

RAPAPORT®

UN Global Compact Communication on Progress

2nd COP

Rapaport Group

March 2010

In this document **the Rapaport Group** describes how it upholds and supports the ten principles of the United Nations Global Compact Initiative.

Statement of Support

With the publishing of this our Second Communication on Progress (COP), we at the Rapaport Group wish to reaffirm our continued commitment and support for the United Nation's Global Compact and its excellent work. Membership in the United Nation's Global Compact continues to be of immense benefit to our Group and during this past year we have strengthened our involvement and commitment as leaders and standard-bearers in our industry forging ahead in working towards furthering many of the ten principles in our business practices and in the broader global community.

Indeed many of the 10 principles lie at the cornerstone of our recent advocacy campaign for our call to industry action, and the implementation of a trading ban on dealing in diamonds from Zimbabwe's Marange diamond fields. We at Rapaport have been instrumental in highlighting and making public the recently uncovered ongoing, severe human rights abuses taking place in this diamond-mining area by the Zimbabwe military, and have taken positive steps in calling for an industry-wide ban on the trading in all diamonds from this area, which we believe have found their way to the diamond cutting centres and have reached retailers as polished diamonds. The measures we have implemented and set in motion in an endeavor to halt trade in these Marange "blood diamonds," and educate the industry and create an awareness about these abuses and atrocities which have so tainted and tarnished the reputation of our industry, are described in this report.

We have made strong progress since the publication of our initial COP in 2009 in furthering these and many of the other principles which are at the heart of the aims and goals of the United Nation's Global Compact. There is yet much to be done and we shall continue to strive towards accomplishing this in the years ahead.

Yours truly,

A handwritten signature in black ink, appearing to be 'M. Rapaport', enclosed within a large, loopy oval scribble.

Martin Rapaport
Rapaport Group Chairman & CEO

The Ten Principles of the United Nations Global Compact:

Human Rights

Pages 1-3

- Principle 1: Business should support and respect the protection of internationally proclaimed human rights;
- Principle 2: make sure they are not complicit in human rights abuses.

Labor

Page 4

- Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor;
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Pages 5-6

- Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility;
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Pages 7-9

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Human Rights

Principle 1: Respect the protection of international human rights.

Principle 2: Make sure that they are not complicit in human rights abuse.

GRI indicators represented: HR1, HR2, HR3, HR4, 4.8, 4.10, 4.12, 4.13, 4.17, SO 5

Ban on Zimbabwe`s Marange Diamonds

The Rapaport Group`s support and commitment to the principle of respect for the protection of international human rights as one of its highest priorities is clearly demonstrated by the leadership role we have taken in our recently launched advocacy campaign to curb and halt the trade in diamonds from the Marange, Zimbabwe diamond fields. Based on reliable reports of ongoing rampant killings and human rights abuses by the Zimbabwe military at Marange, Rapaport believes that blood diamonds from these diamond fields have been legally exported to the diamond cutting centers with KP certificates and may now be reaching retailers as polished diamonds. Rapaport has been instrumental in its efforts in making public these abuses and in calling for industry action to halt sales in this blood – stained diamond trade and to educate the diamond sector about these human rights abuses in the industry. The Rapaport Group was the first company within the diamond trade to take an affirmative and pro-active stand against the trade of these unethical “blood-tainted” diamonds from this region by implementing a total ban on all Marange, Zimbabwe diamonds on our RapNet diamond trading network. The Rapaport Group is committed to its responsibility to disseminate information and educate the public regarding diamonds and to act ethically. Rapaport believes that it is unethical and immoral for it to provide a platform for the sale and purchase of these blood diamonds, even if they have KP certificates and are technically legal, regardless of the consequences. It is important for Rapaport to take a strong stance on this issue against Zimbabwe`s Marange diamonds in order to serve as an exemplar and standard-bearer for ethical business practices for the rest of the diamond industry and to strive to uphold the principle of the protection of international human rights and its continued commitment not to deal in and allow its business to be complicit in any unethical and immoral dealings in diamonds extracted in an abusive human rights environment.

The actions and activities taken to achieve the above:

- by the publication on Rapaport`s website of a full web -page containing press releases, a trade alert, articles, reports, background material and other additional information and updates on Marange diamonds and the human rights violations in the Zimbabwean diamond fields. These may be viewed by visitors to our website. For more information, refer to “Rapaport Bans Zimbabwe`s Marange Diamonds” page on Rapaport`s website at: www.diamonds.net/Zimbabwe and to Appendix A;
- by the implementation of an immediate trading ban on all diamonds from Zimbabwe`s Marange diamond fields from being traded on the RapNet electronic trading network. [As Marange rough

diamonds are uniquely identifiable, the ban does not apply to diamonds from Zimbabwe that are not from the Marange area]. Refer to attached Rapaport Press Release “ Rapaport Bans Zimbabwe`s Marange Diamonds” dated November 24, 2009 (Appendix B) and Personal Message from Martin Rapaport to all RapNet Members dated November 26, 2009 (Appendix C);

- by the publication on Rapaport website of letters sent by the Rapaport Group to industry organizations asking them to ban Marange diamonds and calling for the making public of all information such organizations may have relating to human rights abuses in the diamond sector, including but not limited to, Marange diamonds. Refer to attached letters dated November 18, 2009 addressed to the World Federation of Diamond Bourses (WFDB) (Appendix D) and International Diamond Manufacturers Association (IDMA) (Appendix E), and letter dated December 2, 2009 to the World Diamond Council (WDC) (Appendix F);
- by requiring all 4,100-plus RapNet members to immediately remove all RapNet listings of Marange diamonds from the RapNet electronic trading network and to confirm upon login to the network that they will no longer knowingly trade in Marange diamonds or other diamonds involved in human rights abuses;
- by educating the diamond sector how to identify the unique characteristics of Marange rough diamonds, as published by the KP, and making such materials available on our website.

Fair Trade Diamond and Jewelry Conferences

GRI indicators represented: 4.8, 4.13

Since our Initial Communication on Progress, the Rapaport Group has organized and held three Fair Trade Diamond and Jewelry conferences in order to create a new wave of dialogue amongst NGO’s, IO’s, government, members of the diamonds and jewelry trade and concerned individuals relating to Fair Trade. The following Fair Trade Diamond and Jewelry conferences were held since submission of our initial COP:

- March 20, 2009- Rapaport held an hour long conference at the BASELWORLD show in Basel, Switzerland. Participants in the conference included some of the industry's most respected stakeholders who presented different perspectives on the state and future of fair trade jewelry, and then participated in an open panel session, fielding questions from audience members. Presentations and speeches from this conference are available on the Rapaport Fair Trade Website;
- June 2, 2009 - the Rapaport Group held a three hour conference at the JCK 2009 Las Vegas show. This conference highlighted recent developments and issues affecting fair trade diamonds and jewelry and covered topics such as ethical diamond trading initiatives, the empowering of marginalized communities and jewelers through skills development and mentorship programs and the like. Presentations and speeches from this conference are available on the Rapaport Fair Trade Website;
- September 10, 2009- the Rapaport Group introduced a 2 hour Fair Trade panel discussion into the Rapaport 2009 International Diamond Conference held in Manhattan, New York.

Each of the above conferences sought to establish a dialogue within the diamond and jewelry industry amongst various industry organizations in order to establish goals and objectives to create a universal standard for Fair Trade Jewelry. The conferences were well attended and well received. They provided a central forum for discussion. Audience participation was encouraged in order to increase the level of diversity of thoughts and ideas. Each conference was free of charge and open to the public in an attempt to generate a large and broad –based audience and the free exchange of ideas.

Community Outreach

GRI indicators represented: 4.8, 4.13

The Rapaport Group remains committed to community outreach and is strongly dedicated to philanthropic initiatives and charitable causes. The Rapaport Group held its annual International Diamond Conference on September 10, 2009. This conference is an all -day event that attracts the foremost members of the diamond and jewelry industry as well as leading government officials, bankers, financial consultants, analysts and NGO’s. The conference format includes an analysis of global diamond mining, manufacturing, retailing, marketing and finance as well as on human rights and ethical issues. All profits from this conference were donated to the Jeweler for Children organization and the Fair Trade Jewellery Association.

Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Rapaport recognizes that our key asset is our people. Labor relations issues continue to be of great concern to us. Rapaport is committed to adhering to, and going beyond all legal requirements to provide fair, flexible and appropriately remunerated employment to all our permanently employed and freelance staff across our global offices. We remain committed to providing transparent remuneration, flexible working practices and day-to-day working conditions with appropriate benefits for all our staff and personnel, which are on the whole in excess of industry standards and minimum legal requirements.

Principle 4: The elimination of forced and compulsory labor

GRI Indicators Represented: HR7

Principle 5: Abolition of child labor

GRI indicators represented: HR6

Across our global offices Rapaport continues to adhere to all local laws in relation to child labor, and we do not use any forms of child labor.

As has been indicated elsewhere in this report, Rapaport has been instrumental in implementing a trading ban and highlighting and making public the rampant and severe human rights abuses by the Zimbabwe military in the Marange diamond fields, including forced labor, child labor, killings, beatings, smuggling and corruption. We continue to address the reduction and elimination of child labor through the advancement of our fair trade and related programs in Sierra Leone.

Principle 6: The elimination of discrimination in respect of employment and occupation.

GRI indicators represented: LA 10

There continues to be no discrimination in the company's employment practices on the grounds of race, color, creed, religion, national origin, gender, age, or sexual orientation. The company is an equal opportunity employer and the sole criteria for hiring and promotion is based on employee qualifications, abilities and competencies required to do the job.

Environment

Principle 7: Support precautionary approach to environment

GRI indicators represented: 3.13

Principle 8: Undertake initiatives to promote greater environmental responsibility

GRI indicators represented:
EN3, EN4, EN5, EN6, EN7, EN14, 1.1

Principle 9: Development and diffusion of environmentally friendly technology

GRI indicators represented: EN17

As alluded to in our initial COP, since Rapaport is an international network of companies which provides added values services to the diamond industry that supports the development of free, fair and competitive global diamond markets, and is primarily a publishing, research and diamond price and market information service provider and the operator of the world's largest diamond trading network, our core business is internet -based as opposed to a manufacturing, mining extraction or agricultural business. Thus, the role that the Rapaport Group best plays in the matter of environmental responsibility and awareness is not in its own practices, but in that of advocacy and influence on the diamond mining and trading sectors and on the diamond consumer public.

Yet, like all businesses, Rapaport faces considerable environmental challenges and takes its environmental responsibility very seriously. Rapaport supports a precautionary approach to the environment. Our key environmental challenges within our own business structure have focused around office energy, efficiency, transportation and ways to reduce our carbon footprint.

The past year has seen a major change in how we do business in a changing environment and we have introduced a number of initiatives to promote greater environmental responsibility by using renewable energy sources and to increase energy efficiency. These include:

1. The replacement of light bulbs to be more energy efficient and the printing on two sides of a page whenever possible and only upon recycled paper. These endeavors have brought about substantial recycling benefits and energy savings. The turning off of computers, printers, water coolers and urns overnight have also significantly reduced indirect energy consumption;
2. When consideration was given to the opening of a new office in Israel, it was decided that this office would be opened in Jerusalem, the city in which a large number of our office employees who would work there, resided, so that they would be in close proximity to their homes and which would enable them to walk or bike to work. Other schemes that are receiving consideration are the establishment of a car pool system, encouragement of company

executives, management and staff to increase their use of public transportation to and from work thereby reducing their own environmental impact through reduction of personal use of motor cars. Staff members are also encouraged to cut their own environmental impact by biking or walking to work wherever possible.

3. The flying of company executives and management to overseas offices to attend meetings and conferences has also been substantially curtailed. Meetings and conferences in cities abroad where Rapaport offices are located, which would otherwise have been held on a face- to- face basis, are now more and more frequently being held remotely by means of Skype and other forms of teleconferencing technology thereby minimizing and reducing CO2 emissions and reduction of the company`s carbon footprint.

It is the Rapaport organization`s vision to continue contributing to a sustainable environment in the years ahead by the adoption of the above and similar environmentally friendly and energy savings initiatives.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

GRI indicators represented: HR 1, HR2, HR 3, 4.8, 4.9, 4.10, 4.12, 4.13, 4.17, SO2, SO3, SO4, & SO5

The Rapaport Group of Companies firmly believes that all businesses should work against corruption in all its forms. This year Rapaport has focused on revising and updating its RapNet Code of Conduct, Terms of Service and Trading Rules into a strong, re-enforced and robust document that reflects Rapaport's unwavering commitment to an honest, fair, secure, transparent, efficient and competitive market for the trading of diamonds, gems and jewelry and the furthering of its policy of conducting business to the highest moral and ethical standards and business practices in full compliance with all applicable laws and regulations, including but not limited to, the Kimberley Process, U.S. Patriot Act, and U.S. Federal Trade Commission Guidelines. Rapaport seeks to do business only with those who share and support its commitment to these values. No dishonest, illegal and unethical activities or behavior, such as bribery, fraud, corruption, money-laundering, or the trading in conflict or "blood diamonds" will be tolerated. This is clearly borne out in Rapaport's RapNet Code of Conduct, Terms of Service and Trading Rules to which all customers and users of our RapNet diamond trading network service must subscribe.

Rapaport's continued commitment to legal compliance and ethical business dealings and practices is readily discernable by the following principles. Many of these principles are enshrined in our core documentation to which all customers and users of our RapNet diamond trading network ("RapNet Members") must adhere:

Legal and Ethical Business Practices: RapNet Members are held to a high ethical standard which may transcend legal obligations. RapNet Members must trade honestly with one another, in good faith and do business in a way that ensures RapNet remains a safe, secure and trusted trading environment.

Prohibition on trading diamonds involved in Human Rights abuses: All RapNet Members may not knowingly buy or sell diamonds involved in human rights abuses, whether or not it is legally permissible to trade in these products. Rapaport believes that its RapNet service is more than just an electronic trading platform. RapNet is a community of the best diamond people in the world with a heart and soul where doing the right thing is more important than monetary considerations.

Conflict Diamonds: No subscriber may list or trade diamonds through Rapaport, RapNet or any service offered by Rapaport businesses which do not meet the Kimberley Process (KP) standards. Should one of our trading partners ever be found to be in violation of these standards, we would cease business relationships with them.

Trading Ban on all diamonds from Zimbabwe's Marange Diamond fields: In amplification of the above and indicative of Rapaport's steadfast support and commitment to these values and trading principles

for the establishment of an ethical business environment, Rapaport has recently implemented a trading ban on its RapNet trading service on all diamonds from Zimbabwe's Marange diamond fields due to the severe human rights abuses perpetrated there. These trade restrictions are posted on Rapaport's website. Rapaport will also deny access to its RapNet service to all RapNet Members who knowingly continue to trade in these diamonds, even if such diamonds have KP certificates and are technically legal. Severe punitive measures for the expulsion and removal from such service of any RapNet member who violates this trading rule have been introduced. Detailed information for RapNet Members about how to identify the unique identification characteristics of Marange rough diamonds and extensive information about Marange polished diamonds and additional other information and updates about these diamonds are available from our website at www.diamonds.net/Zimbabwe.

Anti-Money Laundering: Internal controls and annual compliance audits continue to be undertaken, and policies and procedures strictly followed, to ensure that Rapaport is in full compliance with its anti-money laundering program and obligations under the anti-money laundering provisions of the US Patriot Act and other regulations applicable to the diamond industry for detecting money laundering transactions and terrorist financing. All group activities are strictly monitored and controlled to ensure adherence to anti-money laundering laws, policies, procedures and controls for the existence of any entities or individuals making unlawful use of Rapaport trading systems, business methods and platforms to facilitate money laundering or terrorist financing.

Treated (HPHT) or synthetic diamonds: Rapaport is committed to the highest level of disclosure regarding any treatment to natural diamonds. Full disclosure of all treatments and/or other factors that may affect the resale value of the diamonds is required. Misrepresentation is not allowed and full disclosure is required.

Trading Rules: All agreements and transactions between RapNet Members are binding. This includes oral, telephone, email, fax, online or written agreements. If the phrase "Mazal" is used and agreed to by both parties, the deal is concluded. RapNet Members cannot go back on their Mazal commitments. Terms and conditions of sale or memo should be specified in full. This includes amount and date of payment, type of payment, delivery, return, shipping and insurance conditions, taxes and custom fees and any other factors important to the transaction. RapNet Members should not trade in a manner that leaves room for misrepresentation, misunderstanding or confusion. In the event of a gross or obvious error, members should agree to void the transaction. Bait and switch listings and advertising are not allowed. RapNet Members may not list diamonds or other products at low prices, tell buyers the product is unavailable and then offer alternative products at higher prices. Sellers should ensure that diamond listings contain all relevant information.

The actions and activities taken to achieve the above:

1. The introduction and implementation of a newly devised and improved RapNet Code of Conduct, Terms of Service and Trading Rules detailing the terms of service and rules applicable for trading on our RapNet service. These rules and regulations ensure that diamond trading takes place on our trading platforms in full compliance with all applicable laws, legal and ethical

business practices, and that all aspects of the Kimberley Process and anti-money laundering regulations relating to the diamond industry are followed. Trading restrictions like the ban on all diamonds from Zimbabwe's Marange Diamond fields and on trading in diamonds involved in human rights abuses are strictly enforced. Rapaport's RapNet Code of Conduct, Terms of Service and Trading Rules are available through their website (Appendix G and Appendix H);

2. Continued regular monitoring and auditing of group activities and business dealings are undertaken to ensure proper and strict compliance and adherence to laws and to serve to promote sound and ethical business practices;
3. Ongoing employee educational programs take place to re-enforce and strengthen employee knowledge and methodology for carrying out of employee functions for customer identity verifications, checks and procedures for detection of money laundering activities and fictitious transactions;
4. In addition to Rapaport's continued support of the Kimberley Process in terms of which all diamonds sold and traded on Rapaport systems and networks are warranted to be conflict free, Rapaport has banned the trading of diamonds from Marange, Zimbabwe on its RapNet service and has denied access thereon to all RapNet Members who knowingly trade in these diamonds. All 4,100-plus RapNet members have been required to immediately remove all RapNet listings of Marange diamonds and to confirm upon login to the RapNet trading network that they will no longer knowingly trade in Marange diamonds or other diamonds involved in human rights abuses. RapNet Members have been asked to affirm their agreement not to trade in Marange diamonds by clicking on an "I Agree " box before entering the RapNet service and to confirm their acceptance with the RapNet Code of Conduct and Terms of Service. Refer attached Personal Message from Martin Rapaport to all RapNet Members dated November 26, 2009 (Appendix C).

**Index of GRI Performance Indicators Relevant to the
Implementation of the Global Compact Principles**

GRI Indicator	Description	Reported Under	Pages
HR 1	Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results	Principles 1, 2 & 10	1-3 & 7-9
HR 2	Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors and customers	Principles 1, 2 & 10	1-3 & 7-9
HR 3	Description of policies and procedures to evaluate and address human rights performance with the supply chain and contractors and customers, including monitoring systems and results of monitoring	Principles 1, 2 & 10	1-3 & 7-9
HR 4	Description of global policy and procedures/ programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring	Principles 1&2	1-3
HR 6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Principle 5	4
HR 7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	Principle 4	4
LA 10	Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring	Principle 6	4
3.13	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Principle 7	5
EN 3	Direct energy consumption by primary source	Principle 8	5
EN 4	Indirect energy consumption by primary source	Principle 8	5
EN 5	Energy saved due to conservation and efficiency improvements	Principle 8	5
EN 6	Initiatives to provide energy efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Principle 8	5 & 6
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved	Principle 8	5 & 6

EN 14	Significant environmental impact of principal products and services	Principle 8	5 & 6
1.1	Statement of the organization's vision and strategy regarding its contribution to sustainable development	Principle 8	6
EN 17	Initiatives to use renewable energy sources and to increase energy efficiency	Principle 9	5 & 6
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Principle 1& 10	2,3 & 7-9
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Principle 10	7-9
4.10	Processes for evaluating the highest performance body's own performance, particularly with respect to economic, environmental, and social performance	Principle 1& 10	1, 7-9
4.12	Externally developed economic, environmental, and social charters, principles, or other indicatives to which the organization subscribes or endorses	Principle 1& 10	1, 7-9
4.13	Membership in associations (such as industry associations) and /or national /international advocacy organizations in which the organization: has positions in government bodies/participates in projects or committees/provides substantive funding beyond routine membership dues or views membership as strategic	Principle 1, 7&10	1,2,3 & 7-9
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting	Principle 1& 10	1, 7-9
SO 2	Description of the policy, procedures/management systems, and compliance mechanisms for organizations and employees addressing bribery and corruption	Principle 10	7-9
SO 3	Percentage of employees trained in organization's anti-corruption policies and procedures	Principle 10	7-9
SO 4	Actions taken in response to incidents of corruption	Principle 10	7-9
SO 5	Public policy positions and participation in public policy development and lobbying	Principle 1& 10	1, 7-9

Appendix

- Appendix A: “Rapaport Bans Zimbabwe’s Marange Diamonds “ page from website:
www.diamonds.net/Zimbabwe
- Appendix B: Rapaport Press Release “Rapaport Bans Zimbabwe’s Marange Diamonds” dated November 24, 2009
- Appendix C: Personal Message from Martin Rapaport to RapNet Members dated November 26, 2009
- Appendix D: Letter from Rapaport dated November 18, 2009 addressed to the World Federation of Diamond Bourses (WFDB)
- Appendix E: Letter from Rapaport dated November 18, 2009 addressed to the International Diamond Manufacturers Association (IDMA)
- Appendix F: Letter from Rapaport dated December 2, 2009 addressed to the World Diamond Council (WDC)
- Appendix G: RapNet Code of Conduct
- Appendix H: RapNet Terms of Service

Appendix A

“Rapaport Bans Zimbabwe’s Marange Diamonds”

Page

From website:

www.diamonds.net/Zimbabwe

www.rapnet.com

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Rapaport Bans Zimbabwe's Marange Diamonds

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TRADE ALERT: Rapaport Bans Zimbabwe's Marange Diamonds

The Rapaport Group and the RapNet Diamond Trading Network have implemented an immediate trading ban on all diamonds from Zimbabwe's Marange diamond fields due to severe human rights violations. The ban does not apply to diamonds from Zimbabwe that are not from the Marange area. RapNet members should immediately remove all RapNet listings of Marange diamonds. Firms and individuals that continue to trade in diamonds from Marange will be denied access to all Rapaport services.

♦ - Recommended Articles

- **Stop Buying and Selling Blood Diamonds by Martin Rapaport ♦ Rapaport Diamond Report - February 2009**

Rapaport Press Releases and Letters:

- **Rapaport Resigns from World Diamond Council ♦ Rapaport Press Release - February 1, 2010**
- **Rapaport Letter of Resignation from World Diamond Council ♦ February 1, 2010**
- **Rapaport calls on the Responsible Jewellery Council to ban Marange Diamonds ♦ January 19, 2010**
- **Rapaport calls on World Diamond Council to ban Marange Diamonds and World Diamond Council Responds ♦ December 2, 2009**
- **Rapaport Press Release on Banning Zimbabwe's Marange Diamonds ♦ November 24th, 2009**
- **Rapaport calls on World Federation of Diamond Bourses (WFDB) and International Diamond Manufacturers Association (IDMA) to ban Marange diamonds November 18, 2009**
- **Background: Zimbabwe's Marange Diamond Mines ♦ March, 2009**

Reports of Human Rights Violations in Zimbabwean Diamond Fields:

- **Stop Buying and Selling Blood Diamonds by Martin Rapaport ♦ Rapaport Diamond Report - February 2009**
- **Letter To Diamond Retailers Regarding Zimbabwe's Blood Diamonds ♦ Human Rights Watch - December 17, 2009**
- **Rapaport Bans Zimbabwe's Marange Diamonds by Martin Rapaport ♦ Rapaport Diamond Report - December 2009**
- **Zimbabwe's Diamond Mines Lead to Rape, Murder, and Thievery ♦ Fast Company Magazine - December 1, 2009**
- **Zimbabwe Faction Seizes Diamond Riches to Buy Power Rapaport News - November 30, 2009**
- **Human Rights Reports Ongoing Abuses in October ♦ Rapaport News - November 7, 2009**
- **Press Release on Zimbabwe World Diamond Council - November 6, 2009**
- **Africa's Diamond Trade Under Scrutiny ♦ New York Times - November 4, 2009**
- **Human Rights Abuses in the Marange Diamond Fields of Zimbabwe ♦ Human Rights Watch Report - June 2009**
- **Zimbabwe, Diamonds and the Wrong Side of History ♦ Partnership Africa Canada Report - March 2009**

The following report was kept secret by the Kimberley Process and finally made public by the New York Times on Nov. 4, 2009

- **Kimberley Process Review Mission Report and Zimbabwe Response ♦ Kimberley Process Final Report - 30 June - 4 July 2009**
- **How to identify Rough Diamonds from Marange, Zimbabwe Kimberley Process WGDE Report - December, 2008**

Rapaport Broadcast



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- Weekly Broadcast
- Fair Trade Jewelry

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- **ALROSA Sold \$677M of Diamonds So Far in 2010**
ALROSA reported Monday that it has sold \$667 million worth of diamonds in the first two ...
- **Petra Sells 507-Carat Rough Diamond for \$35M**
Petra Diamonds sold its 507.5-carat Cullinan Heritage rough diamond for \$35.3 ...
- **Market Comments 2/25/2010**
February DTC sight estimate at \$525m with slightly softer premiums. Rough price speculation may be easing ...
- **DTC's Feb. Sight Estimated at \$525M**
The Diamond Trading Company's (DTC) February sight closed this past week, achieving an ...

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- **De Beers**



The Marange Mines are located within the Chiadzwa Diamond Fields in the Mutema West region, 90km southwest of the city of Mutema on the eastern border of Mozambique.

Map courtesy of allaboutgemstones.com

For additional information about the ban and how to identify Marange diamonds email zimbabwe@diamonds.net or contact your local RapNet representative.

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While the information presented is from sources we believe reliable, we do not guarantee the accuracy or validity of any information presented by Rapaport or the views expressed by users of our internet service.

Appendix B

Rapaport Press Release "Rapaport Bans Zimbabwe's Marange Diamonds"

dated November 24, 2009

Media Contact: media@diamonds.net

Europe: Alissa Goren +972-54-345-1317

India: Pooja Kotwani +91-98-6725-9995

USA: Sherri Hendricks +1-702-893-9400

Rapaport Bans Zimbabwe's Marange Diamonds

RapNet Diamond Trading Network Will Expel Members Who Trade In Marange Diamonds

PRESS RELEASE, November 24, 2009 – The Rapaport Group and the RapNet Diamond Trading Network have implemented an immediate trading ban on all diamonds from Zimbabwe's Marange diamond fields due to severe human rights violations. As Marange rough diamonds are uniquely identifiable, the ban does not apply to diamonds from Zimbabwe that are not from the Marange area.

Legitimate NGO's have documented severe human rights abuses in Marange. Their demands that Zimbabwe be expelled from the Kimberley Process were denied. Human Rights Watch reported that late last year "the army killed at least 214 miners." While the killings may have stopped, there are continued reports of human rights violations. Rapaport believes that blood diamonds from the Marange fields have been legally exported to the diamond cutting centers with Kimberley Process Certificates and may now be reaching retailers as polished diamonds.

"The Kimberley Process (KP) is being used as a fig leaf to cover up human rights abuses in the diamond sector. Reports describing abuse have been kept secret by the KP and the World Diamond Council (WDC). Rapaport calls on the WDC to immediately make public all information it has relating to human rights abuses in the diamond sector, including but not limited to Marange. We call on the World Federation of Diamond Bourses (WFDB) and the International Diamond Manufacturers Association (IDMA) to educate its members about human rights abuses in the diamond sector and to immediately halt the trade in Marange diamonds by publicly naming and expelling members that continue to knowingly trade in Marange diamonds," said Martin Rapaport, Chairman of the Rapaport Group.

Over the next few days all 4,100+ RapNet members will be required to immediately remove all RapNet listings of Marange diamonds and to confirm upon login to the trading network that they will no longer knowingly trade in Marange diamonds or other diamonds involved in human rights abuses. The Rapaport Group has also sent letters to industry organizations asking them to ban Marange diamonds.

Rough diamond dealers are advised to review the unique identification characteristics of Marange rough diamonds published by the Kimberley Process and available on our website. Polished diamond buyers should inquire about the source when being offered diamonds with a greenish hue in G-Z and faint green colors. While not all Marange polished diamonds have a greenish hue and not all green hue diamonds are from Marange, significant numbers of such Marange stones are appearing in the market.

For additional information and updates about Marange diamonds visit www.diamonds.net/Zimbabwe.

About the Rapaport Group: The Rapaport Group is an international network of companies providing added value services that support the development of free, fair and competitive global diamond markets. Established in 1978, the Rapaport Diamond Report is the primary source of diamond price and market information. Group activities include publishing, research and marketing services, internet information and diamond trading networks, global rough and polished diamond tenders, diamond certification, quality-control, shipping, and financial services. Major activities of the group include RapNet the world's largest diamond trading network with daily online diamond listings of over \$4 billion and more than 4,100 members in 80 countries. Additional activities include development of markets for Fair Trade Diamonds and Jewelry. The Rapaport Group maintains offices in Las Vegas, New York, Antwerp, Tel Aviv, Dubai, Mumbai, Surat, Hong Kong, and Shanghai. Additional information is available at www.diamonds.net.

Appendix C

Personal Message from Martin Rapaport to RapNet Members
dated November 26, 2009

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RapNet ® AgreementMon, Mar 1, 2010
07:55 New York**A Personal Message from Martin Rapaport**

Dear RapNet Members,

Greetings and best wishes for a successful holiday season.

This intervention is being made to alert you to the grave human rights violations in Marange, Zimbabwe. According to reliable reports at least 214 miners were killed by the Zimbabwean military late last year. While the killings may have stopped there are continued reports of human rights violations. We believe that blood diamonds from Marange may have been issued Kimberley Process (KP) certificates and legally imported into the cutting centers. Many of these diamonds have been polished and even certified, and they are now working their way through the diamond trade. While trade in some Marange diamonds may not violate national laws, I believe that it is unethical and immoral for RapNet to provide a platform for the sale or purchase of blood diamonds - even if they have KP certificates and are technically legal.

Accordingly, the Rapaport Group and RapNet have banned the trading of diamonds from Marange, Zimbabwe and access to RapNet will no longer be available to RapNet members that knowingly trade in these diamonds. Detailed information about how to identify Marange rough diamonds, limited information about Marange polished diamonds and extensive additional information is available at www.diamonds.net/zimbabwe.

All RapNet Members are now being asked to affirm their agreement not to trade in Marange diamonds by clicking on the "I Agree" box below. At this time we are also asking members to confirm their acceptance of RapNet Code of Conduct and Terms of Service.

We apologize for any inconvenience that this intervention may cause you. I believe that RapNet is more than just an electronic trading platform – we are a community of the best diamond people in the world. We have heart and we have soul. Doing the right thing is more important than making money.

As always your comments and suggestions are most appreciated. Please do not hesitate to contact me directly via email at martin@diamonds.net. I thank you for your understanding and continued support.

Yours truly,

Martin Rapaport
Chairman: Rapaport Group

Please confirm your acceptance of the following by checking the "I Agree" box.

- I agree not to knowingly trade diamonds from Marange, Zimbabwe and immediately remove all listings of Marange diamonds from RapNet.
- I accept and agree to fully comply with all [RapNet Code of Conduct](#) and [Terms of Service](#).
- I do not agree or accept the above conditions.

Your name: (first - last)Your Email Address Please feel free to contact support@rapnet.com with questions and comments.

Thank you.

RapNet Diamond Trading Network

[Click Here to Enter RapNet](#)

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 Index®, RapNet®, Rapaport®, PriceGrid™, Diamonds.Net™, and JNS®; are TradeMarks of Martin Rapaport.
 While the information presented is from sources we believe reliable, we do not guarantee the accuracy
 or validity of any information presented by Rapaport or the views expressed by users of our internet service.

Appendix D

Letter from Rapaport addressed to the World Federation of Diamond Bourses (WFDB)

dated November 18, 2009

RAPAPORT®

Mr. Avi Paz
President
World Federation of Diamond Bourses
Jabotinsky 1
Ramat Gan, Israel

November 18, 2009

Dear Mr. Paz:

Severe human rights violations have taken place in the diamond fields of Marange, Zimbabwe. I respectfully request that the World Federation of Diamond Bourses (WFDB) adopt a resolution banning the trade of Marange diamonds in all WFDB bourses and by all WFDB members. I encourage the WFDB to inform all members about the situation in Marange and provide members with information about how to identify diamonds from Marange.

A possible WFDB resolution might read as follows:

“The World Federation of Diamond Bourses (WFDB) is shocked and saddened by the severe human rights abuses that have taken place in Marange, Zimbabwe. The WFDB hereby bans the trading of all diamonds originating from Marange. No WFDB bourse or member shall knowingly trade in diamonds originating from Marange, Zimbabwe. Any member that violates this ban shall be expelled from the WFDB with notice posted in all WFDB member bourses. All WFDB bourses should inform members about the situation in Marange and provide members with information about how to identify diamonds from Marange.”

Thank you for your kind consideration.

Yours truly,

Martin Rapaport
Chairman
Rapaport Group

Appendix E

Letter from Rapaport addressed to the International Diamond Manufacturers Association
(IDMA)

dated November 18, 2009

RAPAPORT®

Mr. Motti Ganz
President
International Diamond Manufacturers Association
Betzael 54
Ramat Gan, Israel

November 18, 2009

Dear Mr. Ganz:

Severe human rights violations have taken place in the diamond fields of Marange, Zimbabwe. I respectfully request that the International Diamond Manufacturers Association (IDMA) adopt a resolution banning the trade of Marange diamonds by all IDMA members. I encourage IDMA to inform all members about the situation in Marange and provide them with information about how to identify diamonds from Marange.

A possible IDMA resolution might read as follows:

"The International Diamond Manufacturers Association (IDMA) is shocked and saddened by the severe human rights abuses that have taken place in Marange, Zimbabwe. IDMA hereby bans the trading of all diamonds originating from Marange. No IDMA member shall knowingly trade in diamonds originating from Marange, Zimbabwe. Any member that violates this ban shall be expelled from IDMA with notice sent to all IDMA organizations. IDMA organizations are asked to inform their members about the situation in Marange and provide members with information about how to identify diamonds from Marange."

Thank you for your kind consideration.

Yours truly,

Martin Rapaport
Chairman
Rapaport Group

Appendix F

Letter from Rapaport addressed to the World Diamond Council (WDC)

dated December 2, 2009

RAPAPORT®

Mr. Eli Izhakoff
Chairman
World Diamond Council
580 Fifth Avenue
New York, NY 10036, USA

December 2, 2009

Dear Eli,

I write this letter to express my deep concern regarding human rights violations in the diamond sector and the role of the World Diamond Council (WDC). While the WDC actively supports the Kimberley Process (KP) and at times may encourage the KP to consider a more proactive stance regarding human rights violations, the WDC has failed to take responsibility for investigating, communicating and eliminating human rights violations in the diamond industry.

Although I understand the limitations of the WDC given its budgetary and organizational constraints, I cannot accept the fact that the WDC rampantly misrepresents its role, and the role of the KP, with regard to human rights abuses. The diamond industry has been misled by the WDC into believing that diamonds with a KP certificate are acceptable for trade and free of human rights abuses. The WDC has not communicated the limitations of the KP and the WDC to the trade.

Furthermore it is entirely unacceptable for the WDC to cover up human rights violations in the diamond sector by withholding detailed information about severe human rights violations in Marange. The WDC has not communicated to the diamond trade the fact that Marange blood diamonds have been issued KP certificates and legally exported to the cutting centers. Many of these diamonds were cut and polished by supposedly legitimate members of the diamond trade and are now reaching retailers as polished diamonds. The WDC has not only failed to stop the flow of these blood diamonds, it has also failed to communicate the existence of "KP approved legal" blood diamonds.

I am shocked and sickened by the fact that the WDC has not made public or notified the diamond trade about the contents of the "Review Mission to Zimbabwe – 30 June to 4 July, 2009" even though the WDC participated in the mission.

I quote from page 26 of the report finally made public by the New York Times on November 4 and still not publicized by the WDC to the diamond trade in spite of my request to do so.

"Each one of these illegal miners reported seeing people killed and the numbers they cited ranged from one to seven." "The Team interviewed more than 20 victims in Mutare and Chiadzwa. The victims included women who reported that, while under the custody of the security forces, they were raped repeatedly by military officers and that they have been forced to engage in sex with illegal diamond miners. One victim told the Team that she tested HIV positive after she had been forced to have sex with two men and then raped by a military officer."

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Clearly, a red line has been crossed and I believe the WDC has lost its moral compass. Marange diamonds are blood diamonds. The WDC must decide if its primary loyalty is to the KP, the diamond industry, or the principles of human decency. The WDC cannot continue to use KP confidentiality as an excuse to cover up severe human rights violations. Failure to disclose such human rights violations does not protect the trade. It results in higher diamond sales at the unbearable cost of human lives, murder, rape and slavery.

We must face the fact that blood diamonds have been legally exported and allowed to penetrate our diamond trade while the WDC has held back and is failing to publicize detailed information that would encourage legitimate companies to stop trading Marange diamonds. Blood diamonds have been legalized and legitimized. They are now trading freely in the diamond industry.

Recommendations:

1. The WDC should immediately make public all information it has relating to human rights violations in the diamond sector, including but not limited to activities taking place in Marange, Zimbabwe.
2. The WDC should publicly state its mission and communicate whether or not it takes responsibility for investigating, communicating and eliminating human rights abuses in the diamond industry. The WDC must clarify its role and the role of the KP with full and honest disclosure about the limitations of each organization. If the WDC limits its role to KP observer it should publicly state this.
3. The WDC should immediately make it clear to the diamond trade that diamonds from Marange that were involved in severe human rights violations have been issued KP certificates and that KP certificates are not a guarantee that diamonds are free of severe human rights violations. Furthermore, The WDC should communicate to the trade that Marange diamonds have penetrated the cutting centers and are now being sold as polished diamonds to dealers and retailers.
4. The WDC should immediately do everything in its power to stop the trade in Marange diamonds wherever and however they are found. Marange diamonds must not be sold anywhere, whether they are rough diamonds in the cutting centers or polished diamonds with dealers or retailers.
5. The WDC should immediately implement transparent and correct governance procedures. It should make public by whose authority it operates and to whom it is responsible. How, when, where, and by whom are officers and directors elected? How does the board of directors ensure that there are no conflicts of interest?
6. The WDC should call for a meeting of its members; to ensure that everything possible is done to exclude Marange diamonds from the diamond and jewelry trade and that the role and governance of the WDC is properly defined, communicated and implemented.
7. WDC directors should personally review reports of human rights abuses in the diamond trade including: The in-depth detailed report by Joshua Hammer that appeared in Fast Company.com this past week, *"Zimbabwe's Diamond Mines Lead to Rape, Murder and Thievery"*; New York Times – Nov. 4, 2009, *"Africa's Diamond Trade Under Scrutiny"*; Human Rights Watch – June 2009, *"Human Rights Abuses in the Marange Diamond Fields of Zimbabwe"*; and Partnership Africa Canada – March 2009, *"Zimbabwe, Diamonds and the Wrong Side of History"*.

It should be clear that the responsibility of the diamond industry not to trade in blood diamonds transcends law. The diamond trade has a moral and ethical obligation not to deal in blood diamonds even if such diamonds are deemed by governments to be perfectly legal.

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I take this opportunity to alert the WDC of credible reports that blood diamonds from Zimbabwe are being partially or wholly cut in Zimbabwe so as to avoid KP restrictions on their export and distribution to the diamond trade. Furthermore, Human Rights Watch reports continued human rights abuses including killings in the Marange area of Zimbabwe. Unless and until the diamond trade stops buying Marange diamonds the situation will worsen.

I sincerely hope that this letter encourages the WDC to properly define its obligations and play a positive role in the elimination of blood diamonds from the diamond trade.

Thank you for your time and consideration.

Yours truly,



Martin Rapaport
Chairman
Rapaport Group

CC: Members of the World Diamond Council, Members of the diamond industry and jewelry trade

Appendix G

RapNet Code of Conduct

Martin Rapaport Presentations in Hong Kong and Bangkok
"The Diamond Decade: New Opportunities"

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RapNet Code of Conduct

Mon, Mar 1, 2010
08:00 New York

RapNet Code of Conduct

– Updated Nov. 25, 2009

1. Welcome

- 1.1. The RapNet Diamond Trading Network (RapNet) welcomes legitimate members of the international diamond and jewelry trade. Firms or individuals seeking membership are invited to complete our membership application.
- 1.2. RapNet membership is subject to approval. RapNet reserves the right to restrict, deny, suspend, or terminate membership at any time for any reason. RapNet members may appeal to the RapNet governing board regarding actions taken by RapNet management.
- 1.3. All RapNet Members must accept, agree and comply with the RapNet Code of Conduct, Terms of Service and Trading Rules. Members are encouraged to contact RapNet with questions, comments, complaints and suggestions for changes to the above documents.
- 1.4. The RapNet Code of Conduct, Terms of Service and Trading Rules are subject to change and may be updated regularly. Notice of updates will be posted on the RapNet website. Such updates are an integral part of the RapNet Terms of Service agreement and binding upon RapNet Members.
- 1.5. RapNet is fully owned and operated by the Rapaport Group of Companies under the chairmanship of Martin Rapaport.

2. Legal and Ethical Business Practices

- 2.1. RapNet is a value based organization which strives to provide an honest, fair, secure, transparent, efficient and competitive market for the trading of diamonds, gems and jewelry. RapNet members should accept and support these values.
- 2.2. RapNet Members must fully comply with all applicable local, state, federal and international laws and regulations. This includes but is not limited to all laws and regulations related to the Kimberley Process, U.S. Patriot Act, and U.S. Federal Trade Commission Guidelines.
- 2.3. RapNet Members may not knowingly buy or sell products involved in human rights abuses, whether or not it is legally permissible to trade in these products. RapNet Members are held to a high ethical standard which may transcend legal obligations.
- 2.4. RapNet may from time to time require members to comply with specific trade restrictions based on ethical considerations. Such trade restrictions will be posted on our website.

3. RapNet Access and Confidentiality

- 3.1. RapNet Members may not disclose or share their access or password with any third party. Password use is strictly limited to specific individuals. Members may request additional passwords from RapNet customer service in the event multiple users require access to RapNet. Additional charges may apply.
- 3.2. RapNet Members may not disclose proprietary RapNet or Rapaport information to third parties. The Rapaport Price List and RapNet Price Lists are examples of such proprietary information.
- 3.3. RapNet Members may not download RapNet sell listings, buy requests, or any other RapNet data without the permission of the company posting the listings.
- 3.4. RapNet Members may not share names or contact information of other RapNet Members with third parties. They may not send email broadcasts to other members.
- 3.5. RapNet Members may use automatic electronic data transfer programs through our technet.rapnet.com website. Members may not use automated computer programs to access RapNet data, perform automatic searches or download unless they have been given permission to do so.
- 3.6. RapNet Members may not access, use, store, share or distribute Rapaport, RapNet or RapNet Member information without the permission of RapNet.

4. Trading

- 4.1. RapNet Members must trade honestly, in good faith and do business in a way that ensures RapNet remains a safe, secure and trusted trading environment.
- 4.2. All agreements and transactions between RapNet Members are binding. This includes oral, telephone, email, fax, online or written agreements. If the phrase "Mazal" is used and agreed to by both parties, the deal is concluded. Members cannot go back on their Mazal commitments.
- 4.3. Terms and conditions of sale or memo should be specified in full. This includes amount and date of payment, type of payment, delivery, return, shipping and insurance conditions, taxes and custom fees and any other factors important to the transaction. Members should not trade in a manner that leaves room for misrepresentation, misunderstanding or confusion.
- 4.4. In the event of a gross or obvious error, members should agree to void the transaction.
- 4.5. Full disclosure of all treatments and/or other factors that may affect the resale value of the product is required. Misrepresentation is not allowed and full disclosure is required.
- 4.6. Bait and switch listings and advertising are not allowed. Members may not list diamonds or other products at low prices, tell buyers the product is unavailable and then offer alternative products at higher prices. Sellers should ensure that diamond listings contain all relevant information.
- 4.7. RapNet will be issuing comprehensive RapNet Trading Rules in the near future. The Trading Rules will be posted on the RapNet website and thereafter will become binding on RapNet Members.

5. Financial

- 5.1. RapNet Members must fully honor all their financial obligations.
- 5.2. RapNet members must notify RapNet management in the event they are unable to meet their financial obligations and/or if they are

seeking protection under bankruptcy laws.

6. Disclosure

6.1. RapNet reserves the right to disclose the full identity of any RapNet Member that violates the RapNet Code of Conduct, Terms of Service and/or Trading Rules.

7. Communication

7.1. RapNet members are encouraged to share their views concerning the RapNet Code of Conduct, Terms of Service and Trading Rules and other aspects of our service. Whenever and wherever possible we will try to incorporate the recommendations of our Members. Your communications are most important and very welcome.

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While the information presented is from sources we believe reliable, we do not guarantee the accuracy
or validity of any information presented by Rapaport or the views expressed by users of our internet service.

Appendix H

RapNet Terms of Service

Friday, February 26, 2010 – Bangkok Gems and Jewelry Fair
 Sunday, March 7, 2010 – Hong Kong International Jewellery Show

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RapNet – Terms Of Service

Mon, Mar 1, 2010
 08:03 New York

RapNet – Terms Of Service

– Updated Nov. 25, 2009

1. General

1.1. Acceptance of RapNet Terms of Service

By using the RapNet services provided and accessing the RapNet website and/or information at Rapnet.Com and/or Diamonds.Net you contractually agree and accept the terms of the RapNet Terms of Service (TOS)

1.2. Terms of service

The RapNet Terms of Service ("TOS") incorporates and includes this document as well as the RapNet Code of Conduct, RapNet Privacy Policy and RapNet Trading Rules. Each part of the TOS forms an integral and inseparable part of the TOS.

1.3. Changes:

This TOS may be changed from time to time and unless you provide written notice within 3 business days you agree to accept such changes as part of your contractual obligation. Such changes will be posted on the RapNet website.

2. Definitions

2.1. The term "Rapaport" when used in this TOS includes:

all Rapaport and RapNet Network Services;

all Rapaport and RapNet pricing and information services including information supplied by Diamonds.Net, Rapaport Diamond Report®, RapNet® and INDEX®

All employees, agents and consultants of Rapaport or any company Rapaport owned, or partially owned by Rapaport.

Martin Rapaport and all companies owned by Martin Rapaport and their employees, agents and consultants.

All disclaimers of warranty and limitations of liability in this agreement apply to Rapaport

The term "Service" refers to the services provided by Rapaport.

2.2. The term "User" or "RapNet Member" includes the individual and/or company applying for or using the Service.

3. Description of Service:

3.1. Rapaport provides access to trading, pricing, news and other information services related to diamonds, gems and jewelry. The information is for the use of paid registered Users.

3.2. While the Service is designed to provide the User with the ability to buy, sell, list and price diamonds, the information about diamonds does not provide an appraisal or guarantee of value, nor does it give suggestions or recommendation of any sort as for buying or selling of diamonds.

3.3. Diamond grading and pricing is based on subjective methods of analysis and no guarantee is made or liability assumed as to the accuracy or validity of the information provided by the service or the expertise of those providing information via the service.

3.4. Rapaport does not guarantee the quality, accuracy, reliability of nay information provided.

3.5. Rapaport does not guarantee the quality, integrity or creditworthiness of any member of any trading network. All services provided are on an as-is basis with no Rapaport guarantees or warranties. User agrees that Rapaport is not responsible for any additional, consequential or other damages. Rapaport's liability shall be strictly limited to the membership fees paid to Rapaport.

4. Access to the Service

4.1. Access to the Service is provided to registered paid Users. User must provide, at User's own cost, all telephone, computer, modem and other equipment and software necessary to access and use the Service and shall be responsible for all charges necessary for such access and use.

4.2. Users must complete an application request for membership and access to the Service.

4.3. Rapaport reserves the right to refuse, restrict, suspend, limit or terminate any or all Services provided to any User at any time for any reason subject to the condition that Rapaport will refund on request the balance of any money paid for the service.

4.4. RapNet Members may not disclose or share their access or password with any third party. Password use is strictly limited to specific individuals. Members may request additional passwords from customer service in the event multiple users require access to the company data. Additional charges may apply.

4.5. RapNet Members may not disclose proprietary RapNet or Rapaport information to third parties The Rapaport Price List and RapNet Price Lists are examples of such proprietary information.

4.6. RapNet Members may not download RapNet sell listings, buy listings, or any other RapNet data without the permission of the company posting the listings.

4.7. RapNet Members may not share names or contact information of other RapNet Members with third parties. They may not send email broadcasts to other members.

4.8. RapNet Members may not access, use, store, share or distribute Rapaport, RapNet or RapNet Member information without the permission of RapNet.

4.9. RapNet Members are required to fully complying with all TOS conditions.

5. Listing and Trading of diamonds:

5.1. Kimberley Process

Only diamonds meeting the Kimberley Process rules and regulations may be listed or traded through the Service and/or Rapaport. No diamond may be listed or traded unless:

5.1.1. The diamond was purchased from suppliers who have warranted to the User that the diamond is "conflict free" ; or

5.1.2. The User can guarantee from personal knowledge that the diamond is conflict free.

5.1.3. All Users must supply invoices in respect of sales to other Users. All diamonds sold or traded via Rapaport must contain one of the

following declarations on the invoices:

5.1.4. The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.

OR

5.1.5. The diamonds herein invoiced were acquired by the seller prior to January 1, 2003 and were purchased from sources believed to be reliable. The seller hereby guarantees that they have no personal knowledge or reason to believe that these diamonds are conflict diamonds which have been traded in violation of any United Nations Resolution.

5.1.6.

Treated diamonds

Treated and enhanced diamonds (laser drilled, clarity enhanced, irradiated, HPHT) may be listed and traded on the Service or Rapaport, however full disclosure must be made as to the process and the effect of the treatment. All Users must disclose the treatment when listing the diamond and on the invoice to the purchaser. Should any User be found to have listed or traded such a diamond without such full prior disclosure, their access to the Service will be permanently terminated without notice.

Listing (uploading) diamond information

5.2. Users may not list (upload) diamonds with inaccurate, false or misleading information.

5.3. Users must provide accurate information on the availability of their diamonds listed.

5.4. Users must update the pricing and availability information every 8 days.

5.5. Users who violate any of the above provisions will be subject to having their membership revoked and/or be excluded from our network.

Downloading Diamond Information

5.6. Users may allow other RapNet members to download inventory of their diamonds listed for sale on RapNet by setting permissions on their account and using the Grant Permissions form

5.7. Users will be able to grant specific RapNet members permission to download their inventory through completing the Grant Permissions form.

5.8. Users may not download diamond listings without having applied for and been granted permission in writing by Rapaport.

5.9. Diamonds belonging to other RapNet Users may not be downloaded for listing with any competitive diamond trading networks.

6. Fees

6.1. The various pricing structures and Service options will be displayed on the RapNet website. Rapaport reserves the right to amend the pricing structure from time to time. Any changes will be posted on RapNet.

7. Customer Satisfaction Guarantee

7.1. Should the User be unhappy with the Service for any reason a full refund of money paid will be made (less \$30.00 cancellation fee) provided that the User requests the refund via email support@diamonds.net within five (5) days of first subscribing. In the event that the User has used the service for more than five (5) days a partial refund will be made, based on the number of months remaining of the User's subscription.

8. The User Agrees Not To:

8.1. use the service in any way that violates the laws of the United States and/or any jurisdiction in which the User resides.

8.2. Access the service in any unauthorized manner including but not limited to reverse engineering computer code or the underlying logic of the pricing and trading system.

8.3. Access the system for the purpose of copying the software, logic, look and feel, or any features of the system for use in any competitive system.

8.4. Disturb, interfere or disrupt the service, computer hardware or software providing the Service, including automatic downloads of queries via Users computer programs and/or use or access of the service in any manner for which it has not been designed or authorized.

8.5. Upload, post, email, transmit or make available anything that contains computer codes, viruses, files or programs that interrupt, destroy, or limit the functionality of any computer software, hardware or other equipment.

8.6. Attempt or obtain unauthorized access to any part of the Service or computer system.

8.7. Transmit any program or virus through or into the computer hardware or software used or provided by the Service.

8.8. Violate any Trademark, Copyright, agreement, Terms of Service, or Terms and Conditions associated with the Service.

8.9. Use any information provided by the Service or Rapaport to establish a competing diamond trading and pricing or information service. This specifically includes the use of Rapaport price information as the basis for quoting diamonds as a percentage of Rapaport Diamond Prices on competing diamond trading Networks.

8.10. Misrepresent the information obtained from the Service or alter any document printed from the pages provided by the Service.

8.11. Provide false or misleading information including but not limited to cloaking or altering the information that identifies the source, time and location any contact made with the Service via the Internet.

8.12. Print, save, copy or distribute any of the information provided by the website except for the information provided to the User in response to requests about prices for diamonds and listing of diamonds.

8.13. Review, copy and/or download any news, analysis, or other information by any news, information or Internet service or company that provides information to the diamond, gem and jewelry trade and/or competes with the information services provided by Rapaport.

8.14. Review, copy or download any diamond prices, listings of diamonds for sale, or buy requests for use, including partial or derivative use, in any other website, or trading system available to third parties without written permission from Rapaport.

9. Proprietary Rights

9.1. The User acknowledges and agrees that the Service, its software, information provided by the Service and the content of Rapaport Services contain proprietary and confidential information. The User agrees not to copy, disclose, or use in any manner information provided by or through the Service.

9.2. The User recognizes that all information provided through Rapaport is copyrighted by Rapaport. The User agrees to respect all intellectual property rights of Rapaport. Any copyright, trademark, logo, printed material, on-line information, or price report of Rapaport may not be used in any promotion, advertising or publication without the express written permission of Rapaport.

10. Technical Difficulties

From time to time technical difficulties may render the service inoperable. Rapaport does not guarantee uninterrupted service and accepts no liability for any such interruption. In the event that access to the service is limited for more than 24 hours Rapaport will extend the time that Service is available to the User.

IMPORTANT LIMITATIONS

11. Information

The information provided by Rapaport is not a recommendation or suggestion of any kind to buy or sell diamonds; nor is it an appraisal, guarantee of value, warranty, valuation, or offer to buy or sell. Rapaport does not guarantee or warrant the accuracy of any information and does not guarantee that any User will fulfill any obligations made on or through the Service. Pricing provided is an estimate of value that should only be used as a general guideline for price discovery.

12. Trading:

Rapaport has not examined any of the diamonds that are listed on Rapaport. Information provided by the Service is based on diamond grading information listed on the system by the Users. Such information may be wrong and thereby result in inaccurate pricing or grading analysis. The use of the Service by the User is on his or her own account and risk and Rapaport provides no guarantee for accuracy of the information listed on the Service by Users.

13. Pricing:

Diamond grading laboratories and the jewelry trade use diamond grading techniques and standards that are based on subjective methods of analysis. Diamond grades may vary each time a diamond is submitted for re-examination and often vary from laboratory to laboratory depending on the grading standards of the laboratory and the accuracy and training of their gemologists. Online pricing and quality information provided by the Service is the result of an automated electronic response system and subject to the limitations inherent to such systems. Furthermore, the online information and the information provided via the telephone Helpdesk is based on the subjective opinions of Rapaport, his employees, agents and consultants. No guarantee is made or implied as to the accuracy or validity of any information provided by the Service and/or the level of expertise of any information system or individual providing information via the Service.

Rapaport prices or availability information should only be used as a general guideline for discovering diamond prices. Rapaport prices or availability information should only be used as a general guideline for discovering diamond prices. Rapaport prices do not replace the physical examination of a diamond by a knowledgeable appraiser who determines the quality and value of specific diamonds. Each diamond's value depends on its unique characteristics, some of which may not be included in the information on a diamond grading report or the information provided by the User. Rapaport prices are limited in that they reflect our opinion of the current market values based on the description and information the User provides. There is no guarantee that the opinion of Rapaport and/or that the grading information provided by a laboratory or seller is accurate. Diamond pricing and diamond grading are not an exact science. While we believe that the information we provide will help you make a reasonable and rational decision when buying or selling a diamond, our information is not perfect and should be complemented with the normal due diligence that a consumer should apply when buying or selling a diamond. Our objective is to provide a reasonable price estimate based on our opinion of the price at which similar diamonds are available in the marketplace.

Diamond prices often vary significantly from seller to seller. The identity of the seller, their location and the conditions of sale can all have a major impact on price. Numerous additional factors including the reputation of the seller, brand value, design of the jewelry containing the diamond, and added value services such as consumer credit, and return privileges are important components of value and also have impact on the price of a diamond. Our pricing Service does not resolve the variances in price that are attributable to the various added value propositions provided by different types of retailers. Therefore the consumer should only use our information as a guideline and independently take into consideration the added value considerations applicable to various types of sellers. The prices provided by the Service may be substantially higher or lower than actual transaction prices in the retail markets.

Rapaport has extensive interests in the diamond industry worldwide including diamond brokerage operations and online diamond trading and sales companies. In some instances diamonds submitted may be listed on our trading Network as well as offered for sale by companies that buy diamonds from Rapaport associated companies that earn a commission if the diamonds are sold. Users are protected by the fact that the programs used by the Service analyze diamond-grading characteristics in an objective manner without regard to the source of the diamonds.

14. DISCLAIMER OF WARRANTIES:

THE USER EXPRESSLY UNDERSTANDS AND AGREES THAT:

USE OF THE SERVICE IS AT YOUR SOLE RISK; THE SERVICE IS PROVIDED ON AN "AS-IS" AND "AS AVAILABLE" BASIS. RAPAPORT EXPRESSLY DISCLAIMS ALL WARRANTIES OF ANY KIND WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

RAPAPORT MAKES NO WARRANTY THAT (I) THE SERVICE WILL MEET THE USER'S REQUIREMENTS, (II) THE SERVICE WILL BE UNINTERRUPTED, TIMELY, SECURE OR ERROR FREE, (III) THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE SERVICE WILL BE ACCURATE OR RELIABLE (IV) THE QUALITY OF ANY PRODUCTS, SERVICES, INFORMATION OR OTHER MATERIAL PURCHASED OR OBTAINED BY YOU THROUGH THE SERVICE WILL MEET YOUR EXPECTATIONS AND (V) ANY ERRORS IN THE SOFTWARE WILL BE CORRECTED.

ANY MATERIAL DOWNLOADED OR OTHERWISE OBTAINED THROUGH THE USE OF THE SERVICE IS DONE AT THE USER'S OWN DISCRETION AND RISK AND THE USER WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO THEIR COMPUTER SYSTEM OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OF SUCH MATERIAL

NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY THE USER FROM RAPAPORT OR THROUGH OR FROM THE SERVICE SHALL CREATE ANY WARRANTY NOT EXPRESSLY STATED IN THESE TERMS AND CONDITIONS.

ANY OR ALL WARRANTY IS STRICTLY LIMITED TO THE INDIVIDUAL USER THAT AS REGISTERED AND PAID FOR THE SERVICE. NO WARRANTY OF ANY KIND IS EXTENDED TO ANY THIRD PARTIES.

15. LIMITATIONS OF LIABILITY:

THE USER EXPRESSLY UNDERSTANDS AND AGREES THAT RAPAPORT SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOSS OF PROFITS, GOODWILL, USE, DATA, OR OTHER INTANGIBLE LOSSES (EVEN IF RAPAPORT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), RESULTING FROM (I) THE USE OR INABILITY TO USE THE SERVICE (II) THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES RESULTING FROM ANY GOODS, DATA, INFORMATION OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO THROUGH OR FROM THE SERVICE; (III) UNAUTHORIZED ACCESS TO OR ALTERATIONS OF YOUR TRANSMISSIONS OR DATA (IV) STATEMENTS OF CONDUCT OF ANY THIRD PARTY AS THE RESULT OF ANY USE OF THE SERVICE (V) AND ALL OTHER MATTER RELATING TO THE SERVICE.

RAPAPORT CAN PROVIDE THE INFORMATION AVAILABLE VIA THE SERVICE FOR A RELATIVELY SMALL FEE ONLY BECAUSE OF THE LIMITATIONS OF LIABILITY AND WARRANTY EXPRESSED IN THESE TERMS AND CONDITIONS AND TAC. IN ALL INSTANCES RAPAPORT DOES NOT ASSUME ANY LIABILITY EXCEEDING THE FEE PAID BY THE USER TO USE THE SERVICE.

RAPAPORT SHALL NOT BE LIABLE FOR ANY LOSS, DAMAGE OR EXPENSE RESULTING FROM ANY ERROR OR OMISSION IN THE INFORMATION PROVIDED BY RAPAPORT OR THE SERVICE OR FROM USE OF THE SERVICE EVEN IF CAUSED BY OR RESULTANT FROM THE NEGLIGENCE OR OTHER FAULT (EXCEPT FRAUD, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE) OF RAPAPORT.

RAPAPORT SHALL NOT BE LIABLE FOR DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES RESULTING FROM ANY ERROR IN OR OMISSION FROM THE INFORMATION PROVIDED BY THE SERVICE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

RAPAPORT DOES NOT GUARANTEE THAT DIAMONDS LISTED ON THE TRADING NETWORK WILL BE SOLD TO ANY OF THE USERS; NEITHER DOES THE SERVICE PROVIDE ANY AUTHORIZATION OF THE SAID GRADING SUGGESTED BY THE LISTERS, OF THE DIAMONDS.

RAPAPORT DOES NOT GUARANTEE THE ACCURACY OF THE DIAMOND PRICING SERVICE AND GIVES FULL NOTICE THAT RAPAPORT PRICES ARE BASED ON RAPAPORT'S SUBJECTIVE OPINION OF MARKET PRICES, MARKET CONDITIONS AND THE RELATIVE VALUE OF VARIOUS TYPES, SIZES AND QUALITIES OF DIAMONDS. DIAMOND GRADING, PRICING AND ANALYSIS IS NOT AN EXACT SCIENCE AND IS BASED ON THE SUBJECTIVE OPINION AND ANALYSIS OF THE PERSON PROVIDING THE INFORMATION. WE DO NOT GUARANTEE THE ACCURACY, AUTHENTICITY OR RELIABILITY OF ANY DIAMOND GRADING REPORT OR OTHER INFORMATION BEING PROVIDED BY YOU. THAT IS THE BASIS OF OUR PRICING SERVICE.

RAPAPORT EMPLOYEES MAY PROVIDE USERS WITH PERSONALIZED INFORMATION VIA EMAIL, TELEPHONE OR IN WRITING. THIS INFORMATION IS BASED ON THE SUBJECTIVE OPINION OF THE INDIVIDUAL PROVIDING IT. WHILE WE WILL MAKE EFFORTS TO ASSURE THAT OUR EMPLOYEES, AGENTS, ASSOCIATES AND/OR CONSULTANTS ARE KNOWLEDGEABLE ABOUT DIAMONDS AND DIAMOND PRICES, WE DO NOT GUARANTEE THE ACCURACY, EXPERTISE, EXPERIENCE, BACKGROUND OR KNOWLEDGE LEVEL OF ANY PERSON PROVIDING INFORMATION.

16. Exclusions and Limitations:

Some jurisdictions do not allow the exclusion of certain warranties or the limitation or exclusion of liability for incidental or consequential damages. In those jurisdictions, the disallowed exclusions should be regarded as deleted and severable from the TOS.

17. Notice:

Notices to Users may be made via either Email or regular mail. The Service may also provide notices of changes to the terms and conditions or other matters by displaying such notices or links to revised terms and conditions on the Service. Notice to Rapaport may be made by registered mail to Rapaport USA , 133 E Warm Springs Road, Las Vegas , Nevada 89119 .

18. General:

The TOS set forth herein constitute the entire agreement between the User and Rapaport. The TOS governs the Users use of the Service and supercede any prior agreements. This agreement shall be governed by the laws of the State of Nevada . The failure of Rapaport to exercise or enforce any right or provision of the TOS shall not constitute a waiver of such rights or provisions. If any provision of the TOS is found by a court of competent jurisdiction to be invalid, the parties nevertheless agree that the court should endeavor to give effect to the parties' intentions as reflected in the provision and the other provisions of the TAC remain in full force and effect. The User agrees that regardless of any law to the contrary any claim or cause of action arising out of or related to use of the Service or the TOS must be filed within one (1) year after such claim or cause of action or forever be barred. The Section titles of the TOS are for convenience only and have no legal or contractual effect.

RapNet – Privacy Policy

– Updated Nov. 25, 2009

1. Overview

1.1 Rapaport USA Inc. and the Rapaport Group ("Rapaport" or "we") offers free as well as subscriber/membership based services ("the Services") through its Rapnet.com Diamonds.Net, and Rapaport.com websites. In order to operate the Services and to be in compliance with the USA PATRIOT ACT, Rapaport may ask you to provide us with company, personal, credit card and/or bank account details. This Privacy Policy applies to all Rapaport websites and describes the information we collect and how we use that information.

1.2 Rapaport takes the privacy of your personal information very seriously and will use your information only in accordance with the terms of this Privacy Policy. We will not sell or rent your personally identifiable information or a list of our customers to third parties. However, as described in more detail in Paragraph 3 below, there are limited circumstances in which some of your information will be shared with third parties, under strict restrictions, so it is important for you to review this Privacy Policy. This Privacy Policy applies to all services that are hosted on the Diamonds.Net, Rapaport.com and Rapnet.com websites, whether the services are offered by Rapaport, by its subsidiaries, or by its affiliates in the Rapaport Group.

1.3 By using this website, you agree to accept the Privacy Policy and RapNet Terms of Service (TOS) . By applying for any of the subscription or membership based services offered through this website, you expressly consent to our use and disclosure of your personal information in the manner described in this Privacy Policy. This Privacy Policy is incorporated into the terms of the RapNet TOS.

1.4 Please note that your personal information will be stored and processed on our computers in the United States, in accordance with United States laws. Rapaport will hold and transmit your personal information in a safe, confidential and secure environment. If you object to your personal information being transferred or used as described in this Privacy Policy, please do not register for the Services.

1.5 Notification of Changes

o This policy may be revised over time as new features are added to the Services or as we incorporate suggestions from our customers. If we are going to use or disclose your personally identifiable information in a manner materially different from that stated at the time we collected the information, you will have a choice as to whether or not we use or disclose your information in this new manner. Any material changes will be effective only 30 days after we post an amended Privacy Policy.

o We will post the amended Privacy Policy prominently on our Web site so that you can always review what information we gather, how we might use that information, and whether we will disclose it to anyone. Please check this Web site at any time for the most current version of our Privacy Policy.

1.6 This Web site may include links to third party Web sites. These sites are governed by their own privacy statements, and Rapaport is not responsible for their operations, including but not limited to their information practices. Users submitting information to or through these third party Web sites should review the privacy statement of these sites before providing them with personally identifiable information.

2. Information We Collect

2.1 Required Information

o To subscribe to the Services, you must provide company details, address, phone number, and e-mail address. In order to trade through our INDEX-Internet Diamond Exchange or RapNet trading systems, you must provide trade references, credit card, debit card and bank account information. This required information is necessary for us to approve your membership and to process transactions or to contact you should the need arise in administering your membership.

o For USA PATRIOT ACT purposes we are required to collect your Employee Identification Number ("EIN") or other Taxpayer Identification Number ("TIN"). If you choose to register or apply for certain optional/additional features or products offered through Rapaport Web sites, you will be required to provide additional information to establish that you qualify for such features or products.

2.2 Transaction Information

When you list a diamond for sale, purchase or sell a diamond, or use the Services in any way, we record information related to each transaction, including the amount of the transaction. We retain this information for each of your transactions through Diamonds.Net, Rapaport.com and Rapnet.com websites. We also collect the Internet address (IP address) of the computer or device you use to access your Rapaport account, in order to help detect possible instances of unauthorized transactions.

2.3 Information About You From Third Parties

In order to protect us and our customers against potential fraud, we may verify with third parties the information you provide. In the

course of such verification, we receive personally identifiable information about you from such services. This may include background and credit checks by obtaining information about you and your business from a credit bureau or a business information service such as Dun & Bradstreet. If you incur a debt to Rapaport, we will generally conduct a credit check by obtaining additional information about you from a credit bureau, to the extent permitted by law. Rapaport, at its sole discretion, also reserves the right periodically to retrieve and review a business and / or consumer credit report for any account, and reserves the right to close an account based on information obtained during this credit review process.

2.4 Additional Verification

If we cannot verify the information that you provide we may ask you to send us additional information by fax (such as your drivers' license, credit card statement, and/or a recent utility bill or other information linking you to the applicable address), or to answer additional questions online to help verify your information.

2.5 Web Site Traffic Information

Because of the way that World Wide Web communication standards work, when you arrive at or leave this Web site, we automatically receive the Web address of the site that you came from or are going to. We also collect information on which pages of our Web site you visit while you are on the site, the type of browser you use and the times you access our Web site. We use this information only to try to understand our customers' preferences better and to manage the load on our servers, so as to improve our service and your experience with Rapaport. We do not track the Web sites that you visit before or after you leave the Rapaport site.

2.6 Rapaport Message Center

Messages sent to you and from you through the Rapaport Message Center or Rapaport communication tools are kept and maintained by Rapaport.

2.7 Our Use of "Cookies"

This Web site uses cookies to enhance your browsing experience. Cookies are small pieces of information saved by your browser onto your computer. Cookies are used to remember various aspects of your visit. This information is used by us to guarantee a consistent and uninterrupted experience. Cookies will allow you to revisit without losing many of your settings. We do not use cookies to save personal information for outside uses.

2.8 Customer Service Correspondence

If you send us correspondence, including e-mails and faxes, we retain such information in the records of your account. We will also retain customer service correspondence and other correspondence from Rapaport to you. We retain these records in order to measure and improve our customer service, and to investigate potential fraud and violations of our Terms of Service Agreement. We may, over time, delete these records if permitted by law.

2.9 Questionnaires, Surveys and Profile Data

From time to time, we offer optional questionnaires and surveys to our users for such purposes as collecting demographic information or assessing users' interests and needs. The use of the information collected will be explained in detail in the survey itself. If we collect personally identifiable information from our users in these questionnaires and surveys, the users will be given notice of how the information will be used prior to their participation in the survey or questionnaire.

3. Our Use and Disclosure of Information

3.1 Internal Uses

We collect, store and process your personal information on servers located in the United States. We use the information we collect about you in order 1) to provide our services and process your transactions, 2) to provide customer service, 3) to determine your eligibility to receive special trading privileges or products and 4) to improve our products and services.

3.2 Disclosure to Other Rapaport Customers

If you are a registered RapNet or INDEX-Internet Diamond Exchange member, your name, Company name, telephone numbers and e-mail address in addition to the diamonds you are listing for sale may be displayed to other RapNet or INDEX-Internet Diamond Exchange members. However, your credit card number, bank account and other financial information will NEVER be revealed to anyone except with your express written permission or if we are required to do so pursuant to a subpoena or other legal process.

3.3 Disclosure to Third Parties Other Than Rapaport Customers

Rapaport will not sell or rent any of your personally identifiable information to third parties. Rapaport will not share any of your personally identifiable information with third parties except in the limited circumstances described below, or with your express permission (and with other Rapaport customers as described above). These third parties are limited by law or by contract from using the information for secondary purposes beyond the purposes for which the information is shared.

o We disclose information we collect in response to a subpoena, warrant, court order, levy, attachment, order of a court-appointed receiver or other comparable legal process, including subpoenas from private parties in a civil action.

o We disclose information we collect in circumstances in which Rapaport believes the Services are being used in the commission of a crime; when we have a good faith belief that there is an emergency that poses a threat to the safety of you or another person; or when necessary either to protect the rights or property of Rapaport, the Services or our subsidiaries, or affiliates in the Rapaport Group, or for us to render the Services provided.

o We disclose information we collect to your agent or legal representative (such as the holder of a power of attorney that you grant, or a guardian appointed for you).

o We share aggregated statistical data with our business partners or for public relations. For example, we may disclose that a specific percentage of our users have addresses in New York. However, this aggregated information is not tied to personally identifiable information.

o We share your information with our parent, subsidiaries, affiliates and joint ventures to help coordinate the services we provide to you, enforce our terms and conditions, and promote trust and safety.

3.4 Our Contacts with Rapaport Customers

We communicate with users on a regular basis via e-mail to provide requested services, and we also communicate by phone or letter.

We use your e-mail to send information, transaction confirmations and to send notices and other disclosures required by law. Generally, users cannot opt out of these communications, but they will be primarily informational in nature rather than promotional.

We also use your e-mail address to send you other types of communications that you can control, including the Rapaport Tradewire weekly email.

3.5 Internet Address Information

We use IP addresses, browser types and access times to analyze trends, administer the site, improve site performance and gather broad demographic information for aggregate use.

3.6 Your Use of Information and Our Services

o In order to facilitate the transactions between Rapaport members, our Service allows you limited access to other users' contact or shipping information. As a member you may have access to the User ID, email address and other contact or shipping information of other members.

o By consenting to the applicable Terms of Service, you agree that, with respect to other users' personally identifiable information that you obtain through the site or through an Rapaport-related communication or Rapaport-facilitated transaction, you will only use this information for: (a) Rapaport-related communications that are not unsolicited commercial messages, (b) using services offered through Rapaport (e.g. diamond sales, shipping or insurance), and (c) any other purpose that such user expressly agrees to after adequate disclosure of the purpose(s).

o In all cases, you must provide users with the opportunity to remove themselves from your database and review any information you have collected about them. In addition, under no circumstances, except as defined in this Section, can you disclose personally identifiable information about another Rapaport user to any third party without our consent and the consent of such other user after adequate disclosure. Note that law enforcement personnel and other rights holders are given different rights with respect to information they access.

o Rapaport does not tolerate spam. Therefore, without limiting the foregoing, you may not add a Rapaport user to your mail list (email or physical mail) without their express consent after adequate disclosure, even if said user has previously made a purchase from you. We strictly enforce our Anti-Spam Policy. To report Rapaport-related spam to info@diamonds.net.

4. Information Security

4.1 Rapaport is committed to handling your customer information with high standards of information security. We restrict access to your personally identifiable information to employees who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

4.2 The security of your subscription to any of the Services also relies on your protection of your password. You may not share your password with anyone. Rapaport will never ask you to send your password or other sensitive information to us in an e-mail, though we may ask you to enter this type of information on the website.

4.3 Any e-mail or other communication requesting your password, asking you to provide sensitive account information via email, should be treated as unauthorized and suspicious and should be reported to Rapaport immediately. If you do share your Rapaport password with a third party for any reason, the third party will have access to your account and your personal information, and you may be responsible for actions taken using your password. If you believe someone else has obtained access to your password, please contact us immediately.

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