



JAARVERSLAG - ANNUAL REPORT 2022

Syndikaat der Belgische Diamantnijverheid vzw (SBD)

Syndicate of the Belgian Diamond Industry (SBD)



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SBD non-profit organization
Since 1927, association of Belgian diamond companies

Composition as of July, 1 2022:

BOARD OF DIRECTORS

Wim Ruythooren - President
 Bart De Hantsetters - Vice-President
 Paul Van der Steen - Vice-President
 Dave Oste - Secretary
 Jan Franckx - Secretary
 Nader Murad - Treasurer
 Eva Van Looveren - Treasurer
 Tom Smets - Councilor
 Daniël Meylemans - Councilor
 Bram Claes - Councilor

EXECUTIVE DIRECTOR

Melissa Smet

EFFECTIVE MEMBERS*

All members of the Board of Directors
 Eduard Denckens - Erevoorzitter
 Jacques Claes
 Philip Debels
 Peter De Deyne
 Johan Dieltjens
 Julien Drybooms
 Guy Gorenstein
 Mark Hanna
 Jozef Heiremans
 Willy Henneuse
 Geert Lens
 Chaim Pluczenik
 Manuel Rappaport
 Raphaël Rubin
 Hiren Shah
 Koen Smets
 Stanny Van Blerk
 Kirill Van den Abbeele
 Jozef Van Eyck
 Chris Van Eyndt
 Joachim Vets

** The Effective Members have voting rights at the General Assembly*



1. DYNAMICS OF TRADE AND INDUSTRY

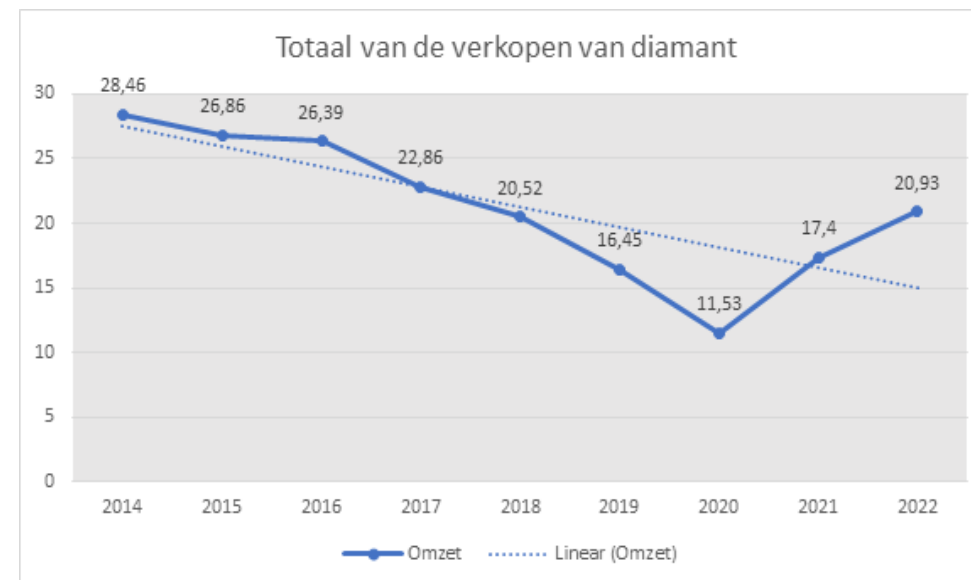
Image: © Diamcad, SBD member company.

Sources: statistics from the "Intern Compensatiefonds voor de diamantsector" and SBD member survey

For the statistics regarding the scale of the **diamond trade** in Antwerp, we have relied on the figures from the International Compensation Fund for the Diamond Sector (ICD). The Law of April 12, 1960, establishing an International Compensation Fund for the Diamond Sector, and the Royal Decree of November 21, 1960, containing the statutes of the International Compensation Fund for the Diamond Sector, form the legal basis.

Anyone who is engaged in diamond trade or diamond industry as their main or secondary activity is required to submit a quarterly declaration to the ICD. Both the sales of natural rough diamonds (suitable for cutting, industrial use, and boart) and natural polished diamonds, as well as natural and synthetic diamond powder and synthetic industrial diamonds, must be declared. Simply sending goods on approval or providing goods on consignment are not taken into account.

According to the declarations submitted to the ICD, the total value of agreements aimed at creating added value within the overall sales of diamonds amounted to **20.93 billion euros** in 2022 (compared to 17.4 billion in 2021 and 11.53 billion in the year



of the pandemic, 2020). This represents a 20.29% increase in turnover, although the crisis in Ukraine has created an uncertain future.

Antwerp diamond manufacturers reported **sufficient access to goods for processing** (both rough and re-cut polished diamonds) in 2022. However, the access is rather volatile, with peaks alternating with declines (see below on page 8).

There was also a **solid demand for high-quality finished products**, especially flawless fancy cuts. As far as retail is concerned, it can be stated that consumers have a strong trust in brands. French, Swiss, and American high-end luxury jewelry brands, in particular, performed well. Furthermore, contemporary consumers demanded more traceability and sustainability. By the end of 2022, China reopened after strict COVID-19 measures, and there was hope for a better balance between our two main consumer markets (China and the US) in 2023.



2. EMPLOYMENT

Image: © Diamcad, SBD member company/
Sources: Annual Report 2022 Rijksverlofkas voor de Diamantnijverheid;
Collective labor agreements NJC324

2.1 KEY EMPLOYMENT FIGURES

According to the data from the State Holiday Trust for the Diamond Industry, on December 31, 2022, there were **102 employers** employing workers under Joint Committee 324 for the diamond industry and trade (NJC 324). This is one fewer employer compared to 2021. These employers had **423 workers** in their employment (432 in 2021), namely 239 men and 184 women.

In the contemporary Belgian diamond sector, **employees** (NJC 324 and NJC 200) represent more job positions than workers. This includes not only sales and administrative profiles in the diamond trade but also employees in the diamond industry, such as planners. Modern diamond planning is made possible by scanning technology, which accurately maps the inclusions in the diamond. Since Belgian manufacturers mainly specialize in large and unique stones, significant effort is put into optimizing diamond planning and the value of the polished diamond(s). Once the manufacturer has the optimized planning solution, it is important to accurately translate the diamond planning into practice using CAD-CAM technologies.

2.2 WAGE EVOLUTION

In terms of declared wages, there was an **increase of 15.93%** compared to 2021. In absolute figures, this percentage translates to 11,018,862.93 euros compared to 9,504,773.18 euros (as of June 8, 2023 - source: State Holiday Trust for the Diamond Industry). Naturally, automatic indexation plays a significant role in this increase. In JC 324, wages are increased when the average of the index figures of the last four months reaches the pivotal index. Gross wages are then increased by 2%, starting from the first Monday following the publication of the index figure in the Belgian Official Gazette. In 2022, there were a total of 5 indexations, namely effective from 7/03/2022, 2/05/2022, 1/08/2022, 7/11/2022, and 5/12/2022. Additionally, in 2022, there was a slight **increase in the number of paid days** compared to the previous year (71,719 days compared to 68,008 days in 2021).

The wages of employees falling under JC 200 are indexed on a fixed date, namely January 1st. All wages were to be increased by a coefficient of 1.1108 as of January 1, 2023.

SBD's affiliated members receive monthly inflation forecasts and the implications for wages in the relevant joint committees for our sector in their mailbox. The applicable minimum wages can also be consulted on SBD's website.

2.3 ATTRACTIVE SOCIAL BENEFITS IN THE DIAMOND SECTOR

In addition to the wages discussed under the previous heading, diamond workers enjoy various social benefits. Management Committee 1 assists the general management body of the Internal Compensation Fund in **providing additional social benefits** to diamond workers. This includes, among other things, a supplementary pension (amounting to 3% of 110% of the gross annual wage), health insurance, an allowance in case of temporary unemployment, an allowance in case of illness, a social allowance per paid and equivalent day, a pension premium, an additional system of unemployment with corporate supplement allowance, and an employment premium.

Furthermore, diamond employers provide meal vouchers and reimburse travel expenses or provide a bicycle allowance for each working day. Employees with 10, 20, or 30 years of seniority receive a seniority bonus. As an employers' organization, we hope that this **attractive, modern remuneration package** can convince employees to choose a job in the diamond sector!



3. EMPLOYERS' ORGANIZATION SBD IN 2022

Foto: © AWDC : pitch competition FACETS 2022 about ADMP, a project on digitalisation to which SBD provides administrative and legal support

SBD has been a professional association of Belgian diamond companies since 1927. It represents not only diamond manufacturers but also broadens its focus to include diamond companies based in Belgium in general, including diamond traders, brokers, labs, and gemstone processors. The main tasks of SBD are:

- Member services in various areas, primarily social, fiscal, legal, and providing information on various regulations and collective labor agreements.
- Issuing digital publications.
- Advocating for the interests of members in various consultative bodies. SBD has had the legal form of a nonprofit organization (vzw) since June 30, 2021.

3.1 MEMBERSHIP AND STAFFING

We ended the calendar year 2022 with a membership of 149 members. It is noticeable that women are significantly underrepresented (11 women compared to 138 men). Members can choose between a Dutch-language or English-language role: 32 percent

of the members (47 members) opted for English (compared to one-fourth in 2020). The average age remained stable at 55 years.

SBD has **1.4 full-time equivalents** employed (a director and a part-time administrative staff member).

3.2 NEW APPOINTMENT PROCEDURE FOR EFFECTIVE MEMBERS AND BOARD MEMBERS

In 2022, the appointment of members of the General Assembly (the "Effective Members") and members of the Board was organized for the first time according to the statutes adopted on June 30, 2021. In line with these statutes, the SBD Board approved two Appointment Regulations, respectively for the appointment of Effective Members and for the appointment of Board Members, in its meeting on May 31, 2022. These appointment procedures enhance the democratic nature within our nonprofit organization. Efforts were also made to digitize these aforementioned procedures.

Here is a summary of the appointment procedures:

- The **Effective Members** have voting rights in the General Assembly and participate in the organic functioning of the nonprofit organization. The General Assembly consists of at least eight and a maximum of thirty Effective Members. The term of an Active Member is three years, with the possibility of re-election after the term ends. Specifically, an appointment procedure for Effective Members is organized every year.
- The nonprofit organization is governed by a **Board of Directors**, composed of at least 8 and up to 10 directors. The term of a director is 4 years, with half of the directors being eligible for re-election every two years. An appointment procedure for directors takes place every two years.
- A candidate Effective Member or candidate Director must submit their candidacy at least one week before the Statutory General Assembly. Both Effective Members and directors are appointed by the General Assembly by a simple majority of the valid votes cast by the present or represented members. If, one week before the General Assembly, there are more candidates than available positions, elections are organized. Each Effective Member has one vote and can indicate a maximum number of candidates equal to the number of available positions. Voting is **done through a digital application**. Effective Members who have confirmed their attendance at the General Assembly receive a unique Voter ID and Voter Key by email at least 36 hours before the meeting. If an Effective Member delegates their vote to another Effective Member, the proxy holder will receive an additional

Voter ID. Effective Members can then click the link, log in with the unique Voter ID and Voter Key, and vote. Voting is not mandatory and is confidential. The election procedure is manually concluded during the General Assembly once the present Effective Members have indicated that they have voted.

- During the next meeting after the appointment or election of directors by the General Assembly, the Board distributes the positions of Chairperson, two Vice-Chairs, two Treasurers, two Secretaries, and up to three Council Members among its members.

During the Board meeting on July 5, 2022, **Mr. Wim Ruythooren** took over the position from Mr. Bart De Hantsetters as Chairperson, as Mr. De Hantsetters was not a candidate for a new term as Chairperson in order to make way for new leadership.

3.3 PUBLICATIONS OF SBD AND SBD IN THE MEDIA

On **the portal website of SBD** (www.sbd.be), available in Dutch and English, both members and non-members can find sector-specific documentation (including sectoral agreements, minimum wage scales, sectoral holiday, festive and rest days), news articles, and general information about the organic functioning of SBD (adjusted after the amendment of the statutes). In addition, in 2022, we sent out digital newsletters (for SBD members and all stakeholders who subscribe via the website) as well as information mailings exclusively for SBD members.

SBD also appeared in several **media publications**. The director also gave an interview to the business magazine Bloovi about making the Antwerp diamond industry future-proof in general and digitization in particular (link: <https://www.bloovi.be/artikels/stories/2022/met-hun-krachtenbundeling-willen-deze-zeven-concurrenten-de-antwerpse-diamantsector-future-proof-maken>).

3.4 SERVICES FOR SBD MEMBERS

The member services of SBD primarily involve providing information on Belgian and international topics, legislation, labor regulations, and collective labor agreements.

The legal advice provided to members is confidential under Article 5 of the "Law of March 1, 2000, establishing an Institute for Company Lawyers." Members could turn to SBD for tailored **first-line (legal) advice on employment** and training of workers and employees in the diamond sector (excluding wage calculations and international labor law) and subcontracting in the diamond sector.

SBD, since 1927 association of Belgian diamond companies

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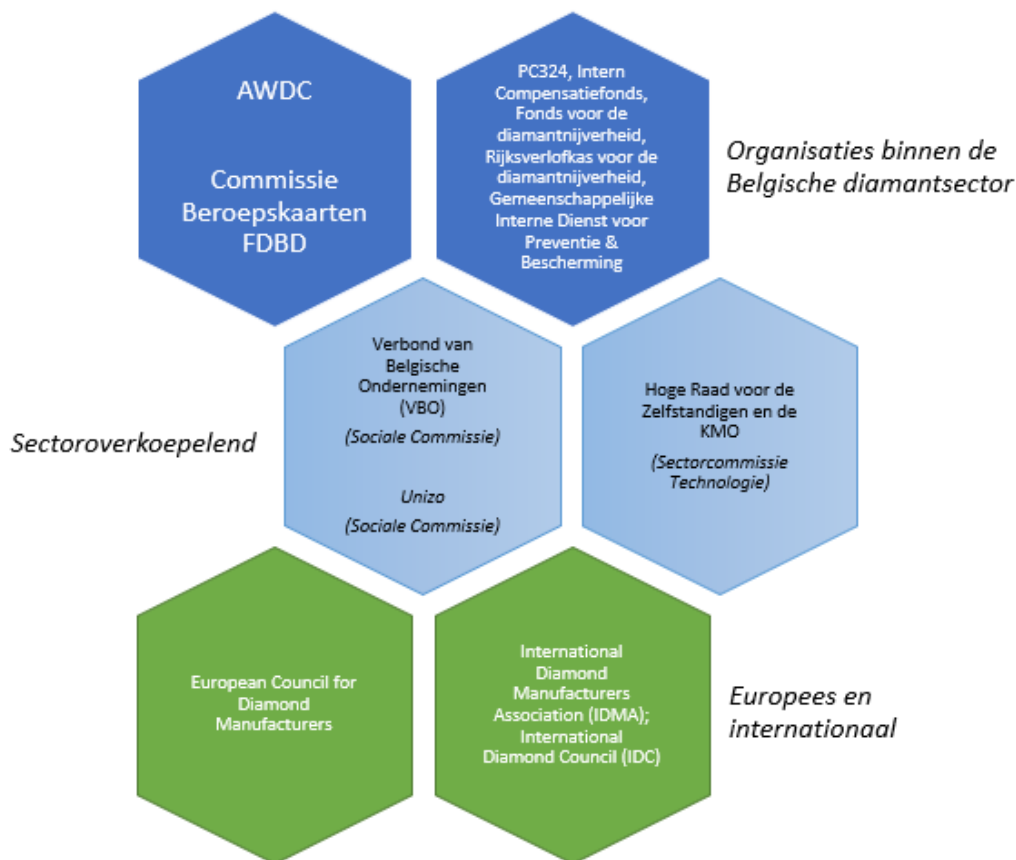
February 24-27, 2023

Foreword by Wim Ruythooren

As a brand new chairman, it is too early to draw up a balance sheet. First of all, I can't help but thank our previous chairman for his many years of dedication. Thanks again, Bart. A first challenge for SBD is to continue along the present path. It can also be said that SBD is perhaps the only professional organization in this industry that still attracts new members on a regular basis. An achievement that is entirely due to the excellent service provided by our executive director, Melissa Smet. In addition, we must continue to focus on training and new initiatives such as DiAntwerp (www.diantwerp.com), which offers Antwerp diamond manufacturers an electronic platform to market "made in Antwerp" diamonds.

In recent years, much has been argued for disruption. Disruptors have been referred to as "agents of change" that shake up entire sectors from their entrenched traditions and structures. Today, however, disruption comes in other forms. Who could have estimated that a would-be dictator would provoke a war on European soil that led directly to the drying up of Antwerp's main supply channel for rough diamonds. Not to mention the human suffering and general economic ramifications that this frivolous war has caused. But a pandemic, which 2 years later is still a pretext for largely closing one of our most important sales markets, is also a negative disruption.

However, the above disruption also applies to other diamond centers, our competitive position is not affected by it. What does affect our Antwerp competitiveness is the unexpected closure of the Antwerp branch of the GIA. As SBD, we have called on the GIA to provide minimum services in Antwerp. The GIA has acquired a market-dominant position, especially in recent years, and as such must assume its responsibilities. Moreover, the decision to restrict its services and business decisions, but



To the extent within our expertise, our members could also seek **legal advice in other matters**. Additional fees have been charged for this additional service since 2021. In 2022, we assisted diamond entrepreneurs in various tasks, including applying for recognized diamond workshops, drafting trade agreements, submitting AML and other declarations, and applying for single permits (combined residence and work permits) for the employment of non-EU nationals for a period longer than 90 days. The diamond industry is facing labor market shortages, and local channels are not sufficient to fill all job vacancies. SBD obtained a single permit for a total of four foreign diamond workers employed by two different member companies. The process was initiated for a third member company.

Furthermore, the Federation of Belgian Diamond Bourses and SBD selected multiple companies in the diamond sector, representing a diverse range, who had their **banking services** denied by Belgian credit institutions. To demonstrate that this issue affects the entire Belgian diamond sector, diversity was prioritized in the selection. These companies commissioned attorneys selected by SBD and the Federation to enforce banking services at a Belgian bank, if necessary through legal proceedings.

Finally, in 2022, diamond brokers and traders could also benefit from a **block insurance policy at a favorable rate** through SBD.

3.5 ORGANIZATIONS

The SBD Board held 10 meetings in 2022. Additionally, SBD board members and/or the director were appointed to various national and international sector-specific and non-sector-specific organizations:

- AWDC
- Professional Cards Committee within the Federation of Belgian Diamond Bourses
- Joint Committee 324
- State Holiday Trust for the Diamond Industry
- Internal Compensation Fund for the Diamond Sector
- Diamond Industry Fund
- VBO- FEB
- HRZKMO
- International Diamond Manufacturers Association (IDMA)
- International Diamond Council (IDC)
- European Council of Diamond Manufacturers (ECDM)
- Antwerp Diamond Manufacturers' Platform
- and various project groups.

They carried out their mandates in the interest of SBD and provided comprehensive feedback to the Board whenever necessary.

JOINT COMMITTEE 324

In late April 2022, a law regulating working hours in the diamond industry was published in the Belgian Official Gazette. The law **repeals the law of May 16, 1938, regulating working hours in the diamond industry**, as well as the Royal Decree of November 30, 1983, establishing the rules for keeping an attendance register. The law was developed at the request of the social partners after an agreement was reached within PC324 on the proposal of the employers' organization SBD. With the repeal, the regulation of working hours in the diamond industry falls under the general legal framework of the Labor Act of March 16, 1971. This allows for more flexibility from 2022 onward, and agreements could be made for voluntary overtime for the first time (up to a maximum of 220 overtime hours in 2022).

Due to the repeal of attendance registers, employers were required, in accordance with the agreement protocol for 2021-2022, to submit their **employment regulations** (including schedules for full-time workers and time registration systems) for information purposes to PC324. SBD provided a model employment regulation specifically tailored to diamond companies for its members. SBD members could also turn to SBD to align their employment regulations with their company's situation. Additionally, we provided sample documents for time registration to our members.

In 2022, SBD also advocated for the repeal or at least the amendment of the **licensing system for the establishment of diamond workshops** in the diamond industry. In our view, it is not reasonable to expect diamond employers to install a minimum number of machines (therefore, it is proposed to abolish the system or allow for recognition when only one usable polishing wheel or other diamond processing machine is installed). However, we regret that this issue has been unresolved for several years.

INTERNAL COMPENSATION FUND FOR THE DIAMOND SECTOR - SOCIAL PLAN 2

Through a solidarity contribution based on turnover, every employer employing diamond workers in actual diamond processing in a recognized workshop receives a **compensation payment**. The maximum annual payment per company in 2022 was €66,666.66.

In 2022, the contribution rate was 0.015%. In order to maintain a balance between income and expenditure of the social plan, the protocol parties decided on October 11, 2022, to set the compensation contribution percentage for 2023 at 0.008% of the value of each diamond transaction for only the first two quarters of the coming year.

DIAMOND INDUSTRY FUND

In November 2022, a new edition of the **basic diamond processing course** started with seven participants. This course always operates under a mentoring system, whereby a diamond employer ("mentor") commits to hiring a student (provided the student successfully completes the course).

EDUCATION PARTNERSHIP (CITY - EDUCATION - SECTOR - EMPLOYERS)

The number of job vacancies in the diamond sector has been increasing in recent years, and the inflow from training programs is no longer sufficient. Since there is no ready-made solution available, an **addendum** was added **to the Education Covenant**. This addendum aims to agree on actions within the framework of the cooperation agreement that the partnership can jointly focus on.

In 2022, SBD actively participated in the implementation of these actions.

HRZKMO

Every six years, a new application for recognition is required to maintain recognition as a professional association. It must be demonstrated, among other things, that sufficient periodic publications are distributed among the members, with each publication covering multiple topics, and that certain accounting requirements are met. In a June 20, 2022, letter, Minister Clarinval granted **recognition to SBD** for representing the profession of diamond manufacturer and diamond trader in the HRZKMO for the term 2023-2028. SBD is part of sector committee 9, Technology. Melissa Smet was elected as the deputy vicechair of this committee.

The HRZKMO provided an opinion on the **expansion of the flexible jobs** scheme. Following the note prepared by SBD, the diamond sector was included in the list of sectors whose professional organizations are requesting to also benefit from flexible jobs. The note is mainly based on the following arguments: (1) diamond processing, especially the finishing phase, is more labor-intensive than capital-intensive, and (2) the diamond industry faces volatile supply of goods to be processed, with peaks alternating with declines. The flexi-jobs system can provide diamond employers with a means to better handle these peaks.

Due to recent legislative changes, the **conventional payment term in commercial transactions** generally cannot exceed 60 days. However, the law allows the government to grant a sectoral exception, following a positive advice from the HRZKMO. SBD actively supported the proposal to extend the maximum term in the diamond sector to 180 days.

INTERNATIONAL DIAMOND MANUFACTURERS ASSOCIATION (IDMA)

In 2022, SBD continued to provide **secretarial services for the International Diamond Manufacturers Association**, IDMA. The Presidents' Meeting took place in Dubai on February 24 and 25. Given the Russian invasion of Ukraine on the first day of the meeting, a portion of the time was devoted to discussing the potential ramifications of this conflict. The impact of traceability technology and CSR standards on consumer behavior, as well as the future of a stand-alone manufacturers association versus a midstream representative association, were also discussed.

NBN - BELGIAN STANDARDS ORGANIZATION

Through its representative within NBN, SBD made comments on the draft standard **ISO/WD 6893 - Quality Control of Batches and Sets of Small Diamonds**.

ANTWERP DIAMOND MANUFACTURERS' PLATFORM (ADMP)

To bring about innovation within the diamond sector, it is also necessary to keep pace with **digital transformation**. SBD provides legal and administrative support to ADMP, a project focused on innovation and digital acceleration, while also highlighting Antwerp's authenticity. The project aims to promote the economic activities of the affiliated diamond companies by assisting them in digitization. Until now, there was no online Antwerp platform where Antwerp diamond manufacturers could sell their diamonds. Seven diamond manufacturers collaborated with SBD to find a solution. Together, they developed a digital Antwerp sales platform with a mobile application called 'DiAntwerp' (www.diantwerp.com). SBD also manages the Instagram page of DiAntwerp.

On September 15, 2022, several members of the ADMP Board of Directors had the unique opportunity to pitch the DiAntwerp project to an international panel of experts during the **FACETS2022 diamond conference**. The DiAntwerp team decided to donate the cash prize they won to the Stedelijk Lyceum Eilandje, the only secondary school in Europe that offers diamond cutting and polishing education. Subsequently, on October 12, 2022, the DiAntwerp team presented a symbolic **check to the Stedelijk Lyceum Eilandje** in the presence of Mr. Peter Wouters, alderman for diamonds of the City of Antwerp. Peter Wouters stated, "As a city, we want to play our full role by creating innovative growth opportunities, but it is up to the diamond companies to seize them. And that is exactly what ADMP has done. With the competitive Antwerp sales platform DiAntwerp, ADMP fills a gap in the online market and provides a visible digital showcase for 'in Antwerp processed stones' deserving of these high-quality diamonds." The funds were used to purchase two diamond measurement tools for the students.



Alderman for Diamonds Peter Wouters: "But the cooperation model also deserves praise and is worth following, because in addition to innovation and digitization, joining forces is crucial to make the Antwerp diamond sector future-proof. With this generous gift to the Stedelijk Lyceum Eilandje, ADMP proves that it looks at the bigger picture and is willing to invest in the education level and employment opportunities of local talents, and that is always a good cause."

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Contact SBD: SBD vzw
Hoveniersstraat 22
2018 Antwerpen

+32 0 3 233 11 29

sbd@sbd.be

www.sbd.be

