

LIVING UP TO DIAMONDS
REPORT TO SOCIETY 2013

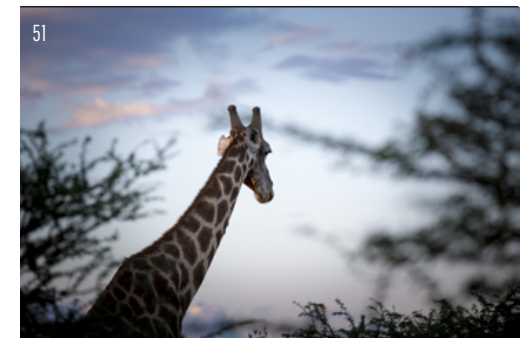
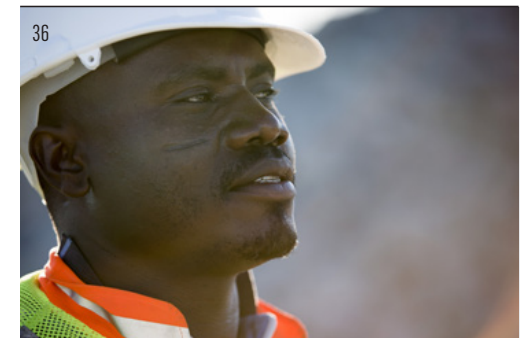
HOW ARE WE PERFORMING?



DE BEERS
GROUP OF COMPANIES

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ABOUT THIS REPORT

REPORTING ON OUR PERFORMANCE

We are committed to reporting transparently on our financial and non-financial performance. This, our eighth annual Report to Society, is our full disclosure of our approach to sustainability and our performance against the issues that are most material to our business and stakeholders. It has been prepared in accordance with the core option of the Global Reporting Initiative fourth generation Guidelines (GRI G4).

The inclusion of our GRI Content Index at the end of the report also enables information to be quickly found.

EVOLVING OUR REPORTING APPROACH

While this report provides an annual snapshot of our sustainability performance, we want our reporting to be an ongoing conversation with our stakeholders about how we are Living up to Diamonds.

In response to stakeholder feedback, later this year we will publish a further communication, which discusses the big cross-cutting questions we confront on a daily basis. It will provide a holistic overview of our insights on these big questions, our approach to tackling them, and evidence of this approach in practice. This publication and other sustainability communications published during the year will complement our Report to Society and be available for download at www.debeersgroup.com.

INDEPENDENT ASSURANCE STATEMENT



SGS United Kingdom Ltd was commissioned by The De Beers Group of Companies to conduct an independent assurance of the 2013 Report to Society – Performance Report.

In addition we have carried out a full evaluation of the GRI Application Level against GRI G4. This evaluation includes the contents of the 2013 Report to Society – Performance Report and the GRI compliance table contained at the end of this report.

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 pp63 – 64.

FEEDBACK

We appreciate your feedback on the 2013 Report to Society or any other aspect of our sustainable development performance.

Please contact us at:

Corporate Affairs De Beers UK Ltd,
17 Charterhouse Street, London EC1N 6RA

E livinguptodiamonds@debeersgroup.com

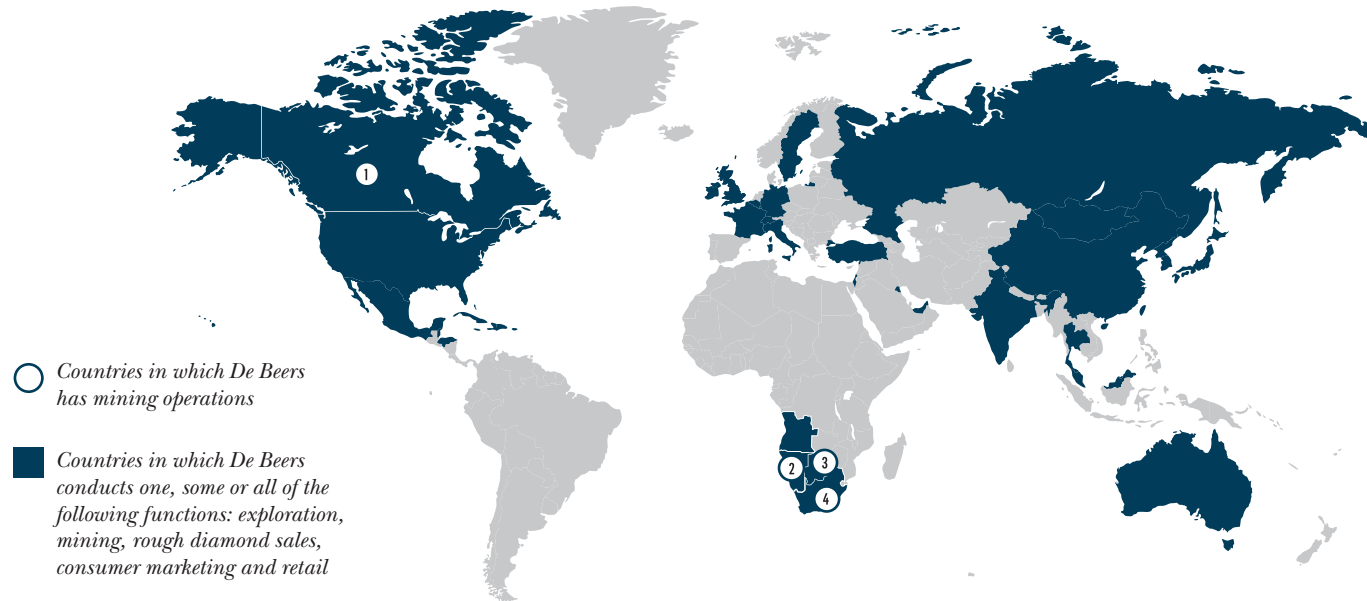
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www.debeersgroup.com

OUR COMPANY

The De Beers Group of Companies was established in 1888. We are the world's leading diamond company, with unrivalled expertise in diamond exploration, mining and marketing diamonds.

A GLOBAL BUSINESS



-  Countries in which De Beers has mining operations
-  Countries in which De Beers conducts one, some or all of the following functions: exploration, mining, rough diamond sales, consumer marketing and retail

DIAMOND MINING OPERATIONS AND CARATS RECOVERED, 2013

CANADA

100% OWNED
ESTABLISHED 1998



CARATS RECOVERED '000 **1,966**

- A SNAP LAKE
- B VICTOR

BOTSWANA

DEBSWANA
50/50 JOINT VENTURE WITH THE GOVERNMENT OF THE REPUBLIC OF BOTSWANA
ESTABLISHED 1969



CARATS RECOVERED '000 **22,707**

- C DAMTSHAA
- D ORAPA
- E LETLHAKANE
- F JWANENG

NAMIBIA

NAMDEB HOLDINGS 50/50
JOINT VENTURE WITH THE GOVERNMENT OF THE REPUBLIC OF NAMIBIA
ESTABLISHED 1994



CARATS RECOVERED '000 **1,762**

- G ATLANTIC 1
- H BEACH AND MARINE CONTRACTORS
- I ELIZABETH BAY
- J MINING AREA 1
- K ORANGE RIVER

SOUTH AFRICA

DE BEERS CONSOLIDATED MINES (DBCM)
74/26 BEE PARTNERSHIP WITH PONAHALO HOLDINGS
ESTABLISHED 1888



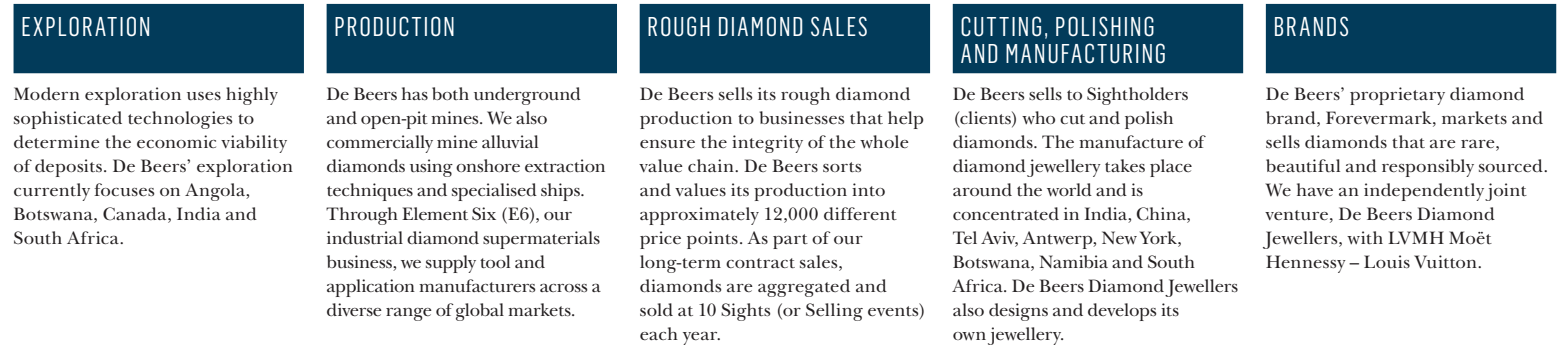
CARATS RECOVERED '000 **4,724**

- L VENETIA
- M KIMBERLEY
- N VOORSPOED
- O NAMAQUALAND

Together with our Joint Venture partners, The De Beers Group of Companies mines for diamonds across Botswana, Canada, Namibia and South Africa. As part of our operating philosophy, we are committed to living up to diamonds by 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.

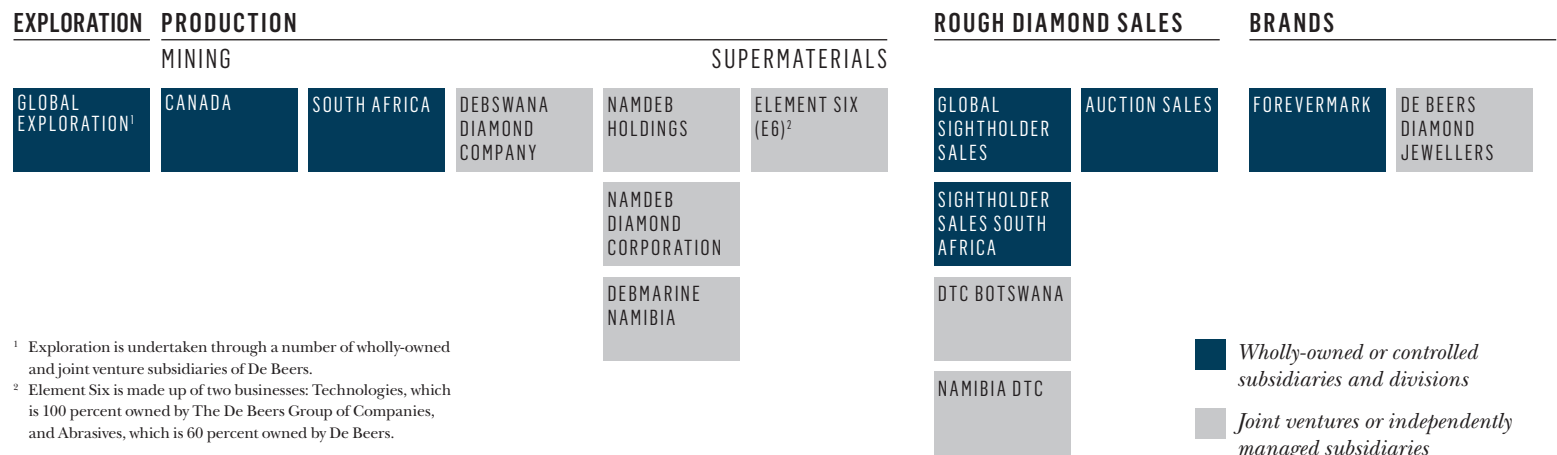
DE BEERS AND THE GLOBAL DIAMOND VALUE CHAIN



OWNERSHIP STRUCTURE



COMPANY STRUCTURE



PURPOSE, VISION AND VALUES

The world of diamonds is about making 'dreams' come true. Geologists dream about finding the next big mine, nations dream about the jobs, wealth and development opportunities that diamonds can bring, employees dream of a successful career and young couples dream about the diamonds that symbolise their love and commitment.

OUR PURPOSE

To turn diamond dreams into lasting reality.

OUR VISION

To unlock the full economic value of its leadership position across the diamond pipeline.

OUR STRATEGY

To safely and sustainably maximise the value of every carat mined and sold.

OUR VALUES

BE PASSIONATE

We are exhilarated by the product we sell, the challenges we face and the opportunities we create.

PULL TOGETHER

Being united in purpose and action, we will turn the diversity of our people, skills and experience into an unparalleled source of strength.

BUILD TRUST

We will always listen first, and then act with openness, honesty and integrity so that our relationships flourish.

SHOW WE CARE

The people whose lives we touch, their communities, nations and the environment we share, all matter deeply to us. We will always think through the consequences of what we do so that our contribution to the world is real, lasting and makes us proud.

SHAPE THE FUTURE

We will find new ways. We will set demanding targets and take both tough decisions and considered risks to achieve them. We will insist on excellent execution and reward those who deliver.

INTRODUCTION FROM OUR CHAIRMAN

Our commitment to long-term partnerships with the communities and countries in which we live and work, and an unwavering understanding that a consumer's desire for diamonds is the only source of value for our business, underpin our business strategy.

The De Beers Group of Companies is the world's leading diamond company. As leaders we do not sit still. We are constantly pushing ourselves forward – searching how we can do things better, faster, more efficiently, safely, ethically and sustainably. For De Beers, leadership means listening, understanding and actively finding ways to adopt our partners' aspirations as our own.

Since taking up the role of Chairman in July 2013, I have been struck by the commitment of the men and women who work for De Beers to deliver on our company's stated purpose of turning diamond dreams into lasting reality. Every De Beers employee understands that the diamonds we mine, sort and sell are finite and belong to the people of Botswana, Canada, Namibia and South Africa. It is

therefore our responsibility to treat their natural treasure as our own and maximise the value of every carat we find.

This requires us to take a long-term view. Since their formation within the earth more than a billion years ago, everything about diamonds has been long term. From the time it takes to find an economic diamond deposit, to the time it takes to build a mine and bring the first carat to market – we think not in years but in decades. Our long-standing partnerships with producer governments and communities reflect this approach and form the foundation of our operating model.

Partnerships are essential to our ability to deliver shared value and are more than just shared ownership. They are about understanding and incorporating our partners' development strategies into our business model and leveraging our activities to improve the lives of people in the communities in which we operate. Our hiring focus, beneficiation strategy, social investment, enterprise development and environmental stewardship are all focused on ensuring that De Beers is not just a foreign investor but a corporate citizen.

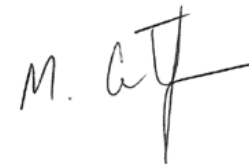
Operating in this way – transforming a natural resource into shared national wealth – drives economic development and enhances our bottom line. At De Beers, these are not mutually exclusive goals, but the flip side of the same coin.

Wherever I have travelled throughout The De Beers Group of Companies, I have never felt far from the consumer. Whether in the desert of Botswana, off the coast of Namibia or in the Canadian Arctic, the consumer's desire for diamonds is always at the centre of De Beers' operations. That desire, to hold something that represents forever and symbolises the most important bonds in a person's life, is the

only source of value in our industry. Our business therefore, brings diamonds to market in a way that is consistent with the values a consumer ascribes to the diamond on her finger.

Through this Report to Society, we share details of our sustainability performance, how we are working toward excellence at our operations and our activities to support consumer confidence in diamonds. I welcome your thoughts on our progress and performance to help us to continually get better and lead our industry forward. Ultimately, when we are at our best, our values create value.

“
TRANSFORMING
A NATURAL
RESOURCE INTO
SHARED NATIONAL
WEALTH DRIVES
ECONOMIC
DEVELOPMENT AND
ENHANCES OUR
BOTTOM LINE.”



Mark Cutifani
CHAIRMAN, DE BEERS GROUP



PERFORMANCE OVERVIEW FROM OUR CEO

The De Beers Group of Companies has been in business for more than 125 years, and our commitment to sustainability has played a key part in securing our position at the forefront of the diamond industry over the last century.

At De Beers, our strategy to safely and sustainably maximise the value of every carat we mine, sort and sell, creates shared prosperity for our business, our producer countries and the communities where we work. Our partnerships with producer governments keep more diamond revenues in the country of production, supporting our licence to operate and creating stable, consistent and skilled environments in which to do business.

That begins with creating a safe and secure workplace where the well-being of our employees is our highest priority. I am heartened to report that we operated without any loss of life in 2013 and reduced our lost-time injury frequency rate (LTIFR) by 64 percent, year-on-year. We remain fully focused on our journey to zero harm and will continue to embed a strong safety culture in the business during 2014, with a particular focus on road safety across our operations.

After years of planning, De Beers achieved two major milestones in 2013 that demonstrate our approach to partnership and value creation in action.

First, we finalised the relocation of our global sales function from London to Gaborone, Botswana. Completed ahead of schedule, we held two successful sales events for our Sightholders (customers) in our new state-of-the-art rough diamond facility during the fourth quarter. The transfer of economic activity from north to south resulting from this move has already renewed our five-decade-old partnership with the Government of the Republic of Botswana for a new generation. Further afield, our move to Botswana has shifted the centre of gravity in the diamond universe south. Southern Africa is now not only the world's leading diamond producing region, but a growing diamond centre.

The second achievement was the start of the project to turn the Venetia open pit mine in South Africa's Limpopo Province into an underground mine. Venetia is already the largest diamond mine in South Africa, and the R20 billion (US\$2 billion) capital investment to convert it to an underground mine is our largest ever investment in the country. The investment will extend the life of the mine by approximately 20 years until 2042, supporting some 13,000 direct and indirect jobs. Over its lifetime, we expect Venetia to provide a substantial and reliable supply of rough diamonds that will support the South African economy for decades to come.

Beyond these two important achievements, my colleagues around the world work every day to refine and reinforce our approach to sustainability and protecting consumers' confidence in our diamonds. For De Beers, taking this approach is critical to maintaining consumer demand for diamonds, which is fundamental for us to stay in business.

We remain fully committed to minimising our environmental footprint and set a new five-year environmental goal in 2013. This will see us further strengthen our environmental management and performance and continue our long-standing contribution to biodiversity protection.

In 2013, we continued our active involvement in the Kimberley Process Certification Scheme, which we have supported since it was established in 2000, through our membership in the World Diamond Council. Our 2013 audit process confirmed 100 percent compliance with the Kimberley Process, providing assurance that all De Beers diamonds are conflict-free.

Overall, we will continue to create shared value and work with our partners to improve lives, stimulate economic activity and strengthen our business. I would like to thank all of my colleagues and our stakeholders for your continued support of De Beers and our sustainability journey.

“
OUR STRATEGY
IS TO SAFELY
AND SUSTAINABLY
MAXIMISE THE
VALUE OF EVERY
CARAT WE MINE,
SORT AND SELL.”



Philippe Mellier
CEO, DE BEERS GROUP



OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Our commitment to operating in a responsible and sustainable manner sits at the heart of our business model. It guides our investments in our host countries, our local communities and our operations. We believe that creating social and economic value wherever we operate, creates competitive advantage for our company.



THE VALUE OF RESPONSIBILITY

Diamonds are a luxury product and consumer desire for diamonds is the only source of value for our business. To maintain this desire and uphold the emotional promise of diamonds as a symbol of love and commitment, we must protect their reputation and integrity.

This means conducting our business responsibly and in a way that actively contributes to the societies in which we operate. It is critical that we lead and maintain industry standards of best practice to ensure the continued confidence of consumers, communities, governments and other stakeholders. We believe responsible, commercially prudent business can be a force for good in the countries in which we operate, while also creating value. This enables our government shareholders to invest to meet their development goals and transform their natural resource into national wealth.

GUIDED BY PRINCIPLES

Our three guiding principles inform the way we do business and describe what's important to us:

• SUSTAINABLE DEVELOPMENT THROUGH PARTNERSHIP

De Beers is committed to operating in accordance with national legislation and towards 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 also 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 improved quality of life and wellbeing for all those 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 in Africa to address the HIV/AIDS pandemic and its prevalence. We will also work meticulously through the Kimberley Process and our Best Practice Principles to ensure the illicit trade in diamonds is eliminated from the world diamond supply.

• ACCOUNTABILITY AND LIVING UP TO DIAMONDS

The Best Practice Principles Assurance Programme translates our Principles into practice and provides a framework for measuring continuous improvement in performance over time. The implementation, monitoring and reporting of these Principles through the Assurance Programme, including a willingness to open up our performance to third-party scrutiny, will ensure that our stakeholders are able to rely on our high standards and know that we are 'living up to diamonds'.

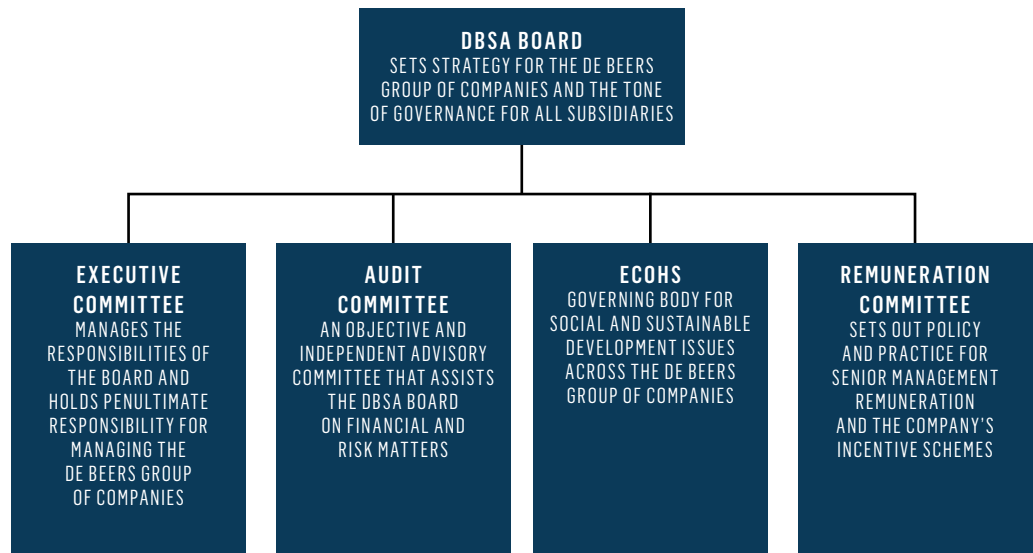
Underpinning these are 42 operating principles that define our behaviour and inform our decision-making, stakeholder engagement and assessment of impacts across our five sustainability issue areas (see: www.debeersgroup.com/ImageVaultFiles/id_559/cf_5/De_Beers_-_Principles.PDF). The principles incorporate internationally recognised best practice standards (e.g. ISO 14001 for environmental management and OHSAS 18001 for occupational health and safety), sector initiatives, and De Beers Best Practice Principles (BPPs). They are supported by a suite of management systems, policies, guidelines and tools.

GOVERNANCE AND RISK MANAGEMENT

De Beers Société Anonyme (DBSA) is the holding company of The De Beers Group of Companies, and it is headquartered in Luxembourg. The De Beers sa Board is ultimately responsible for the governance and activities of the company. The Board determines the company strategy and policies, and supervises their subsequent monitoring and implementation. It also deals with the executive business of the company not specifically designated to management or committees.

The Board is supported by the Executive Committee, the Audit Committee, the Remuneration Committee, the Treasury Committee, the Investment Committee, and the Environment, Community, Occupational Health and Safety Committee (ECOHS).

THE DE BEERS GROUP OF COMPANIES GOVERNANCE AND MANAGEMENT FRAMEWORK



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

A company-wide review of strategic, operational, financial, reputational and sustainability risks is undertaken twice a year. Each year, risks are identified and managed across De Beers through an integrated risk management approach. These risk management processes are built on a systematic 'bottom-up' reporting process supported by wide-ranging stakeholder engagement across the business (see p13). This is the primary process for identifying and managing risk across the Group. As part of this process, individual risk reports are submitted by operations and functions by a network of Risk Champions. In these reports, key risks are identified, along with actions that are being or will be undertaken to mitigate the risk, with associated accountabilities. These reports are reviewed and consolidated, and the highest risks advanced higher within the organisation for further review. A summary of the key risks identified through this process is compiled by the Group Risk Champion for review by the Executive Committee.

OUR APPROACH TO MANAGING SUSTAINABLE DEVELOPMENT

Sustainability governance rests with the De Beers Board including supporting committees such as the Audit Committee and ECOHS Committee, and also rests with the Boards of our operating companies.

The ECOHS Committee meets quarterly to provide strategic oversight of the disciplines within our sustainable development improvement programme. Meetings cover major incidents and performance updates. The Committee assures compliance with our policies, guidelines and operational practices, as well as relevant standards and legislations.

This governance structure is supported by our comprehensive sustainability management improvement framework, 'Good to Great'.

GOOD TO GREAT

Our sustainable development improvement framework consists of an improvement journey and supporting plans. The improvement journey is based on an assessment of current performance and divided into phases and designed to manage operational risks across the diamond pipeline. The improvement 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.

The management framework is in-turn supported by the following three elements:

Sustainable development council and peer groups: These forums provide an internal assurance function and allow individuals working in various sustainable development disciplines to develop new management approaches, share learnings and establish best practice. Where relevant we also take part in Anglo American management committees and 'communities of practice'.

Local sustainable development functions: Teams at operating company and business unit level manage sustainable development issues on the ground; and

Other functions: Corporate Affairs, Finance, Human Resources, Internal Audit and other functions manage broader sustainability risks falling outside the sustainable development improvement framework (e.g. such as reputational or legal risks).

Assurance is an essential part of managing sustainability and ensuring rigorous reporting. We use a range of assurance approaches, such as first-party assurance through the Internal Audit department; second-party assurance provided by Anglo American; and finally, third-party assurance of our sustainability reporting, and the Best Practice Principles Assurance Programme (see p15) provides assurance against a diverse array of ethical standards.

REVIEW OF MANAGEMENT APPROACH

In 2012, Anglo American became the majority shareholder in De Beers, increasing its stake in the business to its current 85 percent shareholding. The Government of the Republic of Botswana owns the remaining 15 percent.

De Beers and Anglo American share a deep commitment to operating sustainably and responsibly. With a long shared history we already have a well-established culture of peer review and support, using shared tools and systems, technical protocols, and project review and assurance processes.

Throughout 2013, we reviewed our sustainable development management approach and governance systems to meet the specific requirements for an Anglo American business unit. We have focused on identifying gaps and delivering alignment between sustainability systems, predominantly in our upstream mining and mid-stream activities. In addition to alignment of core business processes, such as people management, financial reporting, and anti-bribery guidelines, we have focused on alignment of De Beers' standards with the Anglo American 'Ways'. These set out mandatory performance requirements, as well as the vision, principles, policies, frameworks and management systems for managing sustainability risks and opportunities in four core areas – the 'Safety Way', 'Occupational Health Way', 'Environment Way', and 'Social Way'.

ECONOMICS

We will continue to deliver value to our producer governments (see p20), while supporting the principles of transparency and strong governance. We anticipate greater alignment with Anglo American in our enterprise development and supply chain management programmes, to increase De Beers' contribution to the development of sustainable local communities in the areas of our operations (see p22).

ETHICS

In 2013, to reinforce our Group Anti-Corruption Policy, we adopted Anglo American's Business Integrity (Anti-bribery/Anti-corruption) Policy and 11 accompanying Prevention of Corruption Performance Standards. These standards provide principles and guidance on key areas of corruption risk (see p35). Following a review conducted in 2013, the De Beers Whistleblowing Policy and reporting facility will be adopted for use across Anglo American in 2014 (see p35).

EMPLOYEES

De Beers continues to focus on the vision of zero harm to our employees and contractors. 2013 saw operations focus on aligning our safety and health approaches with the Anglo American Safety Way and Occupational Health Way and associated requirements. In the area of safety, all operations completed self-assessments against Anglo American's Fatal and Major Risk Standards, which are mandatory technical standards covering a range of risks (see p42). In relation to occupational health, we conducted self-assessments against the Anglo American Group Technical Standard for hearing programmes, respiratory protection and fatigue (see p43).

From a human resources perspective, our primary focus in 2013 was on strengthening our core people management processes, which included alignment with the Anglo American People Development Way. This process will continue in 2014 and involves reviewing our approach to employee career paths, from talent attraction, and employee engagement to talent management and employee performance and reward (see p39).

COMMUNITY

In the community discipline, work in 2013 focused on alignment of our long-standing community programme with Anglo American's Social Way standards, and implementation of the Anglo American Socio-Economic Assessment Toolbox (SEAT). Following a pilot self-assessment against the requirements of the Social Way in 2012, all operations completed the first formal self-assessment against the Social Way (see p46).

ENVIRONMENT

Our focus in 2013 continued on the alignment of De Beers' Environmental Standards and reporting requirements with those of the Anglo American Environment Way as well as technical standards on water management and energy and greenhouse gas management. A gap analysis between Anglo American and De Beers' environmental standards highlighted good alignment between the two sets of standards in the majority of areas. During the year, we completed a pilot self-assessment against the requirements of the Anglo American Environment Way in preparation for a formal self-assessment in 2014.

STAKEHOLDER ENGAGEMENT

Our stakeholders include our shareholders, producer governments, employees, local communities, civil society and 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, directly and indirectly. For example, we engage directly with employees on a regular basis to inform and consult with them on key issues and developments that may affect them. Indirectly, we do this through structured engagement with recognised trade unions.

At our operations, frequent and informal engagement is ongoing between our employees and the local community. More formal engagement occurs between our Community and Environment Managers and the local community on specific issues. The ongoing roll out of the Anglo American Socio-Economic Assessment Toolbox (SEAT) will further support the management of our community activities. SEAT requires annual community engagement plans to be developed for each operation.

Our public policy engagement 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 Africa.

We generally restrict our involvement in policy development to formal participation in relevant forums and organisations. For instance, the national Chamber of Mines or partnership initiatives with NGOs, such as the Diamond Development Initiative.

COLLABORATION

Diamond Dialogues is a series of roundtable discussions that have been hosted by De Beers and facilitated by external experts since 2007. We bring together industry, civil society and policymakers for frank discussions on key sustainability issues relevant to mining, development and Africa. Our 2013 Diamond Dialogues focused on the role of technology in addressing the skills gap in the African mining sector, and supply chain management in Africa.

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 UN CEO Water Mandate and the World Economic Forum's Partnering Against Corruption Initiative (PACI).

ENGAGING WITH STAKEHOLDERS AT MULTIPLE LEVELS ON SUSTAINABILITY ISSUES

INTERNAL	COMMUNITY	INDUSTRY	REGIONAL/ NATIONAL	GLOBAL
Working within multi-disciplinary teams, drawing on the technical expertise of external assurers, and providing assurance to internal stakeholders on sustainability issue management.	Ensuring that the communities in which we operate are involved in the decisions that might affect them.	Identifying common industry needs, and knowledge-sharing or partnering in the development of new technologies, and approaches to drive best practice across the diamond value chain.	Supporting national and regional policy initiatives, working to enhance capacity, and developing collaborative, long-term strategies.	Making a meaningful contribution to global sustainability debates through private sector and multi-stakeholder initiatives.

OUR APPROACH TO REPORTING

Each year, we undertake a robust process to identify all the potential issues we could report on. We then prioritise those that are most material. In 2013, we redefined what we meant by 'material issues'. We strengthened our engagement approach to remove issues that were more directly business risks and of less interest to our broad stakeholder groups. This allows us to report on the economics, ethics, employee, community and environmental interests that are of more central concern to our stakeholders.

This year, issues were identified through a series of interviews, external benchmarking, and an expanded Multi-Stakeholder Forum (MSF) event. We interviewed internal experts acting as proxies for the external stakeholders they regularly deal with. Next year, we plan to seek more direct input from stakeholders in each of our operating countries.

We also conducted an industry benchmarking exercise to make sure we're covering the main topics and future challenges of both the mining and luxury goods sectors.

Every year we hold an MSF event to gather feedback from external experts on our sustainability approach. We invite these stakeholders to discuss and critique our approach with senior management.

In 2013, we held our sixth MSF and expanded the event to include sustainability specialists from each of our countries of operation. This helped to strengthen our understanding of the issues stakeholders care about in relation to our business activities at a local level.

STRENGTHENING STAKEHOLDER ENGAGEMENT FOR REPORTING

PAST	PRESENT	FUTURE
In addition to a risk-based materiality assessment, two annual stakeholder engagement processes helped to guide the issues covered in the Report to Society. We sought feedback from external experts at our Multi-Stakeholder Forum, and from internal senior managers through the Manager's Perception Survey.	This year, our materiality review process included an extensive benchmarking exercise, over 25 interviews with key stakeholders from around the business, and an extended multi-stakeholder event that included specialists from each of our countries of operation.	In order to gather external opinion in a more direct manner, we will be conducting a reputational study and a Botswana-focused economic impact assessment to inform our materiality process. We will also be strengthening our internal approach for systematically capturing and incorporating stakeholder interest alongside our business risks management processes.

OUR 2013 MATERIAL ISSUES

Through these initial processes, we identified 37 issues of relevance to our business and stakeholders. Following review and consolidation, we agreed on a final set of 22 issues.

Our identified material issues are complex and interconnected. Therefore, they are material and important to De Beers as a whole and to all external stakeholders. However, in order to foster a greater degree of transparency and depth, and reflect the primary impact of a particular issue, we have identified the two operational areas in our value chain (see right-hand column of table on right) most impacted by each issue.

Likewise, we have identified two groups of external stakeholders per material issue, illustrating the interest groups most affected by each issue.

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

- Employees: include employees, contractors, and unions
- Communities: include local communities, civil society, and intergovernmental organisations
- Consumers: include Sightholders and end consumers
- Producer governments: include Canada, Government of Republic of Botswana, Government of Republic of Namibia and the Republic of South Africa
- Shareholders: include Anglo American, Government of Republic of Botswana and joint venture partners
- Our industry: we operate in the diamond mining industry and luxury goods sector

SECTION	SUMMARY ISSUES	TIME SCALE SHORT/LONG TERM	SCOPE INTERNAL/EXTERNAL	STAKEHOLDERS WITH MOST MATERIAL INTEREST	BUSINESS OPERATIONS MOST IMPACTED
ECO 1	DELIVERING VALUE TO PRODUCER COUNTRIES	L	INTERNAL/EXTERNAL	GOVERNMENT, SHAREHOLDERS	PRODUCTION, SALES
ECO 2	DRIVING LOCAL GROWTH, DIVERSIFICATION AND CAPACITY-BUILDING	L	INTERNAL/EXTERNAL	GOVERNMENT, COMMUNITIES	PRODUCTION, SALES
ECO 3	SUCCESS OF BENEFICIATION	L	INTERNAL/EXTERNAL	GOVERNMENT, COMMUNITIES	PRODUCTION, SALES
ECO 4	GOVERNANCE AND REVENUE TRANSPARENCY	S	INTERNAL/EXTERNAL	GOVERNMENT, INDUSTRY	ALL
ETH 1	HUMAN RIGHTS	S	INTERNAL/EXTERNAL	EMPLOYEES, COMMUNITIES	ALL
ETH 2	ILLEGAL DIAMOND TRADE	S	INTERNAL/EXTERNAL	INDUSTRY, GOVERNMENT	ALL
ETH 3	MAINTAINING AND RAISING PIPELINE AND SECTOR STANDARDS	L	EXTERNAL	INDUSTRY, CONSUMERS	ALL
ETH 4	DOING BUSINESS WITH INTEGRITY	S	EXTERNAL	SHAREHOLDERS, GOVERNMENT	ALL
EMP 1	SKILLS DEVELOPMENT AND TRANSFER	S	INTERNAL	EMPLOYEES, COMMUNITY	ALL
EMP 2	DIVERSITY AND INCLUSION	S	INTERNAL	EMPLOYEES, COMMUNITY	ALL
EMP 3	SAFETY PERFORMANCE	S	INTERNAL	EMPLOYEES, COMMUNITY	ALL
EMP 4	OCCUPATIONAL HEALTH AND WELLBEING	L	INTERNAL	EMPLOYEES, COMMUNITY	ALL
EMP 5	HIV/TB	L	INTERNAL	EMPLOYEES, COMMUNITY	ALL
COM 1	SOCIO-ECONOMIC BENEFIT	L	EXTERNAL	GOVERNMENT, COMMUNITIES	PRODUCTION, SALES
COM 2	CLOSURE AND TRANSFER OF ASSETS	S	INTERNAL	COMMUNITIES, EMPLOYEES	PRODUCTION
COM 3	LAND OWNERSHIP	S	EXTERNAL	GOVERNMENT, COMMUNITIES	EXPLORATION, PRODUCTION
COM 4	OPERATIONAL IMPACTS	S	EXTERNAL	GOVERNMENT, COMMUNITIES	EXPLORATION, PRODUCTION
ENV 1	CLOSURE	L	EXTERNAL	GOVERNMENT, COMMUNITIES	EXPLORATION, PRODUCTION
ENV 2	WASTE AND POLLUTION	L	EXTERNAL	GOVERNMENT, COMMUNITIES	ALL
ENV 3	WATER AND ENERGY SECURITY IN A CHANGING CLIMATE	S/L	EXTERNAL	GOVERNMENT, COMMUNITIES	PRODUCTION
ENV 4	BIODIVERSITY AND ECOSYSTEMS	S/L	EXTERNAL	GOVERNMENT, COMMUNITIES	PRODUCTION

MATERIALITY MATRIX

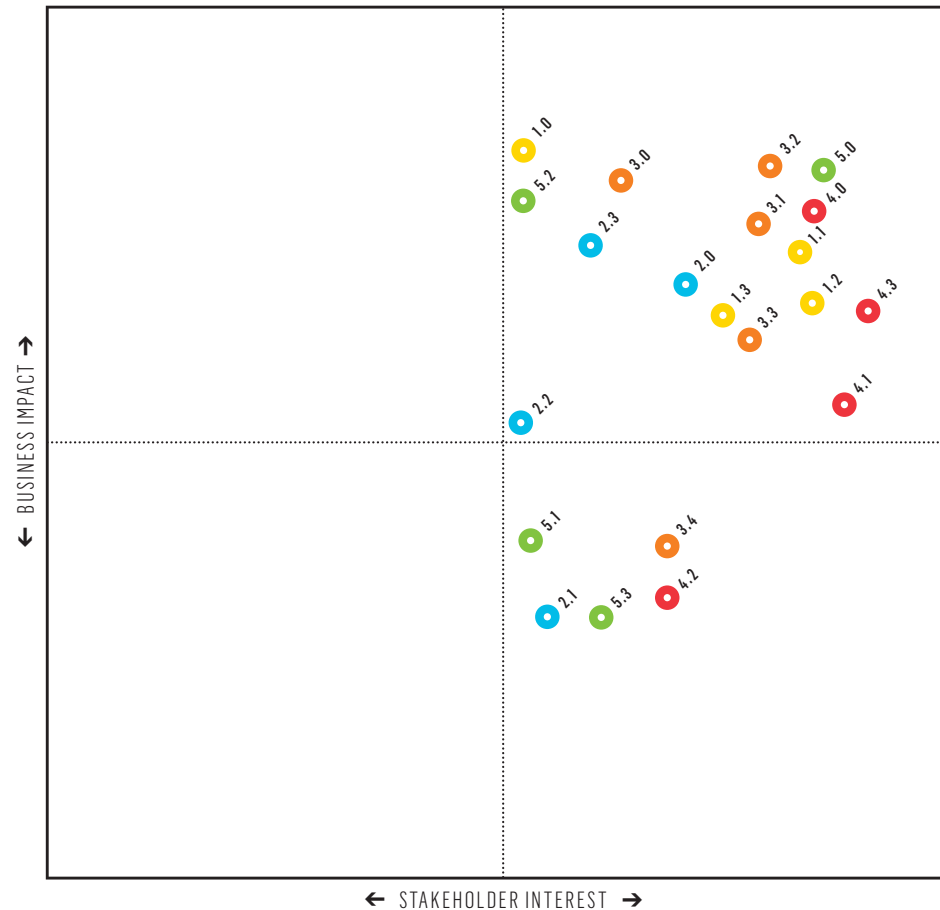
We used a matrix to rank each material issue according to stakeholder interest and business impact or risk. This matrix helps us respond to and report on De Beers' material issues. It is applicable across all our operating geographies. And it's flexible enough to accommodate emerging issues.

The horizontal axis represents the degree to which our external stakeholders are concerned about issues or consider them relevant and important. The vertical axis represents how our colleagues ranked them based on their perceived importance and potential business impact. This diagram does not represent a definitive list of issues facing De Beers. It is a representation of what our key stakeholders have highlighted as having considerable financial, operational, and/or reputational impacts on our company.

INTERNAL AND EXTERNAL ASSURANCE

This report, and the data presented within it, is assured by internal and external parties. 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 fourth consecutive year, our external assurer Société Générale de Surveillance (SGS) has verified our Report to Society. Their assurance statement for this report can be found on p63. As part of Anglo American, De Beers was also included in the assurance process undertaken by PWC on the Anglo American Sustainable Development Report 2013, further strengthening our approach. The PWC assurance included site visits to our Jwaneng and Venetia Mines. All operational and financial data has also been assured as part of Anglo American Annual Report 2013.



ECONOMICS

- 1.0 DELIVERING VALUE TO PRODUCER COUNTRIES
- 1.1 DRIVING LOCAL GROWTH, DIVERSIFICATION AND CAPACITY-BUILDING
- 1.2 SUCCESS OF BENEFICIATION
- 1.3 GOVERNANCE AND REVENUE TRANSPARENCY

ETHICS

- 2.0 HUMAN RIGHTS
- 2.1 ILLEGAL DIAMOND TRADE AND SECURITY
- 2.2 MAINTAINING AND RAISING PIPELINE AND SECTOR STANDARDS
- 2.3 DOING BUSINESS WITH INTEGRITY

EMPLOYEES

- 3.0 ATTRACTING AND RETAINING TALENT
- 3.1 DIVERSITY AND INCLUSION
- 3.2 SAFETY PERFORMANCE
- 3.3 OCCUPATIONAL HEALTH AND WELLBEING
- 3.4 HIV AND TUBERCULOSIS MANAGEMENT

COMMUNITIES

- 4.0 SOCIO-ECONOMIC BENEFIT
- 4.1 OPERATIONAL IMPACTS
- 4.2 LAND OWNERSHIP
- 4.3 CLOSURE AND TRANSFER OF ASSETS

ENVIRONMENT

- 5.0 MANAGING IMPACTS ACROSS THE MINE LIFECYCLE
- 5.1 WASTE AND POLLUTION PREVENTION
- 5.2 WATER AND ENERGY SECURITY IN A CHANGING CLIMATE
- 5.3 BIODIVERSITY AND ECOSYSTEMS

2013 SUSTAINABLE DEVELOPMENT PERFORMANCE SUMMARY

KEY PERFORMANCE INDICATORS	PERFORMANCE			TREND	NOTES	REFERENCE DOC PAGE
	2011	2012	2013			
ECONOMICS						
Payments to Stakeholders (US\$ billion)	6.4	5.2	5.4	↑	Payments to stakeholders include payments to governments, suppliers, employees, shareholders, and other finance providers. These revenues represent our single biggest economic impact.	
Rough diamond sales to Sightholders in producer countries (US\$ billion)	1.2	1.1	1.4	↑	By selling a proportion of our rough diamonds locally, we support the successful establishment of in-country downstream diamond related industries. During 2013, we had a 22.8% increase in sales to Sightholders in producer countries.	
Procurement from local citizen-owned, or historically disadvantaged group-owned enterprises in southern Africa and Canada (US\$ billion)	1.0	1.0	1.1	↑	This year, we have included spend from other Canadian operations, which account for a 6.8% increase in figures.	
ETHICS						
Worldwide compliance with the Kimberley Process and System of Warranties, reviewed and confirmed by a third party (%)	100	100	100	→	100% compliance maintained in 2013.	
Number of diamond industry employees worldwide covered by the Best Practice Principles Assurance Programme (BPPs)	357,455	336,292	360,000	↑	We operate at each stage of the value chain as diamonds travel from mine to finger. De Beers, our joint venture partners, contractors and Sightholders subscribe to the BPPs.	
Number of BPP infringements by De Beers' Sightholders	268	193	185	↓	The BPPs are designed as a constantly evolving standard. All major infringements found in 2012 were rectified during 2013 following corrective action procedures.	
Permanent employees that have received Human Rights Training (%)	NA	23.5%	49.6%	↑	A total of 62,362 hours of training were provided to 11,596 employees.	

Report to Society 2013

KEY PERFORMANCE INDICATORS	PERFORMANCE			TREND	NOTES	REFERENCE DOC PAGE
	2011	2012	2013			
EMPLOYEES						
Total workforce	NA	23,273	20,385	↓	Alignment with Anglo American reporting definitions account for a slight decrease in the total number of employees, which now excludes non-mining outsourced and sporadic contractors.	
Percentage of De Beers employees based in Africa (%)	86.9	81.2	82.3	↑	The majority of our workforce continues to be based in Africa.	
Proportion of women in the workforce (%)	23.1	23.7	23.6	↓	De Beers actively supports efforts to increase the proportion of women in mining and in senior management positions.	
Number of loss of life incidents in the workplace	7	3	0	↓	Tragically, whilst we have not suffered losses on our sites, we have, however, suffered considerable loss as a result of two public road accidents during 2013.	
Lost Time Injury Frequency Rate (LTIFR)		0.48	0.19	↓	Since the launch of our Good to Great framework, we have achieved a 64% safety improvement in LTIFR.	
Proportion of workforce and their life partners with access to free and confidential HIV testing and wellbeing programmes (%)	100	100	100	→	100% coverage maintained in 2013.	
COMMUNITIES						
Total Community Social Investment (CSI) (US\$ million)	42.6	39.3	29.5	↓	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 during 2013.	
Investment by De Beers Canada in programmes under Impact Benefit Agreements (IBA) with Aboriginal communities (US\$ million)	5.4	5.3	5.2	↓	Planned 2% reduction in 2013.	
Investment by De Beers in local economic development under Social and Labour Plans (SLP) in South Africa (US\$ million)	3.5	1.1	4.7	↑	Investment in 2013 reflects planned increased spending with the approval of a new five-year SLP cycle.	
ENVIRONMENT						
Use of new (potable and non-potable) water across our operations/facilities (million m ³)	64.5	42.9	35.9	↓	There was a 2.3% reduction in the use of fresh water due to less water being taken from the Attawapiskat River for Victor Mine.	
Direct and indirect energy consumption across our operations (million Gigajoules)	11.6	12.7	14.1	↑	Electricity from non-primary use has been included in our figures for the first time in 2013; consequently there was an 11.3% increase in energy figures.	
Carbon emissions from our operations (million tonnes of CO ₂ -e)	1.4	1.6	1.8	↑	Carbon equivalent emissions increased 13% in line with energy use.	
Number of hectares of De Beers owned and managed land set aside for conservation	195,640	195,640	195,640	→	De Beers manages roughly five hectares of land for biodiversity conservation for every hectare of land disturbed by mining.	

ECONOMICS

Report to Society 2013

ECONOMICS

OUR APPROACH

Diamonds can and do create shared value for the countries and communities in which we operate. We aim to maximise the life and value of our diamond resources, unlocking their potential as a catalyst for socio-economic development. We do this by working in partnership and taking the long view – investing for the future in a way that creates benefits that will endure beyond the life of our mines.

The De Beers Group of Companies relies on producer countries and communities for our licence to operate and for access to diamond resources. We work in partnership, via shared-ownership structures and joint ventures. Through these partnerships we deliver financial value for governments in the form of revenues, mining royalties and taxation. We also create socio-economic value for the people and communities involved in the diamond industry through job creation, skills development, and local and indigenous procurement. We support local enterprise development through dedicated funds and invest in infrastructure and communities through our community social investment programme.

Our industry-leading beneficiation approach involves selling a proportion of our rough diamonds to local customers (known as Sightholders) 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.

Our business is inherently long term, with some operations spanning many decades from initial exploration, to production, to eventual mine closure. We invest billions in extending the life of our mines and maximising the value of every carat. This in turn enables us to continue employing local people, buying from local suppliers and supporting national development goals.

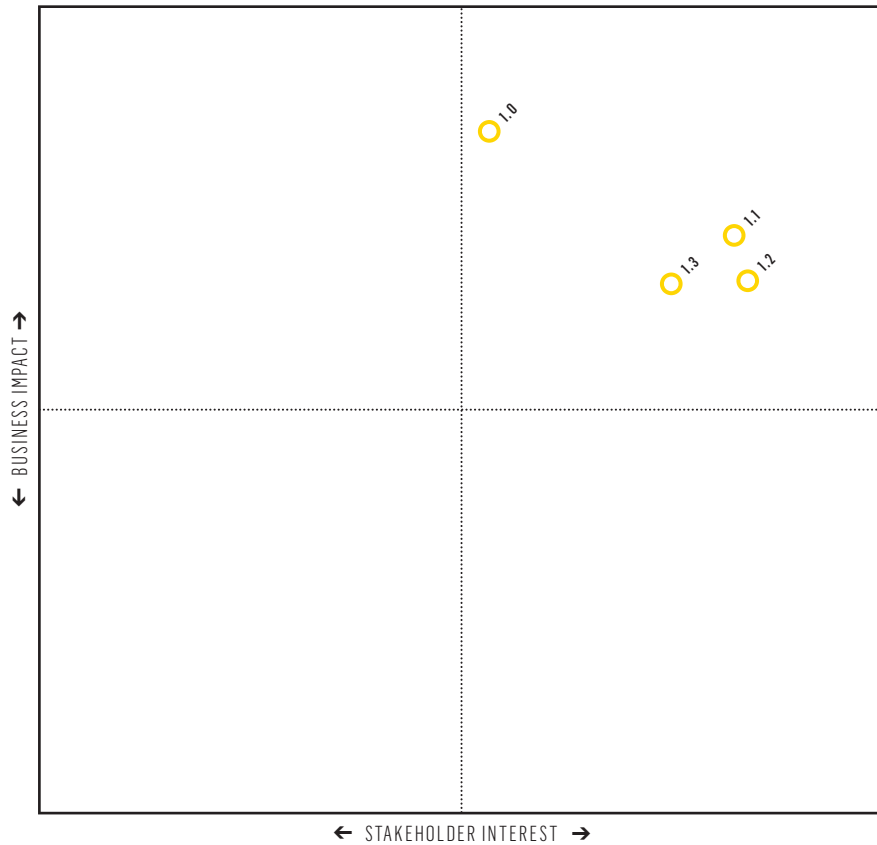
We see all of these activities as an investment in a shared future. Our approach helps to create strong local and national economies that we hope will support the continued success of our business for many decades to come.



ECONOMICS

Report to Society 2013

OUR 2013 MATERIAL ISSUES



1.0 DELIVERING VALUE TO PRODUCER COUNTRIES

The extent to which companies drive economic growth in producer countries through commercial activities.

1.1 DRIVING LOCAL GROWTH, DIVERSIFICATION AND CAPACITY-BUILDING

The development of skills, businesses and infrastructure associated with direct and indirect employment, preferential procurement, enterprise development and social investment.

1.2 SUCCESS OF BENEFICIATION

Activities to increase economic participation in the value chain in countries of production, so local citizens can add to, and derive benefit from, natural resource production.

1.3 GOVERNANCE AND REVENUE TRANSPARENCY

Transparency in oversight of strategic decision-making within the business, and public disclosure of payment to governments through taxes, royalties and charges.

ECONOMICS

Report to Society 2013

Diamonds have contributed significantly to development in producer countries. But as a finite resource the success of diamond mining is ultimately measured by sustainable economic and social development that endures beyond the life of a mine.

ECONOMIC HIGHLIGHTS

PAYMENTS TO STAKEHOLDERS IN AFRICA

US\$3 BN

of diamond revenues paid to stakeholders in Africa

DIAMOND SALES TO LOCAL STAKEHOLDERS

US\$1.4 BN

of rough diamonds sold to Sightholders in our producer countries

PREFERENTIAL PROCUREMENT

US\$1.1 BN

in preferential procurement in southern Africa and Canada

1.0 DELIVERING VALUE TO PRODUCER COUNTRIES

Diamonds are a natural treasure and finite resource. They play a key role in economic development in our producer countries, especially in southern Africa. De Beers operates in partnership with host countries to maximise the life and value of their diamond resources by mining as efficiently, responsibly and safely as possible. We produce in line with demand from our clients, and work across the value chain to maximise the value of every carat. Revenue flows are generated through our joint venture mining and sales operations and through mining royalties, tax payments and employment creation.

Consumers' desire for diamonds is the primary source of value for our business and we invest in developing consumer insight to further build markets and drive consumer demand in key regions. This includes growth markets such as China and India, as well as the established markets of the US, Japan and Europe. The ethical integrity of diamonds is a key factor in maintaining consumer confidence in diamonds. We use a range of long-established, industry-leading programmes and standards to support consumer confidence, both in respect of De Beers diamonds and the diamond value chain more broadly (see p32).

INVESTING IN PRODUCER COUNTRIES

With lifespans that can cover decades, mining projects require large-scale and long-term capital investment, often reaching billions of US Dollars. This investment often attracts significant, additional inward investment to host countries. It results in direct economic and fiscal benefits including infrastructure development, provision of local healthcare and education, direct employment, and payment of taxes and royalties. Indirect benefits include the development of a supply chain to support mining operations, skills development, indirect employment and community support.

INVESTMENT IN SOUTH AFRICA

De Beers was founded in South Africa in 1888 and we have a 125-year history of operating and investing in Africa. With the investment to convert our flagship Venetia Mine in Limpopo Province from an open pit to an underground mine, we are securing our long-term future in the country.

In September 2013, construction of the underground mine began, signalling the beginning of a US\$2 billion capital investment, our largest ever in South Africa. Underground production is expected to start in 2021 and will extend the life of the mine to beyond 2040. The underground project will treat approximately 129 million tonnes of ore, containing an estimated 94 million carats of diamonds¹.

¹ The current mining rights expire in 2038; Venetia mine will apply to extend the mining rights at the appropriate time in the future. Scheduled Inferred Resources constitute 28% (26.3 Mct) of the estimated carats. Not all Inferred Resources may be upgraded to Ore Reserves, even after additional drilling. The numbers given are scheduled tonnes and carats per the 2013 Life-of-Mine plan.

Over its life, our investment in Venetia Mine will create significant direct and indirect economic benefits, along with long-term employment and procurement opportunities. Between 2021 and 2039 it is estimated that the underground operation will support over 6,000 jobs each year. In addition to the 1,400 employees working for Venetia Underground, a further 5,000 people are expected to be employed elsewhere in the South African economy – the equivalent of 3.5 jobs created for every direct employee.

The total economic contribution of the project to the South African economy is estimated at more than US\$19 billion, with direct economic contribution of US\$7 billion and indirect and induced value of US\$12 billion between 2012 to 2043 (at 2012 prices). The project will also continue to support the contribution of our beneficiation programme to the development of the downstream diamond manufacturing in South Africa (see p23).

ECONOMICS

Report to Society 2013

RESHAPING OUR MINE PORTFOLIO

Since 2005, we have pursued a strategy in South Africa to reshape our mine portfolio to help maximise the value of every carat produced and to be more agile in meeting consumer demand. Diamonds are a finite resource and a loss of economic activity is inevitable once a mine has been exhausted or when maintaining it becomes economically unviable.

Rather than close a mine or leave it dormant, we aim to protect employment and maintain revenue-generation for producer countries by selling to smaller operators with a lower cost base, or those who specialise in generating value from late-life mines. Taking this approach also releases capital to explore for, and develop, new mines, and to maximise the life and revenue-generation of larger or more profitable mid-life mines, such as Venetia.

In line with our strategy, the proposed sale of our Namaqualand operations to EPI, a Black Economically Empowered subsidiary of Trans Hex, was still underway at the end of 2013. It follows the sale of other late-life mining assets in South Africa, including Cullinan, Kimberley Underground, Koffiefontein, Jagersfontein and Finsch Mines, all of which remain operational under their new ownership.

INVESTMENT IN BOTSWANA

Following completion in 2012 of the infrastructure phase of the Cut-8 extension project at Jwaneng Mine, waste stripping operations to expose the diamond-bearing ore body continued in 2013. Cut-8 will extend the life of mine to at least 2028 and will treat an estimated 96 million tonnes of ore containing approximately 113 million carats of mainly high-quality diamonds².

² Scheduled Inferred Resources (below 401 metres) included in the Cut-8 estimates constitute 77% (86.7 Mct) of the estimated carats. Not all Inferred Resources may be upgraded to Ore Reserves, even after additional drilling. The numbers given are scheduled tonnes and carats as per the 2013 Life-of-Mine plan.

INVESTMENT IN CANADA

In Canada, our Gahcho Kué project received federal government approval in October 2013 following a robust Environmental Impact Review of the proposed mine. The project is a joint venture between De Beers (51 percent) and Mountain Province Diamonds (49 percent) and involves an initial investment by both parties of approximately half a billion US Dollars. With a life of mine of approximately 11 years, Gahcho Kué will mine around 31 million tonnes of ore containing an estimated 48 million carats. In December 2013, the Mackenzie Valley Land and Water Board approved a pioneer Land Use Permit for Gahcho Kué allowing land-based site works to commence in preparation for planned deliveries during the 2014 winter road season.

DISTRIBUTION OF DIAMOND REVENUES

Even though 2013 was characterised by ongoing macro-economic uncertainty, particularly in India and Japan, demand for diamond jewellery increased moderately in the major US and Chinese markets. The rough diamond segment fluctuated during the year, and by year-end rough diamond prices stabilised and improved slightly showing a slight growth for the full year. Despite annual fluctuations, the long-term fundamentals of the diamond industry remain highly attractive. This means that future diamond revenues will 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.

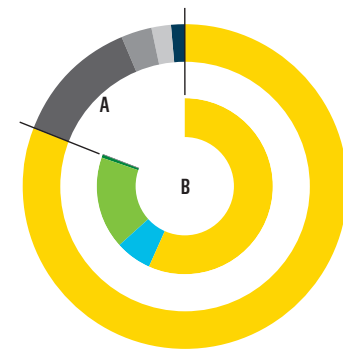
In 2013, De Beers paid US\$5,360 billion or 90.5 percent of total sales to governments, suppliers, employees, shareholders and other finance providers (see Fig 1). A total of US\$3,046 billion or 70 percent of these payments were to stakeholders in Africa.

These revenues represent our single biggest economic impact and provide a catalyst for economic activity and investment. They create multiplier effects, which maximise the economic value gained from the extraction and sale of diamonds, and support the development of infrastructure and capabilities that will continue to deliver value beyond the life of our mines.

Our role in supporting economic development varies from country to country, depending on the nature of our operations and the structure of each country's economy (see Fig 1).

In Botswana and Namibia, our mining and sales operations are 50/50 joint ventures with the respective national governments, and diamond mining contributes around 30 percent and four percent of GDP, respectively. In South Africa, our mining business is a 74/26 partnership with Black Economic Empowerment group, Ponahalo Holdings.

FIG 1.
PAYMENT TO STAKEHOLDERS, 2013 (US\$ MILLION)



A. PAYMENT TO STAKEHOLDERS, 2013	US\$
PARTNERS, JOINT VENTURES AND SUPPLIERS (PAYMENTS FOR DIAMONDS AND TO SUPPLIERS)	4,338,200
EMPLOYEES (SALARIES AND OTHER EMPLOYEE COSTS)	684,600
GOVERNMENT TAXATION	163,000
FINANCE PROVIDERS (PAYMENTS ON DEBT AND PREFERENCE SHARES)	109,600
DIVIDEND PAYMENTS	64,300

B. PAYMENTS FOR DIAMONDS AND TO SUPPLIERS BY REGION, 2013	US\$
AFRICA	3,043,100
EUROPE	360,400
NORTH AMERICA	902,700
ASIA/AUSTRALIA	29,600
MIDDLE EAST AND OTHER	2,400

ECONOMICS

Report to Society 2013

VALUE CREATION BEYOND MINING

In addition to mining, we use our sales platform and market insight to support the development of value-adding downstream activities in our producer countries. These activities include rough diamond sales and diamond cutting, polishing and jewellery manufacture within our producer countries.

In 2011, we announced a 10-year Sales Agreement between De Beers and the Government of the Republic of Botswana for the sorting, valuing and sale of Debswana's diamond production. For De Beers, the Agreement secures long-term and uninterrupted access to the largest supply of diamonds in the world. For Botswana, it preserves and enhances the highly successful route to market provided by De Beers.

In late 2013, as part of the Sales Agreement, we completed the relocation of our global sales operations from London to Gaborone, Botswana. The relocation has created the world's largest rough diamond sales operation in Botswana, helping to establish southern Africa as a world-leading midstream (rough diamond sorting, valuing and sales) diamond centre.

We have invested in state-of-the-art facilities in Gaborone for the aggregation and sale of our worldwide production. In November 2013, we held our first Sight – sales event for our global customers – in Botswana. With our joint venture partners, De Beers produces approximately one-third of the world's rough diamonds by value, and the vast majority of these will now be sold at our Sights in Gaborone, which take place 10 times a year.

This unprecedented geographic shift in the sale of rough diamonds will strengthen the foundations for diamond-related industries across the southern African region.

1.1 DRIVING LOCAL GROWTH, DIVERSIFICATION AND CAPACITY-BUILDING

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.

EMPLOYMENT

At the end of 2013, De Beers employed more than 20,000 employees worldwide. Of these, a total of 82.3 percent of direct employees were based in Africa. Employee salaries and other costs, including social security, health care and pension contributions, decreased slightly to US\$685 million in 2013 (2012: US\$692 million).

PREFERENTIAL PROCUREMENT

Preferential procurement, including from indigenous or historically disadvantaged groups, continues to play a key role in our approach to economic development and economic diversification in host countries.

In 2013, approximately US\$1.10 billion was allocated to preferential procurement in southern Africa and Canada (2012: US\$1.03 billion).

ENTERPRISE DEVELOPMENT

We operate investment funds to promote enterprise development in Botswana, Namibia and South Africa, through Peo Venture Capital,

the Namdeb Foundation, and the De Beers Fund/De Beers Zimele, respectively. Generally focused on mining communities and labour sending areas, these funds contribute to employment, economic diversification and the creation of alternative post-mining livelihoods by providing small business seed funding, business advice and mentoring.

In 2013, the Namdeb Foundation was restructured to cover both Namdeb and Debmarine Namibia operations in Namibia. The Foundation serves a dual purpose – to provide investment and support for enterprise development and to support community projects that promote socio-economic development in local communities.

At the end of 2013, De Beers Zimele had invested a total of US\$1.27 million to support 52 enterprises in South Africa creating 682 jobs.

In 2013, De Beers worked in partnership with Debswana, Anglo American and the Government of the Republic of Botswana to develop a new enterprise development programme in Botswana called Tokafala (translated as 'to improve'). The programme will promote economic development and stimulate employment creation by supporting small, medium and micro enterprises (SMME's) both financially and with access to markets.

In addition to loans and seed funding, a key aim of Tokafala is to improve SMME's access to markets and supply chains, and to create links to business opportunities with Debswana, De Beer's global sales function in Gaborone, and other partners. The programme will also provide capacity-building to government enterprise development institutions in Botswana, such as the Poverty Eradication Programme (PEP). Over a three-year period, starting in 2014, Tokafala aims to support up to 560 micro and 415 small and medium enterprises, creating or maintaining up to 5,600 jobs. The total investment over three years is US\$8 million.

WE SUPPORT PREFERENTIAL PROCUREMENT AND ENTERPRISE DEVELOPMENT.

ECONOMICS

Report to Society 2013

1.2 SUCCESS OF BENEFICIATION

Beneficiation is the process of working with producer governments to ensure that, beyond mining, as many of the diamond processing stages take place in-country, as far as sustainably possible. Our beneficiation strategy enables more local citizens to add value to, and derive value from, their precious natural resource. This not only creates greater short-term economic value from producer countries' diamond resources, it also helps to develop sustainable post-mining economies both within and outside the diamond sector. The opportunities beneficiation provides for economic diversification supports governments in our southern African producer countries in achieving their respective development plans – Vision 2016 in Botswana, Vision 2030 in Namibia and the National Development Plan in South Africa.

MANAGING BENEFICIATION

We sell and distribute the majority of our rough diamonds through contract sales to clients, also known as 'Sightholders'. Our approach to beneficiation involves selling a proportion of our rough diamonds to Sightholders based in our producer countries.

These sales promote in-country value creation and skills development by supporting the successful establishment of downstream diamond-related activities. In developing these downstream operations, Sightholders deliver dedicated training and mentoring programmes in their factories and provide opportunities for citizen employees to move into highly specialised and technically advanced roles. This reduces their reliance on expatriate workers in factories.

Although we have supported beneficiation for several decades, we formalised our approach in 2006/2007 by establishing sales operations in South Africa, Botswana and Namibia to supply rough diamonds directly to local Sightholders for cutting and polishing. In 2013, in Botswana and Namibia, the beneficiation programme was delivered through DTC Botswana and Namibia DTC respectively, both 50/50 joint ventures with the governments of those countries. In 2012, these organisations appointed 21 and 13 local Sightholders respectively for the 2012–15 contract period³.

In South Africa and Canada, we manage beneficiation programmes directly. In South Africa, we have committed to supply 10 Sightholders for the 2012–15 contract period and also make rough diamonds available to local manufacturers through the South African State Diamond Trader. In Canada, we have appointed two Sightholders, of which only one is currently operational.

EXCEEDING REQUIREMENTS

De Beers is the industry leader in beneficiation. In South Africa, we consistently meet and exceed the requirement to sell 40 percent of our production by value locally. This is in addition to offering 10 percent of production by value to the State Diamond Trader. Although we have rationalised our South African mining portfolio in recent years, all new production will be sold in similar proportions within South Africa. This is particularly relevant with our Venetia Mine underground project, which will provide an estimated 94 million carats over a 21-year extended life of mine and therefore provide significant ongoing opportunities for beneficiation.

³ In accordance with the Sales Agreement entered into between De Beers and the GRB, effective as of November 2013, De Beers assumes responsibility for local Sightholder sales in Botswana (through De Beers Global Sightholder Sales (pty) Limited, a company incorporated and operating in Botswana).

BENEFICIATION IN 2013

In 2013, prior to the migration of our sales operations to Botswana, in excess of US\$1.4 billion of rough diamonds were sold to Sightholders in producer countries, out of a total of US\$6.4 billion of rough diamond sales (2012: US\$1.14 billion from total sales of US\$6.1 billion), an increase of 22.8 percent over 2012. In Botswana, the diamond cutting and polishing industry is now the second largest industry by value, employing over 3,700 people directly and an estimated 10,000 people indirectly.

In southern Africa, over 5,850 people are directly employed in the cutting and polishing industry and approximately 17,500 indirectly. It is estimated that some 5–8 people live off one salary in southern Africa (sole dependants¹). Therefore, up to 140,000 people are dependent on downstream diamond activities, which are supported by De Beers' beneficiation strategy.

SHINING LIGHT AWARDS

Together with our local Sightholders, we continue to support the Shining Light Diamond Design Awards in southern Africa to encourage and showcase emerging jewellery designers in producer countries. In excess of 800 designs were submitted by students from colleges and design schools across southern Africa for the 2012/13 collection.

www.shininglightawards.co.za

CREATING AN INTERNATIONAL DIAMOND CENTRE IN SOUTHERN AFRICA

2013 was a milestone in the history of our rough diamond sales activity. During the year we completed the migration of our global sales operations to Botswana from London, including professionals, skills, equipment and technology, as part of the 10-year Sales Agreement with the Government of the Republic of Botswana. This was completed ahead of schedule and within budget. As a result of the early completion, two Sights were held in Gaborone in 2013 during November and December. Feedback from the Sightholder community has been extremely positive, dispelling many industry watchers' concerns about the relocation.

The relocation provides a significant step toward creating a world-leading diamond centre in Botswana that will benefit the whole southern Africa region. We see this as an appropriate development befitting southern Africa's position as the world's leading diamond producing region, with approximately 35 percent of global production by value.

For the migration to become a reality, we spent US\$36 million developing a world-class facility in Gaborone, with an additional US\$2.9 million spent on locally-sourced fixtures and furnishings. To accommodate professionals migrating from London, we have also rented some 60 houses from local individuals at an annual rent of US\$1.4 million. The relocation has created 74 citizen jobs and paves the way for increased investment and skills development in the region linked to our sales function.

ECONOMICS

Report to Society 2013

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, specialised transport service providers, hotels and funding banks, such as the State Bank of India, among others, have all established businesses in the region since 2007. The Gemological Institute of America has also set up a leading certification facility highlighting the importance they attach to the growth in diamond manufacturing in Botswana. Other local diamond centres are now looking to use this facility rather than sending their diamonds to non-African countries.

In terms of investment, a range of countries including Germany, France and Turkey have, through their embassies, shown great interest in the relocation, as many companies from their respective countries are looking at Botswana as an investment opportunity. Indeed, our own Sightholder customer base is also looking at options for diversifying within Botswana.

COUNTRY MANUFACTURING REPORTS

BOTSWANA

In Botswana, the government's Botswana Economic Advisory Council and the Ministry of Minerals, Energy and Water Resource's (MMEWR) Diamond Hub provide a central regulatory focus for the diamond industry and have established a robust framework for diamond manufacturing to thrive in Botswana. With a global reputation as a safe and secure investment location, Botswana's diamond industry has grown considerably, particularly in the last four to five years. 21 local

Sightholders were appointed in 2012, all of which use cutting-edge technology in their factories. The value of support for local beneficiation is expected to increase to around US\$760 million in the future. The number of employees in Sightholder factories has also increased to 3,750 in late 2013 from just over 2,400 in early 2008.

NAMIBIA

Namibia is a relatively small diamond manufacturing centre and operates in direct competition with global cutting centres as well as neighbouring South Africa and Botswana. Although Namibian diamond cutting factories currently deliver varying performance, most display adequate skills progression and sales figures. Despite some ongoing challenges, they are committed to beneficiation and confident in their future. Since the start of the 2012 Sightholder contract period, one Sightholder has relinquished their Sightholder contract. Across the remaining Sightholder factories, employment is down on 2012 to just above 1,000 employees, but remains well above the low of around 650 employees following the global economic crisis in 2009.

SOUTH AFRICA

South Africa's diamond manufacturing industry is well established and mature with 10 capable Sightholder factories using cutting-edge technology. Employment within these 10 operations has fallen by 41 percent since 2007 and has not yet been able to recover to pre-economic crisis levels. Since 2009, however, employment levels have been stable and have potentially reached a more sustainable level. The drop in employment has come through the loss of several under-performing factories, right-sizing for some, and the introduction of new, higher performing Sightholders. To develop future growth both the industry and government need to work together to identify factors that can be addressed.

CANADA

North West Territories:

We continue to honour our commitment to the Government of the North West Territories (GNWT) to offer 10 percent of economically viable production from Snap Lake to Sightholders that are NWT approved diamond manufacturers. Uptake of these goods has been limited as there is currently only one diamond manufacturer, Crossworks, operating in the North West Territories. The GNWT continue to explore ways to develop a more sustainable secondary industry in Yellowknife.

Ontario:

We continue to honour our commitment to the Ministry of Northern Development and Mines (MNDM) to offer 10 percent of economically viable production from Victor Mine to Sightholders that are MNDM approved diamond manufacturers. Uptake of almost 100 percent of these goods has been by Crossworks, the only MNDM approved manufacturer. MNDM are keen to expand upon beneficiation initiatives put in place by De Beers, as it is the only diamond mine in Ontario.

Sale of Victor and Snap Lake Mine diamonds to the relevant local Sightholders takes place at our Global Sightholder Sales operation in Gaborone, Botswana.

BENEFICIATION AND SIGHTHOLDERS

For most of 2013, Sightholders continued to face a difficult economic environment due to a weak Rupee, tightening fiscal bank policies resulting in lack of liquidity, and slow recovery from the global economic downturn. 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 and economically viable 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. This has proven challenging to some. In general, Sightholders with strong downstream/integrated businesses are faring better than those who supply at the wholesale level.

There are a number of companies looking to raise the skills level within their operations to make them world class. This will mean that even after local supply has diminished in decades to come a sustainable manufacturing sector will remain viable. The growth in local Sightholders and diamond-related employment in recent years supports the view that, with the right approach, beneficiation is sustainable.

ECONOMICS

Report to Society 2013

1.3 GOVERNANCE AND REVENUE TRANSPARENCY

Good governance and revenue transparency support government efforts to translate the value created by our mining operations into lasting benefits. The clear correlation between good governance, local benefit and operational stability, not only underpins our commitment to partnership in our operating countries, but also informs our direct engagement with relevant public policy issues.

PAYMENTS TO AND FROM GOVERNMENT

Payments to governments totalled US\$1.32 billion in 2013. De Beers does not participate in party politics and no political donations were made in 2013.

Our approach to tax is important to many of our stakeholders who have a particular interest in the taxes we pay, the governments to whom these payments are made and ultimately what happens to those tax revenues. We believe that our approach to tax should reflect a balance of stakeholder expectations, from investors and governments to communities and NGOs. Our approach, combined with our business principles and desire to be the development partner of choice inform our tax strategy, which in turn specifically supports the principles of transparency and active engagement with our stakeholders.

Mining remains a relatively high-risk, long-term investment, requiring significant capital outlay. In the globally competitive environment in which we operate, there is a need for governments and companies to take a holistic approach to balancing the risks and rewards of responsible investment.

Maintaining this balance is particularly challenging at times when the mining sector is under pressure from lower commodity prices and rising costs. The tax regime forms an important part of this equation, and it influences the domestic and international competitiveness of the mining sector, particularly in a capital constrained world.

South Africa, through the Davis Tax Committee, is evaluating the tax regime and will make recommendations for tax reform. We are heartened to see that the Committee's terms of reference specifically identify as key considerations the challenges facing the mining sector, and the need to remain competitive to secure growth and job creation.

On transparency, over recent years we have seen a move from voluntary tax disclosures, of the type included in this report, to mandatory requirements such as the EU Accounting Directive of 2013. We support the principle of transparency, the Extractive Industries Transparency Initiative (EITI) and other new transparency requirements when they are measured, meaningful and meet a clear objective around improving the ability of stakeholders to understand the value generated by our businesses, and how that value benefits our stakeholders.

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

De Beers has supported the EITI since its inception, participating in the inaugural meeting in 2003. We are part of the EITI's multi-stakeholder group, which develops and oversees the implementation of EITI standards. When the EITI was launched in 2002, the objective was to tackle the 'resource curse', which applied to a select number of countries worldwide. At that moment in time, our countries of operation were not candidates or implementing countries.

However, as the transparency movement develops, the benefits of implementing the EITI standard are also extending. Therefore, other countries may consider implementing EITI standards in the future. For example, during 2013, the UK announced its intention to implement the EITI.

**OUR APPROACH
SUPPORTS THE
PRINCIPLES OF
TRANSPARENCY
AND ACTIVE
ENGAGEMENT
WITH OUR
STAKEHOLDERS.**

ETHICS

Report to Society 2013



ETHICS

OUR APPROACH

As the world's leading diamond company, we see it as our responsibility to develop and uphold the highest ethical standards. As important as this is to our own business and to those who work within it, we also give equal importance to requiring the same standards from those who we do business with across the diamond pipeline. It is a fundamental factor in the future success of our business.

By maintaining and enhancing the confidence of consumers in the ethical integrity of diamonds – a discretionary, luxury product – we protect our business today while also establishing a key foundation for its future growth. Demanding the highest standards of integrity is not only an investment in our own future, it also supports the future success and development of our producer countries and communities.

At the heart of our approach to raising standards is our pioneering Best Practice Principles Programme (BPPs). Established in 2003, the Programme drives improved social, ethical and environmental practice across the diamond pipeline. The BPPs are a mandatory code of ethical business conduct that apply to The De Beers Group of Companies as well as our Sightholders and major contractors. It is our key tool for ensuring that the journey a diamond takes from mine to finger meets the highest standards.

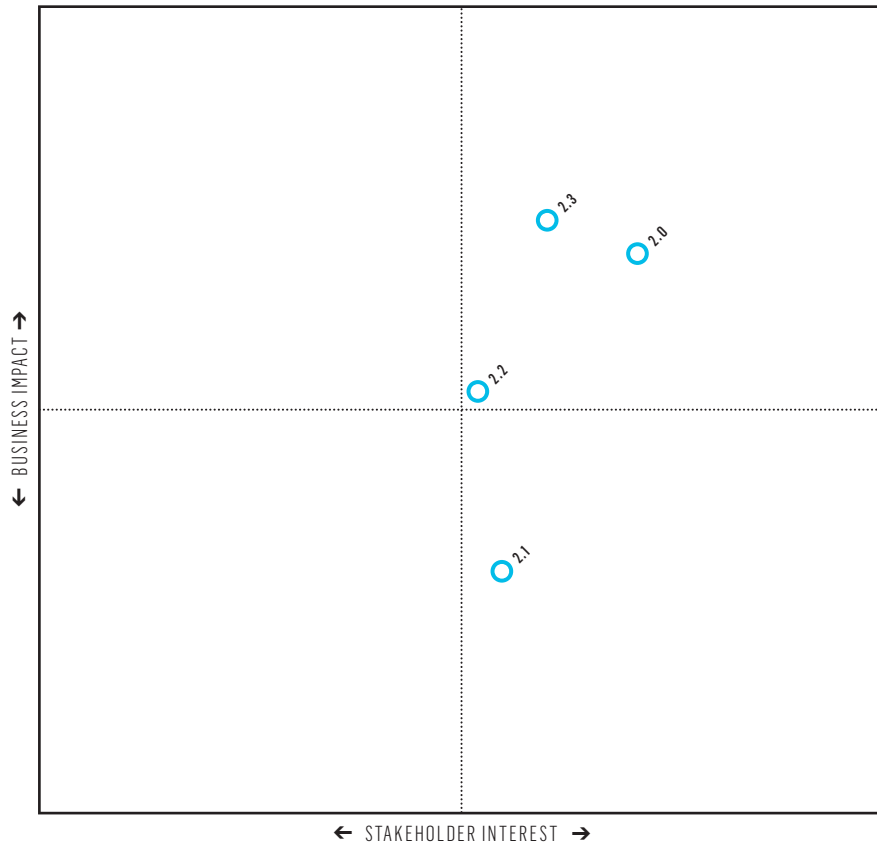
We face a wide range of ethical challenges in our day-to-day business including the risk of corruption, anti-competitive behaviour and the effects of the illegal diamond trade. We have invested in robust systems to mitigate these risks within De Beers, and we work in partnership with the wider industry and law enforcement agencies to tackle the illegal trade.

Beyond our own operations, we work in partnership and use our influence as the world's leading diamond company to promote ever-higher standards and to provide assurance on the provenance of diamonds. We have supported the Kimberley Process Certification Scheme, which works to eliminate conflict diamonds from the diamond value chain, since its inception. We are a founding member of the Responsible Jewellery Council and we support and work with the Extractive Industries Transparency Initiative, which works for the responsible distribution of the revenues from diamonds and other natural resources.

ETHICS

Report to Society 2013

OUR 2013 MATERIAL ISSUES



2.0 HUMAN RIGHTS

Upholding fundamental human rights.

2.1 ILLEGAL DIAMOND TRADE AND SECURITY

The theft of diamonds from operations throughout the value chain and their distribution to market, impacting profitability, and reducing diamond revenues to government and other stakeholders, and associating diamonds with criminality.

2.2 MAINTAINING AND RAISING PIPELINE AND SECTOR STANDARDS

Appropriate social, environmental, and ethical standards throughout the diamond pipeline and sector.

2.3 DOING BUSINESS WITH INTEGRITY

Ensuring that The De Beers Group of Companies competes fairly and without improper influence in accordance with the laws of the countries in which it operates and international best practice.

ETHICS

Report to Society 2013

Ethical integrity underpins the financial and emotional value of a diamond, creating what we call diamond equity. We use our leadership position to drive industry standards higher across the diamond pipeline. This is a fundamental investment in protecting consumer confidence in diamonds.

ETHICS HIGHLIGHTS

COMPLIANCE WITH THE KIMBERLEY PROCESS

100%

of our diamonds are certified as conflict-free and sold in compliance with the Kimberley Process

ANTI-CORRUPTION PERFORMANCE IN 2013

ZERO

No significant incidents of corruption identified

BEST PRACTICE PRINCIPLES COVERAGE

360,000

diamond industry employees covered by the Best Practice Principles Assurance Programme

2.0 HUMAN RIGHTS

For businesses committed to sustainability, human rights have been a growing area of focus and understanding in recent years. In 2008, the United Nations Human Rights Council unanimously approved the Protect, Respect and Remedy framework on business and human rights presented by UN Special Representative, John Ruggie. During that same year, the Council extended the Special Representative's mandate with the task of operationalising and promoting the Framework. In response to this mandate, Special Representative Ruggie issued the Guiding Principles on Business and Human Rights, and these were endorsed by the Council in June 2011.

In line with the Guiding Principles, companies are increasingly aware of the importance of knowing and managing their human rights impacts and responsibilities. Some aspects of human rights, such as employee health and safety and equal opportunities, are well-established within companies' approach to responsible business. In other areas, corporate understanding and action are relatively recent developments, for example in relation to impacts on local communities and within supply chains, and access to remedy for those affected by human rights impacts through grievance and remediation systems.

We are committed to working to the highest standards in all areas of our work and this includes a commitment to respecting human rights. Human rights considerations are a standard component of the De Beers' business integrity framework, and are supported by a range of policies, management and assurance processes. They are also a consistent thread throughout the Anglo American Social Way and the Socio-Economic Assessment Toolbox (SEAT) (see p46).

PIPELINE APPROACH

Ethical business conduct, including respect for human rights, is essential across the diamond pipeline, from exploration to retail. It is our belief that upholding the highest standards of integrity is essential to support the confidence that consumers have in diamonds.

Our cross-pipeline approach focuses on identifying potential human rights issues at each stage of the diamond value chain. This includes the rights of individuals directly impacted by our activities, such as employees and community members; those within our supply chain, such as contractors' employees and suppliers; and diamond industry workers involved in the mid- and downstream diamond value chain, including cutting and polishing and jewellery manufacture. Given this wide-ranging view, and considering the specific nature of mining projects and the downstream diamond value chain, key areas of human rights we focus on include labour rights, the rights of indigenous peoples and local communities, and rights that may be at risk due to specific activities, such as our investment, procurement and security practices.

Our Best Practice Principles Assurance Programme (BPPs) matches our diamond pipeline focus and sets out the human rights standards expected of all De Beers operations, including exploration, mining and sales, and of all our Sightholders' customers. They also cover substantial diamond-related contractors of both De Beers and our Sightholders.

TRAINING

To support our approach to human rights, we provide human rights training to our employees. In 2013, submitted figures show that a total of 62,362 hours of human rights training were provided to 11,596 employees, representing 49.6 percent of our permanent workforce (2012: 3,283 employees, 23.5 percent).

ALL OF OUR OPERATIONS, SIGHTHOLDERS AND CONTRACTORS ARE COVERED BY OUR BEST PRACTICE PRINCIPLES ASSURANCE PROGRAMME.

ETHICS

Report to Society 2013

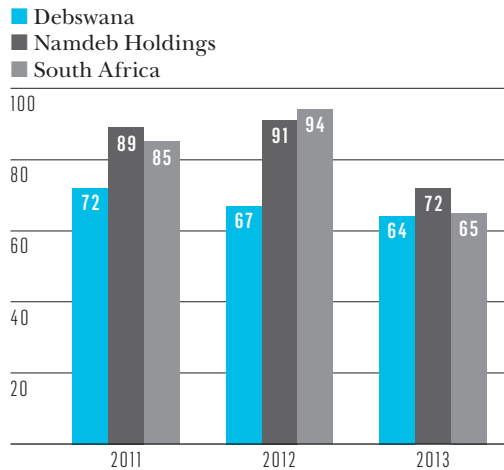
LABOUR RIGHTS

Ensuring a safe, respectful and fair workplace is a priority across all business units. We aim to meet or exceed all relevant global labour standards in addition to respecting the right of employees to associate freely and bargain collectively.

As part of our BPPs process we assess the risk of child and forced labour at all our operations and to date we have not had instances of either.

FIG 2.

UNION MEMBERSHIP OF SEMI-SKILLED WORKERS AT AFRICA OPERATIONS, 2011-2013 (%)



FREEDOM OF ASSOCIATION

Trade unions and employee associations have a strong presence and operate freely at our mining operations. Our policy is mainly implemented in our African operations, where the majority of our employees are located. This means that in practice, 82.3 percent of our employees are covered by collective bargaining agreements. The figure below shows union representation at our main operations. Our operations in Canada are not unionised.

TRADE UNIONS AND EMPLOYEE ASSOCIATIONS OPERATE FREELY AT OUR MINING OPERATIONS.

INDIGENOUS PEOPLE'S RIGHTS

We recognise and respect the rights of indigenous people and are committed to ensuring that the legal rights of all communities affected by our mining operations are upheld at all times, in order to meet international best practice and to minimise legal and operational risks.

There are only two De Beers' operations that take place in or adjacent to indigenous people's territories. These are in Canada, at our Victor Mine in Ontario and Snap Lake Mine in the Northwest Territories. We have a total of seven formal Impact Benefit Agreements (IBAs) with Indigenous People's Communities in relation to these operations and these require us to make investments in a range of community programmes in these areas. Our Gahcho Kué Project, also in the Northwest Territories, is currently negotiating IBAs with indigenous people local to the proposed new mine (see p47).

No incidents of violations involving rights of indigenous people were recorded in 2013.

Grievance and remedy

The Anglo American Socio-Economic Toolbox (SEAT) guides our approach to managing community relations and engagement and we are committed to implementing SEAT at all of our operations. SEAT requires all operations to have effective grievance mechanisms in place for local stakeholders to be able to make complaints or raise concerns relating to our operations. Following a review of complaints and grievance systems in 2012, we made progress in updating our grievance mechanisms in 2013, including enhanced systems for reporting complaints and grievances (see p46).

SECURITY AND HUMAN RIGHTS

Security and human rights is an important area for companies in the extractives sector. We are committed to the Voluntary Principles on Security and Human Rights, a set of principles designed to guide companies in aligning the security of their operations with internationally recognised human rights principles.

During 2013, we engaged International Alert to conduct an analysis of our compliance with the Voluntary Principles on Security and Human Rights. The analysis looked at how human rights are captured within our BPPs programme (see p28). We have a Group-wide security and human rights policy and across De Beers it is standard practice for all security practitioners to have training that includes human rights. Up until now, however, our business units have completed training locally and the analysis showed some inconsistency in approach and quality.

As part of the Anglo American working group on security, we have agreed to develop a standard approach to human rights training for all security practitioners within the Anglo American Group. This will involve developing an e-learning course aligned with the Voluntary Principles, which will deliver the same training content to all security practitioners and ensure that all those trained are tested to the same level.

ETHICS

Report to Society 2013

2.1 ILLEGAL DIAMOND AND TRADE SECURITY

Diamond theft and the illegal trade in diamonds are risks to our business, our producer countries, and the diamond industry as a whole. The theft of rough diamonds from our operations, and their subsequent entry into the illegal trade, represent a loss of revenue for producer countries, and can impact our financial performance. Furthermore, they can also affect long-term diamond equity and the welfare of our employees. The involvement of criminal syndicates has the potential to expose our employees to coercion and heightened risk.

Diamond theft and the trade in stolen diamonds deprive people of employment opportunities and governments and communities of important diamond revenues that would otherwise support development in the countries where we operate.

Research conducted over the last decade suggests that collectively, countries involved in the production of diamonds could be losing hundreds of millions of US dollars a year due to theft and the subsequent illegal trade in diamonds. As the world's leading diamond company this poses a direct and tangible risk to our operations. Similarly, with 60 percent of the world's diamonds by value coming from central and southern Africa, the illegal diamond trade is a significant risk in some of our key producer countries and undermines the development potential of diamonds.

Another facet of the illegal trade is conflict diamonds where sales of rough diamonds are used by rebel movements to fund their activities. Conflict diamonds not only pose a significant risk to the reputation of the legitimate diamond trade, they promote war and violence and undermine development in countries where rebel movements have control of diamond producing areas.

The issue of conflict diamonds has been brought into sharp focus in recent decades by a number of

violent civil wars in Africa, including in Angola, Liberia, Sierra Leone, Côte d'Ivoire and Democratic Republic of Congo. A common theme in these conflicts has been rebel movements using natural resources, including diamonds, to fund their activities. Since it was implemented in 2003, however, the Kimberley Process has worked to eliminate conflict diamonds from the legitimate diamond value chain, and today the World Diamond Council estimates that less than one percent of the global supply of rough diamonds originates from areas of conflict.

MANAGING DIAMOND SECURITY

Investing in diamond security is imperative. Our Global Security Strategy manages security risks to all De Beers assets, including our diamonds, people, information, reputation, physical and other assets across the full value chain. The operational emphasis is placed on managing the risk posed to our business by the illegal diamond trade. The best way to stop diamonds entering the illegal trade is to prevent theft at source. Our production processes are designed to reduce the opportunity for diamond theft, by reducing the need for personnel to physically interact with processes and gaining unauthorised access to diamonds through sound design, engineering and operational management. Risk assessments at our operations are focused on identifying and closing vulnerabilities within these processing and security systems.

First launched in 2010, our three-year Global Security strategy came to an end in 2013. As a result, we updated the strategy during the year to cover a new three-year period from 2014–2016. The new strategy aims to move all operations from the 'compliance' to the 'proactive' level on our Diamond Control Maturity model, which sets out the requirements for creating resilient systems and performance for diamond control. The new strategy was implemented in January 2014.

The first phase of our Security Strategy developed and rolled out training for our security functions across De Beers. Within the second phase of the strategy, we will provide security training to non-security practitioners, such as line managers, as they are ultimately responsible for preventing diamond loss. In this way we are embedding accountability for diamond security further within our business and beyond the security function alone.

LOSS PREVENTION

Our Loss Prevention Programme covers both malicious and non-malicious diamond loss. It aims to improve management skills and technology, empower individuals, and collaborate with industry and law enforcement agencies to tackle the challenge of diamond loss. As our employees come into contact with diamonds at a number of stages, we focus on 'protection at exposure'. This focuses on removing opportunities for theft due to operational failures that may result from poor decisions or poor process management.

Our collaborative approach aims to establish a strong security culture within our operations, internalise the approach toward security and sustain the highest levels of performance within our security function.

SETTING STANDARDS

We recognise that there are intrinsic security risks associated with each stage in the diamond value chain. To minimise these risks, we developed and launched specific Security Standards and core competencies in 2011. These establish minimum requirements for security and loss prevention and act to safeguard against those with malicious intent having an impact on our business.

The Security Standards provide clarity and ensure consistent security and loss prevention practices. They also help to develop a strong preventative security culture in which people, diamonds and the reputation of the company are protected in a consistent, intelligent and ethical manner. We aim to review and update our Security Standards in 2014.

MONITORING PERFORMANCE

We monitor our progress in preventative security measures, and identify areas for improvement, through our annual security effectiveness audits. Performance has improved dramatically since our review of diamond security in 2010 and the launch of our first Global Security Strategy. In the three years covering the first phase of our security strategy we have achieved a 59 percent improvement measured against the standards of our Diamond Control Maturity Model.

ENGAGING OUR EMPLOYEES

Employee engagement is a specific requirement of our Diamond Control Maturity Model. Alongside formal training for relevant personnel, we use regular awareness campaigns at our operations to influence employees' behaviour and raise awareness of the risks and impacts of stealing diamonds, and colluding in theft.

As well as influencing employee behaviour, we also use 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 we have a specific policy for employees in high-risk areas – those who are exposed to diamonds and security personnel – to gain security clearance every two years using multi-technique integrity screening.

ETHICS

Report to Society 2013

COLLABORATION WITH OTHERS

Externally, we work in partnership with law enforcement agencies and across industry to tackle the illegal trade. Our local security departments also work with local communities around our operations, raising awareness of the illegal diamond trade and the negative impacts of diamonds leaving the legitimate supply chain.

CONFLICT DIAMONDS AND THE KIMBERLEY PROCESS

The Kimberley Process Certification Scheme exists to eliminate conflict diamonds – rough diamonds used by rebel movements to finance wars against legitimate governments.

De Beers is deeply committed to the Kimberley Process and we have been actively involved since it was established in 2000, and implemented in 2003. The success of the Scheme is critical to the reputation and sustainability of the diamond industry. As a result of the Kimberley Process, the World Diamond Council estimates that, today, less than one percent of the global supply of rough diamonds originates from areas of conflict. Even so, we are strongly committed to evolutionary reform of the Kimberley Process to ensure it stays up-to-date with changes in the diamond industry over the last decade and in the future.

Following a number of challenging years, 2013 was a year of relative calm for the Kimberley Process under the Chairmanship of South Africa.

PROVIDING ASSURANCE FROM EXPORT TO POINT OF SALE

The Kimberley Process is an international government-led cross-sector initiative, which draws on the contribution of both the diamond industry and civil society. For states to participate in the Kimberley Process they must enact national legislation that meets minimum requirements and

ensure relevant institutions, including those responsible for imports and exports, meet certain standards and processes. Member states must also commit to a full and transparent exchange of statistical data annually. The Kimberley Process is enshrined in the legislation of the 81 participating countries (including the 27 member states of the European Union, represented by the European Commission).

The Kimberley Process requires rough diamonds to be transported in sealed, tamper-resistant containers accompanied by forgery-resistant certificates. Issued by the exporting country's government, each certificate has a unique serial number. They are backed by a system of internal controls in the producing countries, as well as 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'. This requires companies to ensure that all invoices for rough or polished diamonds, and diamond jewellery, include a written guarantee that the diamonds invoiced are conflict-free. Records of all warranty invoices given and received must be kept and externally audited on an annual basis.

MANAGING KIMBERLEY PROCESS COMPLIANCE WITHIN DE BEERS

Compliance with the Kimberley Process is a part of the requirements of our Best Practice Principles (see p28), which apply to all De Beers operations. De Beers and its Sightholders are subject to second party auditing.

The Shipment Administration Team within De Beers is responsible for our adherence to the Kimberley Process. Once mined, rough diamonds are packaged into tamper-proof Kimberley Process boxes for transportation. All details of the packages are logged through systems linked with the Kimberley Process

offices in our production countries. The Kimberley Process office can then issue a unique certificate for each package.

Rough diamonds are then transported to our Global Sightholder Sales operations to be sorted into various assortments for sale to our Sightholder customers. When the packages arrive, they are checked by the Shipment Administration Team to ensure they exactly match the certificates they arrive with, a process that is also directly linked to national Kimberley Process offices.

Once a selection of diamonds is sold to a Sightholder, the purchased diamonds go back to the Shipment Administration Team, which again logs the details of the sold diamonds with the local Kimberley Process office. A new certificate is generated and the diamonds can be packaged and transported to pre-approved Sightholder addresses.

For auditing purposes, incoming Kimberley Process certificates received need to match certificates sent. If the two totals do not match exactly, the difference needs to exactly equate to diamonds held by De Beers, for example from diamonds refused by a Sightholder at one of our Sightholder sales.

COMPLIANCE WITH THE KIMBERLEY PROCESS

All De Beers' diamonds are certified conflict-free and are mined and sold in full compliance with national and international law, the Kimberley Process and our BPPs (see p28). Our 2013 audit processes confirmed 100 percent compliance with the Kimberley Process. Compliance with both the Kimberley Process and the BPPs is also a core component of Forevermark, our proprietary diamond brand, which provides consumers with a higher level of assurance regarding the ethical provenance of their diamonds.

ALL OF DE BEERS' DIAMONDS ARE CERTIFIED CONFLICT-FREE AND ARE MINED AND SOLD IN FULL COMPLIANCE WITH INTERNATIONAL LAW AND THE KIMBERLEY PROCESS.

ETHICS

Report to Society 2013

KIMBERLEY PROCESS YEAR IN REVIEW

The main issue arising in 2013 was the temporary suspension of Central African Republic from the Kimberley Process as a result of a civil war in the country. During a temporary suspension, exports of diamonds through the Kimberley Process are not allowed, as control systems are not considered strong enough to ensure the integrity of diamonds.

In other areas, challenges from previous years made some progress towards resolution. These include efforts by Côte d'Ivoire to meet Kimberley Process minimum requirements and Venezuela's participation in the 2013 plenary and intent to fully comply with the Kimberley Process.

At the annual plenary meeting in November, the Adhoc Committee on Kimberley Process Review was disbanded after a two-year period assessing options for reform. Although a number of technical reforms were agreed, including changes to the minimum requirements of the Kimberley Process in order to strengthen its implementation, agreement was not reached on altering the definition of conflict diamonds or including more human rights aspects within the Kimberley Process.

During 2013, 54 annual reports representing 81 countries were successfully submitted.

LOOKING AHEAD

Although reform of the Kimberley Process was not as comprehensive as some had hoped, we welcome the ongoing dialogue on current issues within the Kimberley Process and prospect of a review of the scheme in 2017. With China holding the Chair of the Kimberley Process in 2014 (Angola is vice-Chair) we look forward to further consolidation of the current stable position of the Kimberley Process.

2.2 MAINTAINING AND RAISING PIPELINE AND SECTOR STANDARDS

Consumer confidence in the provenance of diamonds plays a strong part in maintaining desire and demand for diamonds. And consumer desire is the only source of value for our business. It is therefore in the long-term interests of De Beers, and the diamond industry as a whole, to meet consumer and stakeholder expectations relating to social, environmental and ethical standards across the diamond pipeline.

Our business, like the diamonds we mine, sell and market is unique. We are present at each stage of the supply chain as diamonds travel from mine to finger. This gives us a unique opportunity to manage ethical considerations and economic contributions across the value chain.

We work to meet these expectations through our Business Principles, policies and standards, through research and technology development to detect laboratory created and treated diamonds, and through the BPPs.

We developed the BPPs as a continually evolving standard to drive good practice through 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 protect against unacceptable business, social and environmental practices in the diamond supply chain, and specifically cover human rights considerations (see p28). They are based on local and international legislation and meet or exceed industry 'best practice' benchmarks.

A key aspect of the BPPs is their rapid evolution to reflect emerging risks within the diamond pipeline, reflecting our commitment to maintain and raise industry standards at all times. We reflect priority risks either through changes in the focus of our annual BPPs assurance process or through regular changes to the BPPs requirements.

MANAGING PIPELINE STANDARDS

The BPPs cover all De Beers' operations and since 2003 have covered those of our customers, known as Sightholders, as well as substantial diamond contractors. Unlike other pipeline compliance programmes, the BPPs focus primarily on our Sightholders rather than just on suppliers, as well as being applied across our own operations. This is because across our value-chain, the ethical, social and environmental practices of our customers present a higher risk than those of our suppliers. In addition, the BPPs cover all diamond-related activities and business entities within a Sightholder's group, including those not directly involved with De Beers' diamonds.

Compliance is a mandatory contractual obligation for Sightholders and their substantial diamond-related contractors. Substantial contractors are defined as those that derive 75 percent or more of their revenue from a Sightholder or De Beers. Non-substantial contractors, those that fall below the 75 percent mark, are required to sign a declaration of integrity stating that they are free of any material breaches of the BPPs standards. In 2012, as an example of our evolutionary approach, we broadened the scope of the BPPs to cover more diamond industry contractors. The BPPs now cover non-substantial contractors that are used by four or more Sightholders and those where there is reported external or media interest due to alleged unethical behaviour.

UNDISCLOSED LABORATORY CREATED AND TREATED DIAMONDS

There is a strong and growing interest within the industry, particularly from retailers and customers, around fully understanding the provenance of diamonds. One challenge to this is the potential for undisclosed laboratory created diamonds – or 'synthetic diamonds' as they are commonly known – to contaminate the natural diamond supply chain.

While we believe the undisclosed trading of synthetic diamonds is confined to a very small portion of the global industry, this is another example of the proactive and evolutionary approach we take with the BPPs.

Although the BPPs already clearly prohibit the sale of undisclosed synthetic diamonds by Sightholders, we have been working to strengthen our systems and controls. Following a deep investigation in 2013 to understand different risk areas, we have developed an entirely new section in the BPPs workbooks as a response to these potential risks.

The new requirements, which will be launched in April 2014, cover all systems we need to have in place to protect Sightholders, De Beers and the diamond supply chain. These include suitable risk mitigation measures and conducting due diligence so that Sightholders know their suppliers, knowing where their diamonds have come from, and testing for contamination.

ETHICS

Report to Society 2013

In developing the new requirements we have engaged extensively with our Sightholders, relevant diamond committees, diamond bourses and the Gem and Jewellery Export Promotion Council. Our CEO has written to all Sightholders outlining the challenges associated with undisclosed synthetic diamonds and our approach. We have also developed a guidance and have held face-to-face meetings with all Sightholders to discuss the new BPP requirements.

INDEPENDENT ASSURANCE

External verification ensures that all Sightholders and substantial contractors conform to the BPPs. These organisations submit annual self-assessment workbooks outlining their performance against the BPPs requirements. Each year the risks covered by the BPPs are reviewed and the most prevalent risks are reflected in the audit process. Our own operations also submit BPPs workbooks in addition to the external audit.

An independent third-party verifier – Société Générale de Surveillance (SGS) – undertakes an annual desktop verification of a randomly selected sample of one-third of the workbooks submitted and conducts on-site audits of a sample of our operations, Sightholders and substantial contractors. On average, 10 percent of all Sightholders' business entities (subsidiaries, facilities, etc.) receive an on-site BPPs audit each year. In 2013, this equated to 129 visits (2012: 114).

PERFORMANCE

The scope, scale and frequency of the BPPs mean that in 2013, the BPPs covered approximately 360,000 people who work in the diamond industry globally (2012: 243,365).

All major infringements of the BPPs by Sightholder entities found in 2013 (24) were rectified during 2014 following corrective action procedures.

In 2013, there was a reduction in the total number of Sightholder infringements (see Fig 3). Sightholders had 185 infringements (2012: 193), 24 of which were classified as major (2012: 19).

FIG 3.

BPPS INFRINGEMENTS BY SIGHTHOLDERS, 2011-2013

	2011	2012	2013
BUSINESS	17	54	32
SOCIAL	118	190	146
ENVIRONMENT	0	24	7
TOTAL	135	268	185

During the same audit cycle, De Beers had one infringement which was classified as major (2012: zero). 61 workbooks were submitted to SGS, 16 of which were reviewed in detail, with seven site visits.

No material breaches of the BPPs were identified in the 2013 audit cycle.

SUPPORTING INDUSTRY STANDARDS

We are a founding member of the Responsible Jewellery Council (RJC), a not-for-profit membership organisation that certifies the ethical standards of its members to reinforce confidence across the diamond and gold jewellery supply chain. We achieved certification to the RJC Code of Practices for a three-year period in 2012 through a combined RJC and BPPs audit process.

UPDATING THE RJC CODE OF PRACTICES

We have worked closely with the RJC to review the provisions of their Code of Practices, which outlines the social, ethical and environmental standards that RJC members must meet. Following the review process, a revised Code was launched in December 2013 reflecting better current risks in the diamond and gold jewellery supply chain.

Significant changes to the Code include: alignment with the UN Guiding Principles on Business and Human Rights; new sections on sourcing and provenance claims for diamonds, gold and platinum group metals, including from conflict-affected areas, and artisanal and small-scale mining; and new sections for RJC members in the mining sector on Free Prior and Informed Consent for indigenous peoples, and the use of Mercury.

During 2014, the RJC will accept member certification against either the 2009 or 2013 versions of the Code of Practices, to allow members suitable transition time in line with their audit deadlines. From 2015, all RJC members will need to be certified to the new Code and this applies to De Beers, as our re-certification is due in 2015.

During the 2014 BPPs cycle, we will undertake a pilot against the new RJC standards to ensure that all De Beers Group companies are fully prepared for joint RJC and BPPs audits in 2015 leading up to RJC re-certification.

While our RJC certificate is valid for three years, we continue to follow the full BPPs Programme internally on an annual basis in order to ensure the highest standards are maintained and to cover areas that are not addressed by RJC certification, such as contractors.

DUAL BPPS/RJC AUDITS FOR SIGHTHOLDERS

We still offer our Sightholders a dual audit, covering both the BPPs and RJC certification requirements. Until the new RJC Code of Practices is incorporated into the BPPs in 2014, the dual audit still covers the old RJC Code.

The RJC website publishes a list of certified members at: www.responsiblejewellery.com

ETHICS

Report to Society 2013

2.3 DOING BUSINESS WITH INTEGRITY

The De Beers Group of Companies is committed to legal compliance in all jurisdictions in which we operate and to applying high standards of business conduct across all of our business activities and operations. This includes our interactions with our host governments, business partners, employees, competitors, suppliers and customers. To De Beers, conducting our business with integrity means ensuring that we compete fairly and without improper influence in accordance with the laws of the countries where we operate and in line with international best practice. This approach is embodied in our Purpose, Vision and Values, and links directly to 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'. In short, earning and maintaining trust with our stakeholders is fundamental to the success of De Beers.

Beyond our Purpose, Vision and Values, De Beers' three guiding Principles define the way we do business, inform our understanding of what is right and wrong and describe what is important to us. These are supported by an extended set of Principles that cover five specific aspects of our business activities: economics, ethics, employees, community and environment.

Our business integrity framework sits within our Ethics principle and incorporates our approach to competition law, anti-corruption, anti-money laundering and human rights.

COMPLIANCE WITH COMPETITION LAWS

De Beers is committed to ensuring continued compliance with competition and anti-trust laws and regulations in all of the jurisdictions in which we operate. These laws exist to sustain a free market economy where vigorous, but fair, competition will result in the most efficient allocation of goods and services, the lowest prices, the highest quality and the maximum innovation.

Adherence to competition laws is an important element of our business principles as potential breaches by any of our employees may lead to serious adverse consequences both for De Beers and the individual in question. These include heavy fines, damage to our reputation and, in some countries, imprisonment. As a result, De Beers maintains a 'zero-tolerance' stance towards any non-compliance. We will not tolerate violations of competition laws, or mistakes resulting from carelessness or inattention to compliance by our employees.

A critical part of our commitment to legal compliance and our zero tolerance stance is a rigorous programme of training and guidance on competition law for employees. Our Legal Compliance Policy records the critical need for all relevant employees to receive competition law compliance training and our employee guidance on how to manage competition law compliance outlines the key areas of competition law risk. These include contact with competitors; competitively sensitive information; suppliers and customers; abuse of market power; enforcement; and corporate transactions, such as mergers, acquisitions, joint ventures and co-operative arrangements.

COMPETITION LAW TRAINING

Introduced in 2008, our online competition law compliance training ensures that relevant employees complete standard or refresher training on an annual basis. Every year, business unit heads are requested to nominate which of their employees should participate in the training in accordance with whether the individual has contact with competitors, suppliers or customers, communicates publicly on behalf of De Beers or has input into strategic decision-making.

There are two versions of the online training. The Standard training is an introduction to competition law compliance (and includes a set of test questions at the end of the training which are intended to assess participants' understanding), while the Refresher training is designed to remind relevant employees who have successfully completed the Standard version of the principal areas of competition risk through an interactive 'gems game'. Face-to-face training is provided to employees on a risk basis in light of prevailing competition law risk assessments.

In 2013, we made a number of improvements to the online training. These included a general review as well as updating: the legal guidance provided; the test questions and illustrative examples; case law example, (where possible using industry-specific examples); and De Beers-specific 'scenarios'. In addition, a practical 'what you need to know' guide on how employees can help to manage competition law compliance was developed to support the online training.

In 2013, 821 individuals were nominated to complete the training within an eight-week window (2012: 698). 99.1 percent was the average completion rate across De Beers. The pass rate was 99.6 percent amongst candidates (2012: 98.3 percent completion; 98.3 percent pass rate).

**WE ARE
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CONTINUED
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IN WHICH WE
OPERATE.**

ETHICS

Report to Society 2013

ASSURANCE

Our competition law compliance programme was audited for the first time in 2013 by our internal audit team. The audit found the process to be well prepared and executed, highly relevant to De Beers (in particular due to its tailoring and relevance to De Beers' business), and with well-established processes for monitoring employee completion of training.

PERFORMANCE

In addition to the need to comply with applicable competition laws:

- De Beers is subject to legally binding commitments to the European Commission not to purchase rough diamonds from ALROSA, directly or indirectly
- 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 also entered into an injunction, which will remain in effect until June 2017

In 2013, De Beers was not subject to any fines or non-monetary sanctions for non-compliance with competition or anti-trust laws, or for breach of the commitments and injunction referred to above.

In July 2013, the General Court of the European Union rejected appeals against four decisions of the European Commission, which rejected the two outstanding complaints against De Beers' Supplier of Choice distribution strategy. De Beers continued to be involved in legal proceedings in Belgium relating to the termination of rough supply to a former client in 2003. There are four class actions against De Beers in Canada, two of which are active. De Beers continued to vigorously defend the cases that are active.

ANTI-CORRUPTION

Corruption is recognised as a complex political and business challenge, and its corrosive effects significantly hinder the development prospects of countries where it is prevalent. It undermines good governance and the rule of law, distorts fair competition, and has a damaging economic and social impact.

De Beers is particularly at risk of corrupt activity because it explores for, mines, sells and markets a highly sought-after, easily portable, rare and valuable natural resource in a number of countries that are widely recognised as having a higher exposure to corrupt activity. We therefore take a zero-tolerance approach to corruption and are committed to ensuring continued compliance with anti-bribery and anti-corruption laws and regulations in all jurisdictions in which we operate. Our zero-tolerance approach covers all forms of corruption, bribery, conflicts of interest, theft, extortion, embezzlement, fraud and misuse of company assets.

Our overarching aim is to carry out our business fairly, honestly and openly, and without improper influence. It is therefore in our interests, and those of our partner governments, to maintain robust systems and procedures to identify, manage and minimise the risk of corruption throughout our operations. This includes training employees most at risk of exposure to corruption on how to deal with and combat corruption, and providing whistleblowing channels where they can confidentially disclose potentially corrupt activity.

MANAGING CORRUPTION RISK

As part of our commitment to operating to the highest ethical standards, we replaced our Group Anti-Corruption Policy with Anglo American's Business Integrity (Anti-bribery) Policy in 2013. The Policy reinforces our zero tolerance approach to bribery and underlines the importance of personal integrity and good judgement amongst our employees. To ensure the continued effectiveness of our approach, our Executive Head, Strategy and Corporate Affairs was also appointed as De Beers Business Integrity Champion during the year.

Accompanying the Policy are 11 Prevention of Corruption Performance Standards that provide key principles and guidance on key areas of bribery risk, such as gifts, entertainment and hospitality; conflicts of interest; facilitation payments; use of company assets; political donations; interactions with government officials and lobbying; charitable donations; social and community investment and enterprise development; sponsorship; retention and payment of intermediaries; and mergers, acquisitions, joint ventures and associates.

TRAINING

In 2014, employees in higher risk roles for exposure to bribery will attend training workshops on the new Business Integrity Policy and Performance standards. The workshops are designed to raise awareness of bribery risk and provide employees with a forum in which to discuss and apply the performance standards to integrity dilemmas that they may face when performing their day-to-day work for De Beers.

PERFORMANCE

No significant incidents of corruption were identified during 2013. No significant fines or non-monetary sanctions were imposed on De Beers in relation to non-compliance with anti-corruption legislation and regulations.

WHISTLEBLOWING

Employees and other stakeholders are encouraged to report any activity that they believe is, or may be, unsafe, unethical, illegal or otherwise contrary to our Values and Principles, Business Integrity policy, and other related policies.

We recognise the importance of providing an environment in which our employees and business partners have the confidence to alert us to these types of activity. Our Whistleblowing Policy details the conduct or behaviour that employees and others have a duty to report and our whistleblowing facility provides a range of options for them to contact De Beers confidentially. It is anticipated that an updated Whistleblowing Policy and related procedures will be introduced in 2014.

PERFORMANCE

We do not tolerate unethical or illegal behaviour from our employees or contractors, and will dismiss individuals who act improperly, illegally or in breach of our anti-corruption requirements.

As a result of whistleblowing reports and internal investigations we investigated 362 alleged illegalities and/or breaches of our policies by employees and contractors at our operations in 2013 (2012: 259), resulting in 75 dismissals (2012: 70).

EMPLOYEES

Report to Society 2013



EMPLOYEES

OUR APPROACH

The De Beers Group of Companies is fully committed to providing a safe, supportive and energising work environment, where people can develop and grow. We do this by investing in our employees' personal development, skills and capabilities ensuring their safety and wellbeing, and promoting equality and diversity. Excellence in safety is of paramount importance to us. It is at the heart of our people approach and reflected in our commitment to zero harm. Through effective leadership, management systems, engagement and training we ensure the safety, health and wellbeing of all our employees.

De Beers is a major employer in many of our countries of operation and a large proportion of our employees come from the local communities around our mines. Investing in their development is a key element of our partnership approach to working with producer countries. By investing in skills and capability building, we are helping, over the long term, to build more diverse local and national economies.

We proactively employ historically disadvantaged and citizen talent at all levels of our business. We also focus on priority issues such as Black Economic Empowerment, HIV and gender equality. 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.

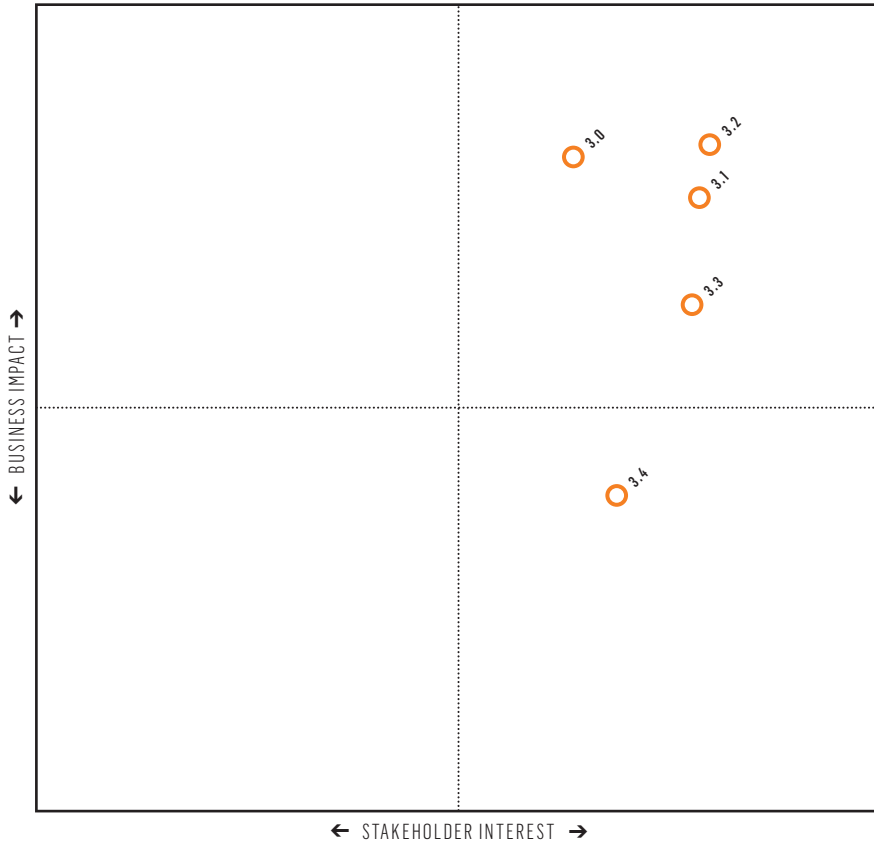
We engage with our employees on a regular basis both directly and through structured engagement with trade unions and other representative bodies. We aim to consult with them on key issues that may affect them, inform and connect them to the goals of the business, and better understand their expectations of us as an employer. We conduct an employee engagement survey every year to help us gauge employee satisfaction. In 2014, we will work to improve the way managers take action on the areas for improvement that are highlighted in the survey.

By delivering these activities, we ensure De Beers continues to be an employer of choice. We strive to make sure that everyone who works for us acquires skills and resources that make a positive difference to their lives and their communities. It is the commitment, expertise and passion of our people that will drive our business forward.

EMPLOYEES

Report to Society 2013

OUR 2013 MATERIAL ISSUES



3.0 ATTRACTING AND RETAINING TALENT

Actions to attract and nurture the skill sets and talent needed for the current and future success of the business and industry.

3.1 DIVERSITY AND INCLUSION

Activities to ensure the right conditions are in place to allow for equal participation in the workforce in order to reflect the communities in which we operate.

3.2 SAFETY PERFORMANCE

The incidence of occupational injuries and fatalities as a result of business operations.

3.3 OCCUPATIONAL HEALTH AND WELLBEING

Health and wellbeing among employees, their families and communities.

3.4 HIV AND TUBERCULOSIS MANAGEMENT

The management of HIV and other communicable diseases in the workforce and associated host communities.

EMPLOYEES

Report to Society 2013

The success of our business depends on the talent and passion of our people. To ensure that we remain at the forefront of our industry, we invest in employees' skills and capabilities and aim to create a workplace that is safe, supportive and energising.

EMPLOYEES HIGHLIGHTS

SAFETY PERFORMANCE

64%

improvement in our Lost Time Injury Frequency Rate (0.19)

TRAINING AND DEVELOPMENT

US\$16.7 M

spent on employees' professional development

EMPLOYEES IN AFRICA

82.3%

of direct employees are based in Africa

3.0 ATTRACTING AND RETAINING TALENT

Wherever we operate we strive to attract and retain talented, passionate people to develop their careers with De Beers. We do this by offering a compelling employment proposition that provides competitive salaries, supportive working environments and enriching professional experiences – and by being a world-class business and maintaining our position as the world's leading diamond company.

We invest heavily in training and capability building, and go well beyond legal requirements in areas such as safety and mining technology, and other areas that develop our people's skills in line with business requirements. We also engage with our employees on an ongoing basis to listen to their opinions and keep them informed and motivated.

MANAGING TALENT

2013 saw the launch of our new people strategy. The four key focus areas of the strategy are to ensure that De Beers has:

1. **The Best People** – delivering business success by having the right mix of people and skills.
2. **The Right Leaders** – Ensuring our leaders are equipped to drive the future of De Beers.
3. **An Energising Environment** – Redefining our promise to employees and inspiring our people to do more and to be more.
4. **A Practice of HR Excellence** – with the right human resources team, systems and processes.

Our primary focus in 2013 was on reviewing and strengthening our people management processes, which included alignment with Anglo American's standards and approach. This process will continue in 2014. As part of it, we are reviewing our approach to employee career paths, from talent attraction, to employee engagement and talent management, to performance and reward.

An example of this in 2013 was the implementation of a uniform system of job evaluation and grading for the whole of De Beers. The initiative was successful, with only a small number of appeals being raised.

Developing a single employee banding system has set the basis for further development of our human resources systems in 2014 when we will be reviewing our approach to employee performance, incentives and reward. In general terms, the performance management process will remain the same, consisting of objective setting and monitoring, and reviewing progress each year. Improvements will come in how we govern the process across the Group to ensure consistency and quality, and to provide clarity for employees.

WE ENGAGE WITH OUR EMPLOYEES ON AN ONGOING BASIS TO LISTEN TO THEIR OPINIONS AND KEEP THEM INFORMED AND MOTIVATED.

EMPLOYEES

Report to Society 2013

A FOCUS ON DEVELOPMENT

Our talent management strategy focuses on three areas: building the talent pipeline across De Beers, succession planning for key roles, and establishing processes to effectively acquire and manage talent across the business.

Our talent management policy requires the appointment of the best-qualified internal or external candidates in line with job requirements and national legislation relating to employment equity. It also ensures employee performance is gauged against a defined set of key results areas (KRAs) through regular dialogue and feedback. The table below shows the percentage of employees receiving regular performance and development reviews (see Fig 4).

We continue to move talent around the organisation; either to where skills are needed or where an opportunity exists for an employee's further development. Like many companies, the ability to deploy the best skills within each of our operations is essential to ensuring sustainable business success. For instance during 2013, De Beers Canada hosted 18 secondees from across the Group, including some Anglo American business units.

To facilitate effective international mobility within De Beers, we have contributed to the Anglo American international assignment policy review. We expect a revised global policy for international assignments to be deployed in 2014 across The De Beers Group of Companies.

In 2014, De Beers also intends to implement a Global Role Framework as a means of more consistently describing job content across our business. This will provide benefits such as effective workforce planning, career development and external benchmarking of remuneration.

SKILLS DEVELOPMENT

To deliver our future goals and support the development aspirations of our producer countries, we invest significantly in the skills of our workforce. In 2013, we invested a total of US\$16.7 million (2012: US\$20.5 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 have been able to provide enhanced leadership development opportunities through a suite of Anglo American leadership programmes.

These programmes focus on creating capability across all leadership levels – from developing leadership capability to becoming a senior or executive leader, to management excellence at middle and lower management levels. To date, we have enrolled 46 De Beers employees on the programmes and intend to enrol another 55 in the year ahead. It's all part of our ongoing commitment to developing great leadership within the company.

FIG 4.

PERCENTAGE OF EMPLOYEES RECEIVING PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

JOB BAND	CANADA	SOUTH AFRICA	DEBSWANA	NAMDEB HOLDINGS
GRADE 9 UK	100%	–	–	100%
F-BAND/GRADE 8	100%	100%	100%	100%
EU-BAND/GRADE 7	100%	100%	100%	100%
EL-BAND/GRADE 6	100%	100%	100%	100%
DU-BAND/GRADE 5	100%	100%	100%	100%
DL-BAND/GRADE 4	100%	100%	100%	100%
CU-BAND/GRADE 3	100%	100%	100%	100%
CL-BAND/GRADE 2	100%	100%	100%	100%
B-BAND/GRADE 1	100%	N/A	100%	100%
A-BAND	–	–	100%	100%

For DBCM, B Band employees are part of the Bargaining Unit, and therefore not subject to annual performance reviews. Both DBCM and De Beers Canada have no A Band employees.

EMPLOYEES

Report to Society 2013

WORKFORCE PROFILE

Alignment with Anglo American reporting definitions account for a slight decrease in the total number of employees, which now exclude non-mining outsourced and sporadic contractors. De Beers employed a total workforce of 20,385 people in 2013 (2012: 23,273). Of these, 15,803 were direct employees, including permanent employees, those on fixed contracts, and trainees (2012: 15,739). The majority of our workforce continues to be based in Africa, with 82.3 percent of direct employees in the region (2012: 81.2 percent, see Figs 7 and 8).

The proportion of employees on fixed-term contracts remained stable during 2013 at 9.0 percent (2012: 9.4 percent, see Figs 5 and 7). We do not have a substantial portion of workers who are legally recognised as self-employed or non-supervised workers.

Employee turnover, which includes resignations, redundancies, retirement, dismissals and completion of fixed contracts, fell slightly across De Beers in 2013 to 10.19 percent (2012: 12 percent, see Fig 6).

Looking ahead, the project to transform Venetia Mine from an open pit to an underground operation from 2013 (see p20), is expected to create approximately 1,482 direct jobs, and provide opportunities for both semi-skilled and skilled workers, drawn primarily from the region, during the extended life of the mine.

FIG 5.
WORKFORCE COMPOSITION
(PERMANENT AND NON-PERMANENT), 2011-2013

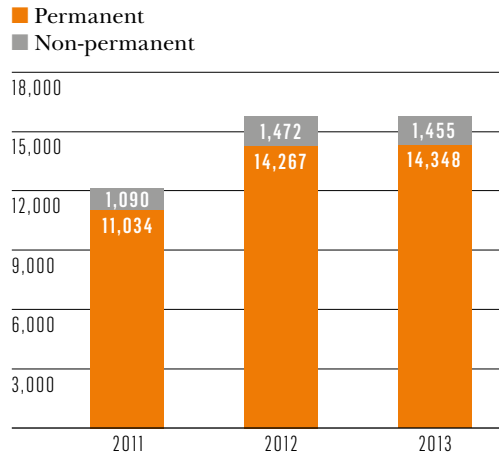


FIG 7.
TOTAL WORKFORCE AT YEAR-END BY REGION, 2013

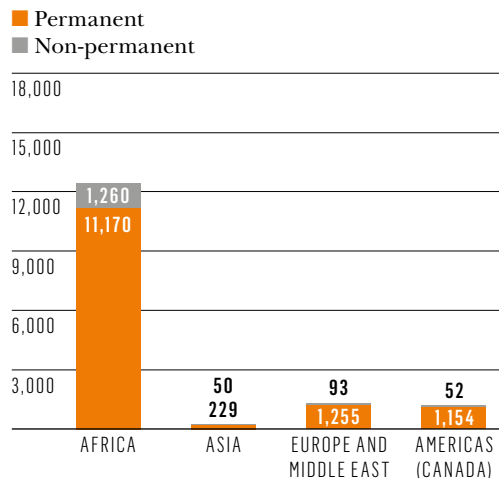


FIG 6.
LABOUR TURNOVER, 2011-2013 (%)

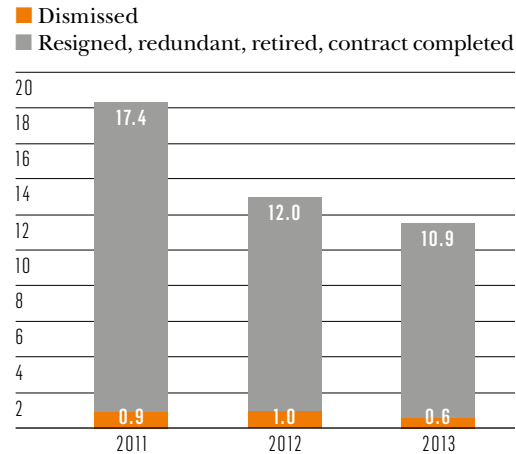
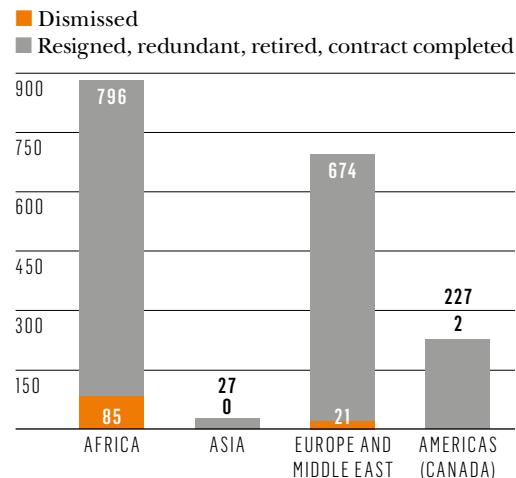


FIG 8.
LABOUR TURNOVER BY REGION, 2011-2013



EMPLOYEES

Report to Society 2013

3.1 DIVERSITY AND INCLUSION

It is important to us that our workforce reflects the diversity of the communities and broader society in which we operate. Our commitment to diversity falls into two main areas – employment of historically disadvantaged and citizen talent (based on country-specific legislation) and gender diversity.

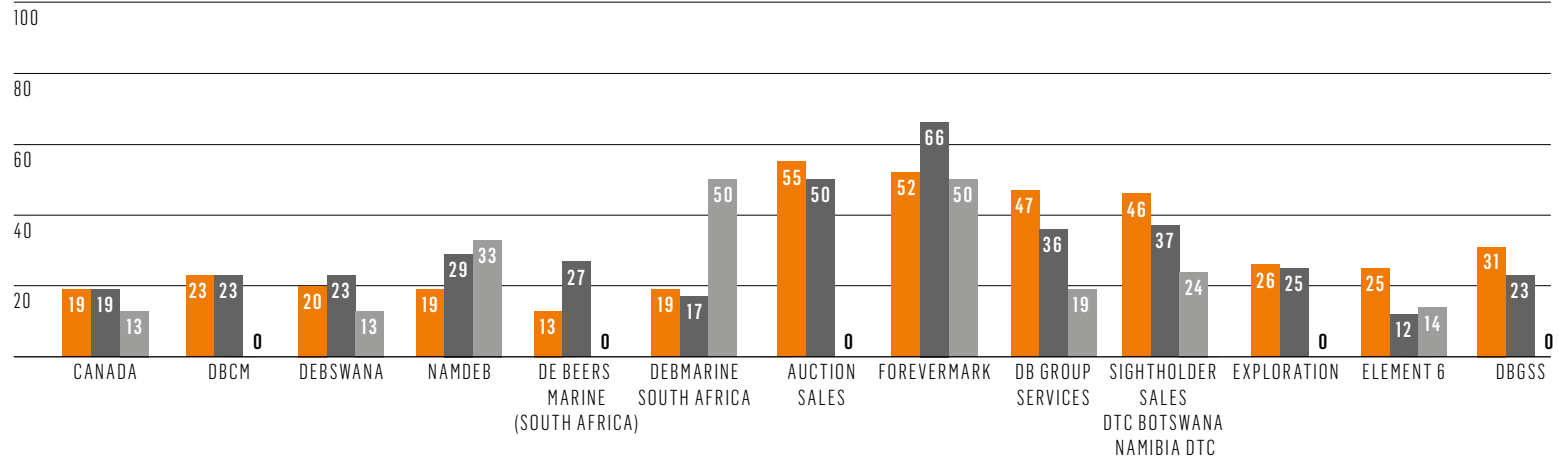
INVESTING IN LOCAL SKILLS AND TALENT

A key 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. This in turn helps to develop a wider skills base in the local communities where we live and work. We are also committed to supporting our partner governments in their efforts to provide opportunities to previously disadvantaged groups. We ensure that designated groups are represented in our workforce and management positions in proportions that reasonably reflect the demographics of the country's economically active population. The table below shows the proportion of our workforce and management in South Africa, Namibia and Botswana that is made up from historically disadvantaged groups or local citizens.

FIG 9.

WORKFORCE AND MANAGEMENT DIVERSITY 2013: WOMEN (%)

■ % of total employees
■ % of management employees
■ % of senior management



SUPPORTING WOMEN IN MINING

Historically, mining has been a male-dominated industry. Even though the number of women working in mining has been steadily increasing, as more women are training and qualifying as geologists, engineers and managers, we need to work with our industry partners to effect change at a quicker pace.

In 2013, women made up 23.6 percent of our workforce (2012: 23.7 percent), holding 27.4 percent of management positions and 17 percent of senior management positions (2012: 25.5 percent and 16.7 percent, respectively).

We actively support efforts to increase the proportion of women in mining and women in senior management positions. In South Africa in 2013, female employees were well represented in various Anglo American development programmes (see p39). For instance, within De Beers Consolidated Mines this included 99 percent female participants in the Achiever programme, 50 percent in Leaders in Anglo American and 55 percent in technical learnerships.

FIG 10.

WORKFORCE AND MANAGEMENT DIVERSITY: HISTORICALLY DISADVANTAGED SOUTH AFRICANS (HDSA), HISTORICALLY DISADVANTAGED NAMIBIANS (HDN) AND LOCAL BOTSWANA CITIZENS, 2013(%)

	SOUTH AFRICA (HDSA)	NAMDEB (HDN)	DEBSWANA (LOCAL CITIZENS)
WORKFORCE	86%	88%	97%
MANAGEMENT	52%	59%	87%

EMPLOYEES

Report to Society 2013

3.2 SAFETY

Safety has always been the top priority for De Beers and we have a fundamental commitment to zero harm. It is our belief that we can mine and live up to diamonds without any loss of life incidents, serious injuries or occupational illnesses. Safety is also an important factor in our licence to operate – it is a key focus for authorities, trade unions and employees. Listening to and understanding their opinions and concerns around safety helps us to continually develop and improve our approach and achieve excellence in our safety performance.

MANAGING SAFE OPERATIONS

Through the effective management of safety risks, we strive to achieve zero harm in all of our operations. Our key focus areas are standardising our safety management systems, creating simple non-negotiable safety rules, preventing repeat incidents, and establishing a culture of caring for one another and personal accountability.

Safety is one of the disciplines that make up our 'Good to Great' improvement framework (see p11). Our approach is described in the Group Safety Policy, and delivered through a set of standards and guidelines that support safety leadership and behaviour change. All of our mines and some exploration sites are certified to the Occupational Health and Safety Assessment Series (OHSAS) 18001 standard and are audited internally and externally on a cyclical basis. Our approach is one of continual assessment and adjustment and areas for improvement are captured in a safety improvement plan at each operation, which is updated annually.

The Safety Peer Group is a platform where best practice and learning is shared. The Peer Group met three times in 2013 and discussed topics such as safety audits and alignment with Anglo American's Safety Way, Fatal and Major Risk Guidelines.

During the year we completed self-assessments at all operations against Anglo American's Fatal and Major Risk Standards, which are mandatory technical standards covering a range of safety risks. Having used Anglo American standards and safety initiatives for a number of years, the findings show a high level of compliance across the group. Any gaps with the Guidelines will be closed in 2014.

SAFETY CHALLENGES

Particular safety challenges include transport, fatigue and surface mobile equipment, which mostly covers vehicles. These are areas of concern as they give rise to a high number of high potential incidents at our operations. To understand these risks better, we initiated a range of independent assurance audits to assess compliance with management processes and requirements. The audits were completed at the end of 2013 and results will be consolidated and shared across the business in early 2014. We will use the results to develop improvements to our processes, including fatigue management and transport management plans.

RISK MANAGEMENT

We are determined for safety to be not just a priority, but also a key part of our culture. We are working in a number of areas to standardise and improve our approach, including a focus on leadership, initiatives to prevent potentially fatal risks, enhanced safety risk management and learning from incidents.

We believe that one of the most effective ways to eliminate fatal and other serious incidents is through strong accountable leadership that focuses on identifying hazards, implementing appropriate controls, and measuring the effectiveness of those controls on an ongoing basis.

Regular, visible safety actions and behaviour from our leaders across the organisation can be a catalyst for change, helping to create an environment where our employees and contractors work safely. Our Visible Felt Leadership initiative supports this belief and ensures managers and supervisors engage with operations personnel in their work environment on a regular basis in order to develop a conversation on safety over time. With routine scheduling and repetition, the initiative aims for a two-way dialogue to develop on safety highlighting positive practices and areas for improvement. In 2014 we will review our Visible Felt Leadership programme to align it more closely with programmes being run by Anglo American.

LEARNING FROM INCIDENTS

One of our fundamental safety principles is to avoid repeat incidents by learning from experience. All serious and high potential incidents are fully investigated, analysed and learning is shared across De Beers.

FATAL RISK CONTROL GUIDELINES

In addition to Anglo American's Major Risk Guidelines, which are now mandatory for our operations, we continue to follow De Beers Fatal Risk Control Guidelines (FRCG). These set out the requirements for assessing and mitigating six risk areas that have the potential to cause fatal

accidents. These risks are: light vehicles, mobile equipment, equipment safeguarding, isolation, working at heights and lifting operations. We have adapted the FRCG to match Anglo American requirements and will include a new guideline on hazardous chemicals managements in 2014.

With the exception of Mobile Equipment (74 percent), all other elements of the Fatal Risk Control Guidelines scored above 80 percent.

SAFETY RISK MANAGEMENT PROGRAMME

Our Operational Risk Management framework aims to educate employees and contractors to identify hazards and assess and manage risks better. Training in the SRMP is continuing throughout the company and we have a target for more than 80 percent of applicable employees and contractors to complete the training. At the end of 2013, good progress has been made in achieving this target. In line with our focus on leadership and safety, all members of our Executive Committee have completed the safety risk management training.

PERFORMANCE

2013 was a year of safety improvements for De Beers, with no loss of life incidents and a reduction in lost time injuries. Our Lost Time Injury Frequency Rate* (LTIFR) fell 64 percent to 0.19 (2012: 0.48).

The continued reduction in lost time incidents at our operations shows the effectiveness of a proactive approach to safety leadership.

* Lost Time Injury Frequency Rate is the number of lost time injuries multiplied by 200,000 divided by the number of man hours worked.

EMPLOYEES

Report to Society 2013

3.3 OCCUPATIONAL HEALTH AND WELLBEING

Our integrated approach to preventing occupational diseases and promoting employee health applies both within and beyond the workplace to ensure that all employees are fit for the work they perform. Optimal employee health is essential to the effectiveness of our operations, and to the wellbeing and participation of employees in their local communities. Central to our approach are protecting employees from health hazards, meeting all relevant workplace regulations and early intervention in managing occupational health incidents, including occupational disease.

The two complementary disciplines involved in Occupational Health are Occupational Hygiene and Occupational Medicine, both of which make up part of our ECOHS programme (see p11). These disciplines work together with other functions such as Human Resources to provide a broader oversight of employee wellbeing. De Beers' position regarding employee health is outlined in our comprehensive Occupational Health Policy and is managed through a set of standards and guidelines.

OUR APPROACH IN 2013

During 2013, our major focus was the ongoing integration of our Occupational Medicine and Hygiene approach across De Beers, and also on aligning our approach with the integrated Anglo American Health Way. The Occupational Hygiene Peer Group became an interest group within the broader Health Peer Group, which now comprises the medical, hygiene and wellbeing disciplines. The Health Peer Group met via teleconference on three occasions and an Occupational Health programme was held for Peer Group members as part of the ECOHS conference in October. This addressed emerging issues in work exposure, clinical surveillance and HIV management as well as alignment with Anglo American risk management processes.

For the first time, our operations also conducted self-assessments against the Anglo American Group Technical Standard for hearing programmes, respiratory protection and fatigue. This process identified the need to develop comprehensive fatigue programmes.

PERFORMANCE IN 2013

We maintained compliance with De Beers' health standards in 2013 with an Occupational Illness Fatality Rate of zero (2012: zero) and a reported Occupational Illness Frequency Rate of 0.4 cases per million hours (pmh) worked (2012: 0.4).

Across De Beers, there were 14 cases of occupational disease. Major incidents comprised an early retirement from musculoskeletal disease and a compensated case of noise-induced hearing loss. Moderate incidents reported were five cases of noise-induced hearing loss; two cases of occupational asthma, following exposure to tungsten carbide dust; two cases of latex allergy with dermatitis; one operated case of carpal tunnel syndrome; one case of occupational tuberculosis in a health care worker; and one case of occupational malaria with lost time.

Occupational diseases are a lagging indicator, most often reflecting past rather than current exposure to workplace health hazards. As a result, the incidence of new cases does not necessarily reflect current exposures and control.

Workplace noise exposure and ensuring effective hearing conservation programmes remain our major occupational health challenge in both our onshore and marine mining operations. We investigate loss of hearing from any cause within our hearing conservation programmes and are focusing on improving risk measurement to enable better control. Further reduction of noise exposure on marine vessels is a priority and will be addressed during vessel refurbishment.

Re-engineering of operator controls for marine mining has successfully reduced the ergonomic exposure that led to several cases of carpal tunnel syndrome in 2012.

WELLBEING INITIATIVES IN THE WORKPLACE

During 2013, many of our operations conducted comprehensive wellbeing assessments and started wellbeing programmes, such as nutrition advice and other counselling, physical fitness and biggest weight loss competitions, and integrated chronic disease surveillance. In South Africa, DBCM introduced targeted financial counselling for affected employees and investigated the use of tools to assess mental wellbeing.

3.4 HIV AND TUBERCULOSIS MANAGEMENT

Our strategy for employee wellbeing includes a focus on HIV prevention, treatment, care and support. Our goal is for all employees to know their HIV status and other associated health risks, such as tuberculosis, enabling them to manage their health appropriately. For our operations in southern Africa, the prevention and management of both tuberculosis and HIV remain priorities for the wellbeing of employees and their families, the continuity of our business and for continued development in our producer countries.

Our management approach has been effective at reducing the risk of HIV to the sustainability of De Beers. Although comprehensive HIV care is available, HIV remains a cause of in-service employee deaths in those who do not join treatment programmes. Our current registration on all HIV programmes in southern Africa is 1,618 people.

In South Africa, the reported tuberculosis incidence rate of 207 cases per 100,000 full-time employees compares with an estimated South African incidence rate of over 1,000 cases per 100,000 people. We manage tuberculosis in close collaboration with public health facilities.

ACTIVELY SUPPORTING PREVENTION

Prevention is routinely promoted across our operations through Provider Initiated HIV Counselling and Testing during occupational and primary care consultations. HIV tests are available to all employees, spouses, life partners and contractors. Private-public partnerships also help to make testing available in communities near our operations.

PROVIDING ONGOING TREATMENT

Anti-Retroviral Treatment (ART) is available free to employees and their life partners where it can be provided in a responsible and sustainable manner. If treatment is not otherwise available, we provide lifelong ART upon retirement or retrenchment. Our overall goal is to encourage all HIV positive individuals to join a programme to help them manage the disease as early as possible, which supports the current trend towards earlier ART treatment to benefit individuals, reduce transmission, and prolong life expectancy.

COMMUNITIES

Report to Society 2013



COMMUNITIES

OUR APPROACH

We recognise that the future of our business is closely linked with the future of local communities in the countries where we operate. Investing in their future is an inherent part of investing in the future of The De Beers Group of Companies. In many of these communities we have been, and will continue to be, present for many decades because we operate over long timeframes. So taking the long view in terms of investment is both the right thing to do and makes business sense.

De Beers relies on local communities for many things: skills, a local supply of goods and services, and access to shared resources like water and land. Good relationships, based on the principles of trust and mutual benefit, are therefore essential to maintaining our social licence to operate. This, in turn, is vital to protecting consumers' confidence in the integrity of diamonds.

As part of being a good neighbour, De Beers is committed to meeting international best practice for managing community issues and impacts. We use a number of structured techniques and tools to help us:

- Listen carefully to our community stakeholders
- Manage our relationships with them
- Identify, assess and mitigate our community impacts

The potential impact of a mining operation on a community depends on its context and social environment. Possible impacts include: the influx of workers from outside the community during construction and operation, restrictions on community access to land and freedom of movement due to safety and security measures, and the loss of employment opportunities and other benefits when a mine closes. All of these potential impacts are addressed through our planning and management framework. We take particular care when planning or operating a mine in areas of socio-economic vulnerability or cultural sensitivity.

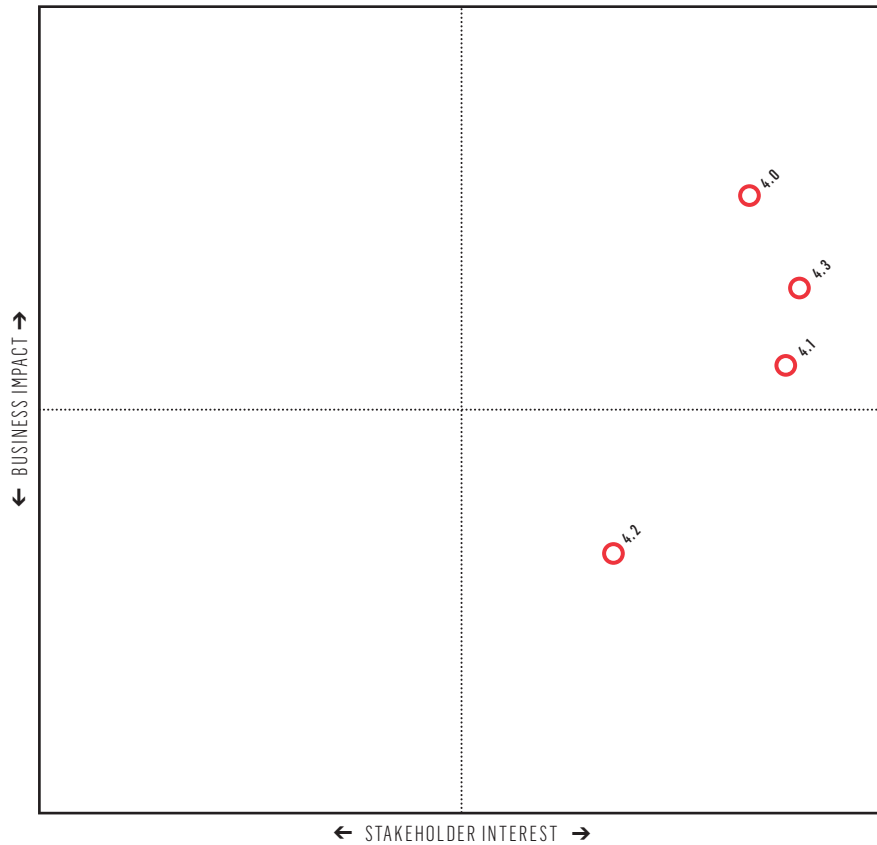
To ensure our activities and investment respond to the needs and priorities of local communities, we regularly engage with and listen to them. Our programmes to support this span capacity building, infrastructure development, employment, strategic social investment, enterprise development and local procurement.

Our long-term objective is to create sustained social and economic benefit both during and beyond the life of a mine.

COMMUNITIES

Report to Society 2013

OUR 2013 MATERIAL ISSUES



4.0 SOCIO-ECONOMIC BENEFIT

Activities to support sustainable local economies and communities, including social investment, infrastructure development, local employment and procurement, and enterprise development.

4.1 OPERATIONAL IMPACTS

Changes (directly or indirectly) attributable to a project, programme, policy or process. Impacts (also referred to as effects) may be planned or unplanned, positive or negative, achieved immediately or only after some time, and sustainable or unsustainable.

4.2 LAND OWNERSHIP

Our operations require that we have rights to the land on which we operate.

4.3 CLOSURE AND TRANSFER OF ASSETS

The social impacts of closing mining operations, or the sale or transfer of assets, including on jobs and local economic activity.

COMMUNITIES

Report to Society 2013

Engagement with local communities and investment in their future is central to the long-term success of our business. We take a partnership approach and strive to create both economic and social value through all of our activities and programmes.

COMMUNITY HIGHLIGHTS

COMMUNITY SOCIAL INVESTMENT

US\$29.5 M

contribution to social investment in 2013

FOCUS ON AFRICA

77%

of our Community Social Investment took place in Africa

SOCIAL AND LABOUR PLANS INVESTMENTS

US\$4.7 M

spent in 2013 in 18 projects benefiting South Africa

MANAGEMENT OVERVIEW

Community is one of the disciplines that make up our Environment, Community, Occupational Health and Safety (ECOHS) Programme (see p11). De Beers' community goal is 'to secure and maintain our social licence to operate from local communities for all our operations, based on the principles of informed consent and mutual benefit'. Our approach is reflected in our Group Community Policy (www.debeersgroup.com/en/Sustainability/communities), which reflects international best practice relating to the rights of local communities and indigenous peoples.

Our community strategy is threefold: to know and work with our communities; to understand our impacts and responsibilities; and to manage our short- and long-term community risks. The strategy is co-ordinated by the Group Community Relations Manager and delivered by community relations practitioners at each operation. Best practice is shared through the Group-wide Community Peer Group, which met four times in 2013. Peer Group discussions during the year mainly covered alignment of our long-standing community programme with Anglo American's Social Way standards and implementation of the Anglo American Socio-Economic Assessment Toolbox (SEAT). A number of exchange visits between our community teams in South Africa, Botswana and Namibia also took place during the year.

Planning for and investing in the future of our local communities takes place at all stages of the mine lifecycle. We use a range of tools to identify and address our potential impacts. While developing a mine, or when planning significant changes to existing operations, we undertake Environmental Impact Assessments (EIAs) and Social Impact Assessments (SIAs) as well as specialist studies, such as that undertaken for the Venetia Mine Underground Project (see p20).

Some of our community engagement activities and social investments are governed by formal regulatory agreements with local communities and authorities, such as Impact Benefit Agreements (IBAs) in Canada (see p47) and Social and Labour Plans (SLPs) in South Africa (see p47).

Compliance with our own and external community management requirements is assessed through a number of assurance and review processes. These include the mining requirements of the Best Practice Principles Assurance Programme (see p28), the annual business plan technical review for mining operations, and project finance approval processes at both business unit-level and Group-level.

THE SOCIAL WAY

We have aligned our long-standing approach to community management and engagement with Anglo American's Social Way Management Framework, a set of 24 social criteria to be met by all Anglo American operations.

Although we have undertaken Socio-Economic assessments for a number of years, alignment with the Social Way began in 2012 with a pilot self-assessment against the 24 criteria. Following this, site-specific improvement plans were developed to improve alignment of our community management with the Social Way. These improvement plans were followed through the year.

At the end of 2013 all operations undertook their first formal Social Way self-assessment. The self-assessments identified an average score at De Beers' operations of 2.9, with a score of two indicating 'Reactive', three 'Compliant' and four 'Proactive'. This was a marked improvement from the 2012 pilot exercise when the average score was 2.1. As part of our commitment to continuous improvement, plans are in place to achieve an overall 'Compliant' level for De Beers in 2014.

SOCIO-ECONOMIC ASSESSMENT TOOLBOX

Central to the Social Way Framework is the SEAT, which all Anglo American operations are required to follow. SEAT outlines a structured, seven-step process for mining operations to assess their social impacts and risks, profile local communities and assess their needs, and develop or update community investment activities to deliver socio-economic benefit.

Operations complete SEAT every three years and at the end of the process a SEAT report is developed and communicated publicly. This provides a snapshot of an operation's social management and how it is performing with regard to its community policy and strategy. The SEAT report is then used to inform annual management plans for both community investment and local stakeholder engagement. These plans are updated every year.

All De Beers operations are committed to implementing SEAT and each operation has an implementation plan in place. Greatest progress has been made at our South African operations and SEAT reports for these operations will be released in 2014. We plan to use the reports as a tool for knowledge sharing and improvement across the Community discipline in 2014. Namibia and Canada also made good progress with the initial steps of the SEAT process. Botswana started planning during the year for 2014 implementation.

To support our commitment to SEAT, additional training was provided in 2013 both to the whole Community Peer Group and to individual operations. Training was also provided to all operations and business units on the social elements of the data reporting software used by Anglo American. This includes community investment and complaints/grievance management.

COMMUNITIES

Report to Society 2013

COMMUNITY ENGAGEMENT

A core element of SEAT is engagement with local stakeholders. Engagement activities are laid out in each operation's annual stakeholder engagement plan. In addition to targeted and planned engagement activities, SEAT requires effective grievance mechanisms to be in place. Following a Group-wide review of our complaints and grievance systems in 2012, we made progress in updating our grievance mechanisms in 2013. We also installed a data reporting system to allow online reporting of complaints and grievances. As mentioned above, training was provided on this reporting system in 2013. During 2014, we will provide further training to formalise and standardise De Beers' approach to complaints and grievance management and reporting.

4.0 SOCIO-ECONOMIC BENEFIT

Socio-economic benefit is the term we use to describe the range of activities that we undertake, or contribute to, in order to support, develop and maintain sustainable local economies and communities. These activities are some of the main ways we invest in the future of communities and harness the potential of diamond mining as a catalyst for long-term economic development. Creating a sustainable and diversified local post-mining economy is our ultimate objective. We want to ensure that communities will continue to prosper beyond the life of our mines.

Our community investment strategy looks beyond narrow philanthropic spending and aims to deliver lasting socio-economic benefits. Where possible, we work in partnership, aligning our investment activities with national, regional and local development programmes and priorities.

WE FOCUS OUR ACTIVITIES AND INVESTMENT IN SIX BROAD AREAS:

In-kind community services

Education, health and employment are key priorities for all of the communities we engage with. 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 in the Boteti region, the mine hospital provided essential health services to more than 76,491 patients in 2013.

Skills development and capacity building

Investing in skills development and capacity building within our communities is an essential part of supporting economic development that will last beyond the life of our operations. Skills development programmes mainly focus on education, enterprise development and preferential procurement within local communities (see p22). We also operate investment funds to promote enterprise development, including the Namdeb Foundation in Namibia, De Beers Zimele in South Africa, and the Tokofala enterprise development programme which launched in Botswana in 2013 (see p22).

HIV and Aids programmes

Our long-standing investment in HIV and Aids includes testing, treatment and outreach services through company hospitals, and support for HIV and Aids programmes provided by other organisations through our social investment funds. These programmes are in addition to our internal HIV and Aids management programmes (see p43).

Social and Labour Plan investments

These are formal regulatory agreements with local communities in South Africa that focus on infrastructure investment, community development and poverty eradication in the vicinity of our mines.

In South Africa, all mining companies must submit five-year Social and Labour Plans (SLPs) to the government before mining or production rights are granted. SLPs aim to ensure that mining companies contribute to socio-economic development through job creation, infrastructure, education and health investment, HIV/Aids programmes and small business development.

Following completion of our first round of five-year SLPs in 2012, we received approval in 2013 from the Department of Mineral Resources (DMR) for new SLPs at Voorspoed and Venetia Mines covering the period 2013–2017. We are awaiting approval for new SLPs at Namaqualand and Kimberley Mines for the same period. Engagement with the DMR on these is ongoing.

During 2013, DBCM distributed US\$4.72 million towards 18 SLP projects.

Impact Benefit Agreements

Impact Benefit Agreements (IBAs) in Canada are formal community investment agreements with First Nation communities and other Aboriginal groups in the vicinity of our mines.

IBAs require us to invest in a range of community programmes to ensure that mining delivers tangible benefits to Aboriginal communities. The content of IBAs varies, but typically includes agreements on appointing local Aboriginal people, education and training, support for Aboriginal culture, environmental protection and, where appropriate, financial compensation.

During 2013 delivery against four IBAs relating to our Snap Lake mine in the Northwest Territories and three relating to our Victor mine in Ontario continued. In 2013, social investment under these IBAs was US\$5.23 million (2012: US\$5.31 million).

Agreement was also reached with the Government of the Northwest Territories regarding the socio-economic agreement for Gahcho Kué and the Agreement was signed and made public in June 2013. In July, De Beers entered into an IBA for Gahcho Kué with the North Slave Métis Alliance, which was the first IBA to be concluded for Gahcho Kué.

COMMUNITIES

Report to Society 2013

Attawapiskat First Nation, a remote fly-in community 90kms from our Victor Mine, continued to face long-standing housing challenges and broader community infrastructure issues during 2013. These deeply entrenched social issues are not associated with Victor Mine, and are beyond our ability to address. Nonetheless, we have provided support in various ways over the years, including a comprehensive housing needs assessment for the community and a Project Manager to oversee the installation of emergency homes. In early 2013, a few individual members of the community blocked the winter ice road leading to the Victor Mine on two separate occasions to draw attention to their personal concerns, for four and 12 days respectively. Initial concerns were mostly employment related and some were handled very quickly when discussions outlined the proper process. Others were more extreme and eventually required legal attention in order to re-open the road before the spring thaw. The Ontario Superior Court deemed the individuals' actions illegal and issued an injunction to remove the blockade. The injunction will remain in place through 2016.

Later in the year, De Beers Canada issued an IBA Dispute Notice to the Attawapiskat First Nation community concerning their unwillingness to formally meet in order to settle outstanding issues. Eventually, towards the end of 2013, a mediation process commenced in accordance with the terms of the IBA to overcome the issues and create a renewed stronger relationship through this process. By year-end some progress had been made to overcome the issues faced by the community and De Beers Canada.

Strategic philanthropy

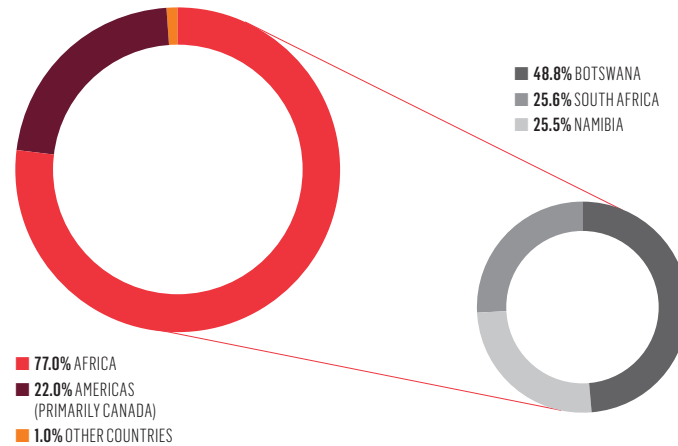
Strategic philanthropy is another way we invest in the future of local communities. Our investment focuses on health, education, housing and community development. It includes cash and in-kind support for small and large-scale development projects. Strategic philanthropy is generally managed through dedicated social investment vehicles such as the De Beers Fund in South Africa, the De Beers Fund Namibia and the Diamond Trust in Botswana.

We started aligning our approach to community investment with that of Anglo American during 2012 when we adopted their reporting categories for community investment. In 2013, we continued the alignment process by changing the scope of community investment reporting. Where we used to report the total cost of our mine schools and hospitals, we now only report the cost in proportion with community use of these services. As a result, our community investment total has decreased from that reported in previous years.

In 2013, our overall social investment contribution totalled US\$29.5 million (2012: US\$39.3 million*), 77 percent of which was focused in Africa (2012: 83.0 percent, see Fig 11). This figure incorporates both philanthropic and socio-economic programme expenditure.

* In this year's figure, we have not included the full cost of company funded schools and hospitals. It is only the proportionate cost attributed to users from the community as a percentage of total users that has been counted as CSI.

FIG 11.
SOCIAL INVESTMENT SPEND BY REGION
AND (AFRICAN) COUNTRY, 2013 (%)



COMMUNITIES

Report to Society 2013

4.1 OPERATIONAL IMPACTS

A key aspect of the SEAT is to enable operations to effectively identify and manage both the positive and negative impacts that they may have on local communities. Common impacts include: local demographic change; economic development and changes to livelihoods; changes in health status; changes in capacity and quality of infrastructure and services; the quality or availability of natural resources; social nuisance factors, such as dust and noise; impacts on safety and security.

Potential impacts are first identified during a project's Social Impact Assessment (SIA), which provides vital information for the mine design and planning process. During a mine's life, however, operational impacts may change and new impacts might emerge. This is why the SEAT process is undertaken every three years.

Participatory monitoring and effective grievance mechanisms are also an important part of SEAT. They allow new impacts to be identified by local stakeholders and addressed by an operation's management team.

SAFETY AND SECURITY

It is our absolute priority to make sure that our operations do not pose a risk to the safety or security of our local communities. It is therefore to our deep regret that we record that two people were fatally injured in vehicle collisions linked to our operations on public roads in Botswana in 2013.

On 16 June, a De Beers Exploration vehicle was involved in a fatal collision in Paje village with a five-year-old girl, Lorraine Lucas, while travelling from Letlhakane Mine to the exploration camp at Lerala. On 15 August, a vehicle belonging to a sub-contractor of one of our equipment suppliers, travelling under police convoy, was involved in a fatal collision. The incident took place approximately 100km from Jwaneng Mine on a public road in southeast Botswana.

We recognise that these types of incidents require rigorous investigation and communication to prevent repeat incidents. Both incidents have been thoroughly investigated by De Beers and the relevant authorities, and reported in detail to the ECOHS Committee. Our 'Learning from Incidents' workstream will continue to identify opportunities to share the lessons learned from such incidents, so that all efforts can be made to prevent repeat occurrences.

Following consultation with the Paje Chief and Village Development Committee, a playground for the local children was identified as a suitable memorial to the late Lorraine Lucas and the construction has been organised by De Beers Exploration.

4.2 LAND OWNERSHIP

We are committed to ensuring that the rights of all communities affected by our mining operations are upheld at all times, in order to meet international best practice and to minimise legal and operational risks. Our Community Policy recognises that people's interests in land and property may derive from traditional and spiritual association in addition to legal title.

LAND CLAIMS

A number of communities in South Africa have made formal land claims to areas in which we operate under the Restitution of Lands Act. There are currently three separate land claims published in the Government Gazette relating to properties owned by DBCM at Venetia, Rooipoort and Hondeklip Bay in Namaqualand. De Beers continues to engage with the relevant authorities in respect of each claim.

RESETTLEMENT

Wherever possible, we aim to avoid the relocation of people as a result of our exploration or mining activities, but it is occasionally necessary for the safety and security of local people and our operations. Resettlement can result from physical displacement where households need to be relocated, or economic displacement where people remain in their existing houses but their livelihoods are affected. In the event of any potential resettlement, we consult widely and follow best practice, including the International Finance Corporation's Performance Standard 5: Land Acquisition and Involuntary Resettlement.

Angola

In 2013, the resettlement of a small, semi-rural community of 16 households (72 people) at Mulepe in Lunda Norte, Angola was completed. The resettlement was necessary to allow an advanced exploration drilling programme to

evaluate a kimberlite adjacent to the Mulepe village without putting the health and safety of the community at risk.

Prior to and throughout the resettlement process, external consultants provided technical support to ensure the relocation met international standards. They worked alongside an Angolan NGO representing the community's interests. This external team completed a final post-resettlement monitoring review in August 2013. The review established that in general the community remain positive about the relocation and about their relationship with the company. Evidence gathered at the household level showed improved quality of life, better access to services, and increased economic activity, income and expenditure.

Some issues were identified relating to the quality of the house roofs, design of the open kitchen, ongoing maintenance of the water borehole pump, and the quality of the replacement agricultural land. As a result, the review recommended that internal monitoring continue and our Group Exploration ECOHS and Compliance Manager will visit the community in early 2014 to follow up on the consultant's recommendations and resolve the outstanding issues.

Botswana

At Orapa Mine, a project to expand the existing mining lease area may require the physical or economic displacement of a number of local community members. Consultation with the affected stakeholders continued in 2013 and a review of the resettlement along with Anglo American experts showed there were no significant social risks associated with the project. As the lease extension project develops we will create a management plan for the potential displacement in line with international best practice.

COMMUNITIES

Report to Society 2013

4.3 CLOSURE AND TRANSFER OF ASSETS

Mine closure is reasonably predictable. We are therefore able to plan early in order to minimise the negative impacts of closure on local communities and maximise positive ones. This is part of how we take the long-view and think ahead to what a post-mining future means for local communities.

A particular focus within closure planning is the process of transferring responsibility for infrastructure and public services from our operations to regional authorities, and proclaiming previously closed mining towns as self-governing municipalities.

As an alternative to closure, we actively look to divest our late-lifecycle mines to smaller operators who are able to extend the productive life of these assets. We use a rigorous, inclusive and transparent set of criteria to select buyers who have the relevant technical and financial skills needed to create value from an operation, and deliver sustainable benefit to the communities around the operation. In South Africa, Black Economic Empowerment credentials are a central requirement in these processes.

INTEGRATED CLOSURE PLANNING

All of our mines have detailed closure plans covering the environmental and physical aspects of closure. Integrated closure plans, which also cover social aspects such as employee and socio-economic community impacts, are in place at our South African, Namibian and Canadian operations. These plans cover issues including labour transition, employee skills training, enterprise development, social investment and rehabilitation.

A Group-wide gap analysis that was planned for 2013 to identify potential areas for improvement across all of our integrated closure plans was deferred to allow all operations to focus on the implementation of SEAT. This analysis will now be completed when all sites have finalised their SEAT implementation.

TOWN PROCLAMATION

Oranjemund in Namibia 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. This is likely to continue through 2014 while municipal services are transferred to the Town Council in a phased manner. It is envisaged that responsibility for the public gardens, refuse collection, the library and public swimming pool will be handed over to the Town Council during 2014.

In South Africa, the proclamation of the Namaqualand towns of Kleinsee and Koingnaas, which have been closed towns since 1929 and 1970 respectively, has been completed. Engagement continued in 2013 on the delayed handover of the towns to the relevant local authorities.

In Botswana, work continued on planning the proclamation of Orapa town in consultation with the relevant local and national government bodies. This is part of a broader long-term post-mining vision for the Orapa Mine area.

ASSET TRANSFER

With all asset transfers or mine sales, we ensure there are clear conditions of sale that help create sustainable local benefit, including employment creation, community support, equity ownership by Black Economic Empowerment groups and environmental rehabilitation where applicable.

In South Africa, the proposed sale of Namaqualand Mines to a Trans Hex-led consortium with strong Black Economic Empowerment credentials continued to progress towards completion in 2013. Under a revised sales agreement, signed in 2012, De Beers will retain a large portion of the mine area and more than half of the physical rehabilitation liability (see p55).

ILLEGAL MINING

Illegal mining remains a challenge in South Africa. Although the number of incidents fell in 2013, illegal miners continue to target the Colville Tailings Mineral Resource in Kimberley, which is currently an inactive operation. The challenge of illegal mining also remains at Namaqualand.

In both areas, DBCM security personnel and members of the South African Police Service endeavour to prevent trespassing and the destruction of mine property, as well as regularly closing off illegally excavated tunnels. We continue to work with the authorities and local communities to raise awareness of the dangers of illegal mining.

While illegal mining presents risks to De Beers and illegal miners themselves, it is a reflection of the wider socio-economic circumstances that local communities face. It is also a way for diamonds to enter the illicit diamond trade, reducing the development potential of diamonds, and fuelling the activity of criminal syndicates (see p30).

We work in partnership with government and industry to support collective action against illegal mining. We also invest in tackling the root causes of illegal mining through enterprise development initiatives, such as De Beers Zimele and Tokofala (see p22), and through the Diamond Development Initiative.

**ALL OF OUR MINES
HAVE CLOSURE
PLANS IN ORDER
TO MINIMISE
THE NEGATIVE
ASPECTS OF
CLOSURE AND
MAXIMISE THE
POSITIVE ONES.**

ENVIRONMENT

Report to Society 2013



ENVIRONMENT

OUR APPROACH

We recognise that the natural environment is a source of shared value. It not only provides resources for local communities and our operations, but also supports livelihoods for local people.

Like all extractive industries, diamond mining has a direct impact on the environment. The De Beers Group of Companies strives to minimise that impact through operational excellence and industry-leading environmental management. Our well-established management systems and processes enable us to identify and continually reduce our environmental impacts. They also help us to manage and enhance biodiversity around our operations.

When we develop mining projects we 'start with the end in mind'. We consider environmental impacts at every stage of the mine lifecycle from exploration, to production, to closure.

At the core of our environmental strategy is a commitment to standards and practices that are aligned with international best practice. We aim to fully integrate these practices into our processes and build competence and consistency across the Group. We recognise the interconnected nature of environmental impacts, such as biodiversity and ecosystem services, climate change and water, and waste management and pollution. It's a constant balancing act and at times we have to make trade-offs.

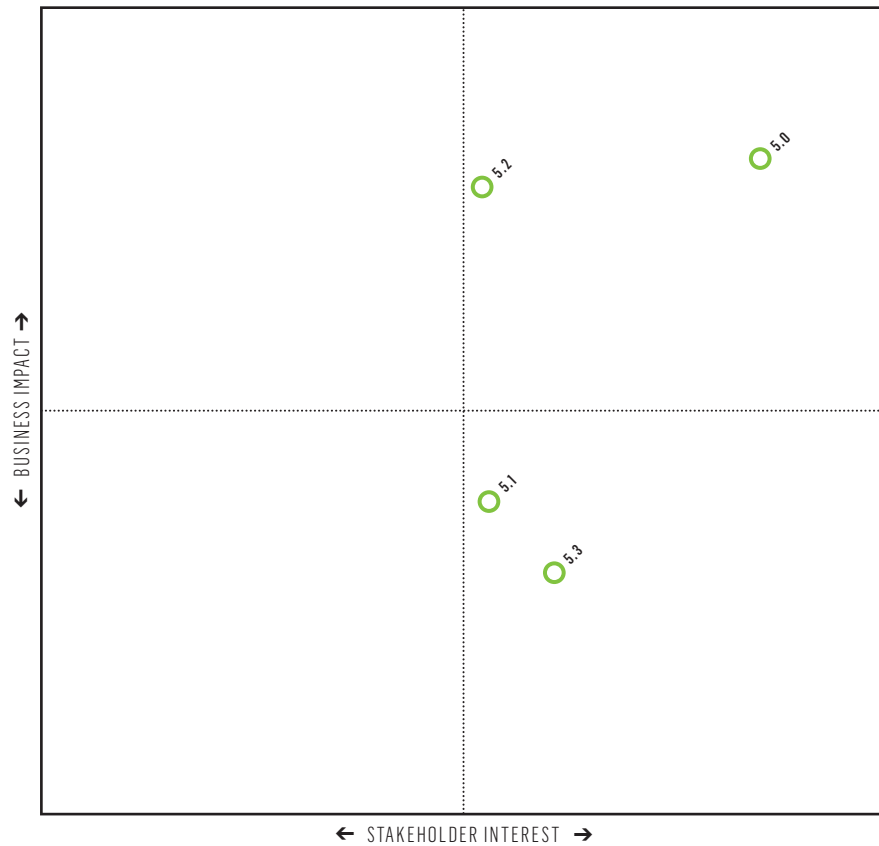
For example, reducing our water use might require an increase in energy use, which in turn increases our carbon footprint. Through consulting relevant experts and stakeholders we aim to come up with the best overall solution to these dilemmas.

There are some environmental challenges, such as climate change, that we know we cannot tackle alone. Collaboration is essential and we partner with local communities, governments, industry peers and NGOs, to address issues of local and global significance. Through these ongoing partnerships and our continuous pursuit of excellence, we aim to ensure a successful future for our operations and our local communities – one with healthy ecosystems, clean air and water, and adequate natural resources for all.

ENVIRONMENT

Report to Society 2013

OUR 2013 MATERIAL ISSUES



5.0 MANAGING IMPACTS ACROSS THE MINE LIFECYCLE

Activities to avoid, minimise, and finally mitigate environmental impacts at each phase of a mine's operation, from exploration through to closure, to contribute towards a positive environmental and social legacy.

5.1 WASTE AND POLLUTION PREVENTION

Management of waste materials and prevention of pollution.

5.2 WATER AND ENERGY SECURITY IN A CHANGING CLIMATE

The impact of mining on local water sources and global climate change.

5.3 BIODIVERSITY AND ECOSYSTEMS

Activities to ensure the impacts of mining on biodiversity and local ecosystems are minimised and opportunities are capitalised on.

ENVIRONMENT

Report to Society 2013

Sustainable management of natural resources is vital to the future prosperity of the countries in which we operate. We proactively manage our impacts on these shared resources at every stage of the mine lifecycle, from exploration to closure.

ECONOMIC HIGHLIGHTS

CONSERVATION

195,640

hectares of land owned and managed set aside for conservation

CARBON DIOXIDE EQUIVALENT EMISSIONS

1.8 M

an increase of 13 percent (2012: 1.6M CO₂-e) due to the inclusion of non-primary sources of energy in our reporting

WATER USE

65.4 M m³

of water used across all operations and facilities (2012: 61.5 million m³)

ENVIRONMENTAL MANAGEMENT

We are committed to building and maintaining an environmental management approach that matches the world's leading mining companies, and we aim to contribute to international best practice on mining and the environment by striving for excellence in our operations.

Given that mining has inherent environmental risks and our operations have long lifecycles, this is a long-term commitment that requires sustained effort in monitoring, improving our performance and meeting all relevant regulations on an ongoing basis.

We define best practice for our operations through our six Environmental Standards covering lifecycle planning, biodiversity, water, climate change, pollution prevention/waste management and environmental reporting. Along with our Environmental Policy, the Environmental Standards are mandatory for all operations. As part of complying with our Environmental Standards, all operational mines and key facilities retained ISO14001 certification in 2013.

Environment is one of the disciplines that make up our Environment, Community, Occupational Health and Safety (ECOHS) Programme (see p11). Led by the Environmental Lead, the Environmental Peer Group guides our work in this area and ensures continuous improvement in our approach, while also promoting collaboration across De Beers.

The Environmental Peer Group met four times by teleconference during the year and once at the Environment and Community Workshop in October. The peer group reviews key environmental issues for each operating unit, such as environmental incidents, management system status, project and permitting developments, as well as topics of Group-wide importance.

NEW FIVE-YEAR ENVIRONMENTAL GOAL

Following completion of our previous five-year environmental work programme, the Peer Group also worked to develop a new five-year goal during the year. The goal for the period 2013-2017 is:

"TO HAVE ALIGNED TO 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."

We see that achieving this goal will require improved environmental performance, and for the maturity of our environmental management approach to develop further across De Beers. To achieve this goal we have established five focus areas: risks; resources; rehabilitation and biodiversity; requirements and reporting; and reputation.

ALIGNMENT WITH ANGLO AMERICAN STANDARDS

A large proportion of the Peer Group's work in 2013 continued to focus on the alignment of De Beers' Environmental Standards and reporting requirements with those of Anglo American. These include the Anglo American Environment Way standards and technical standards on water management and energy and greenhouse gas (GHG) management.

A gap analysis between Anglo American and De Beers' environmental standards has highlighted that there is good alignment between the two sets of standards, except for the areas of air quality and mineral waste, the latter of which is covered by other De Beers' standards. During 2014, we will provide input to an update of the Anglo Environment Way.

In consultation with the Environmental Peer Group, we will also review and update the De Beers Environmental Standards in order to remove duplication with Anglo American's requirements while retaining the De Beers specific elements of our Standards. Our Biodiversity standard has already been updated and will be reviewed and agreed in 2014.

In addition to the gap analysis, 30 De Beers' sites completed a self-assessment against the requirements of the Anglo American Environment Way. Although the baseline year for De Beers' compliance with Anglo American's standards is 2014, the self-assessment aimed to raise awareness of the Environment Way within our operations and provide a snapshot of our operations' current level of compliance.

Compliance across De Beers was found to be good (above 80 percent) for most of the Environment Way standards, with water and rehabilitation just below the 80 percent threshold due to lower scores in some operations. Compliance against the air quality standard was the lowest across De Beers, which was due to difficulties interpreting the air quality standard and air quality being considered as a less critical environmental aspect at our operations.

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5.0 MANAGING IMPACTS ACROSS THE MINE LIFECYCLE

Mining activities can have significant impacts on the environment, in particular physical impacts on the landscape and impacts from mining operations. Our Lifecycle Planning Standard guides us in managing lifetime environmental and social risks at our operations and contributing toward a positive environmental and social legacy once mining has ceased.

We are committed to adopting the mitigation hierarchy approach at every stage of the mining lifecycle – from exploration and project planning to mining, closure and rehabilitation.

We endeavour to first avoid, then minimise, and finally rehabilitate the impact of our activities to leave a minimal residual impact. This includes environmental and social screening at the conceptual phase, undertaking impact assessments as the project moves into the pre-feasibility phase of a project, and developing management plans as part of the feasibility assessment. These plans then form a core part of the ISO14001 Environmental Management System and are retained through the life of a mine.

TABLE 12.
LIFECYCLE STAGES AND ACTIVITIES IN 2013

PHASE	ACTIVITY	OBJECTIVE	2013 ACTION/EXAMPLE
CONCEPTUAL	Environmental and social screening	To establish if the proposed project has the potential to generate significant or unacceptable environmental or social impacts	<ul style="list-style-type: none"> • Integrated Treatment Plant Namdeb • Jwaneng Cut 9 • Orapa Cut 3
PRE-FEASIBILITY	Scoping	To gather and evaluate information and undertake specialist studies for the Environmental and Social Impact Assessment (ESIA)	<ul style="list-style-type: none"> • DBMN Alternative Resource Development Capability (ARDC) project • Venetia Mix03 Stockpile Treatment Plant • Orapa Process Plant Optimisation • Southern Floating Plant – Namdeb • Aurumar Alaskan offshore gold project
FEASIBILITY	Environmental and Social Impact Assessment and Environmental and Social Management Plan (ESMP) or Environmental Management Plan (EMP)	To identify, qualify and quantify project impacts on the biophysical, socio-economic, heritage, aesthetic and cultural environments. To document and detail future monitoring and management requirements outlined in the ESIA and develop closure plans in line with the life of mine	<ul style="list-style-type: none"> • Letlhakane Tailing Mineral Resource Treatment Plant • Gahcho Kue
CONSTRUCTION OR COMMISSIONING		To ensure inclusion of all requirements of the EMP for the operational phase, for smooth transition to the operational phase	<ul style="list-style-type: none"> • Venetia Underground • Jwaneng Main Tailings Treatment Plant • Sendelingsdrif • Red Area Complex – Namdeb • Diamond Cleaning Centre • Orapa Earthmoving Vehicle Workshops Phase 1
OPERATIONS	Environmental management systems (EMS)	To ensure ISO14001 compliant EMS are in place at all diamond mining operations, to guide the management of our operational environmental impacts, and promote continual improvement in environmental performance and implementation of concurrent rehabilitation	<ul style="list-style-type: none"> • All ISO14001 certified operations retained their certification
CLOSURE / DISPOSAL	Closure plans/liabilities	To implement final closure plan once production ceases, or ensure adequate financial provision for outstanding environmental liabilities on sale of a mine to other operators	<ul style="list-style-type: none"> • Sale and rehabilitation of Namaqualand Mines (see p55) • Closure and rehabilitation of various sites (see details in Table 13 below)

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CLOSURE PLANNING AND MANAGEMENT

Our Environmental Policy and Lifecycle Planning Standard require all operations to have adequately funded closure plans at the right level of detail for their remaining life of mine. Closure plans and costs are not static and require ongoing adjustment to ensure they remain aligned with changes to the mine plan and remaining life of an operation.

There are two key aspects to closure planning and costing:

- Concurrent rehabilitation, which involves annual activities during a mine's life that contribute to final rehabilitation and reduce end-of-life closure liabilities
- Post-production closure rehabilitation, which is legally required in all of our operating countries and includes planning for many years of rehabilitation beyond a mine ceasing production

With a number of late lifecycle mines with 15 years or less of mining operations remaining, closure planning and funding is a key environmental risk for De Beers. To mitigate this risk, we are aligning all operations' closure plans with the Anglo American Closure Toolbox. This will allow a comparable overview of the status of all mine closure plans. We are also reviewing all mine business plans to assess whether mine budgets include adequate concurrent rehabilitation costs and costs for rehabilitation post-closure.

Debswana and DBCM have been using the Closure Toolbox for a number of years, and during 2013 Anglo American provided training on the Toolbox to De Beers Canada, Namdeb, and De Beers Marine Namibia. The Environmental Peer Group has developed a closure dashboard as a way to track the status of closure plans and training on the Closure Toolbox.

MINING REHABILITATION

NAMAQUALAND MINES

As part of the sale process of Namaqualand Mines in the Northern Cape of South Africa in 2012, a fully funded rehabilitation liability was approved. Within the Namaqualand Mines sale process, DBCM will retain US\$17.4 million of the rehabilitation liabilities, and will complete the bulk of this rehabilitation work by 2016 by focusing on earthmoving and surface profiling.

Rehabilitation of the area disturbed by many decades of mining continued during the year and by the end of 2013 some 28 million cubic metres of earth had been reclaimed through landscaping. This accounts for 67 percent of the total volume of earthmoving works required and equates to 1,000 hectares of landscape profiling completed. Of this total, almost 600 hectares have been subject to active ecological intervention in the form of netting, seeding and transplanting. This accounts for 20 percent of the total surface area to be restored. Since 2008, the Namaqualand rehabilitation has been completed at an average cost of US\$2.4 million a year.

TABLE 13.

CLOSURE AND REHABILITATION STATUS ACROSS DE BEERS

SOUTH AFRICA

Closure of The Oaks open pit mine that ceased production in 2008. Active restoration has been concluded and discussions are ongoing with authorities regarding final closure criteria. Water quality sampling is ongoing.

Marine mining off the west coast of South Africa where production ceased in 2010. Ongoing monitoring of seabed fauna is demonstrating recovery of the mined area.

Decommissioning of the Exploration Geology Pit in Kimberley that ceased operations in 2005. A Waste Management Licence was issued for the site in 2013. Ongoing water monitoring continues and a comprehensive five-year closure plan is being compiled in line with the licence conditions.

NAMIBIA

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

- All marine contractor mining sites have been fully rehabilitated
- Four redundant treatment plants have been removed and the areas rehabilitated
- Scrap yards have been rehabilitated with the removal of 112,000 tonnes of scrap since 2008
- A permanent on-site asbestos disposal landfill site has been permitted and implemented for receiving significant asbestos waste from legacy areas
- The landscaping and profiling of eight out of 10 overburden dumps at Auchas has been completed

The Namdeb Bogenfels and Pocket Beach 2 coastal mining areas have completed active rehabilitation and there is ongoing biophysical monitoring.

BOTSWANA

Closure of the Exploration Lobatse Sample Treatment Centre in Botswana, which was decommissioned in 2005. All active rehabilitation has been concluded and a water and soil quality sampling programme is ongoing.

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5.1 WASTE AND POLLUTION PREVENTION

Although diamond mining itself is mostly a physical process and does not require the use of hazardous substances, aspects of the treatment processes require use of hazardous substances under controlled conditions. We are focused on ensuring that all operations and facilities control all risks associated with hazardous substances, effluents, wastes and emissions to prevent pollution.

There are two main waste streams, namely mineral waste in the forms of fine and coarse residues, and non-mineral waste comprising a range of waste and recycling/re-use streams. Prevention of pollution is a key commitment for ISO14001 certified operations and has been a driver for many years in terms of understanding and addressing potential pollution sources and receiving environments. These sources include potential water pollution from discharges or spills, air pollution from dust and land pollution from hydrocarbon spills.

Water discharge data are not currently captured centrally. In terms of water-abundant areas, water discharge from our Canadian operations amounted to 51.7 million m³ in 2012 (42.5 million m³ in 2012). Discharged water is the excess water from dewatering that is not used in operational processes. The environmental impact of these discharges is managed to strict requirements. Snap Lake, the receiving water body at the Snap Lake Mine, is 200 hectares in area and has a limited absorption capacity because of its size and low flow rate. The water aspects hence require careful management.

Due to the hazardous nature of the substance, the management of hydrofluoric acid (HF) receives particular attention to ensure stringent processes are in place to minimise risk of a spill. An HF Peer Group has been in place for a number of years to facilitate sharing of knowledge and expertise between facilities using HF to regarding its transport, storage, handling and record-keeping.

COMMUNITY INVOLVEMENT IN ENVIRONMENTAL MONITORING

At Snap Lake Mine we have a legally binding commitment to respect and protect the environment around Snap Lake and to protect resources and land-based practices that are essential to the way of life and well-being of local Aboriginal Communities. Our Aquatic Effects Monitoring Program (AEMP) measures and evaluates what effect Snap Lake Mine is having on the surrounding aquatic environment. It assesses water and sediment quality and several types of living organisms at various locations around the Mine several times a year.

Part of the AEMP involves an annual fish tasting event with Aboriginal elders from Snap Lake's local communities. This traditional knowledge initiative is part of the commitment we made during the environmental assessment for Snap Lake Mine and has been taking place since 2005. During the annual fish tasting, community elders sample fish and locally foraged berries to assess their quality and share their local knowledge and experience. The elders' comments are documented and included in the annual AEMP report.

Non-mineral waste is separated at source to ensure appropriate disposal and recycling. De Beers is in the process of aligning to Anglo American indicators while retaining some specific indicators. A key challenge has been a change from measuring some waste categories in terms of volume to measuring in mass because weighing facilities are not in place at all operations for large tonnages of waste. Figure 5 shows the data as reported from across the operations, noting that both volume and mass figures are given for individual indicators in some cases so a consolidated figure is not available.

Hazardous waste produced is either responsibly stored on-site for future management or disposed of at certified hazardous waste sites. Hazardous waste from our operations in Botswana and Namibia is disposed of through facilities in South Africa. This movement of hazardous waste is conducted in full compliance with the Basel Convention for controlling trans-boundary movements of applicable hazardous wastes.

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ENVIRONMENTAL INCIDENTS

Our incident reporting system monitors environmental incidents across De Beers. Incidents are mainly pollution-related (spills and releases) and, to a lesser extent, are linked to resource wastage, biodiversity or archaeological impacts. We aligned our incident-reporting definitions and severity levels for actual incidents with those of Anglo American from the beginning of 2013. We also continue to report on near-hit incidents for all De Beers operations.

The overall number of reported incidents during 2013 is 2,754 (2012: 2,310). Due to the realignment of reporting to match Anglo American's incident severity definitions no direct comparison can be made by level between 2012 and 2013 data. No Level 4 or 5 incidents were recorded in 2013 and the six Level 3 incidents are given in Table 14.

At Snap Lake Mine in Canada, we experienced two provisional De Beers Level 4 incidents in October 2011 and January 2012. Both incidents involved mine water with elevated nitrate concentrations seeping into Snap Lake. The incidents were classified as such on the basis of stakeholder interest and not on severity of the limited environmental impact. Under the Anglo American classification system, which is based solely on the environmental impact of an incident, neither incident would have been classed as Level 3 or 4. These incidents are now considered resolved following a thorough internal investigation and implementation of mitigation measures, and responses from the authorities following their investigations.

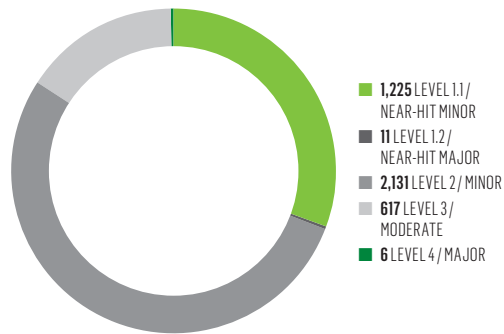
TABLE 14.
SIGNIFICANT (LEVEL 3) ENVIRONMENTAL INCIDENTS IN 2013

INCIDENT CLASSIFICATION AND LEVEL	DESCRIPTION	REMEDIAL ACTION TAKEN	STATUS	FINE/DIRECTIVE
BIODIVERSITY	Kimberley (January): Blocked pipe caused a spillage of kimberlite slimes with high salt content spill onto 2,000m ² of land. Reported to authorities.	Blockage fixed. Removal of spilled slimes. Pollution control berm created to prevent reoccurrence.	COMPLETE	NO FINE
WATER	Venetia (January): Unusually severe rainfall and flooding resulted in water containment facilities overflowing. Water from within and outside the mine reached an off-mine dam, which failed, releasing water into the Koloape River. The buried water pipeline running through the Mapungubwe area was exposed due to erosion from the water. All reported to the authorities.	Removal of water in the open pit was prioritised and most reused in treatment processes. Other impacts were remediated. Stormwater management plan is being updated to cover flood management. Ongoing good engagement with authorities.	IN PROGRESS	NO FINE
BIODIVERSITY	Voorspoed (April): Removal of 15 protected olive trees by a contractor without a permit.	Replanting and aftercare of 100 olive trees.	COMPLETE	COMPLIANCE NOTICE NO FINE
BIODIVERSITY	Kimberley (June): Pipe corrosion caused two slimes spills covering an area of approximately 12,500m ² . Reported to authorities.	Corroded sections of pipeline replaced. Removal of spilled slimes. Frequency of pipeline inspections increased.	COMPLETE	NO FINE
BIODIVERSITY	Kimberley (July): Continuous overflow of municipal sewage due to blocked sewage line and missing manhole covers. Sewage covered over one kilometre of rehabilitated mining area and causing soil and groundwater pollution. Reported to the authorities.	Reported to the municipality who cleared the blockage. De Beers installed concrete manhole covers. Regular inspections made to report any further overflows.	COMPLETE	NO FINE
BIODIVERSITY	Kimberley (August): Corrosion of slimes pipeline caused spillages covering an area of 4,000m ² onto an uncontaminated area of the mine. Reported to the authorities.	Corroded sections of pipeline replaced. Removal of spilled slimes. Frequent inspection patrols for leaks. Priority areas of pipeline have already been replaced and a replacement of 5km of pipeline to be completed by 2015.	IN PROGRESS	NO FINE

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FIG 15.
ENVIRONMENTAL INCIDENTS BY SEVERITY, 2013



As part of the Social and Labour Plan at Namaqualand Mines, a low water bridge was constructed in the town of Komaggas. Due to a technical misunderstanding with the local municipality, construction started in 2012 without the required Environmental Authorisation. As a result a fine of R100,000 was paid in April 2013 in terms of the National Environmental Management Act (1998). The bridge was successfully completed in June 2013 and handed over to the Nama Khoi Local Municipality.

5.2 WATER AND ENERGY SECURITY IN A CHANGING CLIMATE

Climate change presents risks to the future success and sustainability of our business. These can take the form of water scarcity, extreme weather events and rising temperatures. Investing in a future where our climate risks are managed and our contribution to climate change through energy use is minimised makes good business sense for De Beers and the countries where we operate.

Approximately 95 percent of our rough diamond production comes from arid regions in southern Africa. Reduced rainfall and water availability could affect our production capacity and costs and pose a risk to relations with communities with whom we share water resources. This is a particular risk for our longer lifespan mines.

Similarly 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 and is essential for the operation of our mines, mainly for the treatment of ore. It is therefore a priority for us to investigate and invest in alternative sources of water and to operate as efficiently and sustainably as possible to minimise the impact of our water use. Water goes to the heart of our partnership approach as it is a shared resource with multiple users that can present a social challenge. We recognise the need for sound water stewardship for the sustainability of our mines and neighbouring communities, downstream users and ecosystems and ecosystem services.

Critical to our approach is the need to balance our ambition to create value from diamond resources for producer countries, with the water needs of communities near our operations. As water scarcity increases, so does the need to engage with the community to ensure that our policy is responsive to their needs.

Balancing the need to reduce both water and energy use also presents an ongoing challenge. There are often trade-offs, particularly in southern Africa, between water and energy efficiency, as water reduction processes often require greater energy inputs and therefore increase our carbon footprint.

Our water standard defines our approach to water management across our operations and requires that:

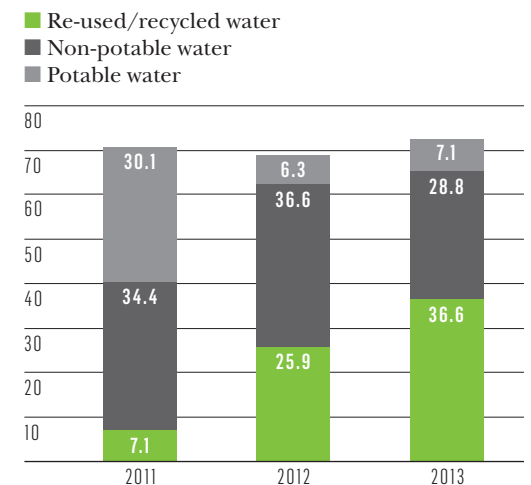
- No water is used unless demonstrably required
- 100 percent of Mining operations manage their water supply and demand to ensure demonstrable water efficiency and achieve water sustainability
- 100 percent of operations follow the hierarchy to avoid, minimise and mitigate pollution on water resources

From 2014 we will also follow the Anglo American technical standard on water management and the review of our Environmental Standards will bring our water standard and the water requirements of Anglo American's Environment Way into full alignment. During 2013, we began to take part in Anglo American's Community of Practice for water, a topic-specific working group made up of business units from around the Anglo American Group.

USING WATER EFFICIENTLY AND SUSTAINABLY

For 2013, we have revised our water measurement and reporting in line with Anglo American's approach to water management. Across all De Beers' operations and facilities we used 65.4 million m³ of water in 2013 (2012: 61.5 million m³). This figure includes 28.8 million m³ of seawater used in Namdeb's marine mining operations (2012: 25.3 million m³). Overall, there was a 2.3 percent reduction year-on-year in freshwater use. The annual variation between site is comparable but the most significant amount and percentage reduction year-on-year is due to less water taken from Attawapiskat River for Victor Mine (five percent of total in 2012, one percent of total in 2013).

FIG 16.
FRESH WATER USE, 2011-2013 (MILLION M³)



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WATER RECYCLING

During 2013, we also started aligning our water recycling reporting with Anglo American's definitions through a combination of metered figures and estimation. The key difference from our original approach is that Anglo American's definition for water recycling includes internal water reuse, something that De Beers has not measured or included in reporting until now.

Using the new definition, reuse of all new water has increased to 52 percent in 2013 (2012: 39 percent) with no change in processes or activity within our operations. If seawater is excluded from primary water use, the water reuse in 2013 increases to 66 percent. This is because seawater is used in Namibian operations but is not reused in their processes.

Water reuse varies significantly by operation and stands at less than 10 percent at Morupule and Namdeb where the bulk of water used is seawater, to over 85 percent at Venetia, Voorspoed, Kimberley, Victor and Snap Lake, where internal reuse of water in mine processes is long-established. Some of our water reuse figures are underestimates because not all internal reuse is included as yet. Once all mines are reporting fully against the Anglo American definition, the reported percentage of water reused will increase.

WORKING IN PARTNERSHIP

We work in partnership with our communities, other companies, and external organisations and NGOs to help understand and resolve the challenges we face, and to share good practice. In line with this approach, we signed the United Nations Global Compact CEO Water Mandate in 2009. In doing so, we have committed to action on water policy, management and performance, as well as community engagement.

In 2013, we submitted our third Communication on Progress outlining how we are meeting these commitments (available to download on our website <http://www.debeersgroup.com/en/Sustainability/Environment/Our-environmental-footprint>).

At our Venetia Mine in South Africa, we are in the final stages of a three-year catchment management project in the Limpopo river basin in collaboration with the World Wide Fund for Nature (WWF-South Africa). The Limpopo basin is a critical water resource, straddling four southern African countries and providing water for more than 14 million people. Water management challenges pose a major risk for all stakeholders in the area, including businesses. As part of this project we have started a collaborative and co-funded project with the CEO Water Mandate, which is gathering basin-scale data for the region in order to establish a baseline for monitoring plant water use and moisture stress.

TACKLING CLIMATE CHANGE

To respond meaningfully to climate change, particularly in Africa, we believe it is important to focus on adaptation to the effects of climate change alongside activities to minimise our climate impact. The impacts of climate change, such as temperature increases and water shortages, will not only be felt acutely by our operations but also in the communities where we operate. These communities are often located in both arid and less developed regions that are not well equipped to cope.

Operationally, predicted temperature increases will require planning for more cooling at underground mines and for health-related responses. Climate modelling conducted in 2012 for our Venetia Mine in South Africa has shown that temperatures are predicted to increase by 1–2°C over the 21st century, with an additional 20 to 60 very hot days (over 35°C) per year.

MANAGING ENERGY AND GREENHOUSE GAS EMISSIONS

Guided by our Climate Change Standard, we are working to reduce non-renewable energy use through energy reduction targets, improving energy efficiency in our operations and reducing carbon emissions.

In 2014, we will align our Climate Standard with Anglo American and also start to use the Anglo American technical standard on energy and greenhouse gas (GHG) emissions. We calculate our GHG emissions using the WRI Greenhouse Gas Protocol and each site provides a carbon conversion factor for purchased electricity. Standard conversion factors are used for liquid fuels across all companies within the Anglo American Group.

ENERGY EFFICIENCY AND CARBON EMISSIONS

In 2013, our direct and indirect energy consumption amounted to 14.1 million Gigajoules (GJ), an 11.3 percent increase over 2012 (12.7 million GJ – see Fig 17). Comparing electricity for primary use only we used a similar amount between 2012 and 2013 (3.8 million GJ). For electricity use overall, there is an increase between 2012 and 2013 because electricity for non-primary use has been included in our figures for the first time in 2013.

Diesel usage increased between the years by 15% and this is attributable to increased production at some mines, more waste stripping, greater haulage distances and increased accretion at Namdeb.

Our total CO₂-e (carbon dioxide equivalent) emissions increased in line with energy use to 1.78 million tonnes in 2013 (2012: 1.58 million tonnes – see Fig 18), a 13 percent increase. Most of these emissions (58 percent) come from the electricity we purchase. These indirect emissions amounted to 1.04 million tonnes in 2013 (2012: 0.93 million tonnes). Direct emissions from fuel use (mainly diesel) amounted to 0.74 million tonnes (2012: 0.65 million tonnes).

FIG 17.
DIRECT AND INDIRECT ENERGY USE, 2011–2013
(MILLION GIGAJOULES)

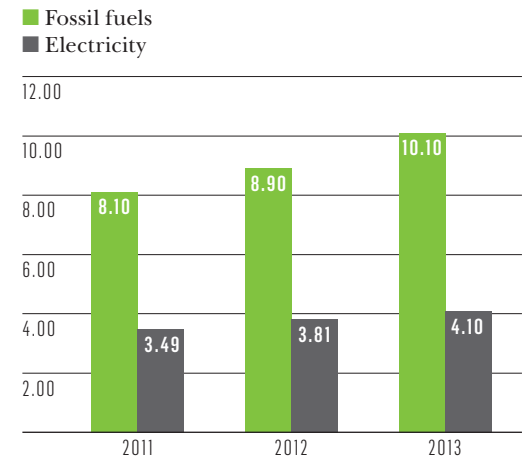
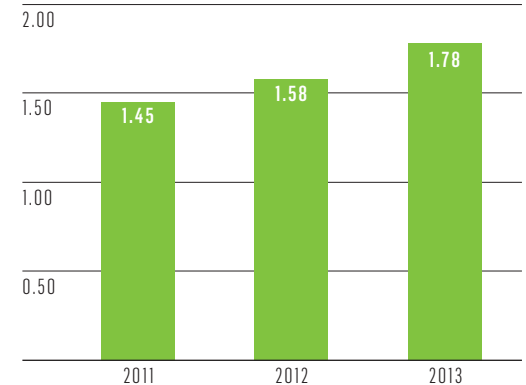


FIG 18.
CO₂ EQUIVALENT EMISSIONS
(MILLION TONNES CO₂-E)



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SUPPORTING RENEWABLE ENERGY GENERATION

To address the risks of climate change, investment and innovation are needed to make the shift to a low-carbon economy based on renewable energy sources and energy efficiency. We support this aspiration, and in South Africa our mining operations allocated land to six renewable energy companies to construct three solar farms in the Kimberley region and three wind farms in Namaqualand. Applications by two of the solar companies for Independent Power Producing licences were not submitted as planned in 2013 and the third bid was not successful. No bids for licences for wind farm projects were made by the companies but further wind farm options are still being pursued.

All of our operations set targets for energy and water that are specific to their location and type of mining operation, such as marine, alluvial or open pit. Due to the wide variety in our operations, we have not set Group-wide targets for energy and water before. Part of the alignment of De Beers' approach with that of Anglo American is adopting a new methodology for setting Group-wide targets.

The method estimates water and energy improvements that will be delivered by identified efficiency projects at our operations. Targets are then set based on these identified improvements against a business-as-usual scenario with no improvement projects. Targeted improvements from each site are then combined to provide a Group-wide target against business-as-usual. A key factor in the target setting process is integrating the process within the Engineering Discipline within each operation, which is responsible for identifying and implementing infrastructure and efficiency projects. We will work to apply this new approach at some key operations in 2014 and across all operations in 2015.

5.3 BIODIVERSITY AND ECOSYSTEMS

Biodiversity is one of our most significant environmental focus areas and our current mining footprint covers biologically diverse environments. This is particularly relevant in South Africa, which is considered the third most biologically diverse country in the world. We aim to be a leader in biodiversity management in our sector and to be recognised for our contribution to biodiversity.

As a result, biodiversity stewardship remains a key focus within our new five-year environmental goal to 2017 and we include biodiversity assessments in our environmental planning and impact management during exploration, development, mining and closure. Our approach covers activities related to our mining business and additional activities and initiatives related to conservation properties within De Beers.

BIODIVERSITY STRATEGY

Our biodiversity strategy consists of a number of approaches that help to deliver a valuable and recognisable contribution to biodiversity conservation around our areas of operation.

We committed to achieving 'no net loss of biodiversity' in 2009. The commitment requires that for all new mining projects we implement a mitigation hierarchy, firstly to avoid areas of high biodiversity, then minimise biodiversity impacts, and finally rehabilitate impacts 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

As part of our commitment to no net loss of significant biodiversity, and to improve our understanding, we have developed a Biodiversity Value Assessment (BVA) methodology to assess biodiversity significance. Developed with input from external biodiversity experts, the process is designed to review all aspects of biodiversity and ecosystem services for an operation and conclude whether it will lead to a significant residual loss of biodiversity.

During 2013 a workshop for our marine operations in South Africa and Namibia determined that the BVA process can be used to help assess no net loss for marine mining operations in addition to land-based. BVAs have now been conducted at seven sites in Canada, South Africa and Namibia (both land and marine mining) and are being internally reviewed. Although these assessments are currently retrospective and assess the overall biodiversity impact at existing sites, the process is required for all greenfield mine developments to ensure 'no net loss of significant biodiversity' is considered from the earliest stages of project development. At Gahcho Kué, habitat compensation is a requirement of the project approval and will contribute to our no net loss of significant biodiversity commitment.

A biodiversity dashboard was also developed in 2013 to track progress on development and review of BVAs across De Beers.

Managing our impacts

We respect legally designated Protected Areas and key biodiversity areas and we do not operate within World Heritage Site Core Areas. Our annual Biodiversity Overlap Assessment assesses whether our operations overlap with these types of protected areas. The 2013 assessment confirmed we are adhering to our policy commitment.

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

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MARINE BIODIVERSITY

Due to the scale of our offshore marine mining operations in Namibia, we have established a Marine Scientific Advisory Committee (MSAC). The Committee consists of internal and external independent experts and provides guidance and oversight on the scale and suitability of our marine environmental monitoring programme, which assesses biodiversity impacts and recovery from marine mining. Since active rehabilitation is not possible with marine mining, this monitoring assists with demonstrating the eventual recovery of marine biodiversity following offshore mining.

The MSAC met twice in 2013 (June and October), following its first meeting in November 2012. The Committee has reviewed our seabed monitoring programme, including programme design, sample size, sample buffer zones and collection tools. It has made recommendations on aspects that will strengthen our monitoring and these are being implemented according to an agreed plan.

SUPPORTING BIODIVERSITY CONSERVATION

Our land-based diamond and coal mining licences cover 975,535 hectares (ha), only 40,806 ha of which (4.2 percent) is disturbed by our actual mining footprint. An area of 195,640 ha is set aside for conservation. We continue to manage roughly five 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. After six years of development within the Forum, the South African Ministry of Environmental Affairs and Ministry of Mineral Resources launched the 'Mining and Biodiversity Guide' on the International Day of Biodiversity on 22 May. Just prior to the launch, De Beers hosted a training session on the guidelines for 100 people from mining companies, government, consultancies, NGOs and investors.

In 2013, we also became a founding partner of the National Biodiversity and Business Network (NBBN) in South Africa together with the Endangered Wildlife Trust (EWT). The Network is a collaboration with government and other business sectors, including retail, transport, finance, property and construction. The aim of the Network is to assist businesses from various sectors to integrate and mainstream biodiversity issues into their strategies and operations.

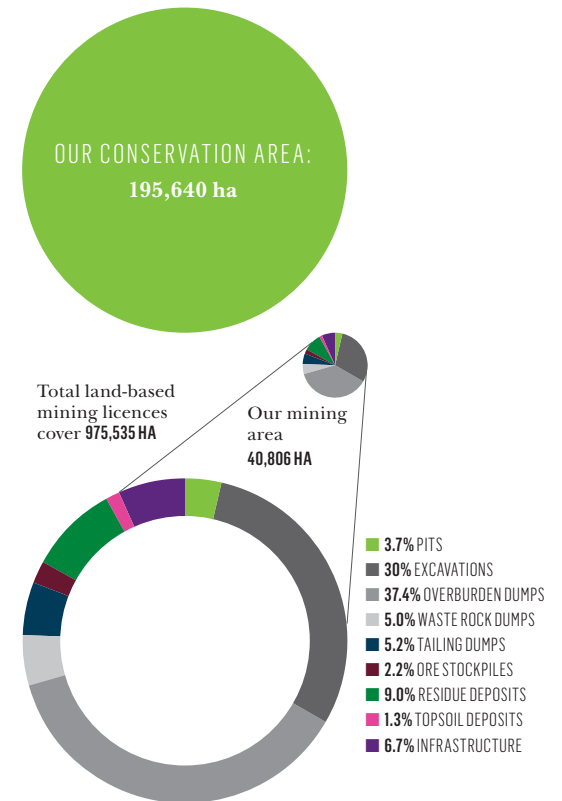
Further public engagements on biodiversity included a presentation to the annual Prospectors and Developers Association of Canada conference on integrating biodiversity considerations across the mining lifecycle. We have also been panellists on discussions on mainstreaming biodiversity into mining at the annual South African Biodiversity Planning Forum and on exploring the business value of biodiversity in mining at the Gordon Institute of Business Science.

YOUNG BIOLOGIST COURSE

In South Africa, De Beers Marine sponsored the Two Oceans Aquarium Young Biologist Course in Cape Town in 2013. The course provided a group of 53 high-school life sciences students from a wide range of schools with a week-long course in marine biology. The course involved five days of theory teaching at Two Oceans Aquarium followed by three days at the Soetwater Environmental Education Centre near Cape Town, which allowed students to apply their new-found knowledge in a practical setting.

FIG 19.

OUR RATIO OF CONSERVATION AREA TO MINING AREA (5:1) AND OUR MINING FOOTPRINT, 2012 (%)



ENVIRONMENT

Report to Society 2013

DIAMOND ROUTE

The Diamond Route is an award-winning multi-site programme that covers 10 sites of biodiversity and heritage interest across southern Africa.

The Diamond Route sites cover around 250,000 hectares stretching from the succulent Karoo of Namaqualand on South Africa's west coast to South Africa's northern border, then up to the edge of the Makgadikgadi Pans in Botswana.

A joint initiative between De Beers, E Oppenheimer & Son and Ponahalo Holdings, the Diamond Route supports local economic development through tourism and education, and promotes biodiversity through active conservation and vital scientific research. In 2013, the Diamond Route won its fifth award since 2010 – the Corporate Award from the Zoological Society of Southern Africa.

The fourth Diamond Route Research Conference took place in October 2013, with almost 170 delegates from 50 national and international institutions. The conference included 35 presentations and 30 posters on a wide range of research topics from sites in the Diamond Route and within De Beers.

During 2013, we also launched the Diamond Route Research Database on the Diamond Route website. The database makes publicly available more than 2,000 reports, publications and theses of research completed on Diamond Route properties as well as specialist studies completed at our operations.

www.diamondroute.com

RESPECT FOR PROTECTED AREAS, KEY BIODIVERSITY AREAS AND WORLD HERITAGE SITES

We respect legally designated Protected Areas and World Heritage Sites, and aim to minimise ecosystem disturbance through responsible planning and biodiversity stewardship throughout the lifecycle of a mine. Taking this approach mitigates the current and future risk of environmental impacts, potential litigation and reputational damage.

A key tool for managing this risk is our annual Biodiversity Overlap Assessment, which confirms whether our operations overlap with protected or key biodiversity areas.

In 2012 we discovered that the licence area for our Venetia Mine in South Africa had been included in a newly assigned buffer zone for the Mapungubwe Cultural Landscape in the Limpopo Province, which was proclaimed as a World Heritage Site in 2009. De Beers was not consulted or informed prior to this development and it directly challenges our commitment to respect protected and key biodiversity areas. Following active engagement with the South African government we received a consent letter in 2013 from the authorities that allows for our current operations and the future underground project at Venetia subject to all permit and other legal requirements being met, which is currently the case.

In addition, we know that some exploration licences overlap with portions of known IUCN Category I–IV Protected Areas in South Africa, Namibia, Angola and India and no exploration activities are conducted in these overlap areas. In addition, we know that some exploration licences overlap with portions of known IUCN Category I–IV Protected Areas in South Africa, Namibia, Angola and India and no exploration activities are conducted in these overlap areas.

**THE DIAMOND
ROUTE COVERS
MORE THAN
250,000 HECTARES
OF LAND
DEDICATED TO
BIODIVERSITY AND
ENVIRONMENTAL
RESEARCH.**

ASSURANCE STATEMENT



SGS United Kingdom Ltd's report on sustainability activities in the De Beers 2013 Report to Society, Performance Report.

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, Performance Report for 2013. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text and 2013 data in accompanying tables contained in this Report.

The information in the 2013 Report to Society, Performance Report of De Beers 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, Performance Report for 2013. 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, Performance Report for 2013 in Accordance with the Core option.

AA1000AS (2008) – This is based on the contents of the Report to Society, Performance Report for 2013; 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 G3 (2006) 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 content veracity
- 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); documentation and record review and the observation of the Multi-Stakeholder Forum in December 2013.

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; 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 Assurors 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, Performance Report for 2013 verified is accurate, reliable and provides a fair and balanced representation of De Beers sustainability activities in 2013.

The assurance team is of the opinion that the Report to Society, Performance Report for 2013 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 2013 fulfils 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. The stakeholder consultation processes are constantly being developed and the processes have been reviewed and updated this year to be in line with new reporting standards and 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 stakeholders' groups are the point of engagement.

MATERIALITY

The organisation's process has been reviewed and updated this year to fall in line with new requirements and to reflect the end of the three-year reporting cycle. 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 graphics for Material Aspects through each section of the report show the clear linkage between the content and the Material Aspects.

The report does not include overall goals and targets for the material aspects except for aims for 2014 in the text. This has been commented on in the assurance statements for 2010 and 2011 and remains an improvement point.

RESPONSIVENESS

The organisation has robust processes for responses to stakeholder engagement and feedback, the nature of the engagement on so many levels has produced an organic rather than a specific process. 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. The processes used to produce the report are used to manage the Material Issues and as a decision-making process.

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

GRI G4 – In our opinion the De Beers 2013 Report to Society Performance Report is presented in Accordance with the Core option for GRI G4 (2013) and fulfils 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 10 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).

In taking the step to produce this report in line with the updated GRI G4 Guidelines De Beers has strengthened their leading position in reporting. In order to continue this momentum 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. Additionally, they should include more detailed information on the issues that arise from engagement with different stakeholder groups in the reporting year
- 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
- The graphics for Material Aspects through each section of the report show the clear linkage between the content and the Material Aspects and future reporting would benefit from extending this to include the links between the engagement and responses
- Additional G4MM requirements for both Indicators and Management should be a focus of development for the next report

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

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

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.

SGS United Kingdom Ltd
Birmingham, August 2014
www.sgs.com

GRI COMPLIANCE TABLE

The table on subsequent pages sets out how the Global Reporting Initiative (GRI) Reporting Framework has been applied in our sustainable development reporting. We have prepared the table in order to help stakeholders quickly find the information they are seeking.

Application of the GRI Reporting Framework forms a key part of our commitment to continuous improvement and to achieving the highest levels of sustainability performance.

*The data presented in the 2013 Report to Society has been assured by external parties. For the fourth year running, our external assurer, Société Générale de Surveillance (SGS), has verified our sustainable development data. Operational and financial * performance data has been audited by Deloitte LLP as part of the Anglo American Annual Report 2013 auditing process.*

It is our belief, and the independent assessment of SGS, our assurance provider, that our 2013 Report to Society is prepared in accordance with 'core' level of the GRI's fourth generation Guidelines (GRI4).

GENERAL STANDARD DISCLOSURES

GRI G4 INDICATOR	DESCRIPTION	LOCATION	EXTENT	NOTES
STRATEGY AND ANALYSIS				
64-1	CEO statement	7–8		
64-2	Description of key impacts, risks, and opportunities	4–5, 14–5, 19, 27, 37, 45, 52		
ORGANISATIONAL PROFILE				
64-3	Name of the organisation	Cover, 4, 8		
64-4	Primary brands, products, and services	4–5		
64-5	Location of headquarters	10		
64-6	Operating countries	4		
64-7	Nature of ownership and legal form*	5, 10; 2013 Anglo American Annual Report (AR) 87, 257		
64-8	Markets served*	4–5; 2013 Anglo American AR 5, 86–89		
64-9	Scale of the organisation*	4–5, 20–22, 40; Anglo American AR 86–87, 260		
64-10	Breakdown of workforce	40–41		
64-11	Percentage of total employees covered by collective bargaining agreements	29		
64-12	Organisation's supply chain	5, 32–33		<p>We are present at each stage of the diamond value chain – from mine to finger. The journey begins with exploration, and after we identify and invest in viable deposits, it continues with mining and production. We then sort and aggregate diamonds and sell them in bulk to especially selected partners or customers, also known as Sightholders. Finally, we market diamonds to end consumers through our own brand, Forevermark, and through our joint venture partnership, De Beers Diamond Jewellers.</p> <p>The De Beers Group of Companies, our joint venture partners, contractors and Sightholders subscribe to the BPPs – a mandatory code of ethical business conduct.</p>
64-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or supply chain*	23; 2013 Anglo American AR 88–89		<p>During 2013, we finished the relocation of our global rough diamond sales activity from London to Gaborone.</p> <p>The Board of De Beers Société Anonyme was pleased to announce the appointment of Mark Cutifani, Chief Executive of Anglo American plc, as Chairman of The De Beers Group of Companies in July 2013.</p>

GRI 64 INDICATOR	DESCRIPTION	LOCATION	EXTENT	NOTES
COMMITMENTS TO EXTERNAL INITIATIVES				
64-14	Whether and how the precautionary approach or principle is addressed by the organisation	9–12, 51–62		
64-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	12, 25, 28–34, 53, 59		
64-16	Memberships of associations and national or international advocacy organisations	12, 25, 28–34, 59		
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
64-17	Entities included in the organisation’s consolidated financial statements or equivalent documents and coverage in GRI report*	4–5 ; 2013 Anglo American AR 87; GRI Index		We are not including De Beers Diamond Jewellers in this report as they are an independently managed company.
64-18	Process for defining the report content and boundaries	13–15		
64-19	Material aspects identified	14–15		
64-20	Aspect boundaries within the organisation	14		
64-21	Aspect boundaries outside the organisation	4–5, 14		
64-22	Restatements of information provided in previous reports	GRI Index		No restatements of information provided in previous reports.
64-23	Significant changes in the report scope and boundaries	GRI Index		No significant changes were made to scope, boundary or measurement methods.
STAKEHOLDER ENGAGEMENT				
64-24	Stakeholder groups engaged by the organisation	12–14		
64-25	Basis for identification and selection of stakeholders	12–14, 46–50		
64-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	12–14, 46–50		
64-27	Key topics and concerns raised through stakeholder engagement, and how the organisation has responded	12–14, 46–50		
REPORT PROFILE				
64-28	Reporting period	3; GRI Index		Information provided in this Performance Report refers to the calendar year (1 January to 31 December 2013).
64-29	Date of most recent previous report	3		
64-30	Reporting cycle	3		

GRI G4 INDICATOR	DESCRIPTION	LOCATION	EXTENT	NOTES
64-31	Contact point for the report	3		
64-32	GRI content index	tbc		
64-33	Policy and current practice with regard to external assurance	3, 8, 13		
GOVERNANCE				
GOVERNANCE STRUCTURE AND COMPOSITION				
64-34	Governance structure of the organisation*	4-5, 10-11; 2013 Anglo American AR 92-100		
ETHICS AND INTEGRITY				
64-56	Values, principles, standards and norms of behaviour	6, 7-12, 24, 34-35		

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DMA AND INDICATORS	LOCATION	EXTERNAL ASSURANCE	NOTES
ECONOMIC				
ASPECT: ECONOMIC PERFORMANCE				
G4-DMA	Disclosure on Management Approach*	11-12, 18, 20-25; Anglo American AR 87-89		
G4-EC1	Direct economic value generated and distributed*	11-12, 20-25; Anglo American AR 86		
G4-EC4	Financial assistance received from government	GRI Index		No significant financial assistance was received from governments in 2013
ASPECT: INDIRECT ECONOMIC IMPACTS				
G4-DMA	Disclosure on Management Approach	11-12, 20-24		
MMG4-EC6	In significant location of operations, report proportion of the facility's total workforce from the local community	41		
G4-EC7	Development and impact of infrastructure investments and services supported	18, 20-24, 47-48		
G4-EC8	Significant indirect economic impacts	18, 20-24, 47-48, 62		
ASPECT: PROCUREMENT PRACTICES				
G4-DMA	Disclosure on Management Approach	11-12, 18, 22		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	22, Table 1 below		
ENVIRONMENT				
ASPECT: ENERGY				
G4-DMA	Disclosure on Management Approach	11-12, 51, 53-55		
G4-EN3	Energy consumption within the organisation	59		
G4-EN6	Reductions in energy requirements of products and services	60		
ASPECT: WATER				
G4-DMA	Disclosure on Management Approach	11-12, 51, 53-55		
G4-EN8	Total water withdrawal by source	58-59		Water sources include piped potable and non-potable water, second class water that is abstracted, abstracted surface and ground water, seawater and rain/snowmelt/glacial water harvested.
G4-EN10	Percentage and total volume of water recycled and reused	58-59		
ASPECT: BIODIVERSITY				
G4-DMA	Disclosure on Management Approach	11-12, 51, 53-55		

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MATERIAL ASPECTS	DMA AND INDICATORS	LOCATION	EXTERNAL ASSURANCE	NOTES
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	60–62		
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	61–62		
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	53–55, 57, 60–62		100% of our operations have environmental management plans in place which include biodiversity criteria.
G4-EN13	Habitats protected or restored	55, 57, 60–62		
ASPECT: EMISSIONS				
G4-DMA	Disclosure on Management Approach	11–12, 51, 53–55		
G4-EN15	Direct greenhouse (GHG) emissions (scope 1)	59		
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	59		
G4-EN21	NOx, SOx, and other significant air emissions	GRI Index		Our sulfur emissions relate almost exclusively to energy use and changes in emission levels, and are directly linked to our energy consumption. SO ₂ (sulfur dioxide) emissions from liquid fuels use amounted to 740 tonnes in 2012 (2012: 696 tonnes). Marine gas oil, which contains higher concentrations of sulfur than most other liquid fuels, contributed 73 percent of SO ₂ emissions in 2013 (2012: 75 percent). NOx were calculated for the first time in 2013 and amount to 8,792t from diesel.
ASPECT: EFFLUENTS AND WASTE				
G4-DMA	Disclosure on Management Approach	11–12, 51, 53–55		At each active operation, an external operator runs the fine residue deposits and an independent legal assurance provider is also appointed. Every three months a site visit and detailed review is held and involves a multi-disciplinary team of internal and external specialists to cover adherence to policy, legal compliance, 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.
G4-EN23	Total weight of waste by type and disposal method	GRI Index, Table 3 below		Waste is separated into categories at source to ensure appropriate disposal and recycling. Hazardous waste produced during the mining process is either responsibly stored onsite for future management or disposed of through certified hazardous waste sites. Waste from our Botswana and Namibia operations is generally disposed of through facilities in South Africa.
G4-EN24	Total number and volume of significant spills	57–58		

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MATERIAL ASPECTS	DMA AND INDICATORS	LOCATION	EXTERNAL ASSURANCE	NOTES
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	63		See G4-DMA which relates to risk management of the fine residue deposits. The overall risk management process covers risks associated with all aspects of mining and treatment.
ASPECT: COMPLIANCE				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	60		
LABOUR				
ASPECT: EMPLOYMENT				
G4-DMA	Disclosure on Management Approach	11-12, 36, 38, 41-43		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	40-41		We do not currently collect employee turnover data by gender and will report this data in future years.
ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	Disclosure on Management Approach	11-12, 36, 42-43		
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	43		
ASPECT: TRAINING AND EDUCATION				
G4-DMA	Disclosure on Management Approach	11-12, 36, 38		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	39		We do not currently collect training data by gender and will report this data in future years.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	39		We do not currently collect data on employees receiving performance or career reviews by gender and will report this data in future years.
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA	Disclosure on Management Approach	11-12, 36, 41		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity*	40-41; Anglo American AR 93-98		

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MATERIAL ASPECTS	DMA AND INDICATORS	LOCATION	EXTERNAL ASSURANCE	NOTES
HUMAN RIGHTS				
ASPECT: INVESTMENT				
G4-DMA	Disclosure on Management Approach	11–12, 26, 28		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	28, 32–33		
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	28		
ASPECT: NON-DISCRIMINATION				
G4-DMA	Disclosure on Management Approach	11–12, 36, 41		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	GRI Index		No incidents of alleged discrimination were reported within the Group of Companies in 2013.
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
G4-DMA	Disclosure on Management Approach	11–12, 28–29, 32		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures to support these rights	29, 32–33		
ASPECT: CHILD LABOUR				
G4-DMA	Disclosure on Management Approach	11–12, 28, 32		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	29, 32–33; GRI Index		No operations have been identified as presenting a significant risk for child labour.
ASPECT: FORCED OR COMPULSORY LABOUR				
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced and compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	29, 32–33 GRI Index		No operations have been identified as presenting a significant risk for forced or compulsory labour.
ASPECT: INDIGENOUS RIGHTS				
G4-DMA	Disclosure on Management Approach	11–12, 26, 28–29, 46, 48–49, 51–52		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	29		
MM5	Total number of operations taking place in or adjacent to Indigenous People's territories, and number and percentage of operations or sites where there are formal agreements with Indigenous People's communities	29, 47–48, 49		

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MATERIAL ASPECTS	DMA AND INDICATORS	LOCATION	EXTERNAL ASSURANCE	NOTES
SOCIETY				
ASPECT: LOCAL COMMUNITIES				
G4-DMA	Disclosure on Management Approach	11–12, 44, 46–47, 49–50		
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	46; GRI Index		100 percent of operations have engagement and development programmes. Impact assessments are carried out as required.
G4-S02	Operations with significant actual or potential negative impacts on local communities	44, 46, 49		
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples	49		
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes	48–49		
ASPECT: ANTI-CORRUPTION				
G4-DMA	Disclosure on Management Approach	11–12, 26, 34–35		
G4-S05	Confirmed incidents of corruption and actions taken	35		
ASPECT: ANTI-COMPETITIVE BEHAVIOUR				
G4-DMA	Disclosure on Management Approach	11–12, 26, 34–35		
G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	35		
ASPECT: COMPLIANCE				
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	GRI Index		Other than described in the report, the Group of Companies was not subject to any significant fines or non-monetary sanctions for non-compliance with laws and regulations in 2013.
SECTOR SPECIFIC INDICATORS				
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	49		
MM10	Number and percentage of operations with closure plans	50; GRI Index		100 percent of our operations have closure plans. These are at varying degrees of resolution dependent on the remaining life of mine. Exploration operations have EMP that cover closure of the exploration sites.
PRODUCT RESPONSIBILITY				
ASPECT: PRODUCT AND SERVICE LABELLING				
G4-DMA	Disclosure on Management Approach	11–12, 18, 26, 36, 44, 51		
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	31–33		
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	31–33		

TABLE 1

PROPORTION OF SPENDING PER BUSINESS UNIT ON LOCAL SUPPLIERS

BUSINESS UNIT	PROPORTION OF SPENDING ON LOCAL SUPPLIERS
DBCM	72 percent expenditure with companies owned by Historically Disadvantaged South Africans.
DEBSWANA	In Botswana, 75 percent of spend was spent with local companies. Of that expenditure, 16 percent was spent with citizen-owned businesses.
NAMDEB	26 percent expenditure with previously disadvantaged suppliers.
MINING CANADA	At Snap Lake 62 percent of total spend was spent with North West Territories (NWT) businesses. Of that expenditure with NWT companies, 39 percent was spent with Aboriginal businesses.

TABLE 2

WATER BY SOURCE (1,000 M³)

WATER BY SOURCE (1,000 M ³)	2013
POTABLE WATER FROM AN EXTERNAL SOURCE	2,375
NON-POTABLE WATER FROM EXTERNAL SOURCE	531
WASTE WATER/SECOND CLASS WATER ABSTRACTED	0
SURFACE WATER ABSTRACTED	5,333
GROUND WATER ABSTRACTED	25,995
SEA WATER ABSTRACTED	28,790
SEA WATER PURIFIED FOR USE	28
RAIN/SNOWMELT/GLACIAL WATER HARVESTED	516
TOTAL WATER CONSUMED BY SOURCE	63,568

TABLE 3.
TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

WASTE TYPE	UNIT OF MEASURE	2011	2012	2013
NON-HAZARDOUS WASTE	To legal landfill – Volume (m ³)	59	67	63
	To legal landfill – Mass (t)	509	818	551
				19
				501
HAZARDOUS WASTE	To legal landfill – Volume (m ³)	210	203	
	To legal landfill – Mass (t)	868	975	
				1
				247
	Liquid Hazardous Waste – Volume (litres)	376	3071	1747
		143	710	205
	Medical waste disposed (not incinerated) – Mass (t)			2
				712
INCINERATION	Non-hazardous waste – Mass (t)			504
	Hazardous waste to incineration – Mass (t)			2
				330
				39
				146
	Waste Incinerated – Volume (m ³)	23	110	4
		186	415	653
CARDBOARD/PAPER SENT FOR RECYCLING (TONNES)	Mass (t)	1	378*	#100
		602		
SCRAP METAL (INCL CANS) SENT FOR RECYCLING	Mass (t)	25	14	14
		060	147	872
CONVEYOR BELTING SENT FOR RECYCLING	Mass (t)	139	167	111
DRUMS SENT FOR RECYCLING/REUSE	Number	2	1	2
		331	635	598
LEAD ACID BATTERIES SENT FOR RECYCLING/REUSE	Number	1	1	
		333	450	411
PLASTIC SENT FOR RECYCLING/REUSE	Mass (t)	82	42	21
TONER/INK CARTRIDGES SENT FOR RECYCLING/REUSE	Number	5	2	
		599	022	#1,238
ELECTRICAL AND ELECTRONIC ITEMS SENT FOR RECYCLING/REUSE	Mass (kg)	10	16	
		871	534	#2,946
USED OIL/GREASE SENT FOR RECYCLING/REUSE	Volume (litres)	2	2	2
		710	932	856
REUSED OIL/GREASE (LITRES)	Volume (m ³)	568	658	564


* = RESTATED FOR 2012 | # = KNOWN TO BE AN UNDER-REPORTED

FEEDBACK

We appreciate your feedback on this report or any other aspect of our sustainability performance.
Please contact us at:

CORPORATE AFFAIRS

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