've seen is over the years, a gradual increase in demand and for the more traditional market, Europe, Japan and the USA in particular. But more recently we've seen that there is a huge increase in demand from the emerging countries such as in India.

J: And does your company use a forecasting tool or something like that; in order to be able to respond the demand or to produce enough to respond the demand.

I: Yes, we certainly keep track, we use market data, to track demand and to track trends in demand as well.

J: Ok, thank you very much, do you think that the diamond reserves in Belgium, or in Europe are sufficient enough so that the jewelers can get precious rocks in a short period of time?

I: Yes, I think jewelers in particular, retailers, run basically on a just in time basis. they will have jewelry in their shops. So, most of the burdens of stocks are actually in the polishing and the cutting centers like Antwerp and Mumbai.

J: Ok, thank you, do you think that the steps associated with the Kimberley process create - still today - time losses on a commercial level? For your company?

I: No, one of the main points that was agreed when KP was being set up between 2000 and 2003, it was implemented in January 2003, was that it should not be too much of a burden for the industry to be able to carry. So there is not much of time losses. It clearly comes with a cost, but that cost is being minimized.

J: Ok, According to your information, has the Kimberley process led to improvements for the people working in the mines?

I: Er, ok, in term of the mines that belong to the 'formal sector': "De Beers" for example, the KP has not made any difference, because we haven't dealt in conflict diamonds anyway. But you know in all workers are extremely well cared for, and in Southern Africa we pay above average wage level for our employees.

But if you're talking about the 'informal sector', in central/ western Africa where you have local communities that dig for diamond in mines riverbeds, for what we call secondary deposits, or alluvial deposits. The KP was not designed to help them in a socio-economic sense. It was meant to provide security with the certification system. They would be less vulnerable for violent attacks and so on. So what we did is that myself and my colleague "Smiley" who works for partnership Africa-Canada at the time back in 2004, we recognized that the KP was providing regular tree solutions to conflict diamonds, but they were no developmental solutions in place. So he and I, co-founded something called the "Diamond Development Initiative": the DDI. And that seeks to address the socio-economic challenges faced by these communities. And you can look up the DDI online to see what it is we do.

So in a way, that's the indirect result of the KP, but not the KP itself, because it was created for other reasons, but it then led to something like the DDI.

J: Ok, good, so as you told me about a minute ago, according to you, the average jeweler does not have to possess large stocks? It is preferable to use JIT? Why?

I: Well not all of them, but they generally tend to light on their inventory.

J: Ok and, what investments are necessary to be done in order to ensure a safe maintenance of a diamond stock? I mean, De Beers certainly has big diamond reserves and stocks. So is it a big investment to keep those reserves safe.

I: No. Yes, more obviously you have to take precautions. But the stocks aren't that big. What we do these days is very much, is assume the demand, to anticipate the demand, and so we will mine diamonds accordingly. So we don't carry great big stocks.

J: Among the 4Cs (clarity, color, carat, cut) that characterizes the quality of the diamond, is there a hierarchy: Do some C appear more important than others for a diamond buyer? What are the other important criteria when buying a diamond?

I: Well the 4Cs are the what we sort of put out at 30, 40 years ago to help the consumer, to make him more informed when they choose diamond jewelry. But you know it depends, it might rather take a diamond that is higher in color, but lower in quality, for example. So you know there is various permutations in the importance among those 4Cs.

J: Ok, According to you what is being done to keep the diamond market prices to a stable level?

I: Well, responding to the need of the consumers is really our priority these days. And that is something that we encourage the industry to do as well.

J: Ok, according to you - as it has been done in Canada - are there in South Africa, a new exploratory technology development plan in Geological Sciences for the discovery of new mines?

I: Oh, yes, De Beers has exploration operations in Southern Africa. Like in Botswana, South Africa, Namibia, but also in Canada and in India.

J: According to you the mining sites might run out of diamonds?

I: Well that's a distinct possibility at the moment. There have been no major discoveries for several decades. I mean really big discoveries. There haven't been discoveries like that for several decades. So with everything that we know, with the research process that are being led. The ones that we know are there, the ones we assume are there. If we take that, and then lay it that over the anticipated demand as it carries on increasing, You know there is a possibility that within, you know, 50 years we may run out of natural diamonds.

J: And in your opinion, is the production of synthetic diamonds a promising area to explore?

I: Well, De Beers has no interest in synthetic gem quality diamonds and, to me and to many of the natural diamond actors, it is not the same product. Diamonds are an emotional product, if you're going to buy emotionally, in that respect, what do you choose? A piece of diamond that was created something about 3.5 billion years ago under mysterious circumstances and Mother Nature has made no more. Or do you go for something that was created in a factory in Malaysia six month ago? To me they're just not the same product.

J: Are the transactions always done using the USD? Why?

I: Yes, it was just the international currency. We changed dealing in Sterling, I think it was about in the 70's, but I can't remember the exact date. It might have been 1968. Well let's say late 60's, 70's. It changed to Dollar because it was the international currency and we are having clients all over the world. It was the best currency to deal in.

J: You mean it is the best way to hedge against the exchange rates?

I: Yes, exactly. Exchange rates, etc. So it was more convenient to deal in Dollar.

J: Ok, is there a convergence between the IT systems used in Europe and those used in South Africa?

I: Yes.

J: For South Africa, are there in your opinion some implementing rules of the Kimberley Process, which should be further improved?

I: Well I think what we always say is that, I mean you know that the KP is run by governments and not the industry. But the industry will always encourage further improvements. Even when it might appear not necessary. We believe that the clue is in the

title, "the Kimberley process": it is a process, it is ongoing. You know we will always seek to and encourage governments to implement the KP to its full appliance, its full requirements; and seek ways to make it more even more effective to safeguard the industry.

J: OK, do De Beers conduct regular benchmarking of transportation costs requested by the companies that are in charge of it? Or do you handle the transport yourself? To what extent do these costs fluctuate?

I: We use third parties to transport our diamonds. Very experienced security firms.

J: Always the same? Like you have a strategic partnership?

I: No we use several.

J: You run benchmarking in order to compare the prices?

I: I am sure we do but I don't feel qualified to answer that question specifically, sorry. It is not the area that I work in.

J: Ok we have finished. Thank you very much for your time. Have a nice day.

Appendix 2 - Interview 2 - David Siessmann - Cellini

J: J r my Gillard

I: Interviewee

J: In your opinion, in practice, the Kimberley process ensures the fair use of the precious stones in diamond trade? Could you issue a percentage of warranty? (0% = no warranty, 100% = total guarantee)

I: In my view, and according to my official sources, 100% of diamonds that have the Kimberley Process do not come from conflict zones. Now it's hard to be 100% sure of anything. Anyway what is certain is that the KP guarantees the agreements between the governments and in accordance with the rules issued by the U.

J: Ok, good, now the questions will be more related to your particular business. Is there a strong seasonal demand for diamonds? If these variations exist, do you use a statistical forecasting tool? Why, according to you, does it seem necessary?

I: So, we know that culturally, celebrations like Mother's Day, Valentine's Day, or as the feasts of Christmas, we know that at those periods, by definition, people need to buy jewelry for women; to buy jewelry to please. Now what you need to know is that European women are increasingly equipped by solitaires (note: ring with a single diamond) for wedding proposals, and proposals are regular all year. So we do not specifically use statistical tool for seasonal variations, as demand remains highly stable.

J: Do the diamond reserves in Belgium or in Europe seem sufficient enough to you, to get precious rocks in a short time? Or is it necessary to constitute large stocks?

I: No problems, because De Beers has in its coffers at least twenty years ahead stock.

J: Ok, do the steps associated with the Kimberley process create - still today - time losses on a commercial level? Thank you for explaining your answer in a few words.

I: Not at the retail level. Indeed at the wholesale level, in the handling of raw diamonds, but not at the retail level.

J: According to your information, to what improvements has the Kimberley process led for the minors?

I: So wait, let me interrupt you. You cannot use the name 'minor' today. I mean that what was true 30, 40 or 50 ago, at the time the minors who worked in the diamond mine were "full carbon" (note: French expression: meaning working hardly), it does no longer exists. Today, we are working with machines, the working conditions are excellent, I mean that if you work in a pasta or when working in a car manufacturing plant, there are no worse conditions for diamond mining. Minors who may be in trouble are minors in countries like Sri Lanka, for the extraction of colored stones. It is more challenging. But it is so framed today, ore extraction, that it is not related to the Kimberley Process. Strictly speaking, what is related to the Kimberley is the fact that we have less and less "small hands" that are alluvial (note: diamond mining in rivers) or are small productions for armed militias. That, yes. But at the level of working conditions, among world leaders, the question of hardness at work does not arise.

J: So you are saying that it is not Kimberley related, are there other institutions that aimed to improve the working conditions?

I: It's simple, or it is Kimberley, or illegal. There are no 50 solutions there are two. So, the only ones who may be working in difficult conditions are the people who are in conflict zones. And they probably have difficulties in extracting ore at the level of the working conditions. But now on all legal and formal bases, machines do everything.

J: Ok, thank you, according to you, the detention of a large diamond stock seems preferable for your own business so that you are able to respond to the market demand? Why?

I: In Europe, it's not the same as in the English-speaking countries, I mean, in the English-speaking countries people do not need to see the stocks. In Europe, people need to know what they are buying and to touch it with their hands. Then, we are forced to have things to present/show. This is only a question of culture and shopping habits.

J: Ok and what investments are necessary to be done in order to ensure a safe maintenance of a diamond stock?

I: How much do the insurance premiums cost?

J: Insurance, is it necessary to install a lock, reinforced showcase, etc?

I: There are very complicated standards, lock, alarm, telemonitoring, police connection. In fact, there are a number of things that are imposed by insurers.

J: Ok, so it seems pretty expensive?

I: Well it's required, and it's very expensive. It is worth more than € 100,000 per office.

J: Ok, thank you, among the 4Cs (clarity, color, carat, cut) that characterizes the quality of the diamond...

I: You must add a fifth, and perhaps the most important which is the C confidence (trust)

J: Ok, very good, is there a hierarchy: Do some C appear more important than others for a diamond buyer?

I: They are complementary.

J: Okay, when you tell me about the confidence criterion, do you mean the trust in the seller?

I: The confidence we have in the production channel and in the seller. I mean, it is important to work with a professional and certified dealer.

J: So if you had to add one more criterion, it would be the confidence one?

I: Exactly

J: And the criterion of price? Is it important or are we more in a research for quality?

I: One can very well afford the luxury of quality and price. After that, everything depends on the commercial policy of the diamond company, and the diamond retailer. This is also why we are the market leaders, because we combine the quality and the best price of the market.

J: Ok, great, what is being done, in your opinion, to keep the diamond market prices to a profitable and stable level?

I: This is what I explained to you earlier. In fact, it is due to the fact that the rough diamond producers do not flood the market and keep their stocks in their vaults.

J: According to you - as it has been done in Canada - are there in South Africa, a new exploratory technology development plan in Geological Sciences for the discovery of new mines?

I: To be honest, it's exactly the same process that there is in Canada and that there is in South Africa. Well, now, what happens, is that the territorial extension is not the same, which implies that more resources are put in place in Canada. In fact there is much more to explore.

J: But there are researched led on the South African soil?

I: Yes, of course, across Africa there is the same research process. With geological research and all that; it is a procedure to follow. In fact it is the number of machines that differs depending on the area to explore.

J: Ok, and in your opinion, in the short to medium term, is the production of synthetic diamonds a promising area to explore?

I: I think that synthetic diamonds are a complete mental aberration. To the extent that when one is looking to buy a diamond, there still is an important symbolic of the search for eternity. So it must be known that to get a one carat diamond, you must look for the diamond in 100 tons of stones. I think it is much less exciting to have a diamond to the finger that was done in a small machine in a laboratory.

J: You buy rough diamond that you cut and then sell cutted? Or you buy cutted diamonds with which you manufacture jewels?

I: We do both.

J: When buying stones, do you favor buying from a single supplier with whom you develop a strategic partnership?

I: Absolutely not.

J: So you precisely prefer to have several sources to compare prices and quality?

I: Depending on the offer, and it changes from one day to another. The supplier A can be more expensive than the supplier B on Monday, and vice versa on Tuesday.

J: So you must do comparative analysis?

I: Every minute, every hour, always!

J: Are the transactions always done using the USD?

I: Yes

J: Do you know why?

I: In my opinion this is due to the fact that transactions have always been done in Dollar, as the stock price of diamonds is expressed in Dollar, certainly all transactions continue to be made in Dollars.

J: Is there a convergence between your computer systems and those used in South Africa?

I: 100% yes. We are indexed on it.

J: For South Africa, are there in your opinion some implementing rules of the Kimberley Process, which should be further improved?

I: I cannot answer your question, I do not know.

J: Do you conduct regular benchmarking of transport costs requested by the companies that are in charge of it? To what extent do these costs fluctuate?

I: We are constantly looking for the best prices for transportation, but it depends only on the monthly business volume.

J: Ok, thank you very much, we have finished. I wish you a very nice day.

Appendix 3 – Interview 3 – Gilles V

J: Jérémy Gillard

I: Gilles V.

J: I am recording this conversation, your name or the name of your company won't appear in the study.

J: In your opinion, what is important when buying a diamond stone, as a jewel retailer?

I: The price. It is also important to check the stone with machines, under the microscope. We need all the characteristics to correspond to what is on the certificate. I mean the weight, color, purity and "make" (how it was cut) and fluorescence.

J : Is the provenance important ?

I: If it is a polished stone, she already has a certificate, she had a Kimberley. So the place where it comes from has already been determined.

J: And is it important that a stone comes from a country or another ?

I: No, it is only important if you buy without certificate, for the price.

J: Are there countries where the stones are more expensive than others? If so, why?

I: In fact it is related to the rough stone: there are gemstones with which you will have a better result. So for example, if it weighs 2 carats, you might get 1.2 carat left once the stone is cut. While on others you can lose up to 60% of the weight of the stone. I would say Canada, Russia, South Africa, Australia: from expensive to cheaper.

J: Where do you procure for your diamonds ?

I: Here in town. I visit the websites where offices expose their deals, I look at what interests me and then I go see them in real life. The main characteristics for a customer, it is primarily the size and the price. They do not know much more about the product.

J: A lot of people buy "a stone only"?

I: No, it's mostly jewelry. Here in the city, as it is difficult to sell expensive stuff, it is usually up to 2.5 carat stones, so mostly cheap market.

J: And then you set on jewelry what people have ordered to you?

I: I have a small collection of jewelry: two rings, two bracelets, two necklaces. But the rest is fantasy. And often people come up with a drawing of what they want; for engagement rings for example.

J: In your opinion, what are the biggest risks you meet?

I: I would say leases. There are leases for nine years, so it is long. You must know how to anticipate and to cover if you sell bad.

J: So selling bad is quite a big risk?

I: That's why for the most expensive stone, I do not take stock. I make to order.

J: And for your collection, do you have stocks?

I: Yes, but only five of each piece, not more. Most of my business is going through an ordering system.

J: Do you sell more during certain periods?

I: Not really.

J: Do you use statistical tool to forecast the demand? How do you handle your stock?

I: In fact, I always keep the same stock in my "cheap collection". But everything that is more expensive, it is made to order. It takes 10, 14 days and it's ready.

J: And are there never big peaks in demand that you cannot respond to?

I: No, I would love to, but not really.

J: But if it happens, there are a sufficient number of suppliers in Antwerp to be able to respond to it?

I: Yes, there are too many suppliers.

J: In terms of suppliers, do you compare the prices on the market?

I: If it's for my own collection, I bought it to someone I know because I know exactly what I need. But if it is for an order, first, I am going to the suppliers to take the stone under deposit. Because, if I buy it, I have it in my stock. So it's better to first take the stone under deposit, to see if it pleases the customer, after that I take a partial pre-payment, and finally I receive the invoice of the stone.

J: Do you face problems with the due times? Do you always receive the stones you need on time?

I: No, because the jewelry is manufactured by myself. I never make the stones come myself.

J: Do you know someone who does that, that I might interview?

I: Yes, my father.

J: Can you tell me about the various steps that compose the supply chain?

I: Yes, there is at first the people buying in the mines, "the sightholders"; so those who have contracts. De Beers, for example is the mine owner, who has sightholders. And then you have the mines that organize tenders in the diamond centers by their own. So, rough stones. People get listed to see the stones and must make an offer without being able to see the offer of the others. Whoever offers the biggest amount gets the stone. But it depends on each person: you have to see what you can make from the stone... If you work in Belgium, with the Belgian taxes, you must do a lot of profit and therefore offer far less than an Indian who pays his employees 3 dollar / month. So it is in connection with the equipment and the financial means available to the person. If it is someone who provides big channels, he'll have more profits and thus offer more. If it's someone that is local, it must remain in the prices of his client. There are still a lot of traffickers, to which you can buy a stone, but it is not "Kimberley" certified. This is the black market... it is not the purpose of the market. But it is possible. The Kimberley Process is 99% of the market, the rest is black. As in any other market, there are always a small "cheating part"... The "big ones" are the shareholders of mines and sightholders, that's how they get rough market.

J : Do bourses exist ?

I: Antwerp World Diamond Center. They organize everything. Every diamond that is coming in Europe goes to them. A cut stone has always already been controlled so, only the rough-stones goes to them. And then there are a few certificates companies.

J : The same thing exists in other countries

I : Yes in every diamond center.

J : And what is the difference between the one in Antwerp and the one in Johannesburg?

I: Kimberley is for Africa, because there were full of problems with them. Canada, Russia, those are societies like ours. But with Africa, it's different.

J : But the diamonds must also be certified in Canada and Russia ?

I:Yes, of course.

J : How can you be sure that the market will remain stable?

I: You cannot know that. The market is changing a lot. In a simple white stone, there are several color quality, purity and in addition, depending on demand, the price can go up or down.

J: Aren't there any reserves made in order to adapt the supply with the market demand so the market price remains quite high and stable ?

I : Probably, yes. But still, the market changes very fast.

J: There is no way to hedge against it? So you must increase your retail price then?

I No, that's why we need to take a certain margin. For the same sale price, the jeweler may earn well, take a good margin, or not at all. And there's nothing to do. There are price lists "Rapaport" and then there are the price by quality, color and weight. And it is on these prices that people need to base their estimations. This reflects the market situation in the world. But everyone has its own market. So it's often the price minus 20 €, minus 30 €. But there is a basic listing of price for diamonds.

J : Are there risks the the mines are in are depleted through the world ?

I: No, because a diamond is made by heat and pressure, and we know exactly how to do the same thing in a machine and much faster. So good that the 'test purchasing' (→ test aankoop) van diamonds, granted with a natural stone certificate, a synthetic stone without knowing that it was synthetic. And now it has existed for several years, and it is becoming a market: 'the synthetic stones market' the 'lab-ground'

J: What do you think of it?

I: For me it is not interesting because it's expensive. Making this process as expensive as a natural diamond. These machines take so much energy, there has been so much research that is as expensive as a natural diamond.

J: If one day, the diamond mines get empty, do you think that the synthetic diamonds could be a satisfying alternative?

I: No, the mines do not get empty. I don't know why people think that, on the market, nobody speaks of that issue.

J: On the seven mining sites of South Africa, 4 are exhausted.

I: I don't think it is true, May be it is something people say for the value. I think that it is people that are not on the market that think that. I think that it is what they hear, but I don't think it is true.

J: Forecasting says that the South African production for diamonds will decrease by 2025.

I: I doubt that.

What has changed in the market during the last three years, is that thanks to the internet, people are much more aware. They realize that the prices were too expensive during the previous twenty years. So small jewelers who used to sell expensive stuff are increasingly disappearing. And new ones appear, those who make a branding (Tiffany, Bbulgary, Forvermark which engraves its logo in the stone). They created a new Trademark, a new illusion ..

J: For your jewel collection, you purchase the diamonds to a supplier that you know well?

I: Yes, it is fashion jewelry. It's a fashion accessory, people buy it if they think it is beautiful. But it is not worth thousands of euros. But for the more expensive stones, this should be much more transparent. But I have not much demand for the more expensive stones.

J: How does the stone transportation take place ?

I: There are several transporting firms.

J: You use those firms when you buy expensive stones? Is it a safe transport mean?

I: Yes, there is Brings and Ferrari. And insurance is supported by another company. But I go get them by walking because it's never very expensive. But for fairs, when we expose our cut stones. we always use insured shipments with these firms.

J: And from the mine, how does the transport take place?

I: By secured airplane, and then by secured trucks that come get it.

There is the transport, but the insurer also insures the deposit, the sending, and also the fact that a stone may break during the cutting process. So this is also insured. For example with «Dries Assur » which is specialized in the 'cutting insurance'. They use people that are not diamond sellers but that know very well the stones; and those people must estimate the worth of the insurance according to the risk of the stone. So that, if the stone breaks the jeweler can receive a part of the value of the stone.

J: Who does cut the stones?

I: If the one who bought the stone is a large company, it has its own factory with its own tailors. Otherwise there are factories in Antwerp, where diamonds are cut on drawing basis. But it disappears more and more in Belgium, because the fees are very expensive for employees in Belgium. They were a lot of people doing it for over 40 years. But now, labor costs are much more expensive than in India for example.

J: When you buy diamonds in South Africa, the transaction take place using Dollar?

I: Yes always, for the entire market. For a long time it was not advantageous for the Europeans due to the exchange rates.

Appendix 4 - Interview 4 - Margaux Donckier - Antwerp World Diamond Center

J: J r my Gillard

I: Margaux Donckier

J: In your opinion, in practice, the Kimberley process ensures the fair use of the precious stones in diamond trade? Could you issue a percentage of warranty? (0% = no warranty, 100% = total guarantee)

I: The KPCS (Kimberley Process Certification Scheme) is a voluntary collaborative partnership between international governments, NGOs and the diamond industry to banish conflict diamonds from international trade. It has been operational since 2003. The Kimberley Process (KP) was established after several South African diamond producing countries wanted to start a battle against conflict diamonds in 2000.

Antwerp was closely involved in the KPCS from the start. Antwerp was in the front line when a crisis caused by conflict diamonds threatened to attack the diamond industry. That is why Antwerp stood at the basis of this unique global partnership between government, industry and NGOs, making diamonds the most controlled mineral in the world today.

Diamond Office (DO) acts as supervising body for the Belgian government, for all import and export of all types of unset polished and rough diamonds, industrial diamonds, boart, synthetic diamonds and diamond powder, natural as well as synthetic. DO does this in collaboration with FPS Economy and FPS Finance (Customs). DO is the only customs office in Belgium where diamonds can and must be declared for import and export outside of the EU. Every rough diamond that passes through DO with its KP certificate and thus is traded in Antwerp is conflict free. When it leaves Antwerp, it receives a new certificate. This process is repeated when the stones enter a new market.

The 18 sworn experts open all shipments and conduct an examination according to a number of parameters. The weight, value and classification of diamonds are compared with the information on the trade documents and the invoice. There is a 100% check, all imported and exported shipments are controlled.

When we look back on ten years of KP and where we stand today, it is clear that the KP remains a very relevant body in the diamond industry, the proportion of conflict diamonds has declined from 15% to 0.2%.

J: To what extent is there a strong seasonal demand for diamonds? If these variations exist, do you use a statistical forecasting tool? Why, according to you, does it seem necessary?

I: AWDC does not use a statistical demand forecasting tool as AWDC is not a diamond company. However, demand typically rises before the holiday season and decreases before the summer holiday recess.

J: Do the diamond reserves in Belgium seem sufficient enough to you, to get precious rocks in a short time?

I: Antwerp is the largest diamond trading hub worldwide. 84% of all rough diamonds and 50% of all polished diamonds worldwide pass through Antwerp. Antwerp is home to over 1,700 registered diamond companies, all located in 1 square mile, the Antwerp diamond square mile.

Because of the large amount of registered diamond companies, Antwerp remains the most important diamond trading hub worldwide and the best place for every buyer to find a seller and for every seller to find a buyer for its goods.

J: The steps associated with the Kimberley process create - still today - time losses on a commercial level? Thank you for explaining your answer in a few words.

I: The steps associated with the Kimberley Process do not create time losses. The KP certificates in Antwerp are issued at Diamond Office. Diamond Office (DO) acts as supervising body for the Belgian government, for all import and export of diamonds. DO is the only customs office in Belgium where diamonds can and must be declared for import and export outside of the EU. Every rough diamond that passes through DO with its KP certificate and thus is traded in Antwerp is conflict free. When it leaves Antwerp, it receives a new certificate. This process is repeated when the stones enter a new market.

J: According to your information, to what improvements has the Kimberley process led for the people working in the mines?

I: The existing instruments, such as the KPCS and the WDC System of Warranties, ensure that all diamonds that are placed on the value chain, comply with all rules and standards. This is true for all rough diamond in the world, regardless of their country or mine of origin.

During so-called "Review Missions", the members and observers of the KP perform independent checks on the export control system, to determine whether or not the countries meet the KP minimum requirements.

J: According to you, the detention of a large diamond stock seems preferable for a jeweler so that he is able to respond to the market demand? Why?

I: AWDC is the umbrella organization that represents the Antwerp diamond industry. Every company has its own business model and depending on this model it is preferable to have a large stock or not.

We would advise to contact some diamond dealers for more information.

J: What investments would be necessary to be done in order to ensure a safe maintenance of a diamond stock?

I: AWDC is the umbrella organization that represents the Antwerp diamond industry. We are not a diamond company. This question is not applicable for AWDC.

J: Among the 4Cs (clarity, color, carat, cut) that characterizes the quality of the diamond, is there a hierarchy: Do some C appear more important than others for a diamond buyer? What are the other important criteria when buying a diamond?

I: There is no hierarchy regarding the 4 C's. The price of a diamond is the result of the combination of the 4 C's. Some people prefer a bigger diamond of less quality while others only want the best quality or color and buy a smaller one. We always give the advice only to buy a diamond with a certificate.

J: What is being done in your opinion to keep the diamond market prices to a profitable and stable level?

I: Traders in diamond hubs worldwide are being confronted with narrowing profit margins. This evolution is largely due to strong rough prices, caused by a combination of

natural scarcity and the main mining companies' solid positions, whereas polished prices haven't risen at the same pace. In 2014, Antwerp diamond traders were forced to sell their goods at lower prices, with average profit margins of 2 to 3% falling steeply.

However, due to a lack of spot prices, the price of diamonds will always depend on the negotiation between a buyer and a seller and the demand of the consumers and what they are willing to pay.

J: According to you - as it has been done in Canada - are there in South Africa, a new exploratory technology development plans in Geological Sciences for the discovery of new mines?

I: AWDC does not have the required information to answer this question.

J: In your opinion, in the short to medium term, is the production of synthetic diamonds a promising area to explore?

I: Synthetic diamonds are not new, having been produced since 1953, and they are mainly used in industrial applications, such as diamond grinding wheels, drill bits etc. Since the 90s synthetic diamonds are also being produced in so-called gem quality, or quality that is high enough to process them into jewelry. There is nothing wrong with that, but for the time being, consumers are still looking for authentic, natural diamonds and not a variant that has been produced in a laboratory. Several studies have made this clear. Moreover, the price difference between synthetic diamonds and natural diamonds of high quality is not so great.

Something we certainly do not approve of, is synthetic diamonds being advertised as natural diamonds. The labs where diamonds are certified have the equipment needed to determine within a few minutes whether or not a diamond is natural. That is why we recommend to only buy diamond jewelry that comes with a certificate that conclusively establishes whether the diamonds are natural or not.

We believe natural diamonds will continue to be used for industrial applications because non-jewelry grade diamonds are always produced as a by-product of mining for higher quality diamonds, so it will simply remain economically viable for miners to sell those for industrial purposes. Increased production of synthetic diamonds for industry may well

cause the price of natural diamonds for industry to fall, but we cannot currently predict the market evolution.

J: In your business experience, do you prefer the development of multiple sourcing strategies (more than one supplier) to purchase your diamonds? Why?

I: AWDC is the umbrella organization that represents the Antwerp diamond industry. We are not a diamond company and as such we do not buy diamonds.

J: Are the transactions always done using the USD? Why?

I: The diamond industry is an international industry. That is why USD is the used currency.

J: Is there convergence between your computer systems and those used in South Africa?

I: This question is not applicable for AWDC.

J: For South Africa, are there in your opinion some implementing rules of the Kimberley Process, which should be further improved?

I: The KP implementing rules must be applied by all participating countries and are the same for all participants.

The World Diamond Council – and thus AWDC – expresses its support for discussion to widen the conflict diamonds definition in the Core Documents of the KPCS, beyond the current definition which limits its scope to diamonds that finance civil conflict. The Plenary Session affirmed a proposal that conflict diamonds should cover "diamond-related violence in rough diamond producing and trading areas.

J: Do you conduct regular benchmarking of transport costs requested by the companies that are in charge of it? To what extent do these costs fluctuate?

I: This question is not applicable for AWDC.