





Diamonds,

a unique gift from nature

Diamonds have fascinated mankind for more than four thousand years. In centuries past, they were potent symbols of power and wealth. Today, they reflect the most powerful human emotions and values of love and commitment.

ELI IZHAKOFF, CHAIRMAN AND CEO OF THE WORLD DIAMOND COUNCIL

n addition, diamonds have provided the basis for secure and sustainable livelihoods for millions of

people around the world, many of them in developing economies such as Botswana and India. For many of us in the international diamond industry it is not only a delight but a privilege to work with this unique and beautiful product. A product that has the ability to deliver so much pleasure and benefit to all that come into contact with it.

Furthermore, diamonds are valued not only for their beauty and for being the ultimate symbol of love. They have also contributed significantly to scientific and economic progress, from their use in industrial manufacturing and construction to the development of intricate surgical instruments and their role in helping break new frontiers in computer hardware technology. Diamonds are both the most magical and versatile of Nature's creations.

No one quite knows exactly how diamonds were formed, but geological evidence suggests that they were created up to 3.3 billion years ago in a unique environment, some 200 kilometres inside the Earth, subject to intense pressure and temperatures. They were eventually transported to the Earth's surface about 300 million years ago. This was a journey which only a few would survive. What Nature has provided us with is a finite treasure and the conditions under which diamonds were formed no longer exist, ensuring that diamonds are both beautiful and rare. For example, few might be aware that if you took all the gem diamonds that have been polished throughout history, they would not quite fill a London double-decker bus. The 'modern' diamond industry is over 600 years old and dates

back to Venice in the 15th Century. Venice established an early predominance in the diamond trade, as stones from India, where the first documented discoveries of diamonds are to be found, were carried across the southern trade caravan routes via Arabia to Alexandria, and from there by sea. In 1725, diamonds were found in Brazil and in the latter part of the 19th Century the first significant deposits were discovered in South Africa. As a result, diamond trading and polishing moved from Venice to Lisbon and later to Amsterdam, Antwerp, London, New York and Tel Aviv.

Today, diamonds are still polished in places such as New York, Antwerp and Tel Aviv. However, this highly specialised skill is increasingly carried out in the developing economies from India and China to Botswana, South Africa and Namibia. In fact, India is currently the biggest producer of polished diamonds in the world. The technology deployed and established working practices in India are sophisticated and often exceed expected standards.

However, in spite of the contribution diamonds continue to make to the well being of millions, their high value makes them vulnerable to theft and abuse. This was highlighted in the 1990s when rebel organisations in Angola, the Democratic Republic of the Congo and Sierra Leone expropriated diamonds and used the revenues to perpetrate civil war and carry out atrocities against innocent civilians.

Having been made aware of the urgency to act by two non-governmental organisations (NGOs), Global Witness and Partnership Africa Canada, the diamond industry acted swiftly to co-operate with NGOs, governments and the United Nations. It established the World Diamond Council, representing the

entire industry from mining to retail. This cooperation eventually led to the creation of a unique and successful initiative to combat conflict diamonds called the Kimberley Process. The World Diamond Council contributed significantly to the development of the Kimberley Process Certification Scheme, which ensures that today 99.8 per cent of the world's trade in rough diamonds is conflictfree. However, one diamond traded for conflict is one too many and that is why we are continuing to work, together with NGOs, governments and the United Nations, to eradicate this illegal trade entirely.

Diamonds are a unique gift of nature and are, above all, an emotional product. Consumer confidence is, therefore, our paramount concern. This is an industry that, more than most, is dependent on safeguarding consumer confidence and the Kimberley Process is our primary safeguard. That is why we meet with governments and NGOs twice each year to further refine the measures that have led to diamonds being one of the most audited minerals in the world.

We face the future with renewed confidence and a determination to ensure that the consumer can be assured that each diamond they purchase has contributed exclusively to prosperity and progress amongst the communities from which they came.

The World Diamond Council invites readers to challenge their jeweller to provide assurance that their diamond jewellery has been purchased from reputable sources. If they cannot provide this assurance, they should go to a jeweller who can. For more information on diamonds and what to ask and look for when purchasing diamond jewellery, please visit the WDC website, www.diamondfacts.org.



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MEDIA

DIAMONDS A TITLE FROM MEDIAPLANET

Diamond engagement rings...

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IN ASSOCIATION WITH



The World Diamond Council (WDC) was established in July 2000 to address the issue of conflict diamonds. It developed the Kimberley Process which has reduced the illegal export of diamonds from 4% to less than 1%, but continues to work to eliminate this trade. The WDC represents over 50 industry organisations worldwide.



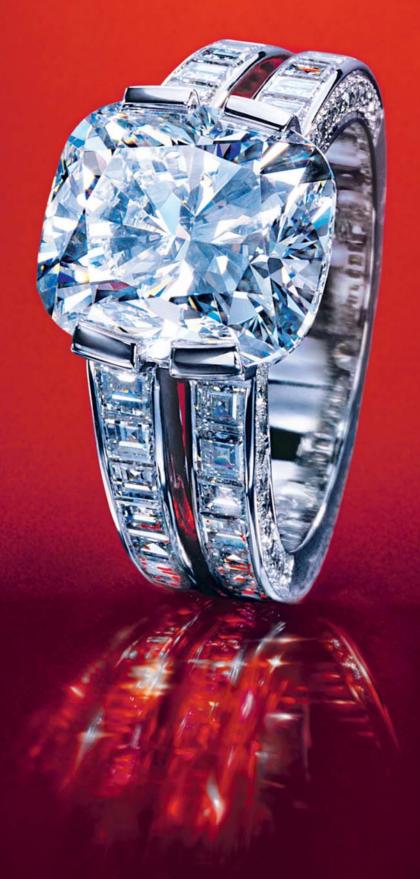
Eli Izhakoff, Chairman and CEO of the World Diamond Council (WDC). As Chairman of the World Diamond Council, Mr. Izhakoff leads the industry delegation of the Kimberley Process review, as well as liaising with government representatives and NGOs throughout the year.



Claire Adler writes about jewellery, watches and design and is the head journalist for this Diamonds report. She has written for The Times, Financial Times, The Guardian, The Business and House & Garden, amongst others. ca@claireadler.com



Kayvan Salmanpour is an executive manager at Mediaplanet and editor of this *Diamonds* publication. His vision for the report was to showcase the world's most luxurious diamonds whilst highlighting the industry's social responsibility policies.



Cartier

Diamonds Trends

Mighty 1CC

Demand for diamond jewellery is soaring, with bigger and bolder pieces very much on the rise.

BY CLAIRE ADLER



Such is the demand for dramatic respieces and generous-sized stones, the diamond jewellery market could easily be compared with the currently burgeoning art market,

high level buyers.

Consumers are armed with more knowledge than ever about the preciousness and rarity of what they are buying and where it comes from. New pockets of extreme wealth mean the market's most significant growth area is at the loftiest of price points. Dia-

now enjoying a growing audience of

mond jewellery is the most desirable luxury good globally, according to research from Research International commissioned by the Diamond Trading Company, which asked people what they would prefer if money was no object.

When Boodles created a show-stopping necklace, priced at £140,000 last year to use in its marketing and advertising campaigns, managing director Michael Wainwright planned to use it to direct attention to the brand's more accessible, mainstream pieces. He certainly didn't imagine that three of these chains, dripping in white and natural pink diamonds set

in rose gold and platinum stars, would be snapped up almost immediately. Unsurprisingly, he's now focussing on showpieces with price tags in the millions.

One of Tiffany's main growth areas is in diamonds of two carats and above, while at Leviev it's ten carats plus. "There's a voracious appetite for the extraordinary," confirms Simon Williamson, Leviev's UK managing director.

Likewise, Bulgari is seeing increasing clients investing in jewellery featuring large and rare stones like the 3.61 carat fancy vivid pink diamond ring in its high jewellery collection.

One eye-watering necklace in Boucheron's new Fleurs Fatales high jewellery collection, comprises a 5.2 carat cushion cut diamond, a 1.01 carat solitaire, 1365 round diamonds, 515 yellow diamonds, 192 pink diamonds coupled with 735 small emeralds. That's 122.64 carats in total on one necklace. Sigh.

Both Montblanc and Georg Jensen have taken their jewellery offerings up a notch or three in the last year to respond to growing demand for high end diamond pieces. Montblanc introduced its first ever high jewellery collection, which includes six carat diamond pendant necklaces in the brand's patented star cut, which took eight years to master.

"What used to be considered radical is now the norm," says Gord Ray, Georg Jensen's international marketing director. "Women are now more adventurous. Cocktail rings, like our Cave yellow gold diamond charm rings, are becoming more playful."

Brilliance

Cushion cuts are on the up, according to the Diamond Trading Company, which markets diamonds for the De Beers Group. "Inspired by gems worn by the Indian maharajahs in the eighteenth century, cushion cut diamonds are selling well," says Jeremy Morris, managing director of David Morris. Earlier this year, Tiffany brought out a new patented version of the cushion cut called the Novo.

"Cushion shape diamonds are very popular at the moment and, as always, the elegant and timeless emerald cut," confirms edgy Londonbased, New Zealand-born designer Jessica McCormack. "But above all, and this always seems to be consistent, the brilliant is a dead set favourite for all diamond buyers."

As consumers become ever savvier, contemporary, fashion-driven design

is increasingly important. "In my jewellery designs, any shape - and I use a huge range of all sized diamonds and every shape imaginable - sells well as it comes secondary to the design of the actual piece. The diamond content is like icing on the cake for the buyer personally," says McCormack.

Interect

Coloured diamonds are garnering lots of interest too. Yellows and pinks are the hot favourites at Boodles and Pragnells, while at Leviev the crème de la creme are aching for greens, blues and exceptional chameleons. But there's also a definite swing to the subtle sophistication of champagnes and cognacs found in H Stern's Zephyr collection, the De Beers Ice on Fire and Stephen Webster for De Beers collections. Then there is the cappuccino brown and signature black diamond look at De Grisogono.

Boodles managing director, Michael Wainwright, says he is selling more fancy coloured diamonds, often in a pavé style to make them



- 1 Harry Winston cluster earrings
- 2 Till Death wedding ring by Stephen Webster, made for music star Pink
- 3 Van Cleef & Arpels Socrate ring in between fingers
- 4 Asprey Swirl bracelet
- 5 Shaun Leane Captured rings
- 6 Moussaieff white diamond agate necklace
- 7 De Grisogono pearl and black diamond white gold Spirit of De Grisogono ring
- 8 From left to right Pragnell's oval paraiba tourmaline and diamond ring in 18 carat white gold, Leviev yellow diamond ring, Bulgari ruby ring from the high jewellery collection
- 9 Montblanc Starring
- 10 Georg Jensen Cave Red Carpet diamond ring
- **11** David Morris hand-made, Victorian inspired rose-cut pear diamond necklace







more affordable. Vivid yellows are doing particularly well, he says, since they are not as prohibitive as pinks.

The De Beers Talisman collection plays with rough diamonds, coupling them with champagne and cognac diamonds. Rough diamonds bring added mystique, since very few people outside the diamond trade have ever seen them.

For a while now, women have been indulging themselves instead of waiting around for their partners to come up with the goods. With America representing just over 50% of the market for diamond jewellery, recent figures show that 34% of diamond rings sold in America are now bought by women treating themselves.

"Women are examining diamonds as a new way of celebrating their own lives, not just their relationships," says David Lamb, worldwide marketing director of the Diamond Trading Company.

this is why Perhaps bracelets like Asprey's Swirl are becoming more popular too, because women can see them when they wear them, suggests Lamb. Other key trends are ultralong sautoir necklaces, a style which has been around since Napoleonic times, and statement earrings, he says.

Elsewhere, at auction rooms sales of diamond jewat auction ellery are soaring. "The mar-ket is particularly strong for quirky, rare and wearable quality antique jewels, especially those with historical provenance," says Justin Roberts, Sotheby's

jewellery specialist. Many pieces are fetching twice or three times auction estimates. A pair of Georgian rose-cut diamond earrings estimated at £8000 to £12,000 fetched a hammer price of £43,200 at Sotheby's recently.

And last month at Christies, a blue diamond ring thought to be worth £330,000 a carat fetched £655,000 a

carat, setting a world record price for a blue diamond.

"At this level, buyers have to take a deep breath and just go for it, but it is a solid market and a good time to buy top quality jewellery for investment," says Raymond Sancroft-Baker, jewellery expert at Christies.



Otherwise engaged

Unbound by tradition, couples are increasingly choosing maverick diamond rings to reflect the uniqueness of their relationship, says Claire Adler.

At a time when commitment is one of the less fashionable words in our culture, it is perhaps surprising that the concept of the commitment ring has entered the vernacular.

In fact, call them what you like, there are a whole host of rings on the market today which seem to bint at commitment.

rings on the market today which seem to hint at commitment yet just don't quite commit. Hip Notting Hill jewellers Wint & Kidd have introduced a delectable collection of six coloured diamond commitment rings. De Beers goes a step further and refers to its not-quite-ready-to-commit Secrets of the Rose diamond collection as pre-bridal. Tiffany offers an assortment of Celebration Rings, hinting at a multitude of undefined milestones. But designer Shaun Leane is a rare man who means business, having recently introduced his Captured collection which consists of three rings which interlock to represent three pledges - engagement, wedding and eternity ring all rolled into one.

While the market for diamond solitaire engagement rings remains robust, coloured gemstones and unusual cuts and

settings are an increasingly popular choice.

"What is clear is that people are increasingly looking for diamond jewellery with new levels of meaning," says David Lamb, worldwidth and director of the Diamond Trading Compa ny. The DTC's campaigning for three-stone rings symbolising the past, present and future of relationships, has resulted in sales of this category now representing \$7 billion globally.

In the US market, diamond engagement rings account for over 15 per cent of total value of diamond jewellery sales,

while in Japan, that figure is 11 per cent and dropping thanks to fewer formal engagements, according to the DTC.

"In emerging Eastern markets like China, we are seeing an explosion of demand for traditional engagement and wedding rings, which were unheard of a decade ago," says Lamb.

At the top end of the market, jewellers all the way from Mayfair to Fifth Avenue are reporting a penchant for something individualistic and one of a kind. Take Stephen Webster, the specialist in rocks for the stars. No plain solitaires on gold bands for him. Webster crafted a 'Til Death diamond ring for pop chick Pink and husband Carey Hart. Jewellers including Bulgari, Tiffany and Leviev are all tracking increasing orders

for bespoke engagement rings, often incorporating rare coloured diamonds and unusual settings, as opposed to more traditional white solitaires. Leviev reports fancy coloured diamonds are especially popular for second and third marriages.

"The engagement ring is the ultimate of the colour factors and the colour factors are also as a second colour factors."

mate expression of personal style and women are looking for more choices," says Melvyn Kirtley, Tiffany & Co.'s chief gemmologist and UK president.



David Lamb, DTC

2007 boutique openings

GRAFF Tokyo Sep 07, Hong Kong and Geneva, summer 07, New

BULGARI Omotesando, Tokyo – Nov 07 Ginza, Tokyo – Dec 07 TIFFANY Las Vegas, Aug 07; Masachussets Sep 07; Wall Street New York, Oct 07; Mexico City, Oct 07; Rhode Island, Nov 07; Santa Barbara, California, Nov 07; Red Bank, New Jersey, Nov 07 LEVIEV Madison Avenue, New York, Nov 07 DAVID MORRIS Saudi Arabia, Sep 07 CARTIER London Selfridges Wonder Room, Aug 07, Red Square,

SELFRIDGES Wonder Room opens in London Aug 07: Chanel Fine Jewellery and Watches, Chopard, Bulgari, Theo Fennell, Tiffany & Co

A Diamond Witness

Just moments into the film Blood Diamond, after scenes of carnage as rebels attack a Sierra Leonean village, the action moves to the quiet grey suits of an international summit in Europe.

According to a 'devastating report by Global Witness', went the script, diamonds from conflict zones were making their way into the world's diamond markets, helping to fuel brutal wars in Africa.

It's not often that a small campaigning NGO gets a mention in a Hollywood film. But in the late 1990s an international campaign led by Global Witness exposed the scourge of conflict diamonds, leading to the development of an international regulatory system for rough diamonds- the Kimberley Process (KP).

Most of the diamond wars

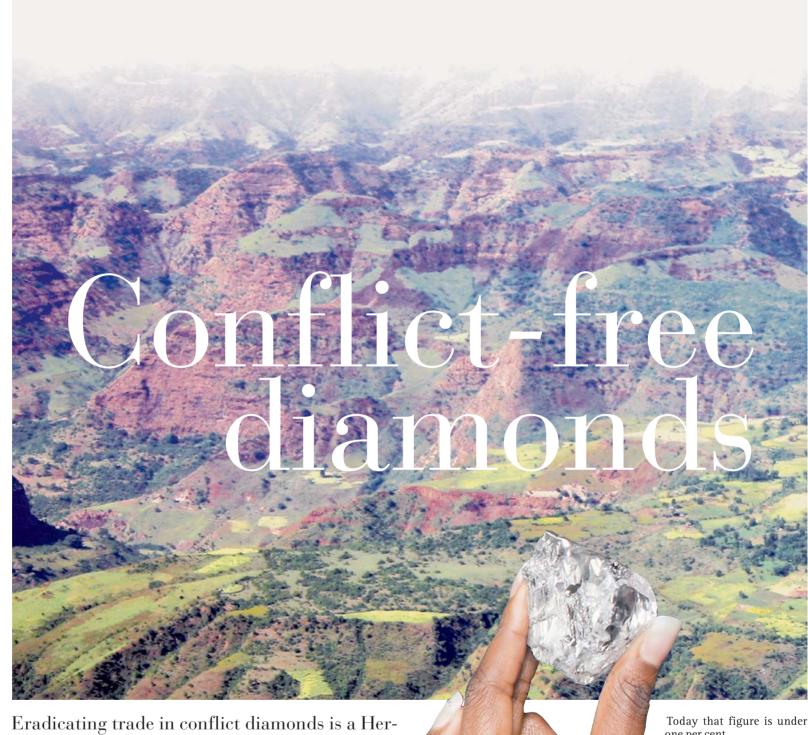
are now thankfully over, and countries such as the Democratic Republic of Congo, Liberia and Sierra Leone are edging towards fragile recon-

Last month the United Nations reported that diamonds are still mined and likely being smuggled out of Ivory Coast and into the legitimate global trade in spite of an embargo on diamond exports because of the conflict

The government-run Kim-berley Process aims to certify all shipments of rough dia-monds between participating countries, to ensure that conflict diamonds cannot reach the high street. After governments set up the Kimberley Process, the industry initiated a voluntary system of selfregulation, the System of Warranties, but it consists mainly of a statement on an invoice and is meaningless if not backed up by third-party auditing.

Governments must do more to strengthen the Kimberley Process and to increase monitoring of the industry, to ensure that diamonds are conflict-free.

Global Witness works to break the links between natural resource exploitation, environmental abuses, conflict and corruption.
www.globalwitness.org



culean task. But the diamond industry is tackling reputational issues on a scale without parallel in any other industry. BY CLAIRE ADLER.

thical consumerism has never been this glamorous. At the Oscars this February, a bevy of Alister celebrities banded

together to effectively dub diamonds the new fur.

Red carpet events such as the Oscars have a long history of being awash with sparkling diamonds. But this year, many of Hollywood's biggest names asked agents and diamond experts to ensure they were not photographed wearing illegal diamonds. Leonardo DiCaprio and Jennifer Connelly, the stars of Blood Diamond, the 2006 film set in 1999 which highlighted the link between civil conflict and diamond smuggling in West Africa, rap artist Kanye West, Iman, the former face of De Beers jewellery and supermodel Erin O'Connor, are among the most high profile campaigners for conflict-free dia-

Back in 2004, Iman, wife of singer David Bowie, ended her contract with De Beers in protest against the eviction of tribes people from their land in Botswana. In 2005, actress Julie Christie joined a demonstration outside the Natural History Museum in support of the same tribesmen. De Beers denied all allegations made against it.

All of which has served to fuel consumer demand for conflict-free diamonds, carrying a certificate of confirmation that their trade is not connected with war, civil strife or human rights abuses.

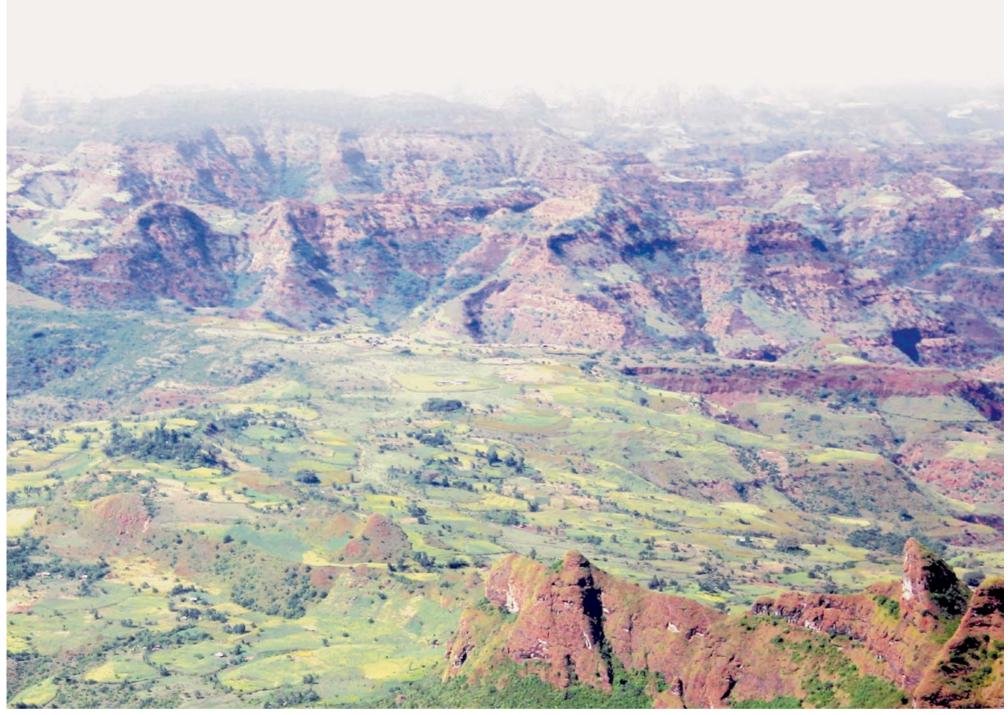
During the 1980s and 1990s, about 4 per cent of diamonds traded came from conflict in West Africa, according to the World Diamond Council.

one per cent. In 2000, the diamond

industry, non-governmental organisations, the United Nations General Assembly and governments vanised into action. This was the first time a

global industry had cooperated with the United Nations, governments and civil society to address an important humanitarian issue.

"There are other industries which have had to face reputational problems, for example, the issue of dolphinfriendly tuna," says Gareth Penny, managing director of the De Beers Group. "But the sheer scale of the diamond industry, the number of countries in which it is mined, the millions of people round the world who depend on



it, the way the issue has been tackled with the involvement of the European Union, the United Nations, 71 countries, 100 NGOs and CIBJO, the World Jewellery Confederation, is without precedent. When the history books are written, I believe this will be understood as an extraordinary example of public private participation." By 2002, the Kimberley Process was created and was followed by the System of Warranties to eliminate conflict diamonds from the marketplace.

Much to be done

While the Kimberley Process monitors rough diamonds and the areas they are produced and cut, the System of Warranties focuses on the point at which they are polished. It provides evidence to all purchasers up to the sale to consumers that diamonds being sold are from conflict-free sources. The System of Warranties involves a written statement on all invoices declaring that the diamonds are from a conflict-free source.

By 2004, a Canadian government report concluded that the Kimberley Process had been 99.8 per cent effective.

"Even though 99.8 per cent of diamonds are flowing through the market in a carefully monitored way, there is still much to be done," says De Beers Group managing director, Gareth Penny. "There is a chair of the Kimberley Process at the European Union and each year procedures are being enhanced. Retailers are obliged to provide consumers with assurances and we support all their efforts."

The World Diamond Council, the De Beers Group, who now control 40

per cent of the world's diamonds, and Global Witness, the campaigning group that first alerted the world to the issue of conflict diamonds in the 1990s, all agree that one blood diamond is too many.

"The system is only as strong as its weakest link," says Eli Izhakoff, chair of the World Diamond Council. "Our aim is that every diamond sold should be conflict-free and that consumers should ask about the source of the diamonds they buy. The educational process which we started several years ago has to reach every single jewellery retail outlet in the world."

Izhakoff reports positive signs from two problem areas - Zimbabwe and Venezuela. In early June, Kimberley Process representatives and World Diamond Council experts visited Zimbabwe. "Initial reports indicate that the Zimbabwe government is now fully co-operative," says Izhakoff. A Venezuelan government representative attended a Kimberley Process session in Brussels this June and indicated that Venezuela plan to comply. The World Diamond Council is now waiting for the Venezuelan government to invite them back for a

While the Ivory Coast is not signed up to the Kimberley Process, Izhakoff points out they are still subject to UN sanctions. Sanctions on Liberia were recently lifted and they have now joined the Kimberley Process, he says.

Jewellers and consumers have their own role to play in ensuring a conflict-free market place. Global Witness believes jewellery retailers need to introduce more rigorous internal and third-party auditing procedures. However, jewellers like Tiffany, Bulgari, Boodles, Hamilton & Inches, H Stern, Boucheron, Montblanc and Signet (including subsidiaries Ernest Jones, H Samuel and Leslie Davis) are amongst those maintaining a strict zero tolerance policy towards conflict diamonds.

The fifth C

Thierry Robert, has been Boucheron's gem scout for 37 years and his father was in the position for 55 years before him. "Robert knows and trusts his sources and they know him," says a Boucheron spokesperson. "He only buys from reputable sources. This is imperative to maintain the integrity of the House."

"If customers ask about whether our diamonds are conflict-free although surprisingly few do - we have a certificate we show stating all diamonds we sell are conflict free, since all our suppliers are signed up to the Kimberley Process," says Michael Wainwright, managing director of Boodles.

Montblanc call the conflict-free issue the fifth C to look out for when buying diamond jewellery, in addition to the more traditional cut, colour, clarity and carat.

What is the Kimberley Process?

The Kimberley Process certifies the origin of stones, exporting them from their country of origin in tamper-resistant packs with a government-issued certificate stating they are not from a conflict zone. Participating countries that import the stones for cutting and polishing in turn pass on the warranty at each stage. Today, anyone importing or exporting rough diamonds without a Kimberley Process certificate is breaking the law. For more information visit www.diamondfacts.org

Diamonds Dynasties

iamond Dynasties

David Morris

"I've sold multi-million pound necklaces, but nothing quite beats designing and making a piece of jewellery," says Jeremy Morris, son of David. Jeremy's father established his international jewellery business in 1966 - shortly after Jeremy, now managing director and creative director, was born. After starting out in a Paris atelier, Jeremy joined the family business as a



designer and jewellery maker in his early twenties. With wife Erin as publicist and muse, Jeremy sold the Harrods and Selfridges concessions and opened the Bond Street store in 1997. David Morris film credits include Diamonds are Forever, The World is Not Enough and Guy Ritchie's Snatch

Dynastic moment During the making of Snatch, the David Morris workshop became a film set with jewellers at their benches transformed into movie extras as they worked.

See-it-and-have-it White and pink diamond marquise and heart-shaped floral ring weighing 6.83 carats

Jeremy and David Morris

Chopard

Anyone borrowing jewellery from Chopard at the Cannes Film Festival gets a bodyguard dressed in black tie thrown in. For a decade, Caroline Gruosi-Scheufele, co-president with her brother Karl-Friedrich, has dressed actresses for the red carpet, with Chopard as official event sponsor. Often creating speculative pieces hoping celebrities will don them, nothing is certain till they step out of the limo. Caroline's father Karl Scheufele, a third-generation German goldsmith and watchmaker, bought Chopard in

1963 when Paul-Andre Chopard sold out after

his sons showed no interest in the business. Caro line's husband is Fawaz Gruosi, founder of another Geneva-

based jewellery brand, De Grisogono. Dynastic moment Years ago, after buying an "incredible" set of pink diamonds without considering the price, Caroline's father was angry with her for the whole of Christmas. But the result was La Vie en Rose, inspired by Edith Piaf and Chopard's first colour diamond collection.

See-it-and-have-it Breathtaking high jewellery emerald choker, dripping with diamond brilliants

Fawaz Gruosi and Caroline Gruosi-Scheufele of Chopard

Graff

Starting out as a Hatton Garden apprentice aged 15 in 1960, Laurence Graff couldn't have imagined he would open over 25 stores and receive four Queen's Awards for Enterprise. Graff spent his twenties selling jewels in remote parts of the globe and opened his first store in Knightsbridge in 1974. Today his son François is managing director. "Diamonds are a portable form of wealth, they've saved so many lives. If diamonds could talk, imagine the stories," says Raymond Graff, production director and Laurence's brother. **Dynastic moment** In 1987, Laurence Graff bought the 19 carat emerald engagement ring which belonged to Wallis Simpson, Duchess



ieweller's invoice made out to the King," he said. Graff gave the ring to his wife for their 25th wedding

See-it-and-have-it Fancy Vivid Yellow 100.09 carat diamond unveiled at Kensington Palace last year, now a pendant. The faint-hearted need not apply.

Laurence, Anne-Marie and François Graff

Adler

Horse-whispering is an unlikely key to a glittering future in the world of fine jewellery. When Jacques Adler moved from Austro-Hungary to Turkey in the 1870s, word got out the Sultan's horse was ill. Jacques secured the job of stable chief, later leveraging his royal connections to help his son Edouard establish

himself as court jeweller. Edouard regularly enticed his eldest grandson Franklin with chocolate cake to visit the shop after school and play with gems. Today Geneva-based Franklin is founder, his wife Leyla is Adler's creative brains and their Harvard-educated son Allen is CEO.

Dynastic moment Aged 19, with a bright academic future in sight after finishing school two years early, Franklin headed to Brighton to begin his higher education. But when his grandfather died, his father summoned him back to Istanbul to help run the business. See-it-and-have-it Head-turning brown brilliant cut 15.01 carat diamond ring set with 230 brilliants on white gold

A man named Isadore Hennig...

If you ever wander down to the heart of London's diamond district, Hatton Garden, you will probably notice a beautiful, private, Georgian street named Ely Place. Beyond the imposing wrought-iron gates and the watchful eye of the liveried commissionaire lies the gentrified world of the diamond broker.

Behind one of these royal blue doors is the headquarters of I. Hennig & Co. Ltd, the world's oldest and largest diamond brokerage. Established in 1890, by Isadore Hennig, this brokerage, has over the years, helped procure rough stones from De Beers' Diamond Trading Company for some of the most prestigious diamantaires. It has also been instrumental in the sale of the world's most magnificent diamonds, such as the 726-carat Jonker Diamond in 1935, and the 968.9-carat Star of Sierra Leone in the 1970's.

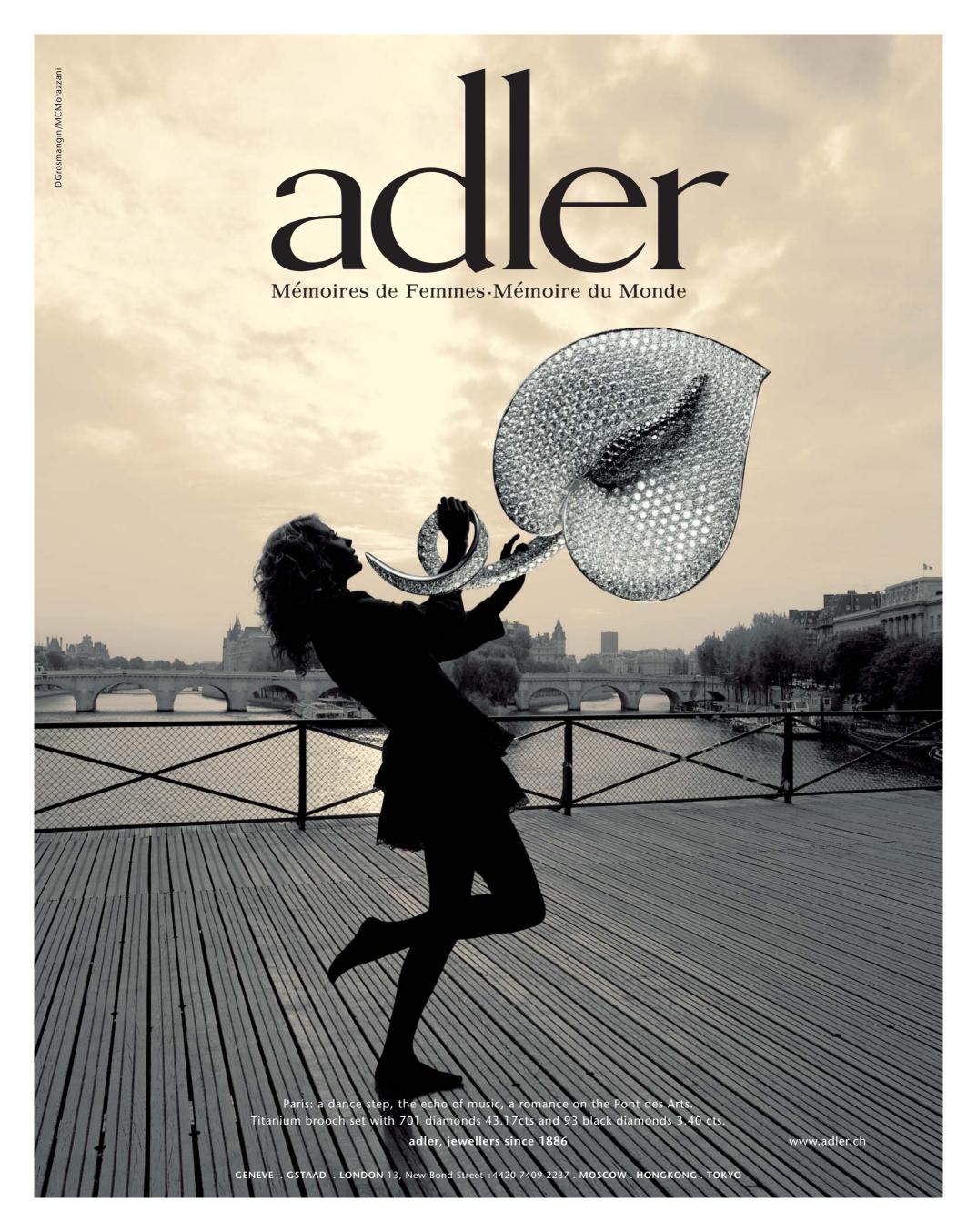
It was in the late 1940's that the country with the oldest diamond tradition of all, India, was re-emerging as a manufacturing centre. By advising the Indian industry on improvements to its manufacturing skills and the development of sales outlets, Hennig helped the country become the largest diamond-cutting centre in the world. In fact, 11 out of 12 diamonds are now cut and polished in India.

Today, according to head of marketing, Mark Poole, Hennig plays a pivotal role in the diamond industry, representing the interests of a major share of the world's leading diamond manufacturers and rough dealers. Beyond this core historical role, Hennig also helps its clients with services such as providing outsourced manufacturing to recruiting

designers from the world's most prestigious jewellery schools.

With offices in New York, Antwerp, Tel Aviv, Bangkok, Johannesburg, Mumbai and London, it's certainly a long way to have come for a man named Isadore.

Commercial feature



More reason to indulge

As one of Africa's major natural resources, diamonds are transforming the fortunes of more than just global luxury brands. Claire Adler talks to Gareth Penny, managing director of the De Beers Group.

Diamonds have traditionally signified wealth and indulgence. But lovers of luxury will be pleased to know there is a more noble reason to justify indulging in conflict-free diamonds.



Gareth Penny, MD of the De Beers Group

"I urge you to continue supporting us by buying more and more diamonds, because for us the joy of your celebrations with diamonds is also our joy," said president Mogae of Botswana last year.

As one of Africa's major natural resources, diamonds enable countries like Botswana, Namibia and South Africa to build a more prosperous future for their inhabitants. In Botswana, diamonds account for 76 per cent of export revenue and in Namibia 40 per cent. Botswana represents 38 per cent of Africa's entire diamond production.

"While consumer demand for diamond jewellery is at an all time high, rising globally at between five and six per cent annually, consumers can take comfort in the knowledge that diamonds are making a significant contribution to the countries from which they are mined," claims Gareth Penny, managing director of the De Beers Group.

Thanks to revenues generated by diamonds, every child in Botswana now receives free schooling until age 13. In 1966, there were only three secondary schools in Botswana, now there are over 300. In South Africa, De Beers has funded the building of 12 schools, directly supporting the education of approximately 12,000 pupils.

Botswana's president announced late last year: "Revenue from diamonds has enabled Government to fund virtually 100 per cent of basic education, provide virtually free healthcare, build the infrastructure that has supported our economic activity and fund 80% of the anti-retroviral drugs that have given hope to our fellow citizens living with HIV/AIDS.'

With control of 40 per cent of the world's rough diamond supply, the De Beers Group employs 21,000 people, 17,000 of whom are in Southern Africa. The diamond trade in total contributes approximately \$8.4 bil-



Debeers Ice on Fire Collection

lion annually to Africa's economy. The De Beers Group devotes a further \$10 million a year in the form of charitable donations to community support activity.

"Our award-winning HIV and AIDS programme, which distributes antiretroviral medication to employees, partners and immediate family memhers, is at the forefront of the world. says Penny. "We are turning diamond dreams into lasting and sustainable realities for the people of Africa."

Q and A with Varda Shine



Varda Shine (left) is managing director of the Diamond Trading Company, the sales and marketing arm of De Beers, which now controls around 40

per cent of the world's rough diamonds.



What is the relationship between De Beers and the DTC?

De Beers owns the DTC. De Beers owns diamond mines - some wholly and some together with governments including Botswana, Namibia and Tanzania. The De Beers boutique on Old Bond Street is part of a joint 50:50 venture between De Beers and LVMH, the world's largest luxury goods group. De Beers also owns Element Six, the world's leading supplier of industrial diamonds

So what do you do?

My work involves three key groups: diamond producers, diamond sellers and of course the people who buy diamond jewellery.

We are now working to ensure Africa enjoys a bigger share in the production process, so we are increasingly encouraging clients to keep cutting and polishing local. Our clients have eight factories in Botswana employing 1400 people. Eighteen months ago, that figure was 300 to 400 people.

Secondly, we choose the most suitable diamond dealers to sell our rough diamonds. We currently have 93 companies we call them sightholders - in 33 countries on three year agreements.

Thirdly, we develop communications campaigns to show that diamonds are the ultimate symbol of love, they are inherently unique and that buying them helps to improve the lives of Africans who produce

Diamonds transform lives

The scourge of HIV and AIDS has left 12 million orphans across Africa. By providing free drugs and healthcare, the diamond industry is helping to fight back.

BY CLAIRE ADLER

As an employer of 17,000 people in southern Africa, De Beers was the first mining company in South Africa to extend free anti-retroviral treatment to HIV positive employees, employee life partners and retired or redundant employees as part of a comprehensive disease management programme. Graff's cutting and polishing companv. Safdico, provides regular sessions on HIV and prevention to its 300 employees as does Leviev who also partners with the Catoca project in Angola, which contributes millions of dollars in medical treatment and education against HIV/AIDS.

"The Botswanan government now pays for over 92 per cent of the country's anti-retroviral programme. The only way we've been able to afford this is through diamond revenue, says Dr Ndwapi Ndwapi, Botswana's National HIV/AIDS Minister. "I used to go to an HIV-related funeral two to three times a week. I've been to less



than four in the last two years. I hope to put at least two funeral parlours out of business a year.'

Ishmael Time (above) is an HIV positive De Beers mine worker in Botswana. He fell ill in 2000 and received free anti-retroviral medicine, counselling and medical support from the mine clinic. Ishmael's health has since improved dramatically. He now educates other employees and their families about HIV/AIDS. His wife recently gave birth to their second child, who was born healthy and free of HIV.

Cutting it fine

Gem experts traditionally use four criteria to define a diamond's quality.

While a diamond owes its beauty largely to nature, the shape and accuracy of the cut determine the sparkle factor.

The higher the clarity of the diamonnd, the rarer and more valuable it is. Specks or dark marks affect a stone's price.

The whiter the diamond, the better. Diamonds are graded from D (colourless) to Z (tinted). Asprey sells diamonds between D and H.

A diamond's size is measured in carat weight. One carat is 0.2 gram. A two carat stone is worth more than twice a one carat stone.



ON THE SURFACE IT'S A SCHOOL, BUT DEEP DOWN WE'RE UNEARTHING TOMORROW'S DIAMONDS.

Every year, De Beers helps to educate children throughout southern Africa, ensuring dreams have a chance to grow. From building new classrooms and providing textbooks, to helping children discover the digital world with state-of-the-art computer labs; De Beers is helping to bring hope and change lives. De Beers currently has 600 Social Investment Projects around the world. De Beers. Always looking forward. Always giving back.



The perfect setting

London has long been a world-class destination for a limitless array of diamonds and diamond jewellery. And now, the choice is greater than ever.

BY CLAIRE ADLER

For a year now, London has been buzzing with boutiques opening and expanding, with one treasure trove more enticing than the other.

Last summer, London welcomed three diamond titans onto Bond Street within weeks of each other – Leviev, Moussaief and Harry Winston. All three are diamond jewellers at the top end of their game, bringing with them strong brand followings, not to mention stashes of breathtaking gems.

For sheer Hollywood glamour, Harry Winston diamonds have graced the necks of stars from Liz Taylor to Julia Roberts and Scarlett Johansson. Experts on the rarest and largest of the rare stones, Leviev is worth a visit if only to witness the reactions of passers-by to the gargantuan stones in the shop front's windows, while Moussaief simply brims with extravagance.

At Leviev, the highlight is the ultimate in sweet trolleys. Simply name what you're after, be it rings or pendants over five carats, and a personal shopper will zip round the store and its underground James Bond-like vault, selecting delights to be brought up on a specially created trolley boy and wheeled to your side for perusal.

Both Harry Winston and Leviev are designed to resemble Mayfair town houses. Though their interiors are entirely different – at Leviev you go up to the VIP salon in a lift accompanied by a showcase of spectacular diamond jewellery, while at Harry Winston, there's an impressive swirling staircase reminiscent of a luxury hotel – both communicate a sense of intimacy. It's all about enter-

The Lesotho Promise

ing a privileged world where staff are thrilled to be making you feel nothing less than regal.

Over the road at Adler, the interiors convey a different kind of warmth. Their Turkish charm with tapestry carpets against wooden floors, antique glass bottles and Middle Eastern art, sculptures and masks, hint at exoticism.

Interest in jewellery is such that Cartier opened its second store on Bond Street last year. Tiffany & Co has also upped the ante, refitting its Bond Street store and increasing it in size by almost 50%. Even the stainless steel chandeliers with bevelled polished edges are designed to look like cut gemstones.

Meanwhile, the Van Cleef & Arpels store on Bond Street has reported a dramatic rise in demand for bespoke items and the brand has now dedicated a whole team in Paris to respond. A diamond necklace for your cat, anyone? Other fascinating commissions at Van Cleef & Arpels include the bespoke wedding jewellery collection for the Iranian Shah incorporating 200 family gems. Since the stones were not allowed to leave the country, Van Cleef & Arpels designers and craftspeople flew out to Tehran and held meetings in The National Jewellery Treasury housed within Iran's Central Bank.

But it doesn't stop there. Jewellers still keep making London their home. Quintessentially British Mappin & Webb opened its flagship store this spring on Regent Street. This August sees Selfridges open its long-awaited Wonder Room with fine jewellery from Cartier, Chanel, Chopard, Bul-



Leviev's store on Bond Street, London

gari, Theo Fennell, Chrome Hearts and Tiffany & Co.

Parisian jewellers Chaumet opened their own Bond Street store last month. And Bond Street's other new kid on the block is the British family-owned Boodles, whose amusing, cartoon-filled Look before you Leap engagement ring information booklet is the perfect antidote for anxiety-ridden fiancés everywhere.

Even Hatton Garden, the historical heart of the UK diamond industry, has been enjoying a makeover in recent years.

The opening of new branded diamond jewellery shops like Nicholas James, Futuro and Raphael, the introduction of 24 hour security and the opening of an indoor jewellery marketplace, the Heart of Hatton Garden, modelled on New York's 47th Street diamond district, are modernising the area and bringing back the sparkle factor. Diamondshop.co.uk invites customers into its Hatton Garden workshop, capitalising on the area's unique buying experience.

Home to hundreds of Britain's diamond dealers, retailers, jewellery designers, manufacturers and craftspeople, many of which harbour

expert knowledge passed down through families who have been there for generations, Hatton Garden has long been known as the place to go to bag a diamond bargain. All the top jewellery designers buy their stones there so you benefit from competitive prices and service from specialists. Many diamond dealers selling primarily to the trade routinely take on private commissions, sometimes on the quiet, making the neighbourhood the perfect destination for affordable engagement rings

Progressive jewellery designers based in the area include Shaun Leane, 2006 luxury jewellery of the year, who regularly collaborates with fashion designer Alexander McQueen. Then there's New Zealand-born Jessica McCormack, known for her quirky glamour which includes creating beautiful diamond jewellery from antique pen nibs. Both Leane and McCormack will participate in Sothebys London Rocks this September, a selling exhibition showcasing the work of 18 cutting edge British jewellers.

History in the making - the Lesotho Promise

When a world record-breaking diamond is uncovered, there are only a handful of people in the world in the market for buying it. Bidding

needs to be swift and accurate, but trying it on for size isn't an option.

BY CLAIRE ADLER

Laurence Graff has handled more important diamonds than any individual this century. When the 15th largest rough diamond ever discovered came to light in the Maluti Mountains of Lesotho last September, the president of Lesotho himself telephoned Laurence Graff with the news.

Within days, diamond experts from Safdico, Graff's manufacturing and trading arm, were in Lesotho. In Antwerp,

bidding parties each spent four hours examining the 603 carat rough stone. Two days later they had presented their sealed offers.

At a record-busting \$20,500 per carat, Laurence Graff secured the stone for more than \$12 million. "I am literally holding a piece of history in my hands," he said. In May, the first cut was made, marking the start of a stressful, time consuming and precise year-long operation to transform this huge rough crystal into magnificent flawless diamonds. Graff has developed cutting edge software, tools and cutting machines specially for the Lesotho Promise and it has yielded 24 stones so far.

There is no try-before-you-buy with rough diamonds. Since no-one has ever cut a stone of this size and complexity using such advanced technology before, Graff's master cutter Pascal has an exacting mission ahead. "It is a huge and monumental task. But it is a great honour to be responsible for such an important and historical stone," he says.

A new book, The Most Fabulous Jewels in the World, tells the full Graff story in Laurence Graff's own words. Graff shares how he became one of the world's most famous jewellers, from his early years in London's East End and his travels selling jewels in remote parts of the world in his twenties, to his newest and most beautiful diamond jewels. Out in late September, it is published by Cultureshock Media, distributed by Thames & Hudson and available in all good bookshops.

Big is beautiful

Specialists in large, coloured stones and super-exclusive jewels, Steinmetz are also experts in head-line-grabbing publicity stunts.

BY CLAIRE ADLER

What do a pair of \$2 million 20 carat diamond jeans, an ice car, a diamond encrusted steering wheel, Bangkok's Temple of Dawn and Washington's Smithsonian Institute of Natural History all have in common? Steinmetz has used all of these to draw attention to the glamour of its diamonds.

Steinmetz is probably best known for creating the 203.04 carat internally flawless De Beers Millenium Star, the world's largest top colour D flawless, pear-shaped diamond. Unveiled in 1999 at the Millennium Dome, it became the target of a foiled robbery attempt in 2000.

Less well known is that Steinmetz also attracts private jewellery clients by means of staggeringly glamorous invitee-only social events. Word has it locations have included Bangkok's Temple of Dawn and yachts in Monaco.

To celebrate McLaren's 40th anniversary at last year's Monaco Grand Prix, racing star Kimi Raikönnen (below) drove with a Steinmetz diamond encrusted steering wheel. Given his unfailing coolness under pressure, Raikönnen has earned himself the nickname The Iceman. Fittingly, the wheel's dramatic unveiling took place in a replica Team McLaren Mercedes car fashioned from two tonnes of ice. This year there were diamond encrusted helmets for drivers. Last year's Steinmetz diamond studded helmets fetched \$400,00 at a charity auction.

In Monaco in 2004, a Steinmetz-sponsored Jaguar with a diamond on its nosecone hit the wall on one of the laps. When the car was craned out, the stone had disappeared. The column inches the accident generated were every publicist's dream.

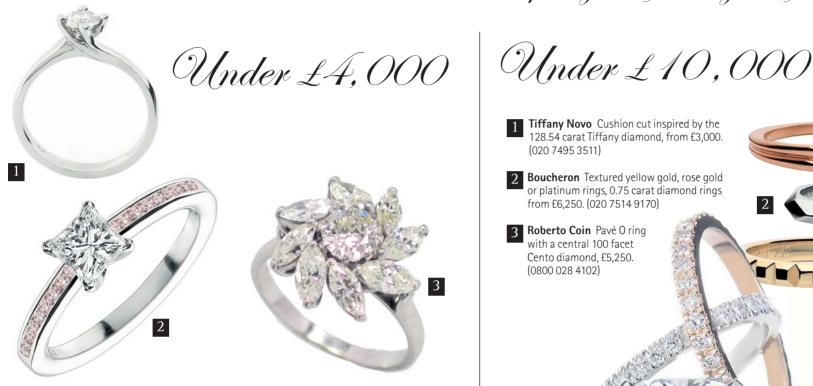
"Our clients are all high net worth individuals and generally connoisseurs who want to associate with excellence," says a brand spokesperson. "In the current climate, we have more clients to reach out to than ever before."





Diamond engagement rings...

... don't have to be traditional. Express yourself, treat yourself or do both.



- www.greatvaluediamonds.co.uk competitively priced twist setting, H colour 0.5 carat brilliant, with IGI certificate to boot, £775. (0870 766 7766)
- 2 Wint & Kidd delicate princess cut on a band lined with pink diamonds, £3175. (0207 908 9990)
- Pushkin Antiques, Gray's Antique Market 1940s platinum diamond flower cluster treasure totalling 2.5 carats, £2500. (07900 000 562)



- Leviev 1.14 carat oval-shaped H, VS2 diamond with fancy intense yellow ovals at each side on a yellow gold and platinum band. £15,000 to £20,000. (020 7493 3333)
- 2 Robinson Pelham White gold three band ring with cushion cut central diamond and pavé shoulders, £18.500. (0207 828 3564)
- Theo Fennell (From left to right) Cradle rubelite and diamonds, £6000; Cornerstone diamond and sapphire ring, £14,000; Cornerstone tanzanite and diamond ring, £15,000. (020 7623 4380)
- Van Cleef & Arpels Large diamond Cosmos ring in white gold totaling 3,65 carats, £19300. (020 7493





- 1 Stephen Webster Bespoke platinum ring set with brilliant and princess-cut diamonds and hand filigree detail for Christina Aguilera, approx. £60,000. (020 7486 6575)
- 2 George Pragnell 5.39 carat, F colour, Asscher cut diamond ring in platinum, POA. (01789 267072)
- 3 Bulgari High jewellery collection ring in platinum, with one emerald-cut diamond and two lateral tapered baguette diamonds, POA. (020 7838 8805)
- Cartier Engagement ring with two D colour centre stones from 1 to 1.5 carats and 1.21 carats of pavé diamonds, POA. (020 7408 5700)

The Graff Vivid Yellow 100.09 carats

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