



REPORT TO SOCIETY

Our progress towards leaving a positive lasting legacy

FIND OUT MORE



APPROACH

How we're Building Forever

FIND OUT MORE



ISSUES

The areas important to us and our stakeholders

FIND OUT MORE



STORIES

Everyday examples of how diamonds do good

FIND OUT MORE

GROUP WEBSITES



In 2016, we started drilling at our largest #exploration site near #Tsabong in #Botswana #BuildingForever[] <https://t.co/Q2RqIBGmkM>



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OUR APPROACH TO SUSTAINABILITY

Today, more than ever, every business is expected to ‘do the right thing’. It is part of being a good corporate citizen. But, for De Beers, it is more than that.

Doing the right thing has long been a business imperative – for three main reasons. First, there is a powerful mutual interest in all our working partnerships. We rely on access to our partners’ natural resources, and our partner countries rely on our ability to build revenue and create socio-economic benefit for their communities.

Second, when our host countries prosper, we benefit as well. Their prosperity creates a more predictable environment to invest in, an effective supply chain and a robust infrastructure.

And, third, consumers must be able to trust a diamond from De Beers: after all, consumer demand is our principle source of value.

We must therefore work to maintain the support of our partners, to be in a position to help them prosper and to ensure our consumers are proud of their diamond jewellery.

That means doing everything we can to make certain that all our activities leave a positive and lasting legacy, long after our mines close.

We call this ‘Building Forever’.

GROUP WEBSITES 



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OUR PRINCIPLES AND POLICIES

Our overall purpose is to benefit our stakeholders by turning diamond dreams into a lasting reality. So we aim safely and sustainably to make the most of every carat we mine and sell.

We also work to protect the reputation and integrity of diamonds, to ensure that consumers can be confident in the quality and provenance of our product – and we have three guiding principles that govern the way we do business:

SUSTAINABLE DEVELOPMENT THROUGH PARTNERSHIP

We are committed to operating in accordance with national legislation and toward the goal of sustainable development. This means ensuring that we consider and take responsibility for the longer-term economic, social and environmental implications of the decisions we make today – not only for our own business but for the broader societies in which we operate. We will work with our partners in government to ensure that diamonds, a finite resource, are transformed into economic wealth and improve the quality of life and wellbeing for all stakeholders touched by our business along the diamond pipeline.

DIAMOND DREAMS AND DEVELOPMENT

We will work to address the poverty and socio-economic deprivation that affects many of the communities where we operate. We will work with governments to help realise their long-term visions and, through education, training and shared decision-making, to ensure the success of programmes that help build the capabilities of their citizens. In particular, we will partner with our stakeholders to address the priority of HIV and Aids. We will also work meticulously through the Kimberley Process, the industry's System of Warranties and our own Principles to ensure conflict diamonds are eliminated from world diamond flows.

ACCOUNTABILITY AND LIVING UP TO DIAMONDS

Our ethical conduct is governed by De Beers' Best Practice Principles (BPPs) assurance programme. The BPPs apply to The De Beers Group of Companies, all Sightholders and to certain third parties, eg Sightholder sub-contractors. The BPPs require compliance with law in all areas, as well as further requirements on anti-corruption and anti-money laundering, health and safety, labour standards and environment. The BPPs are supported by a rigorous assurance programme that assesses compliance by all parties. Compliance with the BPPs is third-party verified each year by Société Générale de Surveillance.

In support of these three guiding principles, we have 42 operating principles that govern our behaviour, decisions and stakeholder engagement in our four sustainability issue areas – Society, Confidence, People and Environment.

OUR 42 PRINCIPLES

SOCIETY

- Assessment, monitoring and management strategies
- Free and informed consultation
- Responding to the needs of indigenous people
- Respecting cultural integrity and traditional knowledge
- Non-infringement of community rights
- Wealth creation and shareholder value
- Local procurement and capacity building
- Strong relationships with government

CONFIDENCE

PEOPLE

ENVIRONMENT

- Planning for closure
- Stakeholder dialogue
- Social investment
- Partnerships with stakeholders
- Formalisation of small-scale informal diamond digging
- No political donations to individuals
- Impact assessment
- National legislation and dialogue with governments

OUR POLICIES

Expand All

ETHICS

Anglo American Business Integrity Policy

Whistleblowing - Speak Up

Employee Human Rights Policy

Security Forces and Human Rights Policy

HEALTH, SAFETY AND ENVIRONMENT

OTHERS

GROUP WEBSITES ^



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GOVERNANCE

Accountability for sustainability rests with the Board of our holding company, De Beers PLC, supported by the Sustainability Committee, which is chaired by Chief Executive Bruce Cleaver, as well as several other committees and Group functions.

Click to download framework image

EXECUTIVE COMMITTEE

Executes strategy as set by the Board

SUSTAINABILITY COMMITTEE

Reviews, oversees and advises on significant sustainability strategies, policies and activities. Ensures that De Beers' sustainability strategy delivers shared value

BPP COMMITTEE

Establishes the BPPs standards to protect consumer confidence. Investigates and takes necessary actions against allegations/reports of non-compliance by any BPP-auditable entity

SOCIAL INVESTMENT COMMITTEE

Responsible for maximising the benefit of social investment across the Group, supporting governance and tracking of social investment

SAFETY AND SUSTAINABLE DEVELOPMENT (S&SD) COUNCIL

Provides a platform for sharing and engaging on the delivery of S&SD strategies, improvement plans and objectives

SOCIAL PERFORMANCE COUNCIL

Provides a platform for sharing and engaging on the delivery of social performance strategies, improvement plans and objectives

SAFETY, HEALTH AND ENVIRONMENTAL PEER GROUPS

Discipline-specific working groups that

SOCIAL PERFORMANCE PEER GROUP

Social working group

HUMAN RIGHTS WORKING GROUP

Cross-functional, multidisciplinary

working groups that
develop standards
and set direction for
their discipline, and
share best practice
and learning

that develops standards
and sets direction for
its discipline, and
shares best practice
and learning

interdisciplinary
working group that
identifies, assesses,
manages and reviews
relevant human
rights issues

GROUP WEBSITES



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ENGAGING WITH STAKEHOLDERS

We try at all times to understand and respond to our stakeholders' interests.

Doing so helps us be a good neighbour, an effective partner and a sustainable operator.

It is also one of the most important tools we have to support consumer confidence. This is why we do all we can to engage with our many different stakeholders, including local communities, employees, governments,

trade unions, suppliers, industry bodies, civil society including NGOs, academia, shareholders and consumers.

Some of the many ways we engage and consult with our stakeholders include:

- Direct correspondence and conversation
- Community fairs and meetings
- Forums and conferences
- De Beers' 'Diamond Dialogue' meetings
- Presentations and newsletters
- One-to-one consultations
- Focus groups on specific topics of interest
- Social media
- Community and school tours of our operations
- Open 'town hall' meetings in our host communities.

We also collaborate with stakeholders on broader issues, such as raising ethical standards or combating corruption. Indeed, our founding role and continued involvement in the Diamond Producers Association, the Kimberley Process, the Extractive Industries Transparency Initiative and the UN CEO Water Mandate, along with our broader support for the UN Global Compact, enable us to play an active role across relevant areas.

GROUP WEBSITES 



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Society ▾ Confidence ▾ People ▾ Environment ▾





OUR ISSUE AREAS

We do everything we can to ensure that our activities leave a positive and lasting legacy, long after our mines close.

We call this 'Building Forever'.

























> **Find out more**























Learn about our Issue Areas and see the relevant Material Issues:

-  **SOCIETY** +
-  **CONFIDENCE** +
-  **PEOPLE** +
-  **ENVIRONMENT** +

Explore our Material Issues to find out more:



  Biodiversity/conserv	  Business	  Climate	  Community
  Conflict	  Consumer	  Diamond	  Economic
  Employee	  Energy	 Gender 	  Health and

  <p>Human</p>	  <p>Indigenous</p>	  <p>Industrial</p>	  <p>Informal</p>
  <p>Land access</p>	  <p>Mine closure</p>	 <p>Partnerships</p> 	 <p>Safety</p> 
  <p>Transparency</p>	  <p>Waste</p>	  <p>Water</p>	

We engaged KPMG LLP to undertake an independent limited assurance engagement, using the assurance standards ISAE 3000 and ISAE 3410 over the sustainability related information in the De Beers Report to Society; the De Beers' Material Issues webpage as set out at www.debeersgroup.com/materialissues and the De Beers' Global Reporting Initiative Index as set out at www.debeersgroup.com/publications (together 'the Report') for the year ended 31 December 2016. KPMG's work was performed in the context of the Report as a whole and not over the individual components of the Report.

KPMG LLP's full statement is available on page 50 and 51 of the De Beers' Report to Society available at www.debeersgroup.com/reporttosociety. KPMG has issued an unqualified opinion on the Report.

The level of assurance provided for a limited assurance engagement is substantially lower than a reasonable assurance engagement. In order to reach their opinion, KPMG performed a range of procedures which included interviews with management, examination of reporting systems and data testing. A summary of the work they performed is included within their assurance opinion.

Non-financial performance information, greenhouse gas quantification in particular, is subject to more inherent limitations than financial information.

The Reporting Criteria used to prepare the Report are the Sustainability Reporting Guidelines G4 of the Global Reporting Initiative (GRI) as set out at <https://www.globalreporting.org> supported by De Beers' internally developed guidelines, as described in the De Beers' Basis of Reporting as set out at www.debeersgroup.com/publications (together 'the Reporting Criteria').

It is important to read the material issues in the context of KPMG's full limited assurance statement and the Reporting Criteria.

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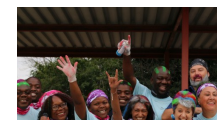


SOCIETY

Partnerships are the cornerstone of our business. We work closely with our partners to build trust and realise shared aspirations.

Supporting the long-term development of the countries and communities where we operate has always been important for our business.

NEWS - SOCIETY



MINE
EMPLOYEES

And through strong partnerships, we are able to generate profits for our shareholders while working to ensure our host countries and communities derive the greatest possible socio-economic benefits from their diamond wealth.

We create these benefits by focusing on local procurement, enterprise and infrastructure development, and beneficiation – selling a proportion of our rough diamond production in-country so the value-adding stages in the diamond pipeline stay in our host countries.

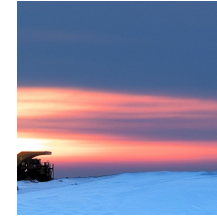
We also work hard to understand the needs and concerns of our host communities, consistently engaging and co-operating with them, guided by our Social Way, a framework for managing the impact of our operations on communities.

For more information on our economic initiatives and investments, see our [2016 Report to Society](#).

[BACK TO ISSUE AREAS](#)



**HAVE A GOOD
HAIR DAY**
11 May 2017



**NEW REPORT
HIGHLIGHTS
BENEFITS OF
DE BEERS'
PARTNERSHIPS**
09 May 2017



**DE BEERS
BACKS
PROJECT TO
HELP FIGHT
HUNGER**
02 May 2017

PERFORMANCE HIGHLIGHTS

US\$0 BILLION

RETURNED TO OUR
STAKEHOLDERS ACROSS THE
WORLD

(2015: US\$3.9 BILLION)

US\$0 BILLION

OF OUR GOODS AND
SERVICES PROCURED
LOCALLY

(2015: US\$1.1 BILLION)

US\$0 BILLION

OF ROUGH DIAMONDS
REMAINED IN PRODUCER
COUNTRIES FOR
BENEFICIATION

(2015: US\$825 MILLION)

SEE MORE DATA IN DETAIL

GROUP WEBSITES ^



Read about our #work in #SouthAfrica, including the #Venetia #mine underground project, in our 2016 <https://t.co/8g4V5r6S0R>



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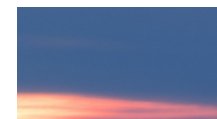


CONFIDENCE

The diamond industry relies on consumer confidence for its survival. We are vigilant in protecting and certifying the integrity of diamonds to build consumer confidence.

The importance of public trust in business has never been higher. This is partly because of the emerging influence of the Millennial generation (people aged 18-34), which puts a great premium on

NEWS - CONFIDENCE



NEW REPORT
HIGHLIGHTS

authenticity and transparency.

And trust is the foundation of our business because consumers' confidence is at the heart of demand for diamonds. Without consumer demand, we lose our principal source of value.

Our long-term success therefore depends on a strong ethical foundation. That is why we adhere to the highest level of business integrity and work with customers and suppliers to maintain ever stricter standards across the industry as a whole.

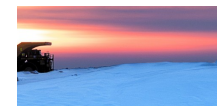
Our pioneering Best Practice Principles assurance programme provides a set of mandatory environmental, social and ethical requirements that apply to our own operations, as well as to those of our Sightholder customers and diamond contractors. We're also committed to respecting human rights within our operations.

That means every diamond sold under our Forevermark brand comes with the promise that it is not only rare and beautiful but responsibly sourced.

For more information on our Confidence initiatives, see our [2016 Report to Society](#).

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PERFORMANCE HIGHLIGHTS



**BENEFITS OF
DE BEERS'
PARTNERSHIPS**
09 May 2017



**DIAMOND MINE
BUILDS
'DIAMOND
VILLAGE'**
27 Apr 2017



**NEW DIAMOND
MINE PICKS UP
ITS THIRD
AWARD**
11 Apr 2017

0

PEOPLE COVERED THROUGH
OUR BPP PROGRAMME

(2015: 320,000)

0%

COMPLIANCE WITH THE
KIMBERLEY PROCESS

(2015: 100%)

0

HOURS INVESTED IN
TRAINING ON HUMAN RIGHTS

(2015: 2,496)

SEE MORE DATA IN DETAIL

GROUP WEBSITES ^



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Society ▾ Confidence ▾ People ▾ Environment ▾

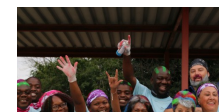


PEOPLE

We continue to ensure our foundations are robust while increasingly looking beyond our own organisation to help others benefit from our experience, resources and solutions.

No diamond is worth discrimination, illness or injury. Zero harm is our central aim.

NEWS - PEOPLE



MINE EMPLOYEES

We therefore work hard to ensure the fundamentals are in place for the health, safety and well-being of our workforce, and we go beyond just complying with the basic laws and rules, seeking to achieve the highest possible standards.

Wherever we can, we extend our experience, resources and solutions beyond our own operations. As a result, we can help others benefit from our innovation and learn from our experience, while we learn from theirs.

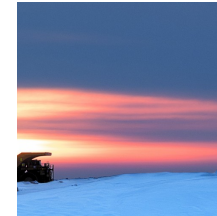
We also try to ensure that our workforce reflects the make-up of the communities in which we operate, so we are able to create equal opportunities for all.

For more information on our 'People' initiatives, see our [2016 Report to Society](#).

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**HAVE A GOOD
HAIR DAY**
11 May 2017



**NEW REPORT
HIGHLIGHTS
BENEFITS OF
DE BEERS'
PARTNERSHIPS**
09 May 2017



**EMPLOYEES DO
BATTLE TO
HIGHLIGHT
TEAMWORK**
13 Apr 2017

PERFORMANCE HIGHLIGHTS

US\$0 MILLION

INVESTED ON TRAINING
ACROSS THE BUSINESS

(2015: US\$24.3 MILLION)

0%

OF EMPLOYEES ARE FEMALE

(2015: 24%)

0%

OF EMPLOYEES ENCOURAGED
TO KNOW THEIR HIV STATUS

(2015: 26%)

SEE MORE DATA IN DETAIL

GROUP WEBSITES ^



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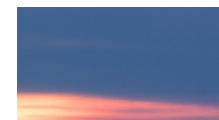


ENVIRONMENT

Through our partnerships, we are looking to innovate and to respond to environmental challenges and opportunities together, in a systematic way.

De Beers' business is based on mining nature's treasures. With this comes an important responsibility to treasure nature by limiting our impact on the environment.

NEWS - ENVIRONMENT



**NEW REPORT
HIGHLIGHTS**

It is therefore essential that we work with our partners and stakeholders to tackle the environmental challenges we face, within and outside our operations, by sharing knowledge, developing innovative solutions and setting tough targets.

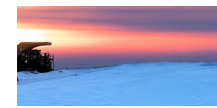
In 2013 we set a five-year goal that commits us to environmental best practice across the business, by reducing our reliance on increasingly scarce resources and focusing on biodiversity stewardship, with a commitment to ‘no net loss of significant biodiversity’.

Towards achieving this goal, in 2015 we adopted our newly updated Environmental Standards, covering water; energy/climate change; lifecycle planning and management; hazardous substances, waste and emissions; and biodiversity. And we have pursued these standards in 2016.

All of our working mines and other key facilities are also independently certified to the ISO 14001 environmental management system standard.

For more information on our environmental initiatives, see our [2016 Report to Society](#).

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**BENEFITS OF
DE BEERS'
PARTNERSHIPS**
09 May 2017



**DE BEERS
CELEBRATES
WILDLIFE
CONSERVATION
ACCOLADE**
20 Apr 2017



**BIG HOLE BIDS
FOR MORE
TOURIST
AWARDS**
04 Apr 2017

PERFORMANCE HIGHLIGHTS

0 MILLION

LITRES OF WATER SAVED

0

TONNES OF CO2 EMISSIONS
SAVED SINCE 2014

0

HECTARES OF LAND
CONSERVED

SEE MORE DATA IN DETAIL

GROUP WEBSITES 



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BIODIVERSITY/CONSERVATION

De Beers' business is based on mining nature's treasures. With this comes an important responsibility to limit our impact on the natural environment. Conservation and biodiversity are central.

Following our signing of the Secretariat of the Convention on Biological Diversity Business and Biodiversity Pledge in December 2016, we were the first mining company to commit itself in this way to taking positive action in support of biodiversity.

In 2009, we established a commitment to achieve ‘no net loss of significant biodiversity’. Our approach is first to avoid areas of significant biodiversity, then to do all we can to minimise biodiversity impacts from our operations, and finally to rehabilitate fully any affected areas.

Our commitment is exemplified by the Diamond Route – our biodiversity and conservation programme, which links seven rich and diverse sites covering 145,000 hectares across southern Africa.

The land in the Diamond Route plus additional conservation land cover 164,000 hectares, an area five times the size of that disturbed by our mining activities. The area is home to several endangered species, for whose welfare we take responsibility.

All our operations have environmental management plans in place, which include biodiversity criteria and actions.

We use our Biodiversity Value Assessment (BVA) methodology, developed by De Beers with contributions from external experts, to understand the biodiversity significance of natural habitats affected by our operations. We have completed BVAs at all our existing and new mining operations.

We have identified two mines with significant local biodiversity: Voorspoed in South Africa’s sensitive grassland biome and Sendelingsdrif in Namibia’s Succulent Karoo Biome. Both areas receive special attention, particularly with regard to operational and rehabilitation planning.

We respect legally designated Protected Areas and areas with significant biodiversity, and do not operate within World Heritage Site Core Areas. Our annual Biodiversity Overlay Assessment checks whether our operations overlap with areas of high biodiversity value.

In 2012, we discovered that the licence area for our Venetia mine in South Africa had been included in a newly assigned buffer zone (2009) for the Mapungubwe Cultural Landscape in the Limpopo Province, which was proclaimed as a World Heritage Site in 2003. Following consultation with the government, a revised buffer zone excluding the Venetia mine area was proposed. The UNESCO World Heritage

Committee accepted the change in June 2014 and the adjustment now requires legal change to come into effect.

In addition, we know that some exploration licences overlap with portions of known International Union for Conservation of Nature Category I-IV Protected Areas in South Africa, Botswana and Namibia, and no exploration activities are conducted in these overlap areas.

Monitoring marine biodiversity

Within our marine mining operations, active rehabilitation of biodiversity affected by our operations is not possible. Instead, we use marine biodiversity monitoring to understand the impacts of our marine activities and natural recovery over time, once mining has finished.

We have established two marine scientific advisory committees (MSAC), one for offshore mining and one for coastal and mid-water mining, to provide scientific review and advice on the environmental impact of marine mining and our monitoring programme to review the rate of seabed recovery.

Both committees consist of independent experts and De Beers' employees. The Debmarine Namibia MSAC (offshore) met three times in 2016 and the Namdeb MSAC (coastal and mid-water) met twice.

Rehabilitation status of closed operations across De Beers 2016

South Africa

The Oaks, Limpopo Province

The Oaks open-pit mine ceased production in 2008. Active restoration has been concluded, and a project to review open-pit closure criteria globally was conducted to inform The Oaks' final closure arrangements. Water quality sampling continues.

Namaqualand, Northern Cape Province

The sale of Namaqualand Mines was completed in 2014. DBCM retained the rehabilitation liabilities in the Buffels Marine Right with altered land of 3,652 ha. Rehabilitation of the area, disturbed by many decades of mining, has been ongoing. This area lies in the Succulent Karoo Biome so restoration of biodiversity is important. All land reclamation and profiling work was finished in 2015 with around 35 million cubic metres of earth reclaimed over a period of eight years. Various areas across the landscape have been subject to active ecological intervention in the form of netting, seeding and transplanting, and these are being monitored. During 2016, work continued on a number of general clean-up projects and the accurate assessment of the remaining infrastructure demolition requirements. Negotiations are in progress to appoint a demolition contractor to begin work in the first quarter of 2017.

Kimberley exploration, Northern Cape Province

As part of the decommissioning of the Exploration Geology Pit in Kimberley, which ceased operations in 2005, water monitoring and vegetation assessments continue according to the comprehensive five-year closure plan, which is in line with legal requirements. The backfill of the pit using the Gemdene dump shale material was successful and vegetation self-established, so no artificial seeding is needed. A second round of alien invader plants removal was completed as per the closure plan.

Kimberley Mines, Northern Cape Province

Kimberley Mines was sold to Ekapa Minerals, an investor consortium comprising Ekapa Mining and Petra Diamonds Limited, and operations were taken over in January 2016.

Namibia

As part of the comprehensive Namdeb Legacy Rehabilitation Project, the status is as follows:

- All marine contractor mining sites have been fully rehabilitated and are monitored

annually for transplanting success.

- Within the steel and concrete and demolition project, several redundant infrastructure areas were removed from Southern Coastal Mines including some unsafe workshops and an entire e-treatment plant.
- About 126,000 tonnes of scrap steel has been removed as part of the Scrap Removal Joint Venture since the inception of the project in 2008.
- Biodiversity restoration continued at Bogenfels with 400 new seedlings transplanted on to rehabilitated areas. Biophysical monitoring of the remaining pond continued and an update was given at the Namdeb Annual Stakeholder Forum in November.
- Concurrent rehabilitation at Daberas of dumps reduces the legacy liability.
- The ecological restoration programme for Sendelingsdrif was successfully escalated from a field trial to actual restoration of a dump in the mining area.
- The life of mine for Northern Coastal Mines ends in 2019, and a concerted effort has been made by the operational teams to backfill some of the mined out voids. To date, about 820,000 tonnes of material has been back-dumped.

Botswana

Exploration – Lobatse Sample Treatment Centre

In terms of the closure process, the rehabilitation and monitoring programme, including public review and stakeholder engagement processes, has been completed in full compliance with the government approved Preliminary Environmental Impact Assessment. Finalisation is subject to a site visit by the Department of Environmental Affairs, scheduled for 2017.

Morupule mine

The Morupule coal mine was sold in August 2016 to the Government of the Republic of Botswana.

Discover other Material Issues

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BUSINESS INTEGRITY

We take a zero tolerance approach to all forms of corruption, bribery, conflicts of interest, theft, extortion, embezzlement, fraud and misuse of company assets.

To De Beers, business integrity means ensuring that we compete fairly, legally and without improper influence, and in line with international best practice in all our operations. Our whistleblowing service, Speak Up, is a confidential reporting service for employees, business partners and other stakeholders to

raise concerns about potentially unethical, unlawful or unsafe conduct or practices involving the company.

Our Business Integrity Policy sets out our standards and provides guidance in respect of 11 areas that give rise to an increased risk of bribery for our business, including the offer and receipt of gifts and entertainment, political and charitable donations (we do not participate in party politics or make political donations), interactions with government and public officials, the use of intermediaries and social investment. This approach is embodied in our value of Building Trust, which establishes that ‘we will always listen first, then act with openness, honesty and integrity so that our relationships flourish’.

The majority of De Beers’ business units have annual Business Integrity Policy plans, which were first implemented in 2015 and have been updated in 2016.

At the end of 2016, implementation of the Business Integrity Policy in our business units was audited internally through a combination of nine full audits and 12 self-assessments.

Business Integrity Policy training follows a four-year cycle, starting with workshop training followed by online refresher training two years later, and is supported by regular global and local communications to support awareness and understanding.

Since launch in 2013, 2,592 people have participated in the workshop training, which is tailored to deliver a good understanding of what corruption is in the modern world and why corruption risk is relevant to De Beers. It provides a focus on the corruption risks that employees may face in their daily activities. The online refresher training began in 2015 and continued in 2016.

FAIR COMPETITION

We have a zero tolerance stance on any non-compliance with competition and anti-trust laws. Our approach is guided by the De Beers Anti-Trust Compliance Manual and Policy. We run an annual

competition law compliance programme, which includes a requirement for relevant employees to undertake either standard or refresher online training. In 2016, 1,534 (2015: 1,452) people took part in the programme, and the average completion rate was 99.9 per cent (2015: 99.8 per cent).

De Beers is subject to legal commitments to the European Commission not to buy rough diamonds from ALROSA, directly or indirectly. Also, as part of a Settlement Agreement that De Beers entered into in March 2006 to settle all outstanding class actions against it in the US, we entered into an injunction that will remain in effect until June 2017.

No fines or non-monetary sanctions were imposed on De Beers in 2016 in relation to non-compliance with anti-corruption legislation and regulations, with competition or anti-trust laws or for breach of the ALROSA commitments or the US injunction.

De Beers entities were named as defendants in four class actions in Canada. A settlement on a Canada-wide basis was entered into in 2016 and is subject to court approval.

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CLIMATE CHANGE

For our operations and the communities where we operate, climate change is no longer a theory. It is a reality with serious and permanent implications. That is why we work to minimise our contribution to climate change while mitigating its most significant consequences.

In 2008, we conducted a study of the climate change risks and opportunities that De Beers faces. The two most serious threats to our mine were identified as reduced water availability and flooding because of extreme weather. This longer-range work has informed our efforts to reduce our water and energy

consumption.

More recently, we have worked in partnership with the Camborne School of Mines at the UK's University of Exeter to model climate risk in more detail at Venetia mine.

Project Terra is our key approach to reducing our water, energy and carbon emissions impact, through a set of long-term reduction targets. These include a set of commitments for 2020: to reduce water usage by 20 per cent, energy use by eight per cent and carbon emissions by nine per cent.

So far, progress against our targets has resulted in total savings of 0.3 billion litres of water in 2016 and 800,000GJ of energy and 73,000 tonnes of carbon emissions since 2015. In total, this has saved the company US\$10.6 million since 2014.

We calculate our greenhouse gas emissions using the World Resources Institute's Greenhouse Gas Protocol and carbon conversion factors for purchased electricity, as relevant to each site. Standard conversion factors are used for liquid fuels across all companies within the Anglo American Group.

CO₂ equivalent emissions

	2014	2015	2016
Electricity purchased (million tonnes CO ₂ e)	1.1	1.1	0.9
Fossil fuels (million tonnes CO ₂ e)	0.9	1.0	0.9

Emissions

	2014	2015	2016
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Sulphur Dioxide emissions [ton [metric]]	834	785	900
NOx emissions from diesel [ton [metric]]	10,114	9,796	9,155

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COMMUNITY DEVELOPMENT FOR PRODUCER COUNTRIES

All mining operations have positive and negative social impacts. These can include local population changes, not least the influx of work-seekers from outside the community; changes to the local economy and livelihoods, health status and the pressures on local infrastructure and services; the quality and availability of natural resources; social nuisance factors such as dust and noise; and safety and security.

We seek to support strong communities that benefit from our activities today, while building a sustainable future for tomorrow. We fully share our communities' aspirations to secure the greatest possible long-term value from our activities.

Our community strategy sets three broad aims:

- To know and work with our communities
- To understand our impacts and responsibilities
- To manage our short and long-term community risks.

This strategy is aligned to the Social Way – our governing framework for social performance – and applies across the whole lifecycle of our operations from exploration to closure, including the acquisition and sale of assets.

Under the Social Way, all our mining operations are required to develop a long-term Social Performance Strategy, supported by annual Social Management and Stakeholder Engagement Plans, a commitments register that tracks the fulfilment of commitments made, and a widely publicised and accessible complaints and grievance procedure.

The process follows Anglo American's Socio-Economic Assessment Toolbox (SEAT), which profiles local communities and engages with them to assess their needs, identify impacts, and develop or update community investment activities.

Operations go through the SEAT process every three years.

During the development of a mine, or when planning significant changes to existing operations, we also undertake Environmental and Social Impact Assessments to identify our potential impacts within communities and to develop mitigation measures.

Grievance mechanisms

Effective grievance mechanisms for local stakeholders are a key requirement of the Social Way. They give local stakeholders a voice and enable our operations to identify new concerns. We have worked to improve our grievance mechanisms during 2016.

Grievance mechanisms need to align with the UN Guiding Principles for Business and Human Rights, including proactively informing local community stakeholders that the mechanisms exist, as well as providing an appeals process. Grievance systems are assessed through the annual Social Way assessments and are included within our Best Practice Principles process.

In Botswana, the External Complaints Procedure has been translated into Setswana and published in communities around Orapa, Letlhakane and Damtshaa mines – all approved by the local communities and by the local government. At Jwaneng, comment boxes have been placed in villages local to the mine.

In Canada, a new grievance policy was agreed in late 2016 and published on the De Beers Canada website. The policy will be outlined at community meetings at Victor and Gahcho Kué mines, and community groups will be made aware that a formal mechanism for grievances is in place.

Social investment

Out of our total social investment of nearly US\$25 million in 2016 (2015: US\$28.2 million), our main community development spend was on health initiatives through our mine hospitals and educational and training initiatives. These brought new skills and opportunities to individuals and their communities.

(For further socio-economic impacts of our partnerships see Economic impact on producer countries.)

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CONFLICT DIAMONDS

Ensuring our supply chain is free from conflict diamonds (rough diamonds sold by rebel groups or their allies to fund conflict against legitimate governments) is critical to maintaining consumer confidence in our industry.

We work in close partnership with our industry peers, governments, customs authorities and civil society groups in support of the Kimberley Process. Founded in 2003, this international, multi-stakeholder

initiative was created to increase transparency in the diamond industry to eliminate trade in conflict diamonds.

To participate in the Kimberley Process, member states must enact national legislation that meets minimum requirements and ensure relevant institutions, including those responsible for imports and exports, meet certain standards.

Rough diamonds must 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 a 'System of Warranties'. 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 are externally audited annually.

All De Beers' diamonds are certified conflict-free and our audit processes confirmed 100 per cent compliance with the Kimberley Process for 2016.

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ECONOMIC IMPACT ON PRODUCER COUNTRIES

We focus on creating lasting socio-economic benefit for our partner countries, looking beyond simple cash investments to working in partnership and utilising our core business activities to deliver benefits to local communities.

Overall in 2016, we paid around US\$1.2 billion in taxes and royalties. Of this, 95 per cent was spent in Africa.

In addition to the revenues generated by our mining operations, we contribute to and invest in producer country economies in a number of ways, not least employment of local people; enterprise development and social investment; preferential procurement from local and historically disadvantaged groups; and beneficiation. These activities help governments develop skills, businesses and infrastructure that can extend beyond the life of a mine.

Enterprise development

Our enterprise development programmes, particularly Zimele in South Africa and Tokafala in Botswana, form an important part of our local business support.

Tokafala was started in 2014 as a three-year project partnership between the Government of Botswana, Debswana and De Beers. The businesses Tokafala has supported have shown an average 39 per cent growth in revenues.

In 2016, Zimele supported 69 jobs (3,054 since the programme began). Tokafala supported 574 in 2016 (2,097 since launch). Almost 32 per cent of the enterprises Zimele has helped are co-owned or owned by women, 38 per cent for Tokafala.

Beneficiation

Perhaps the most significant method of keeping diamond wealth in the countries of production is our beneficiation programme.

This means we sell an agreed proportion of rough diamond production to Sightholders based in our producer countries, promoting in-country wealth creation and skills development by supporting diamond-related activities (the expansion of local diamond cutting and polishing, and jewellery

manufacturing industries to increase participation in the value-adding steps of the diamond pipeline).

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ENERGY SECURITY

Over the past couple of years, southern Africa has experienced a rolling programme of scheduled power outages, designed to protect the grid against overwhelming demand.

These shortages inevitably had a negative impact on the economies of southern Africa. In early 2015, for example, power issues had already led to downward revisions of economic growth and investor confidence in the South African economy.

This reaffirms the importance both of our long-term commitment to reduce our reliance on increasingly scarce resources and of planning for the likely impacts of climate change on our operations.

As well as the moral obligation, there is a robust financial case for reducing energy use and associated carbon emissions. For example, there is a strong likelihood of carbon taxes being implemented in our operating countries in the future.

The South African Government has issued a draft bill on carbon taxation and, although there are policy and technical aspects to overcome, the direction is clear. Similarly, in Canada a federal carbon pricing scheme has been announced, starting in 2018 with an initial tax of CN\$10 per tonne of carbon dioxide rising to C\$50 by 2020.

Today, 77 per cent of our energy comes from fossil fuels. As part of Project Terra, we are currently working on a number of projects to reduce our energy usage by eight per cent.

In Namibia, for example, Namdeb signed a partnership agreement during 2016 with #Oab Energy to install four 2 megawatt wind turbines at our Elizabeth Bay Mine, which will supply green energy to our coastal operations.

On completion of the project in April 2017, the wind farm will be capable of generating some 17 per cent of Namdeb's total electricity consumption, freeing capacity on the Namibian grid and supporting the country's energy security.

We are also investigating other wind, solar energy and carbon sequestration projects across our operations.

So far, we have cut 0.8 million gigajoules of energy since 2014.

ENERGY USE

Million gigajoules	2014	2015	2016
Electricity purchased	4.2	4.2	3.8
Energy from fossil fuels	12.0	13.0	12.5
Energy consumption	16.2	17.2	16.3

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GENDER

At De Beers, we believe that by valuing diversity of thought, skills and experience we will be a higher-performing business. We are therefore committed to developing an inclusive and diverse culture, and we recognise that creating opportunities for everyone and striving for gender equality across all levels of the business are integral to delivering this commitment.

With a specific UN Sustainable Development Goal on gender equality, and some 95 per cent of our end customers being female, gender equality and the empowerment of women and girls represent a natural

area for us to take a leading role, both internally and through our community development programmes.

However, we recognise that women are underrepresented within our workforce, particularly at senior management level.

Therefore, in 2016, the De Beers Executive Committee approved a range of new commitments designed to ensure that women have equal opportunities at all levels of the business.

To kick-start implementation, a range of actions in four workstreams have been set out for 2017:

- Leadership and culture
- Policies, processes and practice
- Talent development
- Measures and governance.

Women in the workforce and management by business unit, 2016 (%)

	2014	2015	2016
Total employees, Group of companies	23.5	23.8	24.3
Total employees, De Beers Canada	18.2	17.4	18.5
Total employees, DBCM	25.5	25.6	24.9
Total employees, Debswana	20.2	20.7	20.9
Total employees, Namdeb	19.7	20.1	20.6
Total employees, Debmarine Namibia	13.4	14.2	13.8

Total employees, Debmarine SA	18.2	17.9	17.0
Total employees, DBAS	48.7	46.0	42.4
Total employees, FM	35.2	40.6	42.4
Total employees, De Beers group services	39.0	39.1	39.7
Total employees, DTC	49.8	48.9	48.7
Total employees, Exploration	39.2	38.5	41.3
Total employees, Element Six	24.6	25.2	25.1
Total employees, DBGSS and DBSA	45.8	45.6	45.6
Management employees, Group of companies	24.0	24.9	27.2
Management employees, De Beers Canada	19.8	18.6	19.4
Management employees, DBCM	22.6	22.7	24.0
Management employees, Debswana	23.7	23.5	23.7
Management employees, Namdeb	29.9	31.0	32.2
Management employees, Debmarine Namibia	28.9	29.6	29.2
Management employees, Debmarine SA	16.4	15.5	16.8
Management employees, DBAS	40.0	33.3	38.5
Management employees, FM	50.7	53.9	51.6

Management employees, De Beers group services	28.0	31.3	33.6
Management employees, DTC	35.2	32.7	33.9
Management employees, Exploration	32.5	35.3	36.8
Management employees, Element Six	11.4	13.2	24.4
Management employees, DBGSS and DBSA	38.2	32.9	31.3
Senior management employees, Group of companies	12.5	10.2	12.0
Senior management employees, De Beers Canada	0.0	0.0	0.0
Senior management employees, DBCM	0.0	0.0	0.0
Senior management employees, Debswana	18.8	15.8	19.1
Senior management employees, Namdeb	33.3	0.0	0.0
Senior management employees, Debmarine Namibia	0.0	0.0	0.0
Senior management employees, Debmarine SA	0.0	0.0	0.0
Senior management employees, DBAS	0.0	0.0	0.0
Senior management employees, FM	25.0	25.0	25.0

Senior management employees, De Beers group services	13.3	9.1	9.7
Senior management employees, DTC	0.0	0.0	0.0
Senior management employees, Exploration	0.0	0.0	0.0
Senior management employees, Element Six	12.5	22.2	33.3
Senior management employees, DBGSS and DBSA	20.0	16.7	14.3

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HEALTH AND WELLBEING

Alongside safety, occupational health is a major part of our commitment to zero harm. Employee health is essential to the effectiveness of our operations, and to the well-being and participation of employees in their local communities.

Noise-induced hearing loss, musculoskeletal disease, exposure to respirable hazards, and HIV/AIDS are our top health risks.

We protect our people by managing these key risks through, for example, our hearing conservation, respiratory protection, musculoskeletal protection, and fatigue management programmes. We review our occupational health risks annually as part of our Operational Risk Management process.

Our approach to occupational health is guided by the Health Way and associated technical standards and our Good to Great strategy. The De Beers Occupational Health Policy outlines our approach in this area.

Our Health Peer Group met five times in 2016 to share good practice across three areas of occupational health – occupational medicine, occupational hygiene and employee wellness. Significant areas of discussion included reducing employee exposure to health hazards; HIV/AIDS and tuberculosis management; and aligning health risk management with De Beers’ operational risk management process.

De Beers’ presence in southern Africa means that the threat of HIV/AIDS is an everyday fact of life for our employees and people living in the communities around our operations.

We launched our first HIV/AIDS initiative in Debswana in 2001. Today, we still go beyond compliance to deliver an advanced programme built on four pillars: prevention, treatment, care and support. Overall, our efforts to reduce the direct impact of HIV/AIDS in our business have been effective, but we still have a long way to go.

Fifteen years ago, the prevalence of HIV among employees stood at 29 per cent. Today, that figure is 11 per cent, which compares favourably with the national prevalence rates of 19.2 per cent (South Africa), 13.3 per cent (Namibia) and 22.2 per cent (Botswana).

We are committed to driving down still further the rate of infection among our people. One tool we use is the World Health Organization’s 90 90 90 ‘Know your Status’ campaign. This means we aim for:

- 90 per cent of our employees to be aware of their status
- 90 per cent of HIV-positive individuals to be on a treatment plan

- 90 per cent of those on a plan to be achieving viral suppression.

While the proportion of employees knowing their status rose from just 26 per cent in 2015 to 82 per cent in 2016, we still have further to go.

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HUMAN RIGHTS

Respect for human rights is at the heart of our operating philosophy and we use a number of mechanisms to embed this across our business and the wider diamond pipeline.

We have policies in place, including our Employee Human Rights Policy, our Security and Human Rights Policy, and the several human rights-related elements of our Social Performance Policy, which was updated in 2016. Review of our approach to human rights is coordinated by the cross-functional

Human Rights Working Group.

Also, we are integrating the UN Guiding Principles on Business and Human Rights into our social performance management systems, and all our mining operations have carried out human rights risk assessments. Human rights due diligence and training will be further strengthened in 2017.

Our Best Practice Principles outline requirements to be met by our rough diamond customers and substantial contractors relating to human rights policy and procedures, labour rights, non-discrimination, and child and forced labour.

We are committed to providing a work environment in which every employee is treated fairly, respected, has the opportunity to contribute to business success and also to realise their full potential as individuals.

Specifically on non-discrimination, our Employee Human Rights Policy states that there will be no unfair discrimination in employment on the basis of race, colour, sex, religion, political opinion, gender orientation, national extraction or social origin, and that employees will receive equal pay for work of equal value.

We assess the risk of child and forced labour at all our operations. To date, no operations have been identified as presenting a significant risk of child labour.

Our Employee Human Rights Policy prohibits employment of anyone under the age of 16, and under 18 for roles that may be hazardous to their health, well-being or safety, including any night work, underground work and work involving machinery.

The policy also states that employees will not be subjected to any forced labour and that overtime will be voluntary and restricted to the national permitted level. As part of the policy, we respect the right of employees to associate freely and bargain collectively. No operations have been identified where the right to exercise freedom of association and collective bargaining has been violated or is at significant

risk.

Investments over US\$20 million are considered by our Investment Committee. No significant investment agreements with the potential directly to affect human rights took place in 2016.

Security and human rights

Security is very important to our business. To ensure our responsibility in relation to security, we are committed to the Voluntary Principles on Security and Human Rights. Across all our security functions, we have completed self-assessments aligned to the Voluntary Principles implementation guidance.

Our Security Services and Human Rights Policy applies to employees and contractors at every level of De Beers' majority owned and managed companies. The policy is aligned with the Voluntary Principles.

All security personnel receive training that includes human rights. Since 2006, we have required external contractors to ensure their employees are also trained in the human rights aspects of security. Public security officials and members of the community have also attended classroom sessions held as part of our training programme. In 2016, we completed a new security and human rights training curriculum, developed jointly with Anglo American and International Alert.

Overall, the number of training hours devoted to human rights rose to 4,259 in 2016, up from 2,496 in 2015. The number of people trained in human rights was 2,437 in 2016 (1,023 in 2015).

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INDIGENOUS COMMUNITIES

Indigenous communities often have cultural and spiritual connections to traditional or ancestral lands. Livelihoods and lifestyles can also be closely connected to their local environment.

The particular rights of indigenous peoples are assessed through the Social Way, our framework for managing social performance, and assured through our Best Practice Principles programme.

Three of our mines operate in or close to indigenous land areas. All are in Canada: Victor mine in

Ontario and Snap Lake mine (currently on care and maintenance) and the new Gahcho Kué mine in the Northwest Territories.

Ensuring local benefits from mining has always been an important part of the Impact Benefit Agreements (IBAs) we have agreed with indigenous groups in these locations. These agreements provide a framework of commitments through which these communities will benefit from our operations.

We have three signed IBAs at Victor mine and six at Gahcho Kué. When Snap Lake mine went into care and maintenance at the end of 2015, the four IBAs in place there were put on hold. This was preceded by extensive engagement with those affected to explain why care and maintenance was necessary, what the impacts may involve, and possible mitigation measures.

No incidents of violations involving the rights of indigenous peoples were recorded in 2016 (2015: none).

In Canada, we make it a priority to buy goods and services from indigenous suppliers. In 2016, based on feedback from communities around our Canadian mines, we changed our approach when awarding contracts. We recognised that short-term contracts were failing to maximise opportunities for local or indigenous employment because of the limited scope they allow for long-term planning or investment in capacity.

Now, wherever possible, we instead seek to establish ‘evergreen’ contracts. Provided their terms are met, these are awarded for the lifetime of the operation.

The first to be signed was with Bouwa Whee Catering, a 100 per cent indigenous-owned and community-based business, which we have appointed to deliver catering and other site services at the new Gahcho Kué mine from December 2016.

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INDUSTRIAL RELATIONS

Trade union participation is high at our African mining operations. Most of these operations are covered by collective bargaining agreements. Across the whole of De Beers, 41.7 per cent of direct employees are covered by such agreements.

Percentage of employees in CL-band/Grade 2/bands GFB8-10 covered by collective bargaining unit agreements at African operations, 2014-2016 (%)

	2014	2015	2016
DBCM	94.9	92.4	88.9
Debswana Diamond Company	62.7	60.3	59.7
Namdeb (land operations)	87.5	86.7	87.2

Debswana continued to enjoy a stable relationship with the Botswana Mining Workers Union during 2016, working in partnership to resolve any areas of potential disagreement. Members of the union and Debswana management were also trained in collective bargaining.

In Namibia, a dispute occurred during the year about the implementation of a housing allowance. This was resolved by third-party interventions as provided for by Namibian labour legislation.

In South Africa, the company engaged in consultations with the National Union of Mineworkers about the restructuring of De Beers Consolidated Mines (DBCM) and the implementation of an Employee Share Option Scheme.

In October, we hosted a Relationship by Objectives workshop to enable us to agree clear objectives and timelines for managing the relationship ahead of wage negotiations during 2017.

The objectives included setting an agreement to take a new approach to wage negotiations, with the aim of concluding this approach as early as possible in 2017. During late October and early November 2016, however, there were several days of illegal protest at Venetia mine. This was related to shares in the company's Ponahalo Equal Allocation Scheme. The trust is part of Ponahalo Investments, the 26 per cent Black Economic Empowerment shareholder in DBCM since May 2006.

The illegal protest action was taken, in spite of all unit holders being made aware of the financial

position of the Equal Allocation Trust, and correspondence being sent to each shareholder detailing the initiatives undertaken during 2016 to redeem the shares, and indicating the progress made in this regard.

Following engagements with the National Union of Mineworkers and employees, De Beers finalised a solution for the repurchase of the shares, bringing the illegal protest action to an end.

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INFORMAL MINING

Although exact numbers are difficult to establish, it is estimated that artisanal and small-scale mining (ASM) is responsible for 10-20 per cent of global diamond production. Conditions within ASM operations can be very poor, including unsafe working, potential for exploitation and human rights abuses, and possible environmental damage.

De Beers does not source any of its diamonds from the ASM sector. Historically, however, the company has been exposed to ASM close to our operations. We also see ASM as an industry-wide issue that needs to

be addressed and we want to play a role as a key industry stakeholder.

Diamond Development Initiative

As part of our concern about ASM, we were a founding member of the Diamond Development Initiative (DDI) in 2005, a multi-stakeholder partnership of private sector, civil society and governments focused on finding practical solutions to the challenges of informal mining. We sit on the board of the DDI, take a keen interest in its work and provide it with financial support.

The DDI grew out of the recognition that, while the Kimberley Process played an important role in addressing the challenge of conflict diamonds, it did not deal with the issue of ensuring that diamond mining contributes to the socio-economic development of artisanal mining communities.

Achieving this will require systemic change in the ASM sector, supported by a wide range of stakeholders from governments, communities and the private sector. And that is why De Beers has been involved from the outset.

Banning ASM diamonds is not a sustainable option because millions of people rely on this type of mining for a livelihood. The DDI is working to bring this largely unregulated sector into the formal economy in ways that benefit miners, their communities, regional and national economies, and the diamond and jewellery industry.

DDI's work in this area involves registering artisanal miners, helping them organise themselves into associations and co-operatives, and establishing a set of auditable standards for environmentally and socially responsible artisanal diamond mines.

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LAND ACCESS AND RESETTLEMENT

In the lifecycle of a mine, there are times when access to land is restricted. Very occasionally, it is necessary to resettle local community members.

This is avoided wherever possible but, when it is essential, we minimise the impact and help restore and improve the livelihood of those affected, working to the International Finance Corporation (IFC) Performance Standard 5: Land Acquisition and Involuntary Resettlement (IFC PS5).

During 2016, resettlement at Orapa which started in 2015 was completed according to the legal requirements of the Government of the Republic of Botswana. Consultants with extensive experience of conducting resettlement were commissioned to review the Orapa resettlement process and to advise on supplementary measures to ensure that the requirements of IFC PS5 were met.

This involved extensive local stakeholder engagement and analysis of the impact on livelihood, including the success of mitigation measures, such as the provision of replacement land. These supplementary measures will be finalised during 2017 and will be monitored and evaluated in collaboration with the stakeholders and the local authorities affected.

The planned expansion at Morupule involved resettling and compensating approximately 180 land rights holders according to the legal requirements of the Government of the Republic of Botswana.

The same process was followed as at Orapa, with experienced consultants advising on the supplementary measures required for the resettlement to meet IFC PS5. Responsibility for conclusion of the resettlement process has passed over to the state mining company, which purchased Morupule during 2016.

In South Africa, three communities have historically made formal land claims under the Restitution of Lands Act to areas in which we operate. These relate to properties owned by DBCM at Venetia, Rooipoort and Hondeklip Bay in Namaqualand. All three claims remain standing within the court referral stage.

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MINE CLOSURE AND ASSET TRANSFER

Planning for mine closure starts at the exploration stage. We aim to leave post-mining communities with a sustainable socio-economic future.

While a mine is operational, its social and environmental performance should always be closely aligned with the implementation of a mine closure plan. Our Environmental Policy and Lifecycle Planning and Management Standard require all operations to have adequately detailed and funded closure plans. We are committed to adopting the mitigation hierarchy approach at every stage of the mining lifecycle –

from exploration to closure and rehabilitation. We endeavour first to avoid, then minimise, and finally rehabilitate the environmental impact of our activities to leave a minimal residual impact.

The ideal process is that closure plans are developed in partnership with local stakeholders over the life of the operation and become increasingly detailed as the operation reaches the final five years of operation. All closure plans address environmental, physical and social issues and are developed in accordance with the Anglo American Mine Closure Toolbox.

All our operations have closure plans. The level of detail of each closure plan is dependent on the remaining life of mine. The table below shows the status of our closure plans based on each mine's remaining life of mine. Exploration operations have Environmental Management Plans that cover closure of the exploration sites.

Our Victor mine in Canada is due to close in 2019, followed by the Voorspoed mine in South Africa in 2020¹. Focus has therefore intensified on the mines' closure plans, with full reviews of both being undertaken during 2016.

At Victor, we have developed a native seed collection, propagation and planting programme to help ensure that the best possible rehabilitation of the site ultimately contributes to a positive legacy for the mine.

This is proving an extremely valuable exercise in taking community relationships to a new level, through partnering, building knowledge and developing the local workforce. To make it work, we are engaging closely with the Attawapiskat community.

In parallel, a youth programme is giving local indigenous high-school students planning, teamwork, plant identification and outdoor skills.

At Voorspoed, meanwhile, we have been involved in long-term discussions about the mine's end-use. Two opportunities look to be particularly suitable – livestock farming and mixed game ranching. Both

have the potential to be at the heart of an effective future plan for the local area, one that gives our existing employees new skills and opportunities.

¹ For further information refer to the *Anglo American Ore Reserves and Mineral Resources Report 2016*.

Status of closure planning for mining operations, 2016					
Production phase – life of mine to scheduled closure and closure plan level of detail					Closure phase
>25 years	25–15 years	15–10 years	10–5 years	5–0 years	0–10 years
Preliminary closure plan	Preliminary closure plan	Draft closure plan	Detailed closure plan	Final closure plan	Final closure plan
<ul style="list-style-type: none"> • Venetia 	<ul style="list-style-type: none"> • Orapa • Letlhakane • Damtshaa • Jwaneng • Namdeb – land • Namdeb - marine 	<ul style="list-style-type: none"> • Gahcho Kué • Snap Lake 		<ul style="list-style-type: none"> • Victor • Voorspoed 	<ul style="list-style-type: none"> • TheOaks • Namaqualand

Extending mine life

Closure is not always the only or preferable option. Wherever possible, we prefer to sell an asset to other operators with the technical and financial experience to create value, extend the productive life of the

mine and consequently prolong socio-economic benefits for the community.

Our conditions of sale include employment creation, community support and environmental rehabilitation. In South Africa, we also require equity ownership by Black Economic Empowerment groups.

In recent years, we have sold several late-life mines. Most recently, in early 2016, we sold Kimberley Mines in South Africa to Ekapa Minerals, a local tailing mineral resource operator with sound technical, financial and economic capability.

Transferring town management

In some cases, particularly in remote areas, towns were developed in order to serve the needs of the mining operations and remain actively managed by the mining company. As closure approaches, there is a need to transfer responsibility for infrastructure and public services to the relevant government authorities.

An example is Koingnaas in South Africa's Namaqualand. Following many years of planning, the once privately owned mine town was officially handed over to the local municipality in 2016. The municipality will now operate all public assets and residential services, and all De Beers employees who previously provided services to the town have transferred to the municipality.

In Namibia, we are working with Oranjemund Town Council to transfer municipal services from the company to the town council and to move property, currently owned by Namdeb, into private ownership.

In Botswana, we are planning for the eventual economic diversification of Orapa town in partnership with local and national government bodies. The plan is aligned with the development priorities of the Botswana Government, and will detail a long-term vision for the area around the Orapa mine, focusing on its potential as a tourism hub and centre for light industry.

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PARTNERSHIPS

Partnerships are the cornerstone of our business. We work closely with our partners to build trust and to understand and realise shared aspirations.

We work in partnership through a range of economic, environmental and social charters, principles and other initiatives, including:

- UN Global Compact

- CEO Water Mandate
- Responsible Jewellery Council
- Kimberley Process Certification Scheme
- Extractive Industries Transparency Initiative (via Anglo American)
- Business and Biodiversity Pledge
- National Biodiversity and Business Network (South Africa)
- Membership of associations and national or international advocacy organisations
- Diamond Producers Association
- World Diamond Council.

Partnership was a central theme in 2016. We signed our longest-ever sales agreement with the Government of the Republic of Namibia, and we launched the world's largest new diamond mine, Gahcho Kué in Canada, in partnership with Mountain Province Diamonds.

In developing Gahcho Kué, De Beers Canada worked with host indigenous communities to build trust and realise shared ambitions.

An environmental stewardship forum has been established called Ni Hadi Xa, a Chipewyan name meaning 'For Watching the Land'. This forum, set up in 2014, involves five indigenous groups and is governed by a representative from each of them. It will be funded by De Beers until a year after the mine closes.

Its central aim is to work in partnership to combine traditional knowledge with innovative practices to minimise the impact of the mine on the land, water, wildlife, plants and, in particular, the people and their way of life.

Following the opening of the mine in September 2016, the value of the partnership has been acknowledged by all parties. It has strongly contributed to the communities' acceptance of the mine.

We were also proud to celebrate the 50th anniversary of Botswana's independence in 2016. In 1966, Botswana was one of the least developed countries in the world with just 40 tertiary graduates and 100 secondary school graduates at independence.

Today, it has over 15,500 tertiary graduates annually, as well as free public healthcare and free education. It also has one of the fastest per capita growth rates globally and is ranked as one of the world's most attractive investment locations.

The partnership between Botswana and De Beers has played an important role in this transformation. Both parties understand the importance of managing the country's diamond wealth, with its long-term needs in mind. This has provided a solid foundation for Botswana's strong governance, political stability and prudent investment philosophy.

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TRANSPARENCY

Tax

The amount of tax we generate and pay to governments, as well as our approach to managing tax affairs, is of considerable interest to many of our stakeholders.

Being able to demonstrate the contribution we make to host countries and communities through the payment of taxes is critical for building trust with stakeholders and in supporting our licence to operate.

We are strong supporters of tax transparency. We were an early supporter of the Extractive Industry Transparency Initiative and, via our parent company Anglo American, we remain an active participant.

Through Anglo American, we voluntarily provide information about our tax payments in each country. A detailed account of Anglo American's tax payments is available in Anglo American's annual Tax and Economic Contribution Report (<http://www.angloamerican.com/investors/annual-reporting>).

Graph- tax and contributions

Sales

Throughout 2016 and for the first time in De Beers' history, we also published sales figures for each of our ten Sights (sales events) and auction sales, which take place through the year.

We took this step to enhance transparency of our performance and reduce speculation. We believe that, by providing regular sales figures from each Sight, rather than just through annual reporting, we can help to boost confidence in the diamond sector. This approach adds to our quarterly reporting of diamond production from our mining operations.

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WASTE MANAGEMENT AND POLLUTION PREVENTION

All our operations and facilities control risks associated with hazardous substances, effluents, wastes and emissions to prevent pollution.

Prevention of pollution is a key commitment for ISO 14001 certified operations and we seek to

understand and manage potential pollution sources.

We have two main waste streams – non-mineral waste, comprising a range of waste and recycling/re-use streams, and mineral waste in the form of fine and coarse residues.

Non-mineral waste is separated at source to ensure appropriate disposal and recycling. Other than recycling, disposal methods include landfill and incineration.

Although diamond mining is mostly a physical process and does not require the use of hazardous substances, elements of the treatment process for diamond-bearing ore do use hazardous substances under controlled conditions.

Hazardous waste produced is either responsibly stored onsite for future management or disposed of at certified hazardous waste sites. Hazardous waste from our operations in Botswana is disposed of through facilities in South Africa, moved in full compliance with the Basel Convention on trans-boundary transportation.

For mineral waste, at each active operation, an external operator handles the fine residue deposits, and an independent legal assurance provider is also appointed. Every three months, there's a site visit and review, involving a multidisciplinary team of internal and external specialists to oversee adherence to policy, legal compliance, and environmental, safety and technical aspects. The rigour of the reviews has increased in the past few years.

There is no riverine tailings disposal. Submarine tailings disposal occurs from land and at sea in Namibia in accordance with the Responsible Jewellery Council requirements.

Total weight of waste by type and disposal method

Waste is reported through separate indicators both in mass and volume, rather than through conversions.

Waste type	Unit of measure	2014	2015	2016
Non-hazardous waste	To legal landfill - volume (m3)	67,929.0	127,841.2 ¹	73,643.0
	To legal landfill - mass (tonnes)	3,088.5	12,159.57	9,361.2
Hazardous waste	To legal landfill - volume (m3)	Not reported	5,803.3	3,030
	To legal landfill - mass (tonnes)	880.0	8,398.2	1,760.2
	Liquid hazardous waste - volume (L)	1,023,922.0	1,315,791.4	2,199,636.0
	Medical waste disposed of (not incinerated) - mass (tonnes)	0.2	0.2	0.02
Incineration	Non-hazardous waste - mass (tonnes)	742.8	749.5	1,218.8
	Hazardous waste to incineration - mass (tonnes)	308.4	192.46	370.6
	Medical waste to incineration - mass (tonnes)	62.6	32.5	45.6
	Waste incinerated – volume m3	3,456.20	40,593.60	137,362.71
Cardboard/paper sent for recycling (tonnes)	Mass (tonnes)	141.3	154.5	219.5

Scrap metal (including cans) sent for recycling	Mass (tonnes)	161,732.5 ²	8,181.0	10,722,507
Conveyor belting sent for recycling	Mass (tonnes)	116.0	143.7	0
Drums sent for recycling/re-use	Number	5,042	4,369	5,226
Lead acid batteries sent for recycling/re-use	Number	2,296 ³	2,333	1,835
Plastic sent for recycling/re-use	Mass (tonnes)	44.9	29.4	63.25
Toner/ink cartridges sent for recycling/re-use	Number	2,134	2,977	1,407
Used oil/grease sent for recycling/re-use	Volume (L)	3,190,949	2,094,474	1,855,196
Used oil for combustion	Volume (L)	346,227	148,043	162,000

¹ These figures are typically highly variable depending on waste projects.

² The increase is a result of the closure of Namaqualand.

³ Restated from previously reported figures in the 2014 Report to Society

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WATER AVAILABILITY AND QUALITY

Scarcity of water is a significant risk not only to the communities in which we work, but also to food production, biodiversity and the continuity of our production.

In 2016, more than 96 per cent of the carats we mined were from water scarce regions in South Africa, Botswana and Namibia. Recent drought, growing demand and the likely impact of climate change make water a significant risk in these areas.

And, as a signatory to the United Nations CEO Water Mandate, we have a key water stewardship role with a commitment to action on water policy, management and performance.

As a result, we have set targets to cut our water use by 20 per cent by 2020. And, in 2016, we saved about 0.3 billion litres of water across our operations.

Our Venetia mine in South Africa and the Orapa and Jwaneng mines in Botswana account for 81 per cent of our water usage, making them the focus for our efforts to reduce consumption. We have completed water efficiency and security reviews at all three mines. The reviews considered options for improving efficiency up to 2020 and for reducing water risk up to 2025.

At Venetia, we concentrated on the two most significant climate change threats to the mine: reduced water availability and flooding caused by extreme weather. As a result, during 2016 we completed design work on three pollution control dams that will reduce the risk of flooding at the mine. We also continued our wastewater recycling projects at our mines, with a particular focus on reusing water in our processing plants and proactively managing storm water.

To raise awareness of water scarcity beyond our own operations, we ran a campaign in 2016 designed to help employees and their families use water wisely and reduce wastage. This involved tips on the 'three Rs' of water conservation: reduce, reuse and repair.

We also completed an engagement project at one of the wellfields feeding the Orapa mine, which used traditional knowledge to map boreholes and water levels. We explained to local farmers how we would be using local water supplies and to encourage communities to work with us on water monitoring.

Another example of where we looked to tackle water shortages beyond our own operations during 2016 was the launch of Element Six's innovative wastewater treatment system Diamox, which uses synthetic diamonds to purify highly contaminated wastewater without the need for chemicals.

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EMPLOYEE ATTRACTION, DEVELOPMENT AND DIVERSITY

The commitment and expertise of our people are key ingredients for the success of our business. That is why we work hard to bring out the best in all our employees and enable them to reach their full potential as part of a highly skilled workforce.

Our People Strategy has four pillars: employing the best people; ensuring we have the right leaders; providing an energising environment; and delivering excellent people management.

We invest in our employees through a range of training and development programmes. We spent US\$16.4 million in this key area in 2016 (2015: US\$24.3 million). The fall was primarily as a result of the ramp-down, sale and closure of two operations, combined with a review of costs during the year. The majority of the training spend was invested at our mining operations, particularly in safety training.

Employee performance is assessed against a defined set of key results areas (KRAs) through regular dialogue and feedback. In 2016, across the company, 100 per cent of employees within the non-unionised workforce were included in a performance management system where objectives are set, development discussed and feedback provided (2015: 100 per cent). Employees in the unionised workforce negotiate as a group and do not take part in these reviews.

Employee turnover, which includes resignations, redundancies, retirement, dismissals and completion of fixed contracts, rose in 2016 to 14.1 per cent (2015: 9.8 per cent). Redundancies increased in 2016 primarily as a result of placing Snap Lake on care and maintenance, the sale of Kimberley Mines, the divestment of Morupule mine, and a business efficiency review.

Turnover of female and male employees in 2016 was 16.1 and 13.4 per cent respectively (2015: 11.4 and 9.2 per cent).

Workforce composition, breakdown by grade 2016*

	2016
Grade 9 UK/GBF2	1
F-Band/Grade 8/GBF3	11
EU-Band/Grade 7/GBF4	80

Labour turnover, 2014-2016 (%)

	2014	2015	2016
Resigned, redundant, retired, contract	7.8	9.1	13.5

EL-Band/Grade 6/GBF5	339
DL & DU-Band/Grade 4&5/GBF6	1954
CU-Band/Grade 3/GBF7	2654
CL-Band/Grade 2/GBF8 - GBF10	9868
Total:	14907

completed			
Dismissed	0.9	0.7	0.6

** Figures exclude no graders*

Labour turnover by region, 2016

Africa	Resigned, redundant, retired, contracts completed	1,266
	Dismissed	61
Asia Pacific	Resigned, redundant, retired, contracts completed	18
	Dismissed	2
Europe and Middle East	Resigned, redundant, retired, contracts completed	78
	Dismissed	8
Americas	Resigned, redundant, retired, contracts completed	646

Diversity

An important part of our People Strategy is ensuring we represent the communities in which we operate, including factors such as citizenship, ethnicity, gender and disability.

This is not only a fundamental expectation of our partnerships. It is also one of the most important ways we can support the long-term development of the countries where we operate. It is particularly relevant in Africa where, in 2016, 82.9 per cent of our workforce is based (2015: 81.3 per cent):

%	Historically disadvantaged South Africans	Racially disadvantaged Namibians	Botswana local citizens in workforce
Workforce	83.9%	88.7%	96.8%
Managers	53.1%	64.5%	86.6%
Senior managers	25.0%	50.0%	60.7%

(For more information on gender diversity in De Beers Group, see [Gender](#))

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SAFETY

No diamond is worth discrimination, illness or injury. Zero harm is our aim. Our approach to safety is guided by the Safety Way, defined by our Group Safety Policy, and supported by a set of standards and guidelines that establish the foundations for safety excellence, leadership and behaviour change.

We review our occupational health risks annually as part of our Operational Risk Management process. Our key safety risks are transport and fatigue-related incidents; falling objects and working at height; and fall of ground.

Our Safety Peer Group provides a platform where best practice and learning from across De Beers is shared. Major topics discussed in 2016 included: Anglo American's upgraded safety standards; high potential hazards and enhanced high potential incident reporting; contractor management guidelines; incident management guidelines; and operational risk and critical controls.

Safety is part of our Good to Great framework, setting out a five-year improvement journey and a plan for safety with a specific focus on the basics, including:

- Leadership and personal commitment to safety
- Continued understanding of risk management and control implementation and monitoring
- A substantial increase in sharing, learning and responding to incidents
- Implementation of aligned standards and the operating model
- Active tracking of the implementation and effectiveness of critical controls and tracking improvement actions.

During 2016, however, there were two fatalities, our first loss of life since 2012. A contract rigger operative died while conducting maintenance work at our Jwaneng mine and a bulldozer operator working for Namdeb's Southern Coastal Mines was killed when the crosswall he was working on collapsed.

These tragic events provided a stark reminder of how quickly accidents can occur. They emphasised the importance of having an unrelenting focus on safety – and on learning from what happened.

As a result, we ran a CEO Safety Summit in January 2017 to consider whether we are doing enough on upstream safety. We now have a workstream focusing on leadership behaviour and culture as well as the following pledge.

Safety Pledge:

We value the safety of our people and pursue it without hesitation or compromise. In every situation, on every site, around every corner, at home and in every decision we take, we will seek out risks to our people and address them relentlessly and with urgency. We will always put the well-being of our people before production and profit and we celebrate our safety heroes who demonstrate that their personal safety and the safety of their colleagues is their most important responsibility.

In 2017, we will demand more of ourselves and those around us to ensure we remain safe and that every diamond we produce represents our care for, and commitment to, one another.

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CONSUMER DEMAND FOR DIAMONDS

Consumer demand for diamonds is the foundation of our business – without it we would have little opportunity to create value. So we must be in a position to understand, shape and respond to consumer trends.

In particular, we need to be able to respond to changes in consumer preference, to stimulate demand and continue to ensure confidence in our products (for more information on confidence, see [Business](#)

Integrity and Diamond Pipeline Integrity).

During 2016, we invested around US\$120 million in marketing across our core consumer markets. Initiatives involved a mixture of proprietary and partnered campaigns, including a programme in India co-funded with the Gem and Jewellery Export Promotion Council.

We also supported the Diamond Producers Association (DPA) on developing the new, global ‘Real is Rare’ communications platform. This was the first diamond category campaign in more than five years and the first ever to involve the DPA.

Real is Rare was underpinned by a major research exercise, incorporating feedback from 75,000 Millennials (aged 18-34) that was gathered for the De Beers’ Diamond Insight Report. This showed that there is an opportunity for diamonds to represent the rare, precious and real connections that Millennials desire.

It also highlighted that Millennials tend to look for more from the goods they buy, not least a positive societal impact. They actively seek out brands they can trust. Such findings strengthen our commitment to responsible sourcing and pipeline integrity.

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DIAMOND PIPELINE INTEGRITY

The Best Practice Principles (BPPs) are a set of professional and ethical standards, developed by De Beers to promote the highest levels of business conduct across the diamond pipeline. They help to prevent unacceptable business, environmental and social practices.

Around 345,000 people in the diamond industry, from Sightholders and Accredited Buyers to contractors engaged in diamond-related activities such as cutting, polishing and jewellery manufacture,

are now covered by the Principles – including all De Beers employees.

The BPPs are a mandatory requirement for doing business with De Beers and require compliance with law in all areas, as well as further requirements on anti-corruption and anti-money laundering, health and safety, labour standards and the environment. Compliance is checked each year by a reputable third-party verifier, Société Générale de Surveillance.

They are updated regularly in response to emerging risks. The most significant change in 2016 was the introduction of the Melee Assurance Protocol, which addresses the risks of synthetic diamonds being incorporated within melee diamonds (those below around 0.1 carats in weight).

Led by De Beers, this latest advance marks a step change in maintaining diamond integrity at the lowest value but highest volume end of the diamond range.

Any De Beers Sightholder or Accredited Buyer manufacturing diamonds of this weight now has to adhere to the Protocol – and, for the first time, this requirement also covers our smaller contractors.

The Protocol requires them to: implement security procedures preventing the theft and substitution of diamonds; provide offsite contractors with tamper-evident packaging for returning all melee diamonds; and give evidence of full testing at a reputable laboratory.

	2014	2015	2016
Sightholder ‘business’ infringements	21	24	35
Sightholders ‘social’ infringements	83	143	132
Sightholder ‘environment’	7	6	8

infringements			
Total number of Sightholder infringements	111	173	175
Number of Sightholder major infringements	9	20	33

Single or multiple findings can be raised per BPP requirement, per site, which translate into a single infringement against the relevant BPP requirement

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