



# **REPORT TO SOCIETY**

## **BUILDING FOREVER**

2014

**DE BEERS**  
GROUP OF COMPANIES

# REPORTING ON OUR PERFORMANCE

*We are committed to transparent reporting of our financial and non-financial performance. This is our ninth annual Report to Society. It contains full disclosure of our approach to sustainability, and our performance against the sustainability issues that are most material to our business and stakeholders.*

This report presents performance data for those businesses that De Beers either owns or has a significant shareholding in, and that have economic, social and environmental impacts. De Beers Diamond Jewellers, an independently managed joint venture company, is not included in the scope of this report. Use of 'De Beers', 'our' or 'we' in this report relates to The De Beers Group of Companies, a collective term used for both wholly-owned and joint venture business entities that De Beers has a significant shareholding in, with the exception of De Beers Diamond Jewellers.

For a full picture of our sustainability management and performance, this report should be read in conjunction with the 2014 Assurance and Compliance Supplement, which is available to download from [www.debeersgroup.com/publications](http://www.debeersgroup.com/publications).

The 2014 Report to Society has been prepared in accordance with the core option of the Global Reporting Initiative fourth generation

Guidelines (GRI G4). A GRI index is included in the Assurance and Compliance Supplement. It provides details of our management approach and performance against key risks that are not covered in this report.

For the purposes of our data reporting, we provide figures to one decimal place, except where it is necessary to use two decimal places for more accurate reporting of larger figures. Any inconsistencies between the data, charts or percentage changes reported are due to this rounding.

All performance data for joint ventures included in this publication is reported on a 100 per cent basis.

## INDEPENDENT ASSURANCE STATEMENT

Société Générale de Surveillance United Kingdom Ltd (SGS) was commissioned by The De Beers Group of Companies to conduct an independent assurance of the 2014 Report to Society.

In addition, we have carried out a full evaluation of the GRI Application Level against GRI G4. This evaluation includes the contents of the 2014 Report to Society and the 2014 Assurance and Compliance Supplement.

We are of the opinion that De Beers' reporting is in accordance with 'Core' level of the GRI G4 reporting guidelines. Our full assurance statement can be found on p. 44-45.

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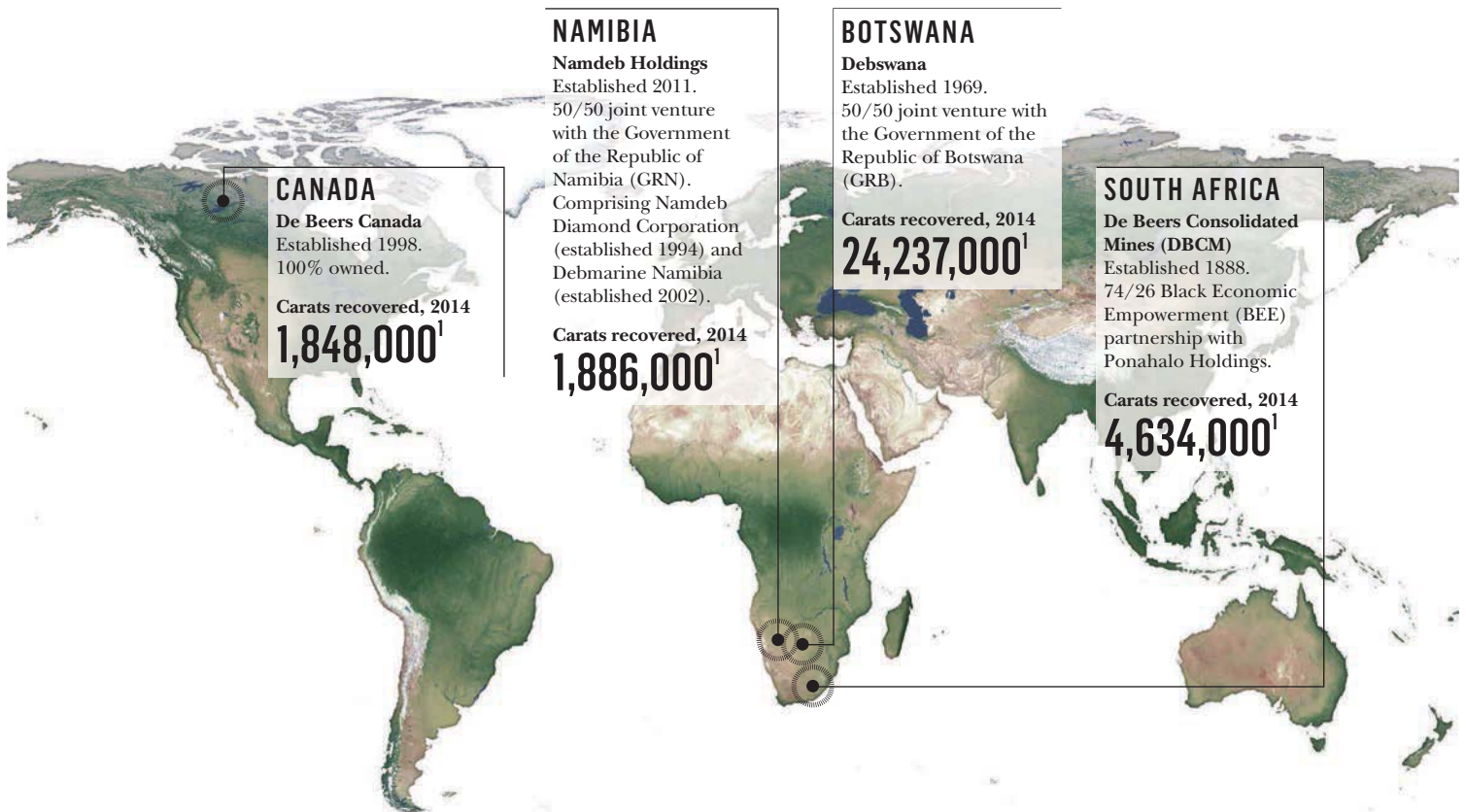
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For more information, go online  
[www.debeersgroup.com/buildingforever](http://www.debeersgroup.com/buildingforever)

# A GLOBAL PRESENCE

*De Beers was established in 1888 and is a member of the Anglo American plc group. We are the world's leading diamond company, with unrivalled expertise in the exploration, mining, sorting, valuing, selling and marketing of diamonds.*



## WHERE WE OPERATE

GROUP FUNCTIONS	EXPLORATION	MINING	SALES	BRANDS/RETAIL
Luxembourg South Africa United Kingdom	Canada Botswana South Africa Angola India Namibia	<b>CANADA</b> Snap Lake Victor  <b>NAMIBIA</b> Atlantic 1 Beach and marine contractors Elizabeth Bay Mining Area 1 Orange River	<b>BOTSWANA</b> Jwaneng Orapa Lethakane Damtshaa  <b>SOUTH AFRICA</b> Venetia Voorspoed Kimberley	Belgium Botswana Hong Kong Israel Namibia Singapore South Africa UAE
				<b>GLOBAL</b> Forevermark De Beers Diamond Jewellers

<sup>1</sup> Carats recovered on a 100 per cent basis.

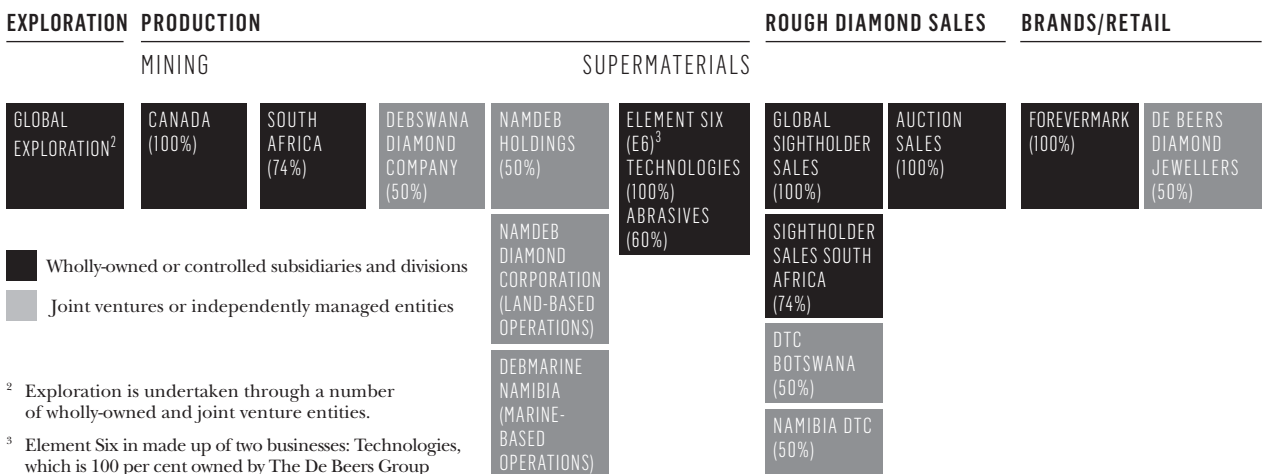
Together with our joint venture partners, De Beers mines for diamonds across Botswana, Canada, Namibia and South Africa. As part of our operating philosophy, we are committed to making a lasting contribution to the communities in which we live and work. This means

carrying out profitable business, while at the same time helping governments achieve their aspirations of turning natural resources into shared national wealth.

DE BEERS AND THE GLOBAL DIAMOND VALUE CHAIN



FIG. 1: STRUCTURE AND OWNERSHIP





## “CREATING SUSTAINABLE VALUE MEANS ENSURING THAT WE ARE LEVERAGING OUR MARKET POSITION TO DRIVE ETHICAL BEHAVIOUR”

*Symbols are important for what they say about us as human beings and what we believe in.*

At De Beers, we think a lot about those things that are essential parts of our lives, but that you can't necessarily hold in your hand. A diamond can convey a myriad of human emotions. Every day, nearly 23,000 men and women work across De Beers' value chain to connect millions more people around the world to diamonds – making the intangible tangible.

With the majority of our operations and workforce based across southern Africa and northern Canada, the responsibility for De Beers to operate sustainably is more important than ever.

De Beers draws strength from being a member of the Anglo American group and leveraging its world class approach to sustainable development. No matter where it operates in the world, or in which part of its diversified portfolio, Anglo American promises to create sustainable value that makes a real difference for all our stakeholders. The people of De Beers come to work every day to deliver on that promise.

For the communities around our operations, creating sustainable value means transforming finite wealth below the ground into enduring opportunity above it. In 2014, our global rough diamond sales to the world's leading diamantaires totalled US\$6.5 billion. These sales were primarily managed through our state-of-the-art facility in Gaborone, shifting the centre of gravity in the diamond industry towards Botswana.

For our employees, creating sustainable value starts with putting their safety and well-being above all else and tolerating nothing less than zero harm. This is why managers across the company have safety leadership as a core performance metric, and must set an example for their workforces through the Visible Felt Leadership programme.

For the natural world around us, creating sustainable value means beginning with the end in mind. This is why we are committed to 'no net loss of significant biodiversity' across our mining operations. We work tirelessly to ensure that conservation is a priority when planning and carrying out business activities.

For the diamond industry at large, creating sustainable value means leading from the front, and ensuring that we are leveraging our market position to drive ethical behaviour that protects the integrity of our producer partner's natural and precious resource and a consumer's connection to it.

Ultimately, creating sustainable value requires us to value sustainability. We must take the time to understand the aspirations of all those with whom we work, and adopt those aspirations as our own. As the challenges faced by the communities in which we live and work evolve, this approach will help continue to form the foundation of meaningful and enduring partnerships.

To this end, De Beers implemented a range of changes in 2014 to deliver greater strategic direction and oversight of sustainability. Through the newly established Board Sustainability Committee and ExCo Social Investment Committee, and the progress against the Good to Great improvement framework outlined in this report, the business is well positioned to leave a positive and tangible legacy.

**MARK CUTIFANI**  
*Chairman*

*2014 was a year of strong financial and operating performance for De Beers.*

*But while I was encouraged by what we achieved, I was more encouraged by how we achieved it.*

Ever since the inception of De Beers more than 125 years ago, partnerships have been at the heart of our business. We have strived to create value for all our producer partners from each carat we recover, so that we leave a positive and lasting legacy from their precious and finite resource.

This philosophy, when combined with our position as the largest diamond company in the world, means that we have a big responsibility – ultimately, to ensure that our activities enrich lives and enable sustainable growth in our producer partners’ countries.

Of course, living up to this responsibility all starts by protecting lives and ensuring safety. I was therefore heartened that our performance in 2014 was achieved without any loss of life and with a 10 per cent improvement in our lost-time injury frequency rate.

Our pursuit to embed a safety culture so that we achieve zero harm is relentless. And it doesn’t stop when employees leave work. It extends to their journeys to and from work, to their lives outside of work and to their families.

But operating safely is just the starting point in terms of our responsibility to our workforce and our producer partners. Following completion of the relocation of our global sales function from London to Botswana at the end of 2013, last year was the first full year of operations. The move demonstrated emphatically our commitment to long-term partnerships and to Botswana.

It was also the catalyst behind last year’s increase in payments to stakeholders in southern Africa, to around \$4.5 billion.

These payments not only help improve infrastructure and spur social progress, but they also create stable, consistent and skilled environments in which to do business.

And establishing a sustainable business environment is an imperative throughout the diamond value chain. We are therefore proud of the effectiveness of our industry-leading Best Practice Principles programme – our guarantee to consumers that international ethical, social and environmental standards have been met in the production of our diamonds. We made good progress in this area in 2014 and today, more than 370,000 people working in the diamond industry globally are covered by the programme. This is an 11 per cent increase on 2013 and gives consumers even more confidence in the product they value so highly.

Our investment in increasing standards in the diamond industry has clearly had a positive impact and, of course, investment more generally is fundamental to the growth of our company and to the continued prosperity of our partners. It is a central focus for us in 2015, as work continues to extend our Jwaneng and Venetia mines and to construct the new mine at Gahcho Kué, in Canada’s Northwest Territories.

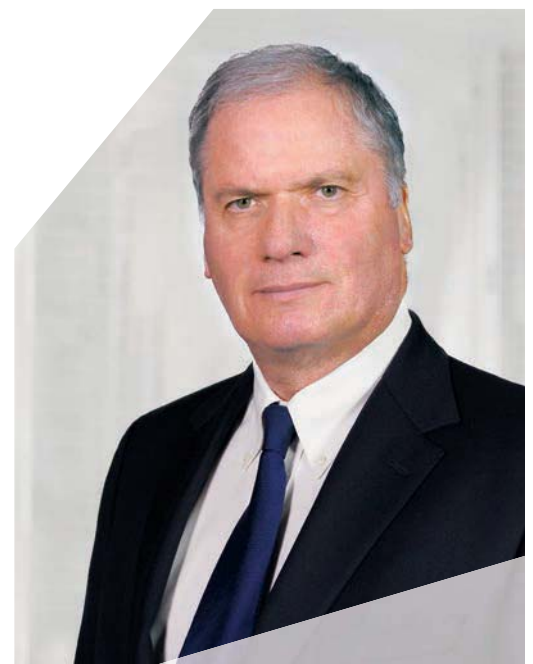
Together, these are the largest diamond production projects in the world. Their success, however, will not just be seen in the carats they will produce, but in the ripple effect they have through economies – creating jobs, developing skills and putting supply chains to work.

Investment on this scale is only possible if De Beers is profitable. So, for De Beers, profit has a purpose. With operations across the world and various activities in the diamond value chain, our partners and stakeholders are many and varied. So success is not just our own, but theirs too.

**“OUR RESPONSIBILITY IS TO ENSURE THAT OUR ACTIVITIES ENRICH LIVES AND ENABLE SUSTAINABLE GROWTH IN OUR PRODUCER PARTNERS’ COUNTRIES”**



**PHILIPPE MELLIER**  
CEO



# BUILDING FOREVER

*Operating sustainably sits at the heart of our business strategy. It is how we maintain our licence to operate and consumers' confidence in our product. It requires us to understand the needs of our stakeholders and to find solutions for the long term. And it's the right thing to do. We call this Building Forever.*

As the world's leading diamond company, we have a responsibility to set, maintain and raise industry standards across the diamond pipeline. We believe responsible, commercially prudent business can create shared value and socio-economic benefit in the countries in which we operate.

Three guiding principles inform the way we do business and describe what is important to us. Please visit [www.debeersgroup.com/principles](http://www.debeersgroup.com/principles) for a full description of our principles:

- **Sustainable development through partnership:** We have a long-term commitment to sustainable development. We work in partnership to achieve our goal of transforming diamonds into national wealth and improving quality of life in our producer countries.
- **Diamond dreams and development:** The diamond dream represents the aspirations of all stakeholders across the diamond pipeline. We support diamond dreams by delivering socio-economic benefit in the communities where we operate, and by supporting the development aspirations of our producer countries.
- **Accountability:** The De Beers Best Practice Principles Assurance Programme translates our principles into practice. It sets standards both for our company, and for those with whom we work.

Supporting our three guiding principles are 42 operating principles that define our behaviour and inform

our assessment of impacts and stakeholder engagement across our five sustainability issue areas – Economics, Ethics, Employees, Community and Environment. In turn, our operating principles are supported by a suite of management systems, policies, guidelines and tools, which are discussed throughout this report and accompanying Supplement.

## SUSTAINABILITY GOVERNANCE AND RISK MANAGEMENT

De Beers société anonyme (De Beers sa) is the holding company of The De Beers Group of Companies, headquartered in Luxembourg. The De Beers sa Board is ultimately responsible for the governance and activities of the company, including sustainability. The Board is supported by a number of committees, including those linked to sustainability, as outlined below.

Sustainability governance also rests with the Boards of our operating companies. During 2014, we reviewed our governance and reporting structure for sustainability (see Fig. 2). Starting in early 2015, a new Sustainability Committee replaced the previous Environment, Community, Occupational Health and Safety (ECOHS) Committee. The new Committee will take a longer-term strategic role, setting direction and providing assurance to the Board on performance across the issue areas within its remit. The mandate of the Sustainability Committee is wider than the old ECOHS Committee and includes more social and employee issue areas, such as enterprise

development, human rights, and employment equity and diversity.

We have comprehensive systems in place to identify, manage and mitigate risks that can affect our commercial interests by undermining consumer confidence in diamonds, limiting our licence to operate, or restricting access to new resources.

Our integrated risk management approach reviews company-wide strategic, operational, financial, reputational and sustainability risks at least twice a year. The approach is built on systematic 'bottom-up' risk reporting where risk champions at each operation submit risk reports outlining key risks and controls. These reports are consolidated at a Group-level and a summary of key risks is reviewed by the Executive and Audit Committees.

## MANAGING SUSTAINABLE DEVELOPMENT

Within our sustainability governance structure, the management of our performance at an operational level is supported by the following internal structures:

### **Safety and Sustainable Development (S&SD) Council and Peer Groups:**

Provide internal assurance and develop new management approaches, share learning and establish best practice. The S&SD Council is responsible for establishing the 'Good to Great' framework across the company. We also take part in Anglo American management committees and 'communities of practice'.



**Local sustainable development functions:** Manage sustainable development issues at the operating company and business unit level.

**Other functions:** Corporate Affairs (which includes our Social Performance function), Finance, Human Resources, Internal Audit and other functions manage broader sustainability risks that fall outside the S&SD Council’s responsibility.

In 2014, we also established a new Social Investment Committee supported by a Working Group, and a Human Rights Working Group. Both of these bodies work across the company to improve our approach and effectiveness in these specific issue areas.

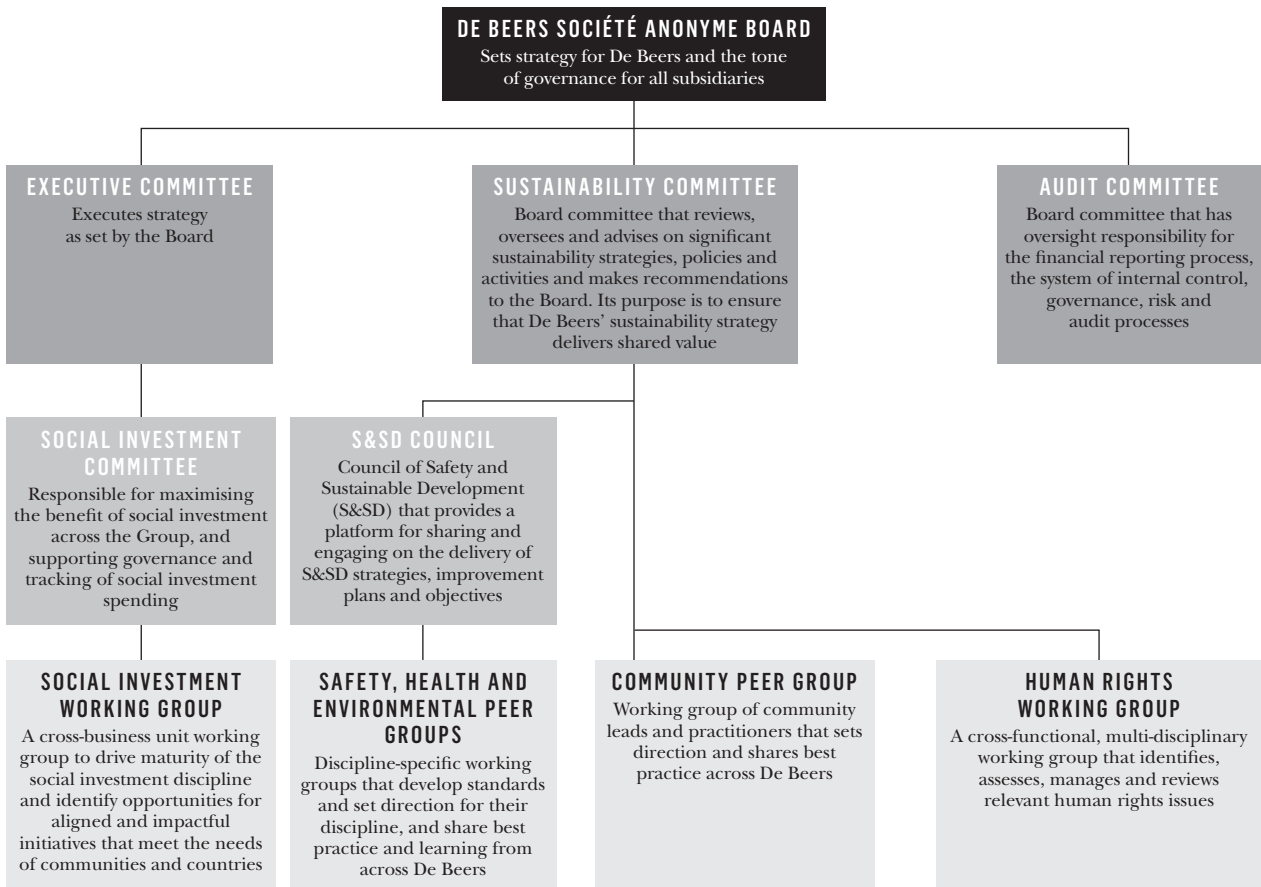
**INTEGRATING ANGLO AMERICAN REQUIREMENTS**

As a member of the Anglo American plc group we comply with a number of core business processes and requirements. These include people management systems, financial reporting, business integrity requirements and the Anglo American ‘Ways’. Compliance with the ‘Ways’ is a mandatory requirement of all Anglo American group companies, and directly managed subsidiaries. They outline performance requirements, as well as the vision, principles, policies, frameworks and management systems for sustainability risks and opportunities in four core areas – the ‘Safety Way’, ‘Occupational Health Way’, ‘Environment Way’, and ‘Social Way’.

Due to the unique nature of diamonds, and our activities across the diamond pipeline beyond mining, we comply with further standards and guidelines that are specific to certain aspects of our business. Examples include our own Best Practice Principles Programme (BPPs), the Kimberley Process and requirements arising from the Responsible Jewellery Council Code of Practices.

In general, our approach is to align our own standards and guidelines with those of Anglo American to create one set of robust requirements for our operations. In this way, we avoid duplication while retaining what is unique to De Beers and adopting Anglo American requirements that strengthen our systems and standards.

**FIG. 2: THE DE BEERS GROUP OF COMPANIES SUSTAINABILITY GOVERNANCE AND MANAGEMENT FRAMEWORK<sup>4</sup>**



<sup>4</sup> There are a number of other committees and forums reporting into the Executive Committee and the De Beers Board whose mandates include some sustainability elements, including the Investment Committee, Remuneration Committee, Treasury Committee and Capital Review Body, among others. As this is a Group-level report, country-level governance structures, e.g. the Social and Ethics Committees in South Africa, are not noted here.

## GOOD TO GREAT

Our management approach across the five areas is described at the beginning of each of the chapters in this report.

We have a comprehensive improvement framework for sustainability management, called 'Good to Great'. The framework outlines an improvement journey to achieve excellence in how we manage sustainability. The end result of the Good to Great journey is defined as having resilient systems where sustainability considerations are fully integrated into decision-making processes.

Overall, the Good to Great framework is aimed at:

- providing strategic direction, technical skills, leadership and governance to align performance with De Beers' core business strategy;

- integrating sustainable development practices and accountability into core business processes; and
- providing assurance on performance to the relevant governance forums.

There are four phases of improvement within the Good to Great journey, focusing on four areas of management and performance: Strategy, Design and Governance; People and Behaviour; Performance Management and Reporting; and Operational Excellence.

## ASSURANCE

Assurance is an essential part of managing sustainability and ensuring rigorous reporting. We use a range of internal and external assurance approaches. These include: first-party assurance through our Internal Audit department and Technical and Sustainability team; second-party assurance provided by Anglo American; and independent third-party assurance in a number of areas, including our sustainability reporting, compliance with the De Beers Best Practice Principles Programme and the Kimberley Process (KP), and our independently audited safety and environmental management systems.

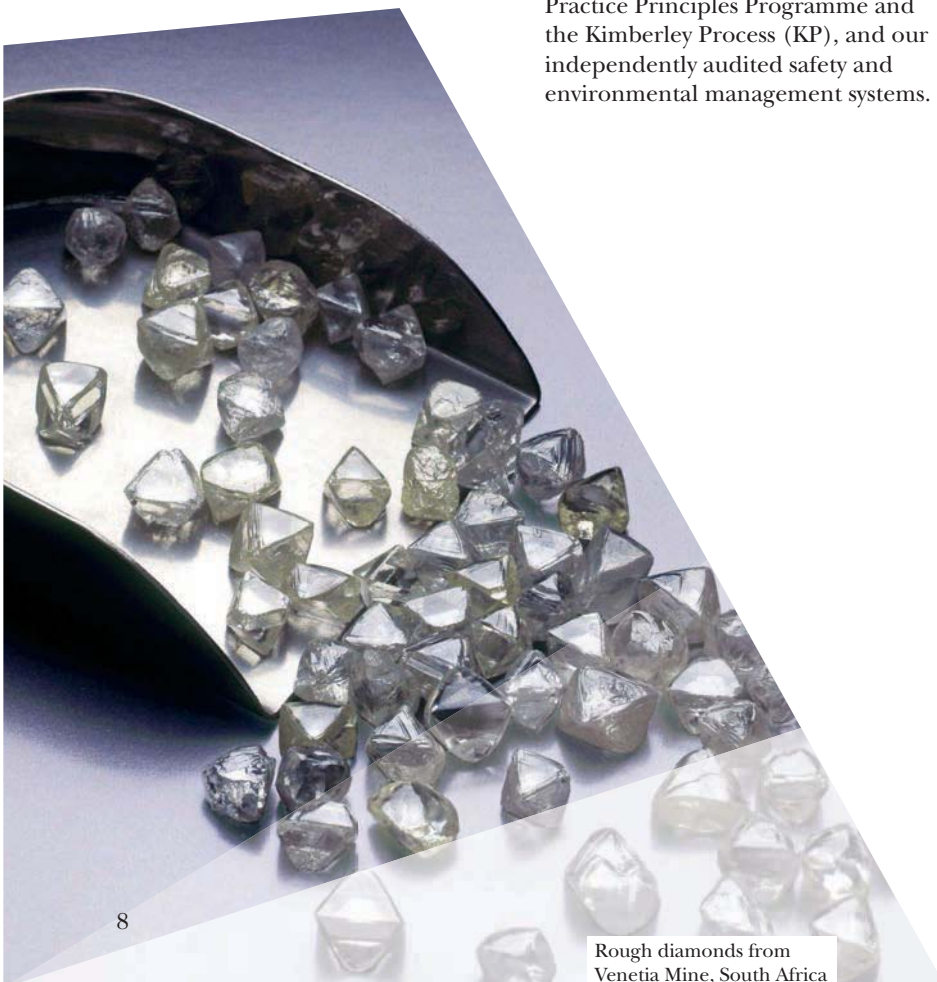
## STAKEHOLDER ENGAGEMENT

Our stakeholders include our shareholders, producer governments, employees, local communities, civil society, intergovernmental organisations, unions, customers and consumers. Each operating company identifies, prioritises and engages stakeholder groups at a local level, generally through Corporate Affairs teams.

Stakeholder engagement happens every day at all levels of our business, both directly and indirectly. For example, we engage directly with employees on a regular basis to inform and consult on key issues and developments that may affect them. Indirectly, we have structured engagements with recognised trade unions that represent our employees. In 2014, we concluded wage negotiations for all of our unionised operations (excluding contractors) in Africa, agreeing three-year pay deals with all unions in South Africa, Botswana and Namibia, respectively. This was a co-ordinated engagement across southern Africa and the pay deals will create stability for the next three years. During this time, we will continue to engage with our unions and work to strengthen relationships and understanding without the annual distraction of wage negotiations.

At our operations, formal engagement occurs between our Community and Environment managers and the local community on specific issues. Each operation is required to create an annual stakeholder engagement plan and the Socio-Economic Assessment Toolkit (SEAT) process, completed every three years, requires significant engagement to develop a detailed community impact and needs assessment.

Our public policy engagement takes place at Group and operating company levels and ranges from direct engagement with governments on regulation or mining policy, to contributing knowledge and experience to debates on sustainability issues. We prioritise public policy engagement on issues that could impact the diamond industry or influence economic growth and sustainable development – particularly in southern Africa.



We generally restrict our involvement in policy development to formal participation in relevant forums and organisations. Examples include the National Chamber of Mines or partnership initiatives with non-governmental organisations, such as the Diamond Development Initiative. De Beers does not participate in party politics and does not make political donations.

## COLLABORATION

We also engage with stakeholders on broader issues, such as raising ethical standards or combating corruption. We do this through our membership and support of broad multi-stakeholder initiatives such as the United Nations Global Compact (UNGC) and the Extractive Industries Transparency Initiative (EITI). De Beers takes an active role in sector initiatives such as the Kimberley Process and Responsible Jewellery Council, and issue-specific initiatives such as the United Nations CEO Water Mandate.

## OUR APPROACH TO REPORTING

This report provides management approach and our performance information for a selection of our material risks in 2014. For this report we have focused on two material risks per issue area, allowing us to cover these topics in greater detail than in previous reports, where we have discussed a greater number of risks. The remaining material risks are covered in the Assurance and Compliance Supplement that accompanies this report. We have also launched a new sustainability hub at [www.debeersgroup.com/buildingforever](http://www.debeersgroup.com/buildingforever). This online platform enables us to further bring our sustainability approach and performance to life through case studies, interviews, video, social media and an interactive data centre.

With this shift in our approach to reporting, we aim to highlight a selection of sustainability issues facing De Beers to more actively engage stakeholders through our reporting, while still providing the same level of detail on all of our material risks across the suite of documents and online platform.

## OUR MATERIAL ISSUES

Each year, we undertake a robust process to identify and prioritise issues that are potential risks to our business, and material issues for our stakeholders. The material risks identified through this process provide the basis for the content in our annual reporting suite.

We use a multi-stage process to identify and prioritise our material issues, supported by an independent external party. First, a long-list of potential material risks is drawn from a review of internal reports and external communications. The risks identified are then reviewed, discussed and prioritised by a group of external stakeholders. In previous years, this prioritisation has been done at a face-to-face roundtable event – the Multi-Stakeholder Forum (MSF). In 2014, the MSF was replaced by a series of interviews with an expanded group of 12 internal and 16 external stakeholders drawn from across the key issue areas and from government, business and civil society. This allowed a more in-depth discussion of issues, and an individual prioritisation of the potential material issues which contributed to a collective ranking.

The MSF interviewees represented a range of stakeholder groups and areas of interest from the various countries in which we operate. The internal interviewees included stakeholder engagement and sustainability specialists from each of our countries of operation. This helped to strengthen our understanding of the issues external stakeholders care about in relation to our business activities at a local level. A full list of stakeholders involved in the process is provided in the Assurance and Compliance Supplement that accompanies this report.

External stakeholders will be given the opportunity to engage senior leadership on issues at events such as our Diamond Dialogues series through 2015, and via social media channels.

Through the materiality process, we identified 41 issues of relevance to our business and stakeholders. Following review and consolidation, a final set of 21 issues was agreed (see Fig. 4, p. 11). These issues are discussed in this report and the accompanying Assurance and Compliance Supplement.

Our identified material issues are complex and interconnected. They are important to De Beers as a whole and to external stakeholders and can have an impact on both. To provide a greater degree of transparency and understanding, we have identified the two operational areas in our value chain most affected by each issue. Similarly, for each material issue we have highlighted the two external stakeholder groups most affected by each issue. (see Fig. 3, p. 10).

For the purposes of this report, we have grouped our stakeholders as follows:

- Employees: employees, contractors, and unions
- Communities: local communities, civil society, and intergovernmental organisations
- Customers: Sightholders and auction customers, and consumers
- Producer governments: Canada, Republic of Botswana, Republic of Namibia and the Republic of South Africa
- Shareholders: Anglo American, Government of Republic of Botswana and joint venture partners
- Our industry: we operate in the diamond mining industry and luxury goods sector and interact with organisations that set and monitor standards of practice across our value chain

FIG. 3: PROFILE OF MATERIAL RISKS

Material risks	Coverage	Time scale Short/Long term	Scope Internal/ External	Stakeholders with most material interest	Business operations most impacted
<b>ECONOMICS</b>					
1.1 Delivering value to producers	R		I/E	■ ●	Production, Sales
1.2 Success of beneficiation	R		I/E	■ ◐	Production, Sales
1.3 Driving local growth, diversification and capacity-building	S		I/E	■ ●	Production, Sales
1.4 Governance and revenue transparency	S		I/E	■ ▲	All
<b>ETHICS</b>					
2.1 Raising standards across the diamond pipeline	R		E	▲ ◐	All
2.2 Illicit trade and diamond security	R		I/E	■ ●	All
2.3 Human rights	S		I/E	● ■	All
2.4 Doing business with integrity	S		I/E	● ●	All
<b>EMPLOYEES</b>					
3.1 Attracting and retaining talent	R		I	● ●	All
3.2 Safety and occupational health performance	R		I	● ◐	All
3.3 Diversity and inclusion	S		I	● ◐	All
3.4 HIV and tuberculosis management	S		I/E	● ◐	All
<b>COMMUNITIES</b>					
4.1 Socio-economic benefit	R		E	■ ◐	Production, Sales
4.2 Closure and transfer of assets	R		I/E	■ ◐	Production
4.3 Operational impacts	S		E	■ ◐	Exploration, Production
4.4 Land ownership	S		E	■ ◐	Exploration, Production
<b>ENVIRONMENT</b>					
5.1 Water and energy security in a changing climate	R		I/E	■ ◐	Production
5.2 Conservation and restoration of biodiversity and maintenance of ecosystem services	R		I/E	■ ◐	Production
5.3 Managing impacts across the mine lifecycle	S		I/E	■ ◐	Exploration, Production
5.4 Waste and pollution prevention	S		I/E	■ ◐	Production

**KEY**

R Covered in Report S Covered in Supplement

■ Government ● Shareholders ◐ Communities ▲ Industry ◐ Customers ● Employees

### MATERIALITY MATRIX

Our materiality matrix plots each material risk according to stakeholder interest and the potential impact on De Beers.

The materiality matrix does not represent a definitive list of issues or risks facing De Beers. It is a representation of the issues our key internal and external stakeholders have highlighted as having a considerable potential impact on our company or external stakeholders and environment, across the geographies in which we operate. The horizontal axis represents the importance that stakeholders attribute to each risk, in the context of our business. The vertical axis indicates the severity of the impact on the business should the risk materialise at a critical level, while

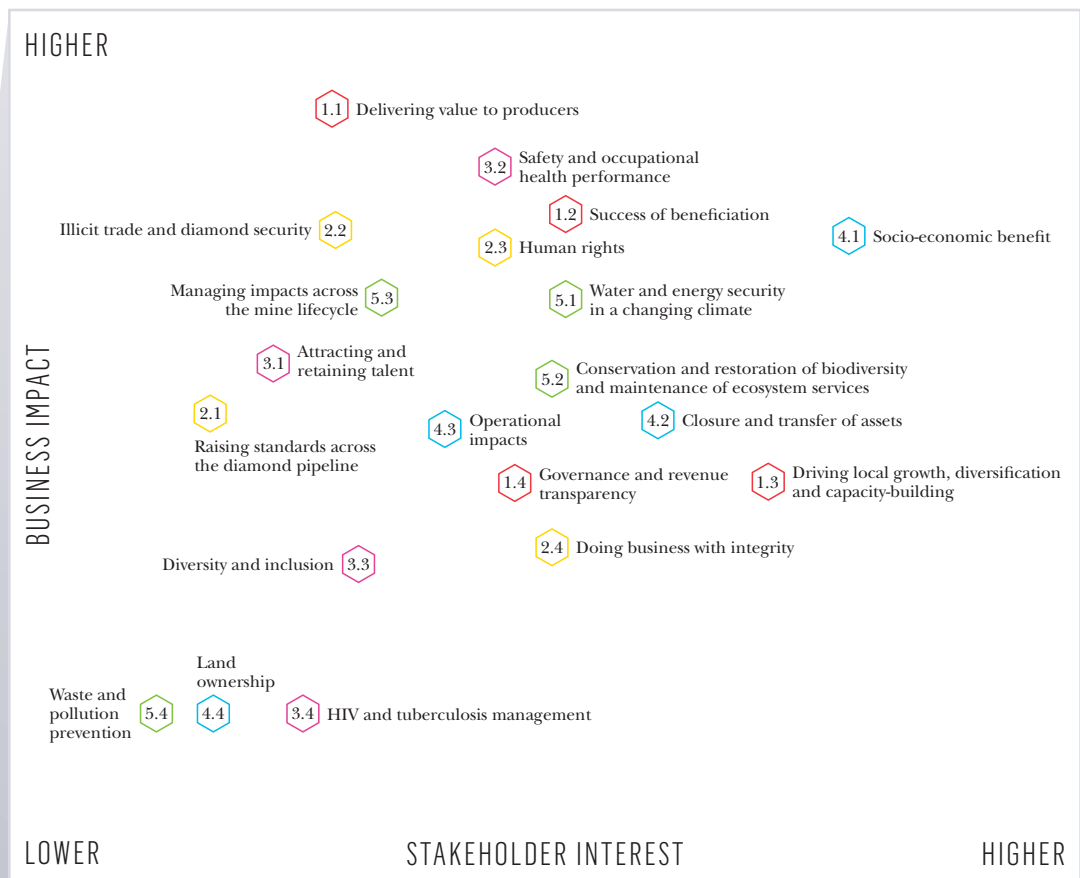
incorporating the management systems and processes we have in place, and bearing in mind the nature of the risk.

### INTERNAL AND EXTERNAL ASSURANCE

This report, and the data presented within it, are subject to internal and external assurance. De Beers Internal Audit provides assurance on selected material issues including the Kimberley Process, anti-money laundering and integrated reporting. The Audit Committee of the Board also provides oversight of our approach to integrated reporting. For the seventh consecutive year, our external assurer Société Générale de Surveillance (SGS) has verified the Report to Society. SGS's assurance statement can be found on p. 44 of this report.

As part of Anglo American, De Beers was also included in the assurance process undertaken by PwC on the Anglo American Sustainable Development Report 2014, further strengthening our approach. The PwC assurance included site visits to our Orapa and Namdeb land-based mining operations. All operational and financial data has also been assured as part of Anglo American's Annual Report 2014.

FIG. 4: MATERIALITY MATRIX, 2014



Explore our interactive materiality matrix, at: [www.debeersgroup.com/materiality](http://www.debeersgroup.com/materiality)



## BUILDING FOREVER

# ECONOMICS

*The success of our activities will ultimately be measured by the economic and social development that endures beyond the life of a mine. We work in partnership with communities and government to maximise the shared value of their natural resource.*

Diamonds have created, and will continue to create, shared value for the countries and communities in which we operate. Our producer countries rightly want to maximise the value of their natural resources as a source of development and wealth creation.

We adopt this aspiration as our own and maximise the value and life of diamond resources, while unlocking their potential as a catalyst for socio-economic development.

We work in partnership with host governments to transform natural resources into shared national wealth. The joint venture structure of our mining and rough diamond sorting and valuing operations in Botswana and Namibia enables us to create shareholder value that directly translates into national value. We create shared value through formal benefit-sharing agreements in Canada, and Black Economic Empowerment agreements in South Africa. We also support local economies through dedicated enterprise development programmes and invest in infrastructure and communities through our community social investment programme.

### OUR APPROACH

We identify and prioritise economic risks through an annual materiality process (see p. 11). The key economic risks detailed in 2014 are shown opposite, and in this section we report

on two of these risks – ‘Delivering value to producers’ and ‘Success of beneficiation’.

We rely on our producer countries and local communities for our licence to operate and for access to diamond resources. In return, we deliver financial value in the form of revenues, mining royalties and taxation, and socio-economic development through job creation, skills development and local and indigenous procurement.

Our business is long term and operations can span many decades. We invest billions to extend the life of our mines and we use our technical skill to maximise the value of every carat. This enables us to create value by continuing to employ local people, buying from local suppliers and supporting national development goals.

Through our industry-leading approach to beneficiation, we sell a proportion of our diamonds to local customers for manufacturing in our producer countries. This keeps the value of those diamonds in country, and supports the growth of the local sorting, cutting and polishing, and jewellery manufacturing industries.

All of these activities are an investment in a shared future. Supporting strong local and national economies supports our success, while paving the way for long-term national development and a positive legacy once our operations cease.





Shovel technicians Job Mathaka and Maluta Lucas Thibedi next to a large shovel, Venetia Mine, South Africa

## PERFORMANCE

### PAYMENTS TO STAKEHOLDERS

**US\$5.70BN ↑**

payments to stakeholders including partners, joint ventures, governments, suppliers, employees, shareholders and other finance providers

### PAYMENTS TO STAKEHOLDERS IN AFRICA

**US\$4.56BN ↑**

of diamond revenues paid to stakeholders in Africa

### ROUGH DIAMOND SALES THROUGH BENEFICIATION

**US\$1.56BN ↑**

sales to Sightholders in producer countries

## MATERIAL RISKS

Covered in this chapter:

1.1 Delivering value to producers

1.2 Success of beneficiation

Covered in the 2014 Assurance and Compliance Supplement, available at: [www.debeersgroup.com/publications](http://www.debeersgroup.com/publications)

1.3 Driving local growth, diversification and capacity-building

1.4 Governance and revenue transparency



For more information, go online: [www.debeersgroup.com/buildingforever](http://www.debeersgroup.com/buildingforever)

**ECONOMICS**

**1.1 DELIVERING VALUE TO PRODUCERS**

With a history spanning more than a century, our understanding and insight into the diamond market is unparalleled. We use this knowledge to maximise the value of every carat we mine for our producer partners.

Consumers' desire is the primary source of value for diamonds. We invest consistently to understand consumers, diamond markets and the factors that create desire for diamonds. We use this insight to support market development in key regions, including growth markets such as China and India, and the established markets of the US, Japan and Europe. As part of this, we work ceaselessly to maintain and protect consumer confidence in the ethical integrity of diamonds.

**INVESTING IN PRODUCER COUNTRIES**

Mining is a long-term business. From exploration to closure, the life of a mine can exceed half a century.

Mining requires large-scale capital investment, often running to billions of US dollars.

Investing in mining and sales operations in producer countries delivers direct economic benefits, including infrastructure development, direct employment, provision of local healthcare and education, and payment of taxes and royalties. There are also indirect benefits from local supply chain development to skills development in local populations, indirect employment and community investment. In 2014, significant progress was made on three large capital investment projects across De Beers.

**Investment in South Africa**

De Beers was founded in South Africa in 1888, and we have been operating in the country ever since. By converting Venetia Mine, one of the largest diamond mines in the world, from an open pit to an underground mine we are cementing our long-term future in South Africa.

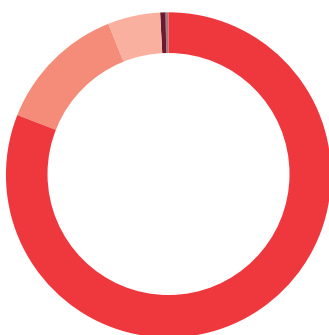
The US\$2 billion investment is the largest in our history in South Africa

and will extend the life of Venetia by more than 20 years to 2044. Production is anticipated to start in 2021 and the underground project is expected to treat approximately 133 million tonnes of ore, containing an estimated 94 million carats.<sup>8</sup> For more details see the case study opposite.

**Investment in Botswana**

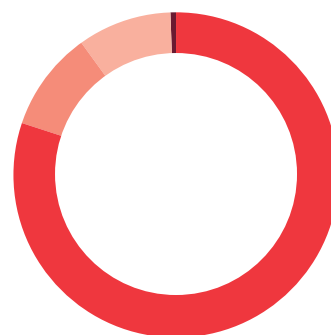
The Cut-8 project to extend Jwaneng Mine is a striking example of the huge scale and long-term nature of mining projects both in financial and physical terms. Before a single diamond can be realised from the project, around 500 million tonnes of rock lying above the diamond-bearing ore will be removed. This waste stripping started in 2010 and, by the end of 2014, just over 50 per cent had been removed. During 2018, Cut-8 will become the main source of ore for Jwaneng and extend the life of one of the world's richest diamond mines to at least 2033, providing access to an estimated 91 million tonnes of ore, containing approximately 110 million carats of mainly high-quality diamonds.<sup>8</sup>

**FIG. 5: DE BEERS PAYMENTS (CONSOLIDATED ACCOUNTING BASIS)<sup>5</sup> (US\$, MILLIONS)**



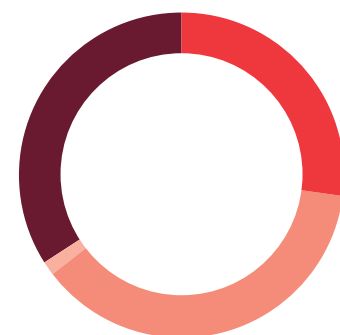
- Partners, joint ventures and suppliers<sup>6</sup> 4,611
- Employees 743
- Government taxation 297
- Finance providers 27
- Dividends to shareholders<sup>7</sup> 19

**FIG. 6: REGIONAL BREAKOUT OF DE BEERS PAYMENTS (CONSOLIDATED ACCOUNTING BASIS) (US\$, MILLIONS)**



- Africa 4,561
- Europe 575
- North America 539
- Asia 22

**FIG. 7: SELECTED PAYMENTS (INCL. 100% OF JOINT VENTURES) (US\$, MILLIONS)**



- Employees 1,016
- Government taxation 1,398
- Finance providers 43
- Dividends to shareholders and joint venture partners<sup>7</sup> 1,274

<sup>5</sup> Includes 100 per cent of subsidiaries and our proportionate share of joint ventures (this includes 19.2 per cent of Debswana on a pre-tax basis; 50 per cent of Namdeb).

<sup>6</sup> Includes purchases of diamonds from joint venture partners and consolidated production and operating costs (excluding employee costs).

<sup>7</sup> Excludes dividends to Anglo American.

<sup>8</sup> Please refer to the 2014 Anglo American plc group Annual Report for further details of the project tonnes and carats.



**Investment in Canada**

In Canada, our Gahcho Kué Project (a 51:49 per cent joint venture between De Beers and Mountain Province Diamonds) received federal government approval in October 2013 following a robust Environmental Impact Review. During 2014, the project received a Land Use Permit and Water Licence, and production at the mine is expected to start in the second half of 2016. De Beers' 51 per cent share of Gahcho Kué's capital expenditure is approximately US\$0.5 billion. With a life of mine of approximately 13 years, Gahcho Kué is expected to treat approximately 35 million tonnes of ore containing an estimated 54 million carats (100 per cent basis).<sup>8</sup>

In addition to the revenues generated by our mining operations, we contribute to, and invest in, producer country economies through:

- Direct employment and employment of local contractors
- Preferential procurement from local and historically disadvantaged groups
- Enterprise development and social investment

These activities present a compelling value proposition to governments by helping to develop skills, businesses and infrastructure that can extend beyond the life of a mine.

**DISTRIBUTION OF DIAMOND REVENUES**

In 2014, De Beers' consolidated payments amounted to US\$5.70 billion or 81 per cent of total sales to partners, joint ventures, governments, suppliers, employees, shareholders and other finance providers (see Fig. 5). A total of US\$4.56 billion or 80 per cent of these payments were to stakeholders in Africa (see Fig. 6). Government taxation (including 100 per cent of joint ventures and underlying tax at Debswana), amounted to US\$1.4 billion (see Fig. 7). These payments reflect the performance of the global diamond market (analysis of the diamond industry in 2014 is available in the De Beers Insight Report, at [www.debeersgroup.com/publications](http://www.debeersgroup.com/publications)).

Consumer demand for diamond jewellery grew in all the main markets in local currency terms in 2014. With ongoing recovery in the US economy, the growth in diamond jewellery sales was reasonably healthy in the world's

largest consumer diamond market.

In China, growth in demand continued, but at more modest levels than previous years, reflecting slowing economic growth. Macro-economic conditions in India started improving in the final quarter of 2014, due to improving consumer confidence following the election of a new government. Rough diamond prices increased over the course of 2014 with a slight dip toward the end of the year.

Despite annual market fluctuations, the long-term fundamentals of the diamond industry are highly attractive, with growth demand anticipated to outstrip growth production over the mid to long term. This means that future diamond revenues are expected to continue to support our host governments in achieving their development goals and provide the financial resources for De Beers to continue its long-term investment in producer countries.


**ECONOMICS**

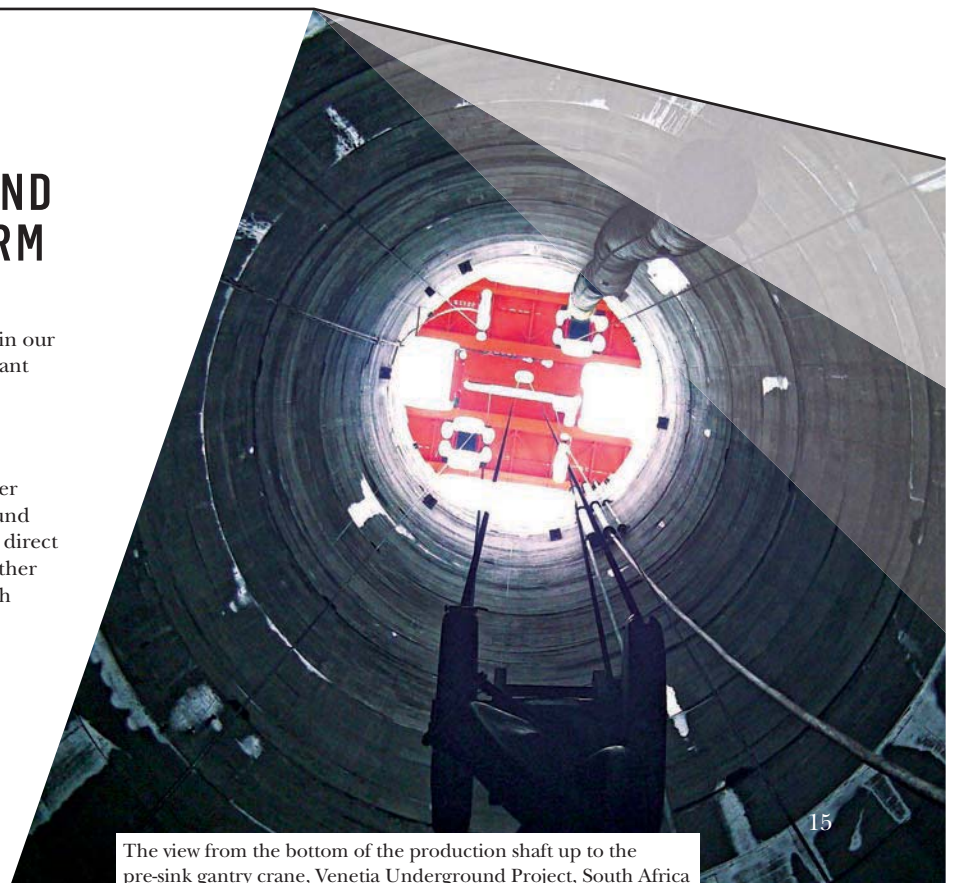
## VENETIA UNDERGROUND – CREATING LONG-TERM EMPLOYMENT

Our investment in Venetia Mine is the largest in our history in South Africa, and will create significant direct and indirect economic benefits over its life, including long-term employment and procurement opportunities.

Between 2021 and 2039 it is estimated that over 6,000 jobs will be supported by the underground operation each year. This is made up of 1,400 direct employees at Venetia Underground and a further 5,000 people employed elsewhere in the South African economy – the equivalent of 3.5 jobs created for every direct employee.



For more case studies, go online:  
[www.debeersgroup.com/stories](http://www.debeersgroup.com/stories)



The view from the bottom of the production shaft up to the pre-sink gantry crane, Venetia Underground Project, South Africa



ECONOMICS

## SHINING LIGHT AWARDS

Since 1996, together with our local Sightholders, we have supported the Shining Light Awards in southern Africa. The awards cultivate and showcase emerging jewellery design talent in our producer countries. In 2014, the Shining Light Awards were redesigned to concentrate less on high-end showcase diamond jewellery pieces, and more on designing diamond jewellery with commercial appeal. The theme of the competition for 2015 is 'The Promise', which aligns with the consumer proposition of our Forevermark brand. Three Shining Light Award competition winners will each receive a funded place at a leading design school in Milan, Italy.

[www.shininglightawards.co.za](http://www.shininglightawards.co.za)



For more case studies, go online:  
[www.debeersgroup.com/stories](http://www.debeersgroup.com/stories)



The SunDiamonds ring, from the Namibian collection of entries submitted for the 2013 awards

### 1.2 SUCCESS OF BENEFICIATION

Our beneficiation strategy aims to ensure that, beyond mining, as many of the diamond processing stages as possible take place in a country of production. By selling more diamonds for processing within producer countries, we help those countries to gain more value from their precious natural resource. Local citizens also benefit from greater opportunities within a national diamond industry that is broader than mining alone.

Beneficiation not only creates greater short-term economic value for producer countries, it also helps to develop post-mining economies both within and outside the diamond sector. Beneficiation provides tangible opportunities for economic diversification and supports governments in our southern African producer countries in achieving their respective development plans.

#### CREATING AN INTERNATIONAL DIAMOND CENTRE IN SOUTHERN AFRICA

2013 was a milestone in the history of our rough diamond sales activity with the pioneering relocation of our global sales operations from London to Gaborone. Following early excitement around the first Sights, our sales operation has moved into a smooth 'business as usual' pattern. The relocation has already provided direct employment to 93 citizens in our global sales operations and has paved the way for increased investment and skills development in the region linked to our sales function.

The relocation is a significant step toward creating a world-leading diamond centre in Botswana that will benefit the whole southern Africa region.

Since the relocation, other major diamond companies have supported the move by timing their sales in southern Africa to align with De Beers' Sights in Gaborone. In this way, international buyers are being drawn to southern Africa.

#### *Ripple effect*

As well as maximising the value derived from diamond assets, beneficiation has been shown to stimulate inward investment in producer countries. This is illustrated by the growing service economy supporting the diamond industry in southern Africa, linked to the relocation to Botswana.

Diamond laser cutting companies, gem certification facilities, specialised transport service providers, hotels and funding banks, such as Barclays, among others, have all established businesses in the region since 2007.

## MANAGING BENEFICIATION

We sell the majority of our rough diamonds through contract sales to Sightholders. As part of our beneficiation strategy, we reserve some supply for Sightholders who have set up local operations to process (or beneficiate) the diamonds that we sell to them in-country.

These sales promote additional value creation and skills development by helping to establish downstream diamond activities, such as diamond processing, cutting and polishing. In developing these downstream operations, Sightholders deliver training and mentoring programmes in their factories, improving skills and providing opportunities for citizen employees to move into specialised and technically advanced roles.

Although we have supported beneficiation for several decades, we formalised our approach in 2006-07 by establishing 50:50 joint venture sorting, valuing and sales operations in Botswana (DTCB) and Namibia (NDTC) with their respective governments. The Global Sightholder Sales function in Gaborone manages sales to local Sightholders in Botswana, as well as sales to global Sightholders. In Namibia, beneficiation continues to be delivered by NDTC. For the 2012-15 sales contract period, 21 local Sightholders were selected in Botswana and 13 in Namibia.

In South Africa and Namibia, we manage beneficiation programmes directly through our local sales functions. In South Africa, we supply eight local Sightholders in the 2012-15 contract period and make diamonds available to local manufacturers through the South African State Diamond Trader. In Canada, one Sightholder with approved manufacturer status has been appointed.

## EXCEEDING REQUIREMENTS

De Beers is the industry leader in beneficiation. In South Africa, we consistently meet and exceed the requirement to sell 40 per cent of our production by value locally. This is in addition to offering ten per cent of production by value to the State Diamond Trader. Although we have reshaped our South African mining portfolio in recent years, most recently with the completion of the sale of Namaqualand Mines in late 2014, we remain committed to supplying the local industry. Our Venetia Mine underground project will extend the life of the mine by more than 20 years, providing significant ongoing opportunities for beneficiation.

## BENEFICIATION IN 2014

In 2014, sales of rough diamonds to Sightholders in producer countries for beneficiation increased 11.4 percent to US\$1.56 billion (2013: US\$1.4 billion). This roughly equates to a quarter of total rough diamond sales.

## BENEFICIATION AND SIGHTHOLDERS

For most of 2014, Sightholders faced a difficult economic environment due to tightening fiscal bank policies resulting in lack of liquidity, and stock overhang. This was particularly challenging for Sightholders operating in our producer countries, many of which have higher costs than the more established manufacturing centres in India and China due to start-up costs, generally higher labour costs, and a longer manufacturing pipeline.

A sustainable platform for continued growth of the diamond sector in

producer countries requires commitment from all stakeholders. This includes producers providing access to a consistent, demand-driven supply of rough diamonds; governments establishing relevant legislation and positively influencing the operating environment; and diamond businesses taking a long-term view in order to overcome initial investment costs and to improve skills and productivity over time.



Rough diamonds sorted at Kimberley, South Africa



**BUILDING FOREVER**

# ETHICS

*Diamonds represent important moments in the lives of those who give and receive them. Protecting that symbol, and the promise at its core, is paramount to consumers, our business and the industry.*

By demanding the highest ethical standards from ourselves, and from those we do business with, we strive to ensure that every person can be proud to wear a diamond.

As a discretionary, luxury product, the value of a diamond to the consumer is not measured in financial terms alone, but also in its emotional value.

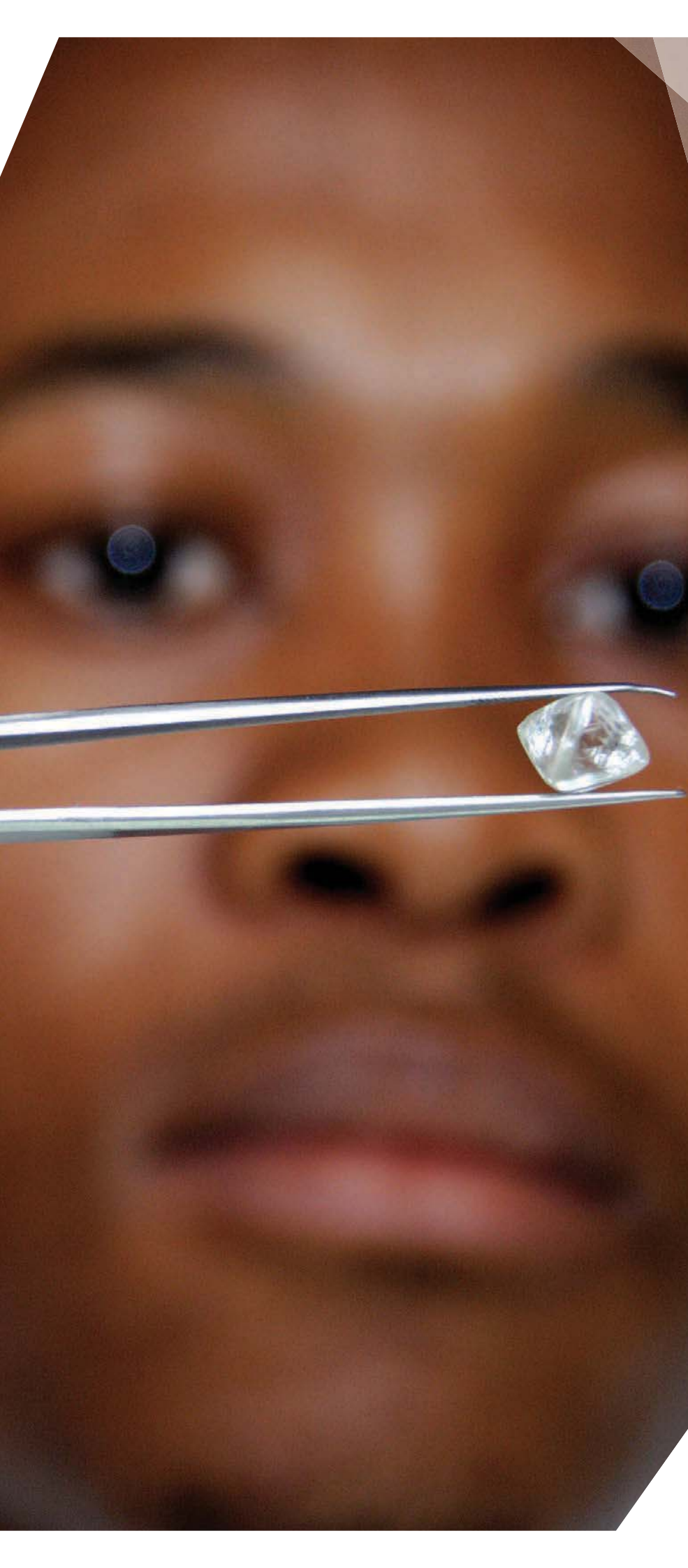
Consumers must have confidence that their diamond has been brought to them in a way that is consistent with the values they ascribe to it. Not only that no harm has been caused, but that through the journey from rough stone to polished gem, their diamond has touched the lives of countless people for the better. Driving the highest standards in ethical practice across the industry is therefore not only the right thing to do, it is central to our commercial success and the wellbeing of the communities in which we live and work.

## OUR APPROACH

We identify and prioritise ethical risks through an annual materiality process (see p. 11). The key ethical risks we face are shown opposite and in this section we report on two of these risks – ‘Raising standards across the diamond pipeline’, and ‘Illicit trade and diamond security’.

We invest heavily in robust systems to raise standards across the diamond value chain. Our pioneering Best Practice Principles (BPPs) and the associated BPP Assurance Programme are at the heart of our approach to raising social, ethical and environmental standards. Launched in 2003, the BPPs are a mandatory code of ethical business conduct that, in 2014, applied to all De Beers operations as well as those of our Sightholders, and substantial diamond contractors, such as those involved in diamond cutting and polishing and jewellery manufacturing. It is our key tool for helping to ensure that a diamond’s journey from mine to finger meets the highest ethical standards.

Beyond our own operations, we work in partnership to promote robust standards across the industry. From the outset, we have supported the Kimberley Process Certification Scheme, which works to eliminate conflict diamonds from the diamond value chain, and we are a founding member of the Responsible Jewellery Council (RJC).



## PERFORMANCE

### KIMBERLEY PROCESS COMPLIANCE

**100%** →

of De Beers diamonds are certified as conflict-free

### BPP COVERAGE – approx.

**370,000** ↑

diamond industry employees covered worldwide

### BPP INFRINGEMENTS BY DE BEERS' SIGHTHOLDERS

**111** ↓

total infringements requiring corrective action procedures

## MATERIAL RISKS

Covered in this chapter:

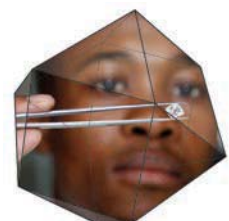
**2.1** Raising standards across the diamond pipeline

**2.2** Illicit trade and diamond security

Covered in the 2014 Assurance and Compliance Supplement, available at: [www.debeersgroup.com/publications](http://www.debeersgroup.com/publications)

**2.3** Human rights

**2.4** Doing business with integrity



For more information, go online:  
[www.debeersgroup.com/buildingforever](http://www.debeersgroup.com/buildingforever)

## ETHICS

### 2.1 RAISING STANDARDS ACROSS THE DIAMOND PIPELINE

We work to meet and exceed consumers' expectations of the ethical integrity of their diamonds through our Business Principles, policies and standards, and the Best Practice Principles Assurance Programme (BPPs).

#### DE BEERS BEST PRACTICE PRINCIPLES

The BPPs are a continually evolving set of standards developed by De Beers to drive best practice throughout the diamond pipeline, and to ensure that consumers buying diamond jewellery can rely on the professional, ethical and technical standards of the gem diamond industry. The BPPs help to protect against unacceptable business, environmental and social practices in the diamond supply chain. They are based on local and international legislation and meet or exceed industry best practice benchmarks.

In a rapidly changing world, the BPPs were designed to respond quickly to emerging risks within the diamond pipeline. We regularly evolve the BPPs to reflect the changing risk landscape in two ways – through additions to the BPP requirements or by adjusting the annual BPP assurance process to focus on areas where there is greater risk. This agility underlines our commitment to lead the industry in developing and continually raising standards.

### THE BPPs SPAN THE FULL VALUE CHAIN, AND IN 2014, THEY COVERED APPROXIMATELY 370,000 PEOPLE WORKING IN THE DIAMOND INDUSTRY GLOBALLY

#### *BPPs coverage*

The BPPs cover all De Beers' operations and BPP compliance is a mandatory contractual obligation for our Sightholders, as well as substantial diamond contractors. The BPPs span the full value chain, and in 2014, they covered approximately 370,000 people working in the diamond industry globally (2013: approximately 360,000).

The scope of the BPPs means that all diamond-related activities and business entities within a Sightholder's group, including those not directly involved with De Beers' diamonds, are covered by the BPPs. Substantial contractors are those that derive 75 per cent or more of their revenue from a Sightholder or De Beers. Non-substantial contractors that fall below the 75 per cent mark must sign a letter of best endeavours stating that they are free of any material breaches of the BPPs standards. In an example of our evolutionary approach, in 2012 we broadened the scope of the BPPs to include contractors used by four or more Sightholders, who otherwise fell below the requirement to be included in the BPP process.

#### *Progressing in 2014*

In 2014, the BPPs incorporated additional requirements to continue raising industry standards across the diamond supply chain and reinforce the commitment to responsible business practices. Health and Safety, Environmental and Disclosure provisions in the requirements were enhanced, and a new section on Sourcing from Artisanal and Small Scale Mining was introduced. The main focus of the evolution was, however, on the social sphere, reinforcing De Beers' commitment to support human rights, and observing the UN Guiding principles on Business and Human Rights. Additionally, all entities are required to assess and address the risk of human trafficking within companies as well as from direct suppliers and through recruitment agencies.

#### *Independent assurance*

Third-party verification ensures that all Sightholders and substantial contractors conform to the BPPs. These organisations submit annual self-assessment workbooks outlining their performance against the BPP requirements.

Our own operations also take part in the external audit process. A third-party verifier – SGS – undertakes an annual desktop verification of one-third of the self-assessment workbooks and conducts on-site audits of a sample of operations. On average, ten per cent of all Sightholder entities (subsidiaries, facilities, etc.) receive an on-site BPPs audit each year. In 2014, this equated to 122 visits (2013: 129). De Beers' operations received seven site visits in 2014 (2013: six).

#### *Performance*

In 2014, Sightholders had 111 infringements (2013: 185)<sup>9</sup>, a 40 per cent reduction on last year's figure. Nine of those were classified as major (2013: 24). Major infringements raised in 2013 were closed out in 2014 by all but three Sightholders, following corrective action procedures.

De Beers had one infringement classified as major in 2014 at an Exploration site (2013: one). Corrective actions have been taken to address and close the issue, and we have completed reviews across the business to ensure that it is an isolated incident. No material breaches of the BPPs by De Beers were identified in the 2014 audit cycle.

#### SUPPORTING INDUSTRY STANDARDS

We are a founding member of the Responsible Jewellery Council (RJC), a not-for-profit organisation that certifies the ethical standards of its members to reinforce confidence across the diamond, gold and platinum jewellery supply chain.

<sup>9</sup> 2013 figure has been restated to exclude Improvement Opportunities.

The RJC Code of Practices outlines the social, ethical and environmental standards that RJC member organisations must meet. Certification against the Code has a three-year duration period and De Beers was certified in 2012. Since the BPP requirements cover or exceed those of the RJC, we run a combined RJC and BPPs audit process during certification years. We also offer this dual audit to our Sightholders, covering compliance against both sets of standards.

In 2013, the RJC revised its Code of Practices to better reflect current risks in the diamond and gold jewellery supply chain. Amongst others,

changes include alignment with the UN Guiding Principles on Business and Human Rights; new requirements on sourcing and provenance claims for diamonds, gold and platinum; and a number of new sections for mining company members.

From 2015, all RJC members will need to be certified to the new Code. In preparation for re-certification in 2015, all De Beers operations completed a pilot assurance process against the new RJC standards in 2014. From 2015, the dual audit we offer Sightholders will also incorporate the RJC's new requirements.



For more information, go online:  
[www.responsiblejewellery.com](http://www.responsiblejewellery.com)



## LEADING THE WAY IN TACKLING UNDISCLOSED SYNTHETICS

When a consumer buys a diamond, they want total confidence that it is a natural diamond. One challenge to this is the potential for undisclosed laboratory created diamonds – or ‘synthetics’ – to deliberately or unwittingly enter the natural diamond supply chain. Although we believe that trading of synthetics as natural is confined to a very small fraction of the global industry, it presents a tangible risk to consumers’ trust and confidence in diamonds.

De Beers invests in innovative and effective technology to better enable the industry to detect synthetics (and simulants) in order to help ensure all stages of the pipeline are confident that they know what they are purchasing. For example, we developed, and make available, an Automated Melee Screening (AMS) machine, which screens batches of melee diamonds to determine whether or not they are natural. Due to their small size and high numbers, melee diamonds pose the highest risk for contamination by undisclosed synthetics.

Launched in 2014, the AMS is the result of years of technological innovation and underlines our commitment to investing in cutting-edge technology to help maintain integrity within the diamond industry.



For more case studies, go online:  
[www.debeersgroup.com/stories](http://www.debeersgroup.com/stories)



The Automated Melee Screening machine



ETHICS

## THE UNIQUE FOREVERMARK PROMISE

On each Forevermark diamond is a tiny inscription, invisible to the naked eye, that carries an important promise. Not only does it provide an assurance as to the quality of the diamond – only one per cent of the world’s diamonds are eligible to be a Forevermark diamond – it also promises that each Forevermark diamond has been mined, cut and polished to the highest ethical, social and environmental standards.

To ensure that mines supplying Forevermark-eligible diamonds meet these high standards, they must attain De Beers’ Forevermark Pipeline Integrity Standard – a pioneering set of responsible sourcing standards, written in partnership with the British Standards Institution. It forms the world’s largest Track & Trace system for diamonds and each Forevermark diamond partner’s compliance with the standard is independently verified.

For this reason, Forevermark is an investment in quality, and an investment in sustainability.



For more case studies, go online: [www.debeersgroup.com/stories](http://www.debeersgroup.com/stories)



A Forevermark inscription, unique to every Forevermark diamond

### 2.2 ILLICIT TRADE AND DIAMOND SECURITY

Diamond theft and the illicit trade in diamonds are risks to our business, our producer countries, and the diamond industry as a whole. For De Beers, diamond theft can have an adverse impact on our financial performance and affect the welfare of our employees. The involvement of criminal syndicates has the potential to expose our employees to coercion and heightened risk.

Research suggests that, collectively, countries involved in the production of diamonds could be losing hundreds of millions of US dollars a year to the theft and illicit trade in diamonds. The illicit trade deprives people of employment opportunities and represents a loss of revenue for governments in producer countries that could otherwise support development.

Together, theft and the illicit trade present a risk to the reputation of

diamonds and the diamond industry, requiring a concerted effort across the sector and with partners in law enforcement and government.

#### MANAGING DIAMOND SECURITY

Investing in diamond security is critically important for tackling the illicit trade in diamonds. Our Global Security Strategy covers security risks to all De Beers’ assets, including diamonds, people, physical assets, information and reputation. Our Security Standards establish a clear set of minimum requirements that are at the heart of a preventative security culture and are focused on protecting our assets in a consistent and ethical manner.

To minimise the risk to our business from diamond theft and the illicit trade, we focus on where we can have the biggest impact – at source, preventing diamond theft from our operations. Where our employees come into contact with diamonds we focus on ‘protection at exposure’.

Through sound design and management of production processes, we minimise the need for employees to come into direct contact with diamonds and prevent unauthorised access to diamonds. In this way, we remove opportunities for theft that might otherwise arise from operational or process failures and poor decision-making. We conduct frequent risk assessments to identify and close vulnerabilities within our processing and security systems.

#### Engaging our employees

Our aim is to establish a culture of security at all levels of the company, not only within the security function. Employee engagement is essential to this and we aim to raise awareness and understanding of security risks, including diamond theft.

As well as engaging employees on the risks of diamond theft, we also utilise a comprehensive security vetting process for all new and current employees. The level of vetting is



tailored to the risk profile of the role, and our policy for employees in high-risk areas – those who are exposed to diamonds and security personnel – is to gain security clearance every two years using multi-technique integrity screening.

#### *Collaboration with others*

Externally, we work in partnership with law enforcement agencies and across the industry to tackle the illicit trade.

Our security teams also work with local communities around our operations, raising awareness of the illicit diamond trade and the negative impacts of diamonds being removed from the legitimate supply chain.

#### CONFLICT DIAMONDS AND THE KIMBERLEY PROCESS

Another facet of the illicit diamond trade is conflict diamonds, defined as ‘rough diamonds used by rebel movements to finance wars against legitimate governments’. In recent decades, a number of violent civil wars in diamond-producing countries in Africa have brought the issue of conflict diamonds into sharp focus.

Established in 2000, and implemented in 2003, the Kimberley Process works to eliminate conflict diamonds from the legitimate diamond value chain by providing governments, customs authorities, industry and customers oversight of the international trade in rough diamonds.

Today, the World Diamond Council estimates that less than one per cent of the global supply of rough diamonds originates from areas of conflict. De Beers has been committed to the Kimberley Process since it was established. The success of the Kimberley Process is critical to the reputation and sustainability of the diamond industry.

#### *How it works*

The Kimberley Process is an international government-led cross-sector initiative, which draws on the support of the diamond industry and civil society who act as observers of the process. To participate in the Kimberley Process, member states

## OUR SECURITY STANDARDS ESTABLISH A CLEAR SET OF MINIMUM REQUIREMENTS THAT ARE AT THE HEART OF A PREVENTATIVE SECURITY CULTURE AND ARE FOCUSED ON PROTECTING OUR ASSETS IN A CONSISTENT AND ETHICAL MANNER

must enact national legislation that meets minimum Kimberley Process requirements and ensure relevant institutions, including those responsible for imports and exports, meet certain standards and processes. Member states must also commit to full and transparent annual reporting, including the volume and value of imports and exports accompanied by Kimberley Process certificates.

During 2014, 52 annual Kimberley Process reports representing 79 countries were successfully submitted.

The Kimberley Process requires rough diamonds to be transported in sealed, tamper-resistant containers accompanied by forgery-resistant certificates with unique serial numbers. This process is backed by a system of internal controls in the producing countries, and those countries that trade, cut and polish rough diamonds.

To support the implementation of the Kimberley Process, the diamond industry developed the ‘System of Warranties’, completing the scope of assurance from mine to consumer. This requires companies to ensure that all invoices for rough or polished diamonds, and diamond jewellery, include a written guarantee that the diamonds are conflict-free. Records of all warranty invoices must be kept and externally audited on an annual basis.

#### *Performance*

All De Beers’ diamonds are certified conflict-free, and our 2014 audit processes confirmed 100 per cent compliance with the Kimberley Process.

#### *Kimberley Process year in review*

Following a number of challenging years, 2014 followed the trend of 2013 and was a year of relative calm for the Kimberley Process under the chairmanship of China. The only outstanding issue at year-end was who will assume the position of vice chair in 2015 and therefore the chair in 2016. The two candidates are Australia and the United Arab Emirates. It is hoped that this will be resolved before the plenary meeting in November 2015.

The temporary suspension of the Central African Republic (CAR) as a result of civil war, continued through 2014. During a temporary suspension, diamond exports through the Kimberley Process are prohibited, as control systems are considered not strong enough to ensure the integrity of diamonds.

In a positive development, the UN lifted its embargo on the export of rough diamonds from Côte d’Ivoire. The lifting of sanctions is a good example of international co-operation within the Kimberley Process to support a country moving toward compliance with the Kimberley Process minimum requirements. Côte d’Ivoire will now host a review visit in early 2015 with the aim of eventually being able to resume trading diamonds on the international market again.



## BUILDING FOREVER

# EMPLOYEES

*World-class companies are built on a world-class workforce. At De Beers, we strive to attract and retain the best talent, by investing in and providing a safe, energising and supportive work environment.*

We seek passionate people to develop their careers with us and help us build value by having a workforce that is competent, engaged and committed.

We aim for our workforce to reflect the diversity of the communities in which we operate. We have a particular focus on citizen and historically disadvantaged employees, especially in Africa, and employ and promote these individuals at all levels of our business. As part of our work to leave a positive legacy, we invest in local capacity building and skills development to help foster more sustainable local and national economies.

### OUR APPROACH

We identify and prioritise employee risks through an annual materiality process (see p. 11). The key employee risks identified in 2014 are shown opposite and in this section we report on two of these risks, – ‘Attracting and retaining talent’ and ‘Safety and occupational health performance’.

We employ ambitious people and expect the best from them. Investing in our people will build a workforce for the future, one that will help deliver our business strategy, while contributing to the countries and societies in which we operate. Our approach, laid out in our People Strategy, involves actively and

continuously building our people’s skills and capability, developing effective leaders, and delivering excellent people management.

As a diamond company, the safety of our people, and others, is our unwavering priority. No diamond is worth a life and the safety and health of all our employees is at the heart of everything we do. Our commitment is to reach zero harm in our operations. We will deliver this through effective leadership, stringent standards, robust management systems, and by training our people to the highest standards.

We engage with our employees on a regular basis both directly and through structured dialogue with trade unions and other representative bodies. We aim to consult with them on key issues that may affect them, inform and connect them to the goals of the business, and better understand their expectations of De Beers as an employer. We respect the right of our employees to associate freely and bargain collectively, and we aim to meet all relevant global labour standards as a minimum.





## PERFORMANCE

### SAFETY PERFORMANCE

**10% ↑**

improvement in Lost Time Injury Frequency Rate (LTIFR)

### EMPLOYEES BASED IN AFRICA

**81.3% ↓**

proportion of total De Beers employees based in Africa

### LOSS OF LIFE INCIDENTS

**0 →**

number of incidents in the workplace

## MATERIAL RISKS

Covered in this chapter:

- 3.1 Attracting and retaining talent
- 3.2 Safety and occupational health performance

Covered in the 2014 Assurance and Compliance Supplement, available at: [www.debeersgroup.com/publications](http://www.debeersgroup.com/publications)

- 3.3 Diversity and inclusion
- 3.4 HIV and tuberculosis management



For more information, go online:  
[www.debeersgroup.com/buildingforever](http://www.debeersgroup.com/buildingforever)

**EMPLOYEES**

**3.1 ATTRACTING AND RETAINING TALENT**

Our people operate in some of the most challenging environments in the world – from recovering diamonds from under a lake near the Arctic Circle in Northern Canada, or from under the sea-bed off the coast of Namibia, to exploring for new mines in sub-Saharan Africa. From pushing back technological frontiers to creating the next generation of industrial synthetic diamond supermaterials, the expertise and passion of our people drives our business forward.

Across the diamond pipeline, we employed a total workforce of 22,947 people in 2014<sup>10</sup> (2013: 20,385). Of these, 16,938 were direct employees, including permanent employees, those on fixed contracts, and trainees (2013: 16,149, see Fig. 9)<sup>11</sup>.

The proportion of employees on fixed-term contracts dropped slightly in 2014 to 8.3 per cent (2013: 9.0 per cent). We do not have a substantial portion of workers who are legally recognised as self-employed or non-supervised workers.

**UNLOCKING THE POTENTIAL OF ALL OUR PEOPLE**

We are a global company with our roots deeply embedded in Africa. 81.3 per cent of our directly employed workforce are based in Africa, see Fig. 10 (2013: 82.3 per cent). Part of our commitment to building a highly skilled and diverse workforce is attracting, employing and developing citizen talent at all levels of our business. Between 83 and 96 per cent of our workforce in South Africa, Botswana and Namibia is comprised of historically disadvantaged South Africans and Namibians, and local citizens in Botswana (see Fig. 8), and through building our people’s skills we support them in contributing to the development of their countries.

The overall aim of our People Strategy is to ‘unlock the full potential of all of our people’ and it concentrates on four key areas:

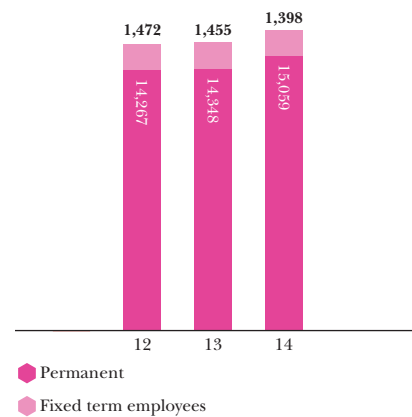
1. Employing the best people – delivering business success by having the right mix of people and skills
2. Ensuring we have the right leaders – equipping our leaders to deliver the future success of De Beers
3. Facilitating an energising environment – inspiring our people to do more and to be more
4. Creating a culture of operational excellence in HR – implementing systems to deliver simple, integrated people management processes

**BEST PEOPLE**

Our talent management approach ensures that we have the best people, equipped with the right skills, in the most effective places in the business. We focus on three areas: building the talent pipeline across De Beers, succession planning for key roles, and establishing processes to effectively recruit and manage talent across the business.

In line with our talent management approach, we appoint the best-qualified internal or external candidates for all openings in line with national legislation relating to employment equity. Employee performance is assessed against a defined set of key results areas (KRAs) through regular dialogue and feedback. In 2014, across the company, all employees within the non-unionised workforce were included in a performance

**FIG. 9: WORKFORCE COMPOSITION PERMANENT AND FIXED TERM<sup>11</sup>**



management system where objectives are set, development discussed and feedback provided. Employees within the unionised workforce negotiate as a group, so do not take part in these reviews (2013: 100 per cent).

**SKILLS DEVELOPMENT**

We invest significantly in the skills of our workforce in order to deliver our future goals and support the development aspirations of our producer countries. In 2014, we invested a total of US\$18.8 million (2013: US\$16.7 million) in professional development, including formal training and qualifications.

While much of this spend is focused on our mining operations and, in particular, safety training, we provide leadership training through a suite of

**FIG. 8: WORKFORCE AND MANAGEMENT DIVERSITY, 2014 (%)**

	South Africa (Historically Disadvantaged South Africans)	Namibia (Historically Disadvantaged Namibians)	Botswana (Local Citizens)
Workforce	83.6	88.4	96.3
Management	50.5	62.0	84.7
Senior management	21.4	50.0	56.5

<sup>10</sup> The headcount figures represent year-end figures and exclude DBDJ.

<sup>11</sup> This chart contains figures for permanent and fixed term employees only and excludes bursars, working bursars, graduate trainees, learnerships and other trainees.

Anglo American leadership programmes. During 2014, 54 employees were enrolled in these programmes.

LISTENING TO OUR PEOPLE

Engaging with, and listening to, our employees is essential to understanding their opinions and keeping them up-to-date on all aspects of our business. A positive approach to engagement is an essential ingredient to providing our people with an energising work environment. With this in mind, at the end of 2014 we launched a new employee engagement survey. The results will shape the people agenda in 2015 and beyond.

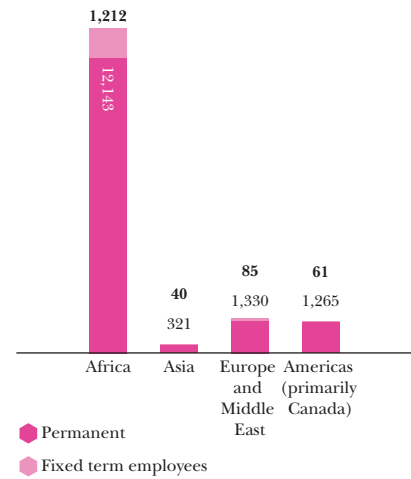
OPERATIONAL EXCELLENCE

De Beers' HR maturity journey is continuing to progress, with increased focus on driving operational excellence, including:

- Standards – agreed principles on the way we build the foundations of our HR policies, processes and ways of working
- Tools – systems to deliver simple, integrated high-value people management processes
- HR capabilities – measuring and developing HR capability

A particular focus in 2014 was a feasibility study to identify an appropriate People Information Strategy for De Beers. This has resulted in a recommendation to implement a global People Information Management software system. The project is planned to commence in 2015 and will take approximately 24 months to complete.

FIG. 10: TOTAL WORKFORCE AT YEAR-END BY REGION, 2014<sup>11</sup>



EMPLOYEES

WOMEN IN MINING

Mining has historically been a male-dominated industry, but a combination of global progression and legislative reform means the status quo is changing. Women are steadily becoming better represented in mining, supported by a range of industry and corporate initiatives.

At De Beers, 23.5 per cent of our employees, and 24 per cent of our management, are women. While these figures reflect positive change, we would like to see greater balance. We believe that diversity strengthens our business – benefiting employees, local communities and their economies, and helping to create a sustainable future for De Beers.

While the under-representation of women in mining remains a challenge, we are currently investigating programmes to attract and retain female talent. These include programmes to promote equal opportunities and provide mentoring and training for our female employees to support their development.



For more case studies, go online: [www.debeersgroup.com/stories](http://www.debeersgroup.com/stories)



Welcha Minnie, Senior ECOHS and Compliance Manager, Risk Management



EMPLOYEES

## MAINTAINING OUR FOCUS ON HIV/AIDS

Our commitment to zero harm applies equally to employee health as it does to safety. This includes our long-term commitment to reduce the impact of HIV/AIDS and Tuberculosis (TB) in our workforce and our local communities.

Our southern African operations are located in countries with very high prevalence of HIV/AIDS and TB. Adult prevalence rates in Botswana, South Africa and Namibia were 21.9 per cent, 19.1 per cent and 14.3 per cent respectively in 2013. De Beers' HIV programme started in 2003 and, reflecting the scale and sensitivity of the issue, our approach focuses on prevention, treatment, care and support. We operate in a non-discriminatory, confidential manner to overcome stigma and promote access to care.

We provide free Voluntary Counselling and Testing (VCT) to all employees and to contractors, and Anti-Retroviral Treatment (ART) is also provided free to all HIV positive employees and their life partners and children. In South Africa during 2014, 1,403 employees tested for their HIV status and there were 31 new cases of HIV (2013:17).

Our emphasis is on progressively shifting from treatment to prevention. Encouraging employees to know their HIV status is critical to this goal and we run a wide range of campaigns to empower individuals to take action and know their HIV status. This is an investment in preventing serious health conditions and a way to deliver the message that, through knowledge and informed behaviour, we can keep ourselves safe and well.



An employee participating in the Voluntary Counselling and Testing (VCT) programme in Venetia



For more case studies, go online:  
[www.debeersgroup.com/stories](http://www.debeersgroup.com/stories)

### 3.2 SAFETY AND OCCUPATIONAL HEALTH PERFORMANCE

The safety and health of our employees, contractors and surrounding communities have always been priorities at De Beers. We have a fundamental commitment to zero harm, because no diamond is worth a life.

A safe work environment and a workforce that is fit and healthy for the work it performs are essential to the effectiveness of our operations and the wellbeing of employees both inside and outside the workplace. It is our belief that we can explore for and extract diamonds without any loss of life, serious injuries or occupational illnesses.

Occupational health and safety underpins our licence to operate and is closely monitored by key stakeholders, including governments, trade unions and employees. We actively engage with these groups, taking time to listen

to and understand their concerns. Their insight helps us refine and improve our approach and deliver excellence in our occupational health and safety performance.

While we had no fatal incidents at our operations in 2014, it is with great sadness that we report that three employees and two contractors were killed in a road traffic accident in

#### FIG. 11: FATALITIES IN 2014

Three Namdeb employees and two contracted transport employees were killed in a road traffic accident off-mine, in northern Namibia

**Mr. Andalika Vilho (59 years)**

A multi-skilled operator who had worked at Namdeb for 27 years

**Mr. Gabriel Tufilua Philipus (51 years)**

A multi-skilled operator who had worked at Namdeb for 12 years

**Mr. Simon Ishidhimbwa Shivolo (39 years)**

A multi-skilled operator who had worked at Namdeb for 15 years

**Mr. Hendrik Van Wyk (54 years)**

A coach driver employed by Springbok Atlas, a contracted transport company for Namdeb

**Mr. Petrus Robert Bekker (43 years)**

A coach driver employed by Springbok Atlas, a contracted transport company for Namdeb

Namibia<sup>12</sup>. A contracted bus transporting employees from northern Namibia to Oranjemund was involved in a collision with a truck that had veered into the lane the coach was travelling in. The accident was fully investigated by the authorities and learnings were used to develop improvement plans. No fines or sanctions were issued as a result of this incident. We know that transport is one of our main safety issues and that road safety is a particular challenge in some of the countries we operate in.

We continue to raise awareness of safety risks on public roads among employees and transport contractors and are working to introduce journey management plans at our operations. As a result of the fatal crash we are providing ongoing training and skills development for drivers. We are also identifying more local employment sources to reduce transport distances, and investigating longer shift periods to reduce the number of journeys employees make to and from operations.

## PERFORMANCE

Other than the fatal road traffic accident described above, 2014 was a year of good safety improvements for De Beers. We experienced no loss of life incidents at our operations (2013: zero) and reduced the number of lost time injuries. Our Lost Time Injury Frequency Rate (LTIFR) fell ten per cent to 0.17 (2013: 0.19)<sup>13</sup>.

For employee health, our Occupational Illness Fatality Rate (OIFR) remained zero (2013: zero) and our Occupational Illness Frequency Rate improved by more than 60 per cent, reaching 0.03 cases per 200,000 hours worked (2013: 0.08). We had four cases of occupational disease in 2014 (2013: 14), one of which was considered a major case and three of which were minor cases. The major case was a musculoskeletal condition causing permanent impairment and requiring a job change for the individual involved. Two of the minor cases were skin conditions resulting from exposure to chemicals, and one was a repetitive strain condition.

## MANAGING SAFETY AND HEALTH AT OPERATIONS

We will meet our goal of zero harm by effectively managing safety and health risks. With robust safety and health management systems, simple non-negotiable rules, a determination to learn from incidents, and establishing a culture of caring, awareness and personal accountability, we will continue to move toward our goal.

We complete self-assessments at every site annually and target improvements through site improvement plans, which are also produced annually. All of our mines and some exploration sites are certified to the OHSAS 18001 management standard and are audited internally and externally on a cyclical basis.

Our approach to preventing occupational diseases and promoting employee health applies both within and beyond the workplace. Our approach is to protect employees from health hazards, to meet all relevant workplace regulations, and to intervene early in managing occupational health incidents, including occupational disease. All operations have budgeted Health Improvement Plans in place and these are aligned with the Life of Mine Plan for each individual operation.

Occupational diseases are a lagging indicator, meaning they most often reflect past, rather than current, exposure to workplace health hazards. To prevent future occupational disease, we work to make sure our current controls prevent unacceptable exposure to a range of health risks.

## SAFETY AND HEALTH RISKS

Particular safety challenges at our operations include transport, moving machinery, fatigue, falling objects, working at height and falls of ground. These risk areas are the source of the high numbers of potential incidents experienced in 2014, and require continuous focus and improvement.

In 2014, we held workshops in our southern African operations to identify the cause of transport and fatigue risks and to investigate suitable

controls. Following the workshops, each business unit developed fatigue and transport management plans with specific actions for 2015 and beyond. All business units are also reviewing the quality and standard of vehicles used to transport employees to and from our mines.

Across the company, our key health risks include noise exposure, airborne pollutants, ergonomics risks and fatigue. In 2015, we will develop a health standard for fatigue, similar to those already in place for hearing and respiratory protection.

## SAFETY AND HEALTH RISK MANAGEMENT

We are determined for safety and health not to be just an operating priority, but part of our culture and daily lives. Safety and health risks make up part of our Operational Risk Management process, which covers all elements of risk to our operations. Alongside enhancing overall safety and health risk management, we are working to improve our approach in a number of areas, including a focus on leadership, and learning from incidents.

## LEADERSHIP

One of the most effective ways to improve safety and health performance is through strong accountable leadership. Regular, visible actions from our leaders can be a catalyst for a zero harm working culture. Our Visible Felt Leadership (VFL) initiative supports this belief and ensures leaders engage with employees in their work environment on a regular basis. This helps to develop a two-way dialogue on safety and health over time and identify areas for improvement. In 2015, VFL will be introduced as a performance metric for our managers.

## LEARNING FROM INCIDENTS

One of our fundamental principles is to avoid repeat incidents by learning from experience. We use Anglo American's Learning from Incidents process, which requires all serious and high potential incidents to be fully investigated and the results shared around the business. During 2014, we trained approximately 150 De Beers' employees on the methodology.

<sup>12</sup> Road traffic accidents are reported, but not recorded as part of our operational safety statistics.

<sup>13</sup> Lost Time Injury Frequency Rate is the number of lost time injuries multiplied by 200,000, divided by the number of man hours worked.



**BUILDING FOREVER**

# COMMUNITIES

*Our activities can change the lives of the people living in the communities impacted by our operations. Working in partnership with the communities impacted by our operations, we seek to leave a lasting positive legacy long after our mines have closed.*

With operations spanning decades, we look beyond the life of our mines with a view to building strong and resilient communities that not only benefit from our operations today, but also have the foundations to thrive in the future. To support this goal, we take the time to listen to the needs and concerns of communities. This enables us to adopt their aspirations as our own by investing in capacity building, infrastructure development, employment, strategic social investment, enterprise development and local procurement. Being a good neighbour not only helps maintain our social licence to operate – it underpins consumers' confidence that diamonds can be a vital source of value creation for communities.

## OUR APPROACH

Although community needs and impacts vary from operation to operation, we identified a number of Group-wide community risks through our annual materiality process in 2014 (p. 11). In this section we report on two of these risks – 'Socio-economic benefit', and 'Closure and transfer of assets'.

Our Community Policy and the Anglo American Social Way guide our approach to community matters. Our community strategy has three broad aims – to know and work with our communities; to understand our impacts and responsibilities; and to manage our short and long-term community risks. Our overarching aim is to build positive and long-term relationships with communities, based on the principles of trust and mutual benefit.

As part of the Anglo American Social Way, each of our operations is required to develop a long-term Social Performance Strategy, an annual Social Management Plan and a Stakeholder Engagement Plan. Each operation is also required to complete the Socio-Economic Assessment Toolbox (SEAT) process every three years. Through these structures, all operations engage with affected and interested stakeholders and tailor their community activities to avoid or mitigate negative social impacts, and to maximise socio-economic development opportunities.







Employees at Sithayu farm, which is supported by the Zimele social enterprise fund, harvest vegetables that are sold locally in Musina, South Africa

## PERFORMANCE

TOTAL SOCIAL INVESTMENT SPEND

**US\$30.3m ↑**

philanthropic and socio-economic programme expenditure

FOCUS ON AFRICA

**67.9% ↓**

proportion of total Community Social Investment spent in Africa

SUPPORTING ABORIGINAL COMMUNITIES

**US\$8.0m ↑**

investment by De Beers in programmes under Impact Benefit Agreements in Canada

## MATERIAL RISKS

Covered in this chapter:

- 4.1 Socio-economic benefit
- 4.2 Closure and transfer of assets

Covered in the 2014 Assurance and Compliance Supplement, available at: [www.debeersgroup.com/publications](http://www.debeersgroup.com/publications)

- 4.3 Operational impacts
- 4.4 Land ownership



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COMMUNITIES

4.1 SOCIO-ECONOMIC BENEFIT

Throughout 2014 we engaged extensively with the communities around our diamond mining operations to understand their priorities, the issues they care about, and the impacts they associate with our activities. The majority of these engagements were part of SEAT processes, and the issues identified formed the basis of Social Management Plans for 2015. Delivering lasting socio-economic benefit to communities was the most important issue raised in the majority of these structured engagements, and in the many other interactions with community members that happen every day across our business.

SOCIO-ECONOMIC DEVELOPMENT PROGRAMMES

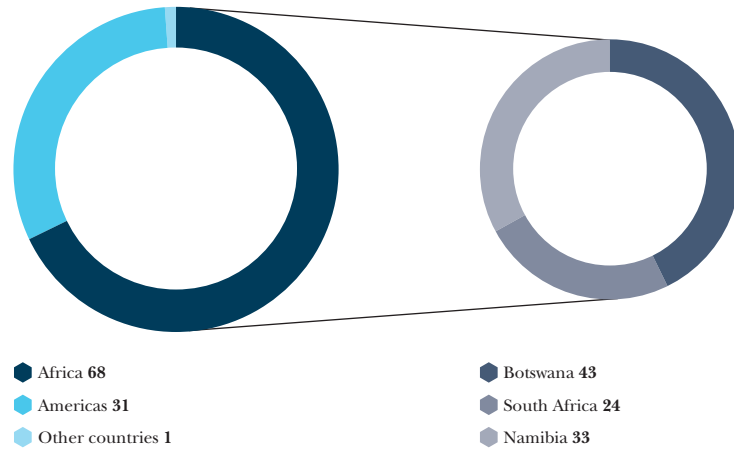
We aim to build sustainable and diverse post-mining economies and for local communities to prosper beyond the life of our mines. We deliver socio-economic development through a range of programmes. Some are applicable to all of our operations and others are specific to particular countries where we operate.

*In-kind community services*

Education and health are priorities for all of our local communities. Our in-kind services include community access to mine-supported services such as schools and hospitals. For example, Debswana operates hospitals at Orapa and Jwaneng Mines, which serve as district hospitals, and provide essential public medical services to mine employees and the surrounding communities. At Orapa Mine, there were 82,197 patient visits in 2014 (2013: 76,491).

IN 2014, WE CONTINUED TO INVEST AROUND US\$30 MILLION IN SOCIO-ECONOMIC BENEFIT PROGRAMMES GLOBALLY

FIG. 12: SOCIAL INVESTMENT SPEND BY REGION AND AFRICAN COUNTRY (%)



*Skills development and capacity building*

One of the most effective ways to support economic development that will last beyond our mining operations is by investing in local skills development and capacity building. We invest in programmes providing education, enterprise development and preferential procurement within local communities. Our enterprise development programmes provide advisory support, and in some cases funding for small businesses. These are De Beers Zimele in South Africa, the Namdeb Foundation in Namibia, and the Tokafala enterprise development programme in Botswana.

*HIV and AIDS programmes*

In sub-Saharan Africa, the high prevalence of HIV/AIDS in some countries can hinder economic development. At our African operations, we have supported those with HIV and AIDS for many years, and have worked to prevent further infections. We invest in testing, treatment and outreach services through company hospitals at Debswana and Namdeb Holdings, and support HIV/AIDS programmes provided by other organisations through our social investment funds. These programmes are in addition to our internal HIV/AIDS management programmes.

*Strategic philanthropy*

We focus our social investment on health, education, housing and community development.

In 2014, the devastating impact of the Ebola crisis was felt across all segments of society in the West African nations hit by the disease, including the artisanal diamond mining communities who remain among the most vulnerable to socio-economic risks. To support the aid effort, De Beers donated US\$100,000 to the Diamond Development Initiative to assist in supporting the recovery of affected communities.

REVIEWING OUR APPROACH

In 2014, a decision was taken by our Executive Committee to review our approach to social investment, in order to support a more consistent and strategic approach across the business. This will enable the sharing of best practice and ensure the considerable sums invested deliver the greatest possible value for stakeholders. A newly created Social Investment Committee will oversee this work.

In 2014, we continued to invest around US\$30 million in socio-economic benefit programmes globally (2014: US\$30.3 million, 2013: US\$29.5 million). With scheduled increases in our payments to Aboriginal and First Nation

communities in Canada, and planned decreases in disbursements under Social and Labour Plan (SLP) projects in South Africa, the proportion of our overall investment focused in Africa (see Fig. 12) decreased to 67.9 per cent in 2014 from 77.0 per cent in 2013. This figure incorporates both philanthropic and socio-economic programme expenditure, and includes cash and in-kind support for small and large-scale development projects.

#### *Social and Labour Plan investments*

Community support at each of our South African operations is governed by formal regulatory agreements called Social and Labour Plans. SLPs cover a five-year period and aim to deliver socio-economic development through investment in small businesses and job creation, infrastructure, education, and health programmes.

We are now in our second round of SLPs covering 2013-2017. In 2013, we received approval from the Department of Mineral Resources (DMR) for our SLPs at Voorspoed and Venetia Mines. Approval for Namaqualand (Buffels Marine Complex only) and Kimberley Mines remains outstanding and we continue to engage with the DMR on approval. Nevertheless, implementation of SLP projects continues at all four sites. During 2014, we distributed US\$2.0 million towards 21 SLP projects. This is significantly less than the US\$4.7 million distributed in 2013, as per the financial plan for the five-year cycle.

#### *Impact Benefit Agreements*

Impact Benefit Agreements (IBAs) in Canada are formal community investment agreements with First Nation communities and other Aboriginal groups affected by our mines. IBAs require us to invest in a

range of community programmes to ensure that mining delivers tangible benefits to Aboriginal communities. Typically, IBAs include agreements on local employment, education and training, support for Aboriginal culture, environmental protection and, where appropriate, financial compensation.

During 2014 we continued to deliver against four IBAs in place at Snap Lake Mine and three at Victor Mine. Social investment under these IBAs was US\$8.0 million in 2014 (2013: US\$5.2 million).

We have also agreed all the required IBAs for the Gahcho Kué project. We have signed six IBAs in total with the North Slave Métis Alliance, the Tlicho Government, the Yellowknives Dene First Nation, the Lutsel K'e Dene First Nation, the NWT Métis Nation, and the Deninu Kué First Nation.



## COMMUNITIES

### INVESTING IN SMALL, MICRO AND MEDIUM ENTERPRISES IN BOTSWANA

Tokafala (which means 'to improve' in Tswana) is De Beers' new business development programme in Botswana. Providing small, micro and medium-sized enterprises (SMMEs) with tailored advice, mentoring, financial support and market access, Tokafala aims to help nearly 1,000 enterprises over three years, supporting up to 5,000 jobs.

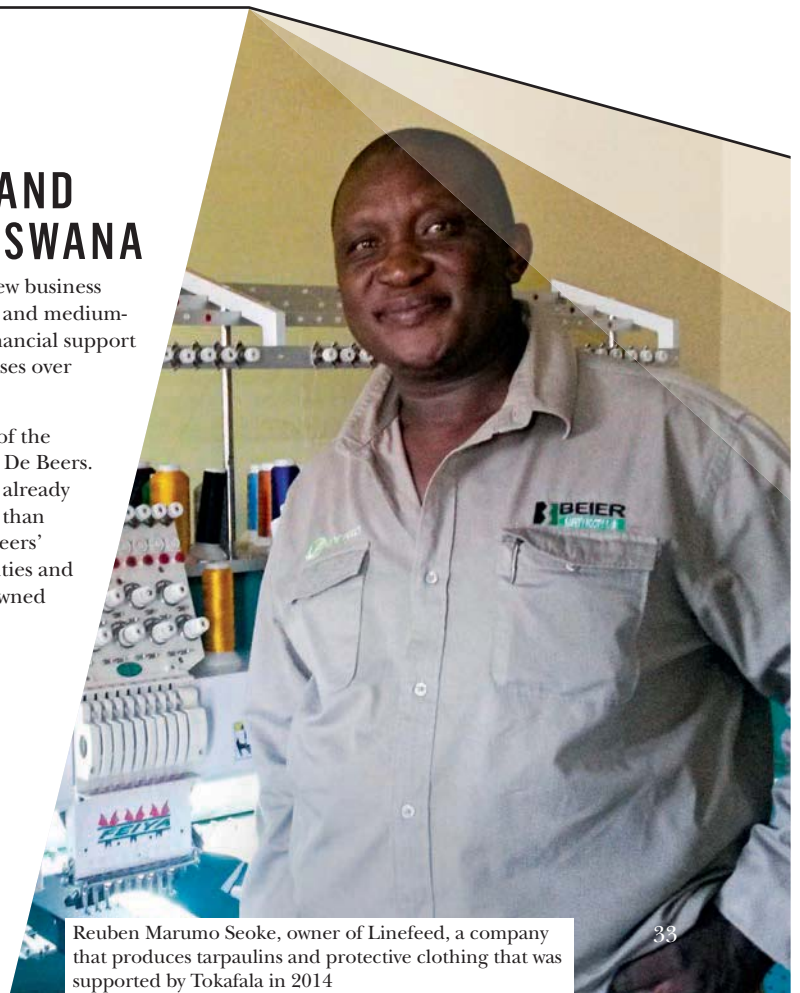
Tokafala is a three-year partnership between the Government of the Republic of Botswana (GRB), Anglo American, Debswana and De Beers. The programme was launched in 2014 and 63 businesses have already enrolled in the programme with a combined revenue of more than US\$7 million and close to 600 jobs. Tokafala also reflects De Beers' commitment to promote gender equality and equal opportunities and approximately 40 per cent of enrolled businesses are female-owned or co-owned.

"Tokafala is an important tool for contributing to the success of Botswana – providing individuals and enterprises with the support they need to develop and grow."

Jim Gowans, former CEO, Debswana.



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Reuben Marumo Seoke, owner of Linefeed, a company that produces tarpaulins and protective clothing that was supported by Tokafala in 2014



COMMUNITIES

## A NEW FRAMEWORK TO STRENGTHEN COMMUNITY ENGAGEMENT

De Beers' community strategy aims to ensure we have a positive impact on the communities near our operations. In 2014, the majority of our operations undertook the structured stakeholder engagement process outlined in the Anglo American Socio-Economic Assessment Toolbox (SEAT) to assess their community impacts. By taking the time to go through a comprehensive process of identifying and understanding community priorities, our operations are now better positioned to develop or update programmes that deliver socio-economic benefit.

The engagement processes found that although certain community priorities are consistent across our operations – such as employment, infrastructure, and access to healthcare and education – each of our mines generates different opportunities and impacts. This is why effective engagement with each community is central to our approach.

The issues raised through SEAT – be it employment opportunities, dust, or traffic – and our strategies to address them are included in the 2015 Social Management Plans for each mine. These plans set short and long-term goals and provide a focused, step-by-step approach to addressing the concerns and needs of local communities.



For more case studies, go online  
[www.debeersgroup.com/stories](http://www.debeersgroup.com/stories)



View of the Orange River from Daberas Mine, Namibia

### 4.2 CLOSURE AND TRANSFER OF ASSETS

While technological advances and market dynamics can often extend the length of time a mine is in production, eventually a mine will close. Mine closure is reasonably predictable, and we begin planning for closure, and the impact it could have on local communities, before a mine opens.

Every operation has a closure plan. As an operation approaches closure, the plan becomes more detailed. The process for developing closure

plans, which should cover environmental, physical and social aspects, is clearly laid out in Anglo American's Mine Closure Toolbox (available at [www.angloamerican.com/sustainability/environment](http://www.angloamerican.com/sustainability/environment)). During 2014 Anglo American's Mine Closure specialists conducted reviews of the closure plans of Kimberley, Victor and Voorspoed Mines and made specific recommendations to ensure that the plans meet all the requirements of the Closure Toolbox. Reviews of our other mines' closure plans will continue in 2015.

### TOWN PROCLAMATION

One key aspect of planning for eventual closure is town proclamation. For towns that have developed around a mining operation, proclamation involves transitioning from being company managed to a self-governing municipality and transferring responsibility for infrastructure and public services to government authorities.

In Botswana, we continue to plan for the proclamation of Orapa town in consultation with the relevant local and national government bodies. This planning is part of developing a long-term post-mining vision for the Orapa Mine area that focuses on the location of Orapa and the potential this provides as both a tourism hub and a centre for light industry.

In Namibia, Oranjemund has been managed as a closed company town since it was established in 1936. Although the town has been officially proclaimed and a town council has been elected, Oranjemund remains an access-controlled town. The mine management team is working with the Oranjemund Town Council to ensure that municipal services are transferred in a phased and manageable manner. The two parties are also engaging local community members to develop the longer-term vision for Oranjemund as an economically diversified town.

In South Africa, the proclamation of Kleinsee and Koingnaas in Namaqualand, which have been closed mining towns since 1929 and 1970 respectively, has been completed. Official handover of the towns is still outstanding and we continue to engage with local authorities on final transfer.

#### ASSET TRANSFER

A preferable alternative to closure is divestment of late lifecycle mines to smaller operators who can extend the productive life – and therefore benefit – of these assets. When selling a mine, we use stringent criteria to ensure potential buyers have the technical and financial skills to create value

from an operation and deliver sustainable local benefit. Conditions of sale include employment creation, community support, environmental rehabilitation and, in South Africa, equity ownership by Black Economic Empowerment groups.

In 2014, we completed the sale of Namaqualand Mines in South Africa. The buyer, Emerald Panther Investments, a Black Economic Empowerment consortium controlled by the Trans Hex Group, is expected to resume mining at Namaqualand in the near future. As part of the deal, De Beers will retain US\$17.4 million of the rehabilitation liabilities, and will complete the bulk of this rehabilitation work by 2016 by focusing on earth moving and surface profiling.

#### ILLEGAL MINING

Illegal mining is a risk associated with dormant or closed mines. Although the number of illegal mining incidents at our operations fell in 2014, we continue to face this challenge in South Africa at Colville Tailings Mineral Resource in Kimberley and at Namaqualand Mines.

Illegal mining is a risk to the safety of those individuals involved and is a way for diamonds to enter the illicit diamond trade (see p. 22-23). Our security teams work with the South African Police to prevent trespassing and damage to mine property, and to regularly close off illegally excavated tunnels. We also work in partnership with government and others in the industry on collective action against illegal mining.

At the local level, we engage with communities and local authorities to raise awareness of the dangers of illegal mining. Illegal mining is often a reflection of the wider socio-economic challenges that local communities face. We invest in tackling poverty, a root cause of illegal mining, through enterprise development initiatives, such as De Beers Zimele and Tokafala and by supporting the Diamond Development Initiative.

In South Africa in 2014, De Beers signed an agreement to sell the Colville Tailings Mineral Resource for a nominal fee to De Beers employees who were retrenched in 2005 and 2007. The retrenched will mine the resource for their own benefit once the handover process has been completed with the Department of Mineral Resources.



**BUILDING FOREVER**

# ENVIRONMENT

*The natural world is a source of shared value.  
It is the origin of the diamond dream, provides essential  
resources for communities and supports local livelihoods.*

Our operations have long-term horizons, and we have a vested interest in protecting the environments in which we live and work. In practice, this means ‘starting with the end in mind’ and minimising environmental impacts at every stage of the mine lifecycle, from exploration and mining to rehabilitation and closure.

There are some environmental challenges, such as water scarcity, energy security and climate change, that could have a major impact in the countries where we operate, especially those in sub-Saharan Africa. We know we cannot tackle these challenges alone and that collaboration is essential. We partner with local communities, governments, industry peers and NGOs to address significant environmental issues and build a future with healthy ecosystems, clean air and water, and adequate natural resources for all.

## OUR APPROACH

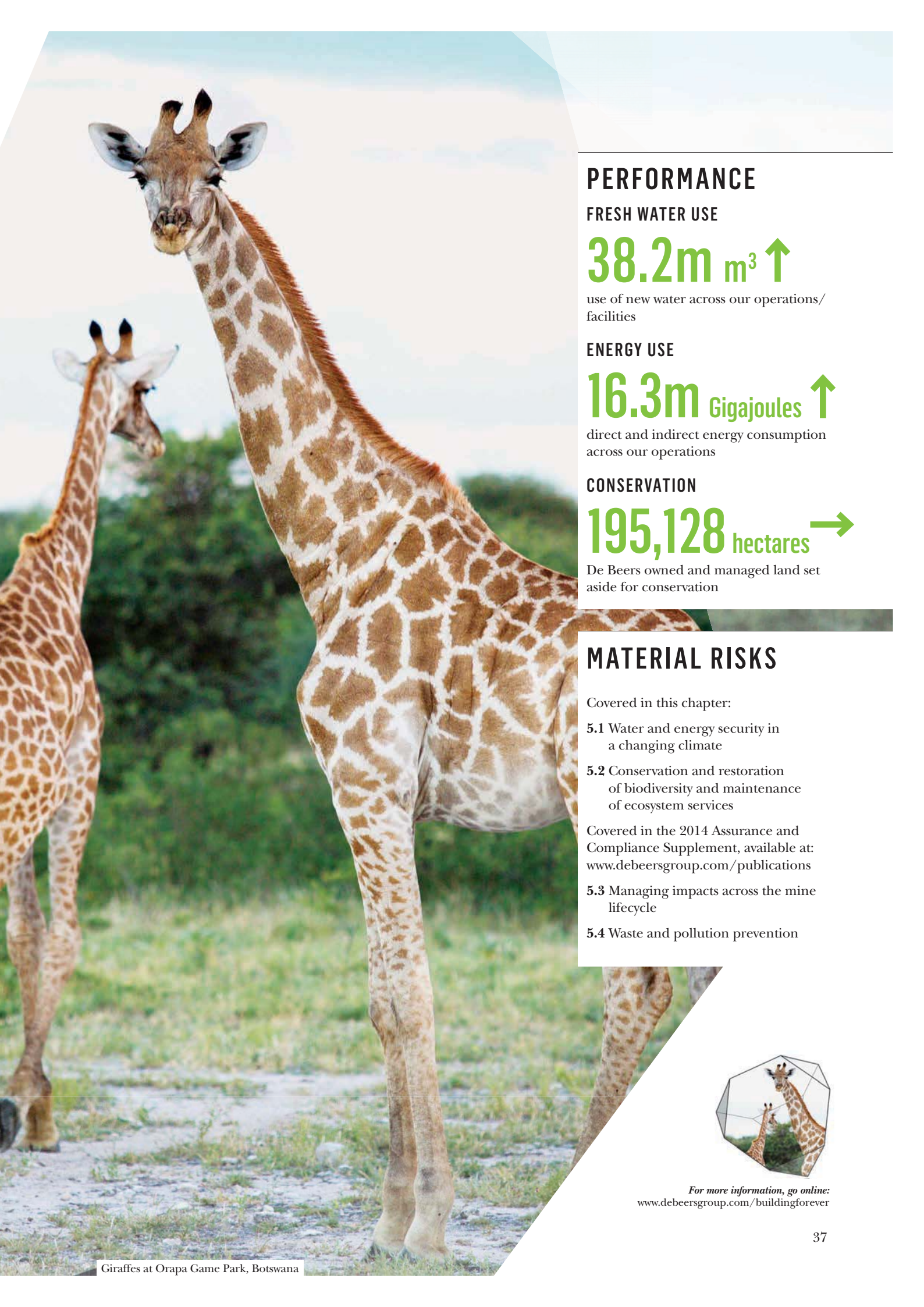
We identify and prioritise environmental risks through an annual materiality process (see p. 11). The key environmental risks identified in 2014 are shown opposite and in this section we report on two of these risks – ‘Water and energy security in a changing climate’, and ‘Conservation and restoration of biodiversity and maintenance of ecosystem services’.

We recognise the interconnected nature of environmental impacts and risks, such as biodiversity and ecosystem services, climate change and water, and waste management and pollution. Developing an optimal outcome to reduce impacts is often a balancing act and at times we have to make difficult trade-offs. For example, reducing water use might require an increase in energy use, which in turn increases our carbon footprint.

Our five-year environmental goal, established in 2013, is: “to have aligned with best environmental practices that are fully integrated into the business processes across the diamond pipeline, and to continue to be recognised for our contribution to biodiversity stewardship.” To help us achieve this goal, all operational mines and key facilities are certified to ISO14001 and we set high standards for environmental practices, especially related to biodiversity.

Like our operations, our commitment to the environment is long term. Our operating timeframes often stretch to many decades and this requires a sustained effort to monitor and improve our performance, and to meet all relevant regulations on an ongoing basis. To strengthen our commitment we have set reduction targets to 2020 for water and energy use and greenhouse gas emissions (see p. 38).





## PERFORMANCE

### FRESH WATER USE

**38.2m m<sup>3</sup> ↑**

use of new water across our operations/  
facilities

### ENERGY USE

**16.3m Gigajoules ↑**

direct and indirect energy consumption  
across our operations

### CONSERVATION

**195,128 hectares →**

De Beers owned and managed land set  
aside for conservation

## MATERIAL RISKS

Covered in this chapter:

- 5.1 Water and energy security in a changing climate
- 5.2 Conservation and restoration of biodiversity and maintenance of ecosystem services

Covered in the 2014 Assurance and Compliance Supplement, available at: [www.debeersgroup.com/publications](http://www.debeersgroup.com/publications)

- 5.3 Managing impacts across the mine lifecycle
- 5.4 Waste and pollution prevention



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[www.debeersgroup.com/buildingforever](http://www.debeersgroup.com/buildingforever)

ENVIRONMENT

5.1 WATER AND ENERGY SECURITY IN A CHANGING CLIMATE

Climate change presents risks to the long-term viability of our business. These can take the form of water scarcity, extreme weather events and rising temperatures. Investing in a future where we adapt to climate risks and minimise our contribution to climate change makes good business sense for De Beers and the countries where we operate.

Around 95 per cent of our rough diamond production comes from arid countries in southern Africa. As areas that already suffer from water stress, these countries face a heightened risk from climate change. Water availability could affect our production capacity and create tension with communities with whom we share water resources. In Canada, rising temperatures could disrupt the seasonal ice roads used to supply our remote mines during the Canadian winter, leading to increased airfreight and its associated energy requirements and costs.

MANAGING WATER RISK AND IMPACTS

Water is a limited natural resource that is essential for the operation of our mines. It is a priority for us to use water

efficiently and minimise our water footprint. It is also imperative that we investigate and invest in alternative sources of water that can reduce our burden on local water supplies.

As a shared resource with multiple users, water goes to the heart of our partnership approach. Sound water stewardship is essential for the sustainability of our mines and our neighbouring communities, downstream populations and their associated ecosystems. In Africa, water scarcity is predicted to increase and as it does, so does the need to engage with local communities to ensure that our approach is responsive to their needs.

Our Water Standard applies to all operations and requires that unnecessary use of new fresh water is avoided by using alternative poorer quality water and water recycling. Integrated Water Management Plans are also required by the Standard to manage water supply and demand and ensure water efficiency.

**Using water efficiently and sustainably**  
Across De Beers we used 38.2 million m<sup>3</sup> of fresh water in 2014 (2013: 36.6 million m<sup>3</sup>, see Fig. 13)<sup>14</sup>. This represents a 4.4 per cent year-on-year increase and results from the increase in tonnes of ore treated (4.7 per cent). We also used 30.1 million m<sup>3</sup>

of seawater in Namdeb's coastal mining operations (2013: 28.8 million m<sup>3</sup>).

Re-use of fresh water increased to 68 per cent in 2014 (2013: 66 per cent). Some internal water re-use is not yet monitored and we expect water reuse figures to continue to increase.

**Working in water partnerships**

We work in partnership with our communities, other companies, external organisations and NGOs to address our water challenges. In line with this approach, we signed the UN CEO Water Mandate in 2009. This commits us to action on water policy, management and performance, as well as community engagement. This report, along with the letter of continued commitment from our CEO, represents our 2014 Communication on Progress outlining how we are meeting these commitments.

TACKLING CLIMATE CHANGE

The impacts of climate change will not only affect our operations but also the communities where we operate. These communities are often located in less developed regions that are not well equipped to cope.

FIG. 13: WATER USE FOR PRIMARY ACTIVITIES, 2012-2014 (MILLION M<sup>3</sup>)

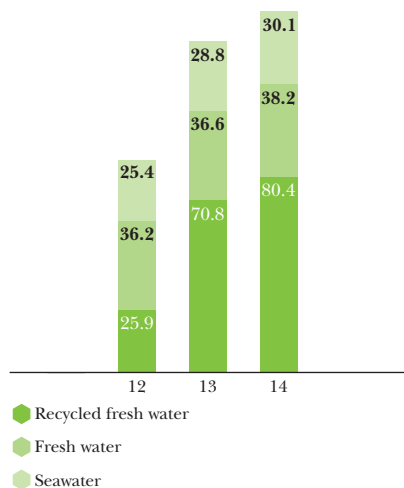


FIG. 14: DIRECT AND INDIRECT ENERGY USE (MILLION GIGAJOULES)

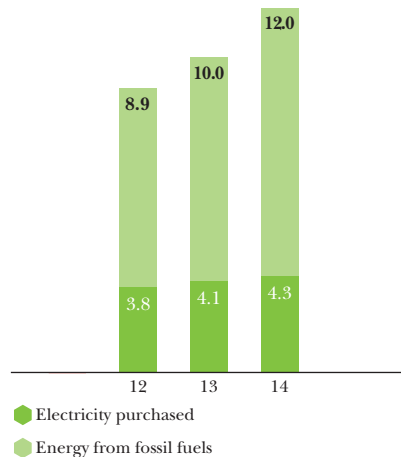
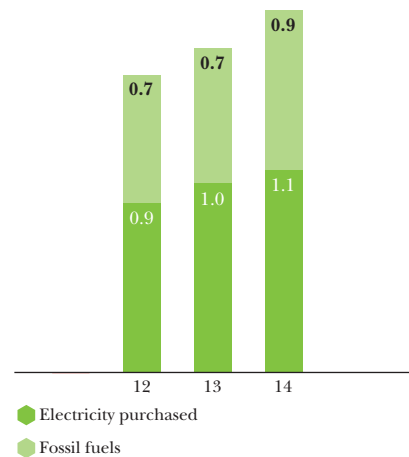


FIG. 15: CO<sub>2</sub> EQUIVALENT EMISSIONS (MILLION TONNES CO<sub>2</sub>-E)



<sup>14</sup> 2013 water use figures have been restated to align with Anglo American indicator categories.



We believe that to respond meaningfully to climate change it is important to focus on adaptation to the effects of climate change alongside activities to minimise our climate impact. At Venetia Mine in 2014, we built on our climate modelling completed in 2011 with a new assessment of climate change risk and adaptation from the Camborne School of Mines at the University of Exeter. The results show that Venetia faces increased rainfall, increased temperatures, extreme rainfall events and extended periods of drought. Examples of factors requiring adaptation include increased heat stress, reduced access to water for communities, and increased energy costs for increased ventilation requirements.

#### *Managing energy and greenhouse gas emissions*

Our Energy and Climate Change Standard focuses on reducing non-renewable energy use and reducing greenhouse gas (GHG) emissions.

In 2014, our direct (fuels) and indirect (electricity) energy consumption was 16.3 million Gigajoules, a 15 per cent increase on 2013 (14.1 million GJ, see Fig. 14). For electricity use only, there was a slight increase of 4.4 per cent, which is comparable with the increase in tonnes of ore treated (4.7 per cent). Fossil fuel use, which is mainly diesel use, increased by 19.3 per cent in 2014. This can largely be attributed to increases in production and the operation of our large open pit mines.

Our total CO<sub>2</sub>-e (carbon dioxide equivalent) emissions increased in line with energy use to 2.0 million tonnes in 2014 (2013: 1.7 million tonnes, see Fig. 15), an 11.8 per cent increase. Most of these are indirect emissions (56 per cent) from the electricity we purchase and amounted to 1.1 million tonnes in 2014 (2013: 1.0 million tonnes). Direct emissions from fuel use amounted to 0.9 million tonnes (2013: 0.7 million tonnes).

#### *Setting targets*

We established new water and energy strategies in 2014, which included setting Group-wide reduction targets for new water use, energy use and carbon emissions. The targets outline potential reductions between 2010 and 2020 and are based on a Group-wide desktop review and benchmarking exercise. Because these targets are based on a research process, the next step is to confirm the targets are realistic through a site-level verification process in 2015. Based on work completed to date, the provisional targets to 2020 are:

- 20 per cent reduction in new water use
- 8 per cent reduction in energy use
- 9 per cent reduction in carbon emissions.



## ENVIRONMENT

### RESEARCHING SUSTAINABLE WATER SOURCES AT ORAPA MINE

Water is an extremely scarce resource in Botswana and our mining operations there are in highly water-stressed areas. As part of our commitment to sustainable water use, we have researched alternative water sources for Orapa Mine. Finding alternative sources will lessen Orapa's dependence on groundwater, reduce local competition for water and provide greater security for local communities and our future operations.

One concept identified is a collaboration with Botash, a local supplier of salt and soda ash. Botash extracts salt by evaporating salt water (brine), a process that creates pure water as a by-product. Capturing this fresh water, which currently evaporates into the atmosphere, would utilise a water source that is currently wasted, reduce the need for new groundwater and promote sustainable water use.



For more case studies, go online  
[www.debeersgroup.com/stories](http://www.debeersgroup.com/stories)



A routine inspection on the Thickener Bridge at the Water Recovery Section, Venetia Mine, South Africa



ENVIRONMENT

## DIAMOND ROUTE

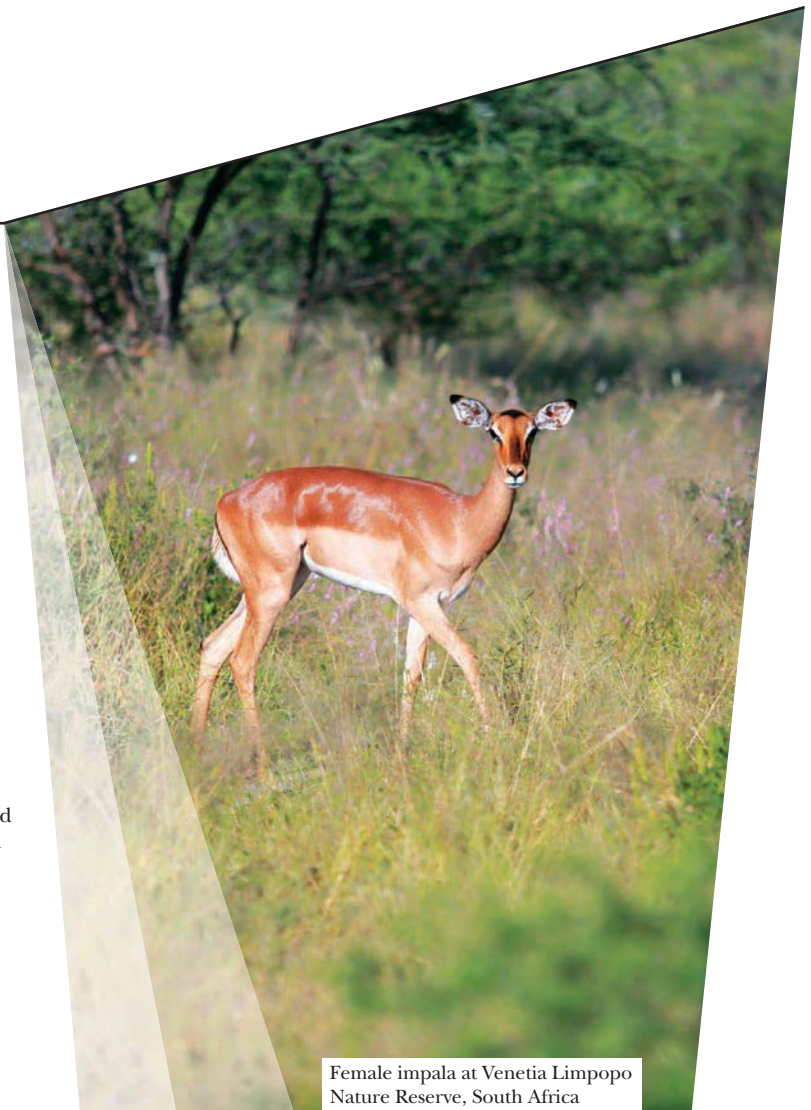
The Diamond Route is an award-winning initiative between De Beers, E Oppenheimer & Son, Debswana and Ponahalo Investments. Stretching across 250,000 hectares and comprising ten conservation sites, many of which are situated on De Beers' properties, the Diamond Route preserves and celebrates the richness of southern Africa's social and environmental history. From ancient art at Rooipoort to the majestic gorges of the Wilge River, the Diamond Route has been created to protect these wonders for generations to come.

The Diamond Route is about more than conservation alone. It supports local economic development through tourism and education, and promotes biodiversity through active conservation and vital scientific research. An annual Diamond Route Research Conference showcases the scientific research carried out on Diamond Route properties. In 2014, 170 delegates attended the conference from a wide range of national and international institutions.

[www.diamonddroute.com](http://www.diamonddroute.com)



For more case studies, go online  
[www.debeersgroup.com/stories](http://www.debeersgroup.com/stories)



Female impala at Venetia Limpopo Nature Reserve, South Africa

### 5.2 CONSERVATION AND RESTORATION OF BIODIVERSITY AND MAINTENANCE OF ECOSYSTEM SERVICES

As diamonds are a treasure of nature, we are compelled to protect the diversity of the natural world in which we operate. Reflecting this responsibility, biodiversity is one of our most significant environmental focus areas. Our approach not only covers impacts from our own operations, it involves additional contributions that promote and enhance biodiversity conservation on properties owned or managed by De Beers.

#### BIODIVERSITY STRATEGY

Our biodiversity strategy sets out our approach to delivering a valuable and recognisable contribution to biodiversity conservation wherever we operate. Since 2009, we have been committed to achieving 'no net loss of significant biodiversity'. In practice this

means that we adopt the biodiversity mitigation hierarchy. First we avoid areas of significant biodiversity, then we minimise biodiversity impacts, and finally we rehabilitate impacts from our operations so that the residual biodiversity impact is minimal. Where the residual biodiversity impact is significant, compensation or offset mechanisms are required to ensure 'no net loss'.

#### ASSESSING BIODIVERSITY SIGNIFICANCE

To deliver no net loss of significant biodiversity, we need to understand the value of biodiversity where we operate, and our impacts. To assist this understanding, we developed a Biodiversity Value Assessment (BVA) methodology that assesses biodiversity significance or sensitivity at our operations.

The BVA reviews all aspects of biodiversity and ecosystem services for our operations and determines whether they will lead to a residual

loss of significant biodiversity. All new projects require a BVA to ensure 'no net loss of significant biodiversity' is considered at inception. In 2014, the NGO, Fauna and Flora International, and mining consultants, SRK, reviewed our BVA methodology. The reviews were favourable and recommendations for improvement have been incorporated.

Value assessments are completed or in progress at all existing mining operations. Although assessments at existing sites are retrospective, they assess the biodiversity value to help guide where additional caution or specific intervention might be needed.

Through our BVA process, two existing mines have been identified as having significant local biodiversity. These are Voorspoed, which is situated within the grassland area of South Africa, and Sendelingsdrif, located in the Succulent Karoo biome in Namibia. At Voorspoed, recommendations have been made for a biodiversity stewardship arrangement

on undisturbed land around the mine to preserve and protect the local biodiversity. At Sendelingsdrif, we have completed a rehabilitation research project with NERMU, the Namib Ecological Restoration and Monitoring Unit, to establish the optimum rehabilitation strategy for the site. Research continues to fill gaps in our knowledge of the local ecosystem and to move towards field-scale rehabilitation trials.

### MANAGING OUR IMPACTS

We manage biodiversity risks through the Environmental Management Systems at our mines. These are supported by Biodiversity Action Plans (BAPs) that help develop a co-ordinated approach to biodiversity stewardship, supported by management objectives and actions.

#### *Marine biodiversity*

Our marine mining activities are unique and require a different approach. Our Debmarine Namibia Marine Scientific Advisory Committee (MSAC) met twice in 2014. The Committee consists of internal and external experts and provides guidance and oversight of our marine environmental monitoring programme, which assesses biodiversity impacts and recovery from offshore mining.

Since active rehabilitation is not possible with marine mining, our monitoring helps form an understanding of the natural variability and eventual recovery of marine biodiversity following offshore mining.

In 2014, we developed a new approach for marine monitoring that will demonstrate recovery rates for different seabed types and takes into account the high natural variability in seabed biodiversity. The new approach will be implemented in 2015.

To improve our monitoring of biodiversity impacts and recovery at our coastal, shallow-water and mid-water mining operations in Namibia, we set up the Namdeb Scientific Advisory Committee in 2014. The new Advisory Committee held its first week-long meeting in November, which included a site visit to review the Namdeb coastal and shallow water operations.

### SUPPORTING BIODIVERSITY CONSERVATION

Our land-based diamond and coal mining licences cover 1,135,841 hectares (ha), of which only 26,754 ha (2.4 per cent) is disturbed by our actual operational footprint. We set aside an area of 195,128 ha for conservation (2013: 195,640)<sup>15</sup>. This means we manage roughly seven hectares of land for biodiversity conservation for every hectare of land disturbed by mining.

#### *Promoting biodiversity*

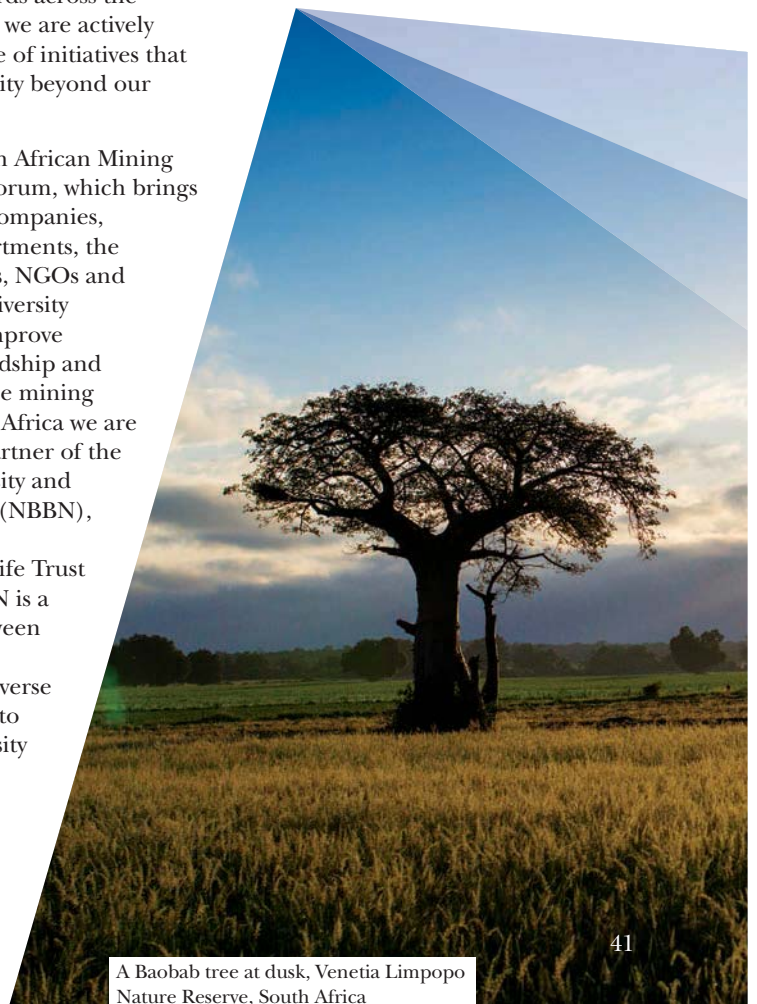
In line with our commitment to biodiversity stewardship and our aim to improve standards across the diamond industry, we are actively involved in a range of initiatives that promote biodiversity beyond our own operations.

We chair the South African Mining and Biodiversity Forum, which brings together mining companies, government departments, the Chamber of Mines, NGOs and independent biodiversity professionals to improve biodiversity stewardship and performance in the mining industry. In South Africa we are also a founding partner of the National Biodiversity and Business Network (NBBN), facilitated by the Endangered Wildlife Trust (EWT). The NBBN is a collaboration between government and businesses from diverse sectors that works to integrate biodiversity issues into their strategies and operations.

In 2014, public engagements on biodiversity also included contributing to the Business and Biodiversity Offset Programme (BBOP) conference in London, which focused on 'no net loss' and 'net gain of biodiversity'. We also took part in the 2014 Mining Indaba event on 'The Bigger Picture – Water, Biodiversity and Sustainable Landscapes in Mining'. In addition, we held engagements through the Diamond Route and contributed to the World Parks Congress in Australia on mining and protected areas.

In South Africa, we hosted a NBBN training session on 'Mainstreaming Biodiversity into Business' in Cape Town. We also presented at the IUCN SADC Regional Workshop in Johannesburg, which was working to develop guidelines for safeguarding biodiversity in the development and exploitation of mineral and hydrocarbon resources.






<sup>15</sup> The same conservation properties have been retained by De Beers as in previous years but the total area was re-calculated during 2014, resulting in the adjustment to the figures.





Haul truck transporting kimberlite ore from the pit to the primary crusher at Plant 1, Orapa Mine, Botswana

## 2014 SUSTAINABLE DEVELOPMENT PERFORMANCE SUMMARY

Key performance indicators	Performance			Trend	Page
	2012	2013	2014		
 <b>ECONOMICS</b>					
Payments to stakeholders (e.g. governments, suppliers, etc.) (US\$ billion)	5.2	5.4	5.7	↑	14-15
Payments to stakeholders in Africa (US\$ billion)	4.37	3.05	4.56	↑	14-15
Rough diamond sales through beneficiation (US\$ billion)	1.1	1.4	1.56	↑	17
 <b>ETHICS</b>					
Worldwide compliance with the Kimberley Process and System of Warranties (per cent)	100	100	100	→	23
Number of diamond industry employees worldwide covered by the Best Practice Principles Assurance Programme (BPPs)	336,292	360,000	370,000	↑	20
Number of BPP infringements by De Beers' Sightholders	193	185	111	↓	20
 <b>EMPLOYEES</b>					
Total workforce <sup>16</sup>	23,273	20,385	22,947	↑	26-27
Percentage of De Beers employees based in Africa (per cent)	81.2	82.3	81.3	↓	26
Proportion of women in the workforce (per cent)	23.7	23.6	23.5	↓	27
Number of loss of life incidents in the workplace	3	0	0	→	28-29
Lost Time Injury Frequency Rate (LTIFR)	0.48	0.19	0.17	↓	29
Proportion of workforce with access to free and confidential HIV testing and wellbeing programmes (per cent)	100	100	100	→	28
 <b>COMMUNITIES</b>					
Total Social Investment Spend (CSI) (US\$ million) <sup>17</sup>	39.3	29.5	30.3	↑	32-33
Investment by De Beers in programmes under Impact Benefit Agreements (IBA) with Aboriginal communities in Canada (US\$ million)	5.3	5.2	8.0	↑	33
Investment by De Beers in local economic development under Social and Labour Plans (SLP) in South Africa (US\$ million) <sup>18</sup>	1.1	4.7	3.0	↓	33
 <b>ENVIRONMENT</b>					
Use of fresh water across our operations/facilities (million m <sup>3</sup> ) <sup>19</sup>	36.2	36.6	38.2	↑	38
Direct and indirect energy consumption across our operations (million Gigajoules) <sup>20</sup>	12.7	14.1	16.3	↑	38-39
Carbon emissions from our operations (million tonnes of CO <sub>2</sub> -e)	1.6	1.8	2.0	↑	38-39
Number of hectares of De Beers owned and managed land set aside for conservation <sup>21</sup>	195,640	195,640	195,128	→	41

<sup>16</sup> Alignment with Anglo American reporting definitions, which excludes non-mining outsourced and sporadic contractors, accounts for the decrease in the total number of employees between 2012 and 2013.

<sup>17</sup> During 2013 we revised definitions for CSI, to only include the proportional spend attributed to non-company use, as opposed to the full cost of company funded schools and hospitals. These account for the decrease in CSI spend between 2012 and 2013.

<sup>18</sup> The increase in investment in 2013 reflects a planned increase in spending as part of a new five-year SLP cycle between 2013-2017.

<sup>19</sup> The increase in new water use of 4.4 per cent reflects the increase in tonnes of ore treated in 2014 (4.7 per cent).

<sup>20</sup> Electricity from non-primary use was included in our figures for the first time in 2013 and accounts for the increase between 2012 and 2013. The increase in 2014 is due to increases in production and the operation of our large open pit mines.

<sup>21</sup> The same conservation properties have been retained by De Beers as in previous years but the total area was re-calculated during 2014, resulting in the adjustment to the figures.

## ASSURANCE STATEMENT

*SGS United Kingdom Ltd's report on sustainability activities in The De Beers Report to Society 2014 and supplement to The Report to Society 2014*

### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS United Kingdom Ltd was commissioned by De Beers to conduct an independent assurance of the Report to Society 2014 and the Supplement to the Report to Society 2014 (hereafter referred to as the Report to Society and Supplement 2014). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text and 2014 data in accompanying tables contained in these Reports.

The information in the Report to Society and Supplement 2014 and its presentation are the responsibility of the directors or governing body and the management of De Beers. SGS United Kingdom Ltd has not been involved in the preparation of any of the material included in the Report to Society and Supplement 2014. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below with the intention to inform all De Beers' stakeholders.

The assurance scope has been approached as follows:

GRI G4 (2013) – We have evaluated the content of the Report to Society and Supplement 2014 in Accordance with the Core option.

AA1000AS (2008) – This is based on the contents of the Report to Society and Supplement 2014; and the management systems supporting that.

### METHODOLOGY

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines G4 (2013) and the AA1000 Assurance Standard (2008). These protocols follow differing options

for Assurance depending on the reporting history and capabilities of the Reporting Organisation.

This report has been assured as an AA1000AS Type 2 assurance at a moderate level of scrutiny using our protocols for:

- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines G4 (2013), including the Mining and Minerals Sector Supplement;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines G4 (2013).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees in the UK (London offices) and South Africa (Cape Town and Johannesburg offices) and documentation and record review.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

### STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; and environmental, social and sustainability report assurance. SGS United Kingdom Ltd affirms our independence from De Beers, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised Sustainability Report Assurers and SAATCA (Lead Environmental Auditor).

### VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within the Report to Society and Supplement 2014 verified is accurate, reliable and provides a fair and balanced representation of De Beers sustainability activities in 2014.

The assurance team is of the opinion that the Report to Society and Supplement 2014 can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

### AA1000 ACCOUNTABILITY PRINCIPLES (2008): CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion the De Beers Report to Society, Performance Report for 2014 fulfills all expected elements to demonstrate strong commitments to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness. Our findings and recommendations for future reporting are summarised below.

### INCLUSIVITY

The De Beers stakeholder engagement processes are embedded in the issue management processes and improvement processes, and engagement activity is widespread across the company. The stakeholder consultation processes continue to be developed and the processes are of a high standard.

Future reporting would benefit from more content and consistent information on the type, length, breakdown and depth of relationship with the various stakeholder groups so that readers can more easily see the context of engagement and results and how engagement is prioritised especially where representatives of stakeholder groups are the point of engagement.

## MATERIALITY

The organisation's process has been reviewed and this year a review has been made using the Materiality Identification process rather than a full Identification programme. The major issues globally and local to production sites have been addressed. The report presents the key issues clearly and the process for material issues / risk identification and governance. The report is clear in presenting the visions and policies for the five key areas of the report.

The report does not include overall goals and targets for the material aspects except for aims for 2015 in the text. This has been commented on in previous assurance statements and remains an improvement point. The report could also include more information on the core competencies within the organisation relevant to addressing sustainability issues.

## RESPONSIVENESS

The organisation has robust processes for responses to stakeholder engagement and feedback. The expansion of reporting mechanisms to include the Sustainability Hub and internal channels should increase the audience for reporting. Improvements in internal data management and reporting systems have led to improvements in understanding of performance. Future reporting would benefit from clearer reporting of responses to engagement so that readers can follow the link through the identification of material issues to how they are addressed, and also disclosure of day-to-day feedback on key issues, particularly at local level. De Beers could also consider development of reporting on additional indicators beyond GRI requirements developed in conjunction with local stakeholders.

## GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES G4 (2013): CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

**GRI G4:** In our opinion the De Beers Report to Society and Supplement 2014 are presented in Accordance with the Core option for GRI G4 (2013) and fulfill all the required content and quality criteria.

## PRINCIPLES

In our opinion the content and quality of the report has been produced in line with the ten GRI Principles.

## GENERAL STANDARD DISCLOSURES AND SPECIFIC STANDARD DISCLOSURES

We are satisfied that the General Standard Disclosures and Specific Standard Disclosures on Aspects identified as Material have been addressed in line with the Core requirements of GRI G4 (2013).

The following opportunities were identified during the assurance for consideration in future reporting cycles to ensure continual improvement, including the following:

- Future reports would benefit from a more consistent presentation of the type, length and depth of relationship with the various stakeholder groups so that readers can more easily see the context of engagement and results and how decisions on prioritisation are made. This includes more detailed stakeholder mapping.
- Future reporting should include more detailed information on the issues that arise from engagement with different stakeholder groups in the reporting year. De Beers could also consider development of reporting on additional indicators beyond GRI requirements developed in conjunction with local stakeholders.

- Reporting on the Management Approach to the Material areas of sustainability is good and could be improved by expanding on and clarifying the mechanisms for evaluating the effectiveness of the management approach.
- The report does not include overall goals and targets for the Material Aspects excepting aims for 2014 in the text. The inclusion of these would improve the reader's ability to assess performance and progress. In addition, De Beers could include more information on its own evaluation of its performance against long-term targets and wider context.
- De Beers should gather feedback on the clarity and accessibility of its new approach and mechanisms for reporting on sustainability information with key stakeholder groups to ensure it continues to meet their needs.

It is recommended that De Beers continues to report in line with the AA1000 Principles and GRI G4 Guidelines and that future assurance continues against these.

An internal management report has been prepared for De Beers management which includes a detailed set of recommendations to help identify areas for future improvement.

Authorised by:



**Jan Saunders**  
UK SSC Business Manager

For and on behalf of SGS United Kingdom Ltd

Reg Office: Rossmore Business Park, Ellesmere Port, Cheshire CH65 3EN

Registered in England No: 1193985



**SGS United Kingdom Ltd**  
**Birmingham**

**WWW.SGS.COM**

## FURTHER INFORMATION

ART	Anti-Retroviral Treatment
BAP	Biodiversity Action Plans
BEE	Black Economic Empowerment
BPPs	De Beers Best Practice Principles Assurance Programme
DBCM	De Beers Consolidated Mines
DBDJ	De Beers Diamond Jewellers
DTC	Diamond Trading Company
DTCB	Diamond Trading Company Botswana
ECOHS	Environment, Community, Occupational Health and Safety
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
EMS	Environmental management system
GRB	Government of the Republic of Botswana
GRN	Government of the Republic of Namibia
GRI	Global Reporting Initiative
HDN	Historically Disadvantaged Namibian
HDSA	Historically Disadvantaged South African
IBA	Impact Benefit Agreement
ICMM	International Council on Mining and Metals
IDT	Illicit Diamond Trade
LTIFR	Lost Time Injury Frequency Rate
NDTC	Namibia Diamond Trading Company
NGO	Non-governmental organisation
OIFR	Occupational Illness Fatality Rate
RJC	Responsible Jewellery Council
RTS	Report to Society
SEAT	Socio-Economic Assessment Toolbox
SIA	Social Impact Assessment
SLP	Social and Labour Plan
UNGC	United Nations Global Compact

Any person wishing to report an incident can use Speak Up, a confidential reporting service for all employees and stakeholders of the Anglo American Group. It is independently managed by Deloitte Tip-offs Anonymous. Contact details are as follow:

<i>De Beers Angola</i>	+ 27 (0) 31 571 5764	
<i>De Beers Botswana</i>	0800 600 644	Toll free fixed line
	1144	Toll free mobile (Orange)
	71 119 753	Toll free mobile (Mascom)
<i>De Beers Canada</i>	1866 451 1590	
<i>De Beers Namibia</i>	0800 003 518	Toll free fixed line
	08191847	Toll free mobile (MTC)
<i>De Beers South Africa</i>	0800 230 570	
<i>De Beers United Kingdom</i>	0800 032 4475	

website: [www.speak-up-site.com](http://www.speak-up-site.com)

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## ACKNOWLEDGMENTS

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The De Beers Group of Companies' whistleblowing policy details conduct or behaviour that employees and other relevant persons have a duty to report, including:

- Actions that may result in danger to the health and/or safety of people or damage to the environment
- Criminal offences, including theft, money laundering, fraud, bribery and corruption
- Failure to comply with any legal obligation (including applicable anti-trust/competition laws)
- Unethical practices relating to (amongst other things) accounting, financial reporting, auditing and security matters
- Miscarriages of justice
- Any conduct contrary to the De Beers ethical principles
- Concealment of any of the above



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FOR MORE INFORMATION

# GO ONLINE

*Operating sustainably sits at the heart of our business strategy. It is how we protect our licence to operate and consumers' confidence in our product. It requires us to understand the needs of our stakeholders and to find solutions for the long term. And it's the right thing to do. We call this Building Forever.*



## BUILDING FOREVER

You can find out more about how we are Building Forever at our online hub. Click on 'Our Stories' for videos, case studies, blogs, news and more.



[www.debeersgroup.com/buildingforever](http://www.debeersgroup.com/buildingforever)

## REPORTING CENTRE

Information on our financial performance, production data and market analysis and insights can be found on our corporate website.



[www.debeersgroup.com/reports](http://www.debeersgroup.com/reports)

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## FEEDBACK

We appreciate your feedback on the 2014 Report to Society or any other aspect of our sustainability performance.

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