A large yellow CAT 789C haul truck is the central focus of the image, shown from a low angle that emphasizes its massive scale. The truck's body is yellow with black accents, and the 'CAT 789C' logo is clearly visible on the side. A worker in a blue hard hat and an orange safety vest stands in the foreground, positioned in front of one of the truck's enormous, treaded tires. The background shows a clear blue sky with some light clouds, suggesting an outdoor mining environment. The overall composition is dynamic and emphasizes industrial strength and human scale.

Living
UP TO DIAMONDS

REPORT TO SOCIETY 2010
FULL REPORT

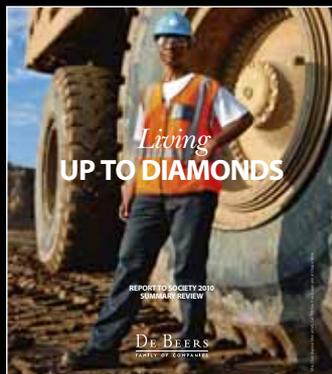
DE BEERS
FAMILY OF COMPANIES

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| <p>1 About this report</p> <p>2 Chairman's introduction</p> <p>4 Acting CEOs' introduction</p> <p>6 Operating highlights</p> <p>9 Performance Summary</p> <p>11 Our approach to sustainability</p> <p>12 Reporting on our approach</p> <p>14 Engaging with stakeholders</p> <p>16 Managing our sustainability risks</p> | <p>18 Economics</p> <p>33 Ethics</p> <p>48 Employees</p> <p>64 Communities</p> <p>79 Environment</p> <p>94 Appendix</p> <p>96 Assurance Statements</p> <p>100 Further information</p> |
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For further information on the De Beers Family of Companies and its sustainability performance, please see the online resources below:



www.debeersgroup.com



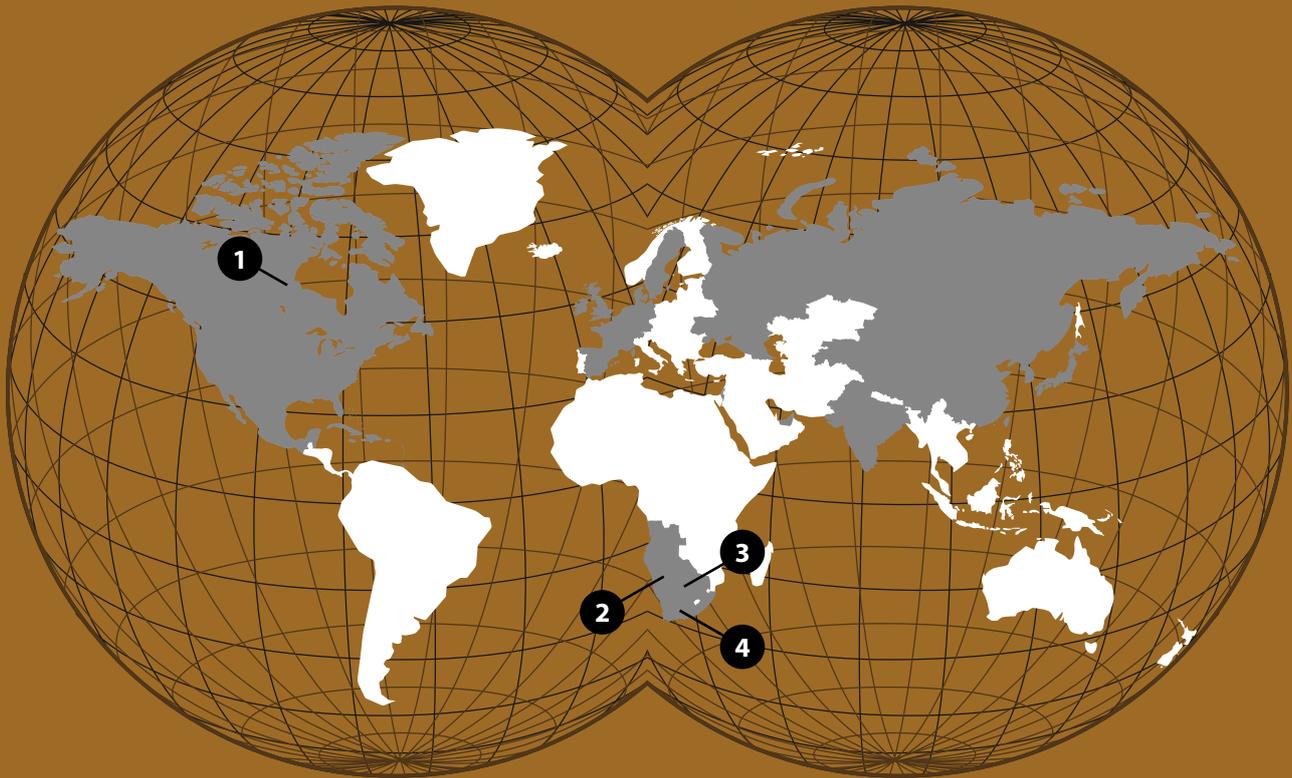
Report to Society 2010 Summary Review



Our GRI compliance table

Our company

De Beers was established in 1888. It is the world's leading diamond company, with unrivalled expertise in the exploration, mining and marketing of diamonds.



This map illustrates the countries in which De Beers conducts exploration, mining, rough diamond sales and downstream value-creating businesses.

The global diamond value chain

01

Exploration

Modern exploration uses highly sophisticated technologies to determine the economic viability of deposits. De Beers Exploration currently focuses on Angola, Botswana, Canada, India and South Africa.

02

Mining

The vast majority of De Beers' production comes from underground and open-pit kimberlite mines. We also mine alluvial stones along the south-west African coast using onshore extraction techniques and specialised ships. De Beers is not involved in informal small-scale mining.

03

Rough diamond sales

De Beers sorts and sells rough diamonds to independent clients known as 'Sightholders' through our rough diamond sales operations: DTC, NDTC and DTCB. These clients cut and polish diamonds prior to the manufacture of jewellery. We also sell rough diamonds to Sightholders and other registered customers through Diamdel, an online auctioning platform.

04

Cutting, polishing and manufacturing

Cutting and polishing of diamonds, and the manufacture of diamond jewellery, takes place around the world and is concentrated in the following major centres: India, China, Tel Aviv, Antwerp, New York, Botswana, Namibia and South Africa. De Beers Diamond Jewellers (DBDJ) has its own design and development capacity.

About this Report: We believe this Report together with the Operating and Financial Review 2010 and its supporting online resources represent an A+ application of the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines. It also forms part of our Communication on Progress to the United Nations Global Compact. A summary of our compliance with the GRI and the 10 principles of the United Nations Global Compact is presented online at www.debeersgroup.com.

From its mining operations across Botswana, Namibia, South Africa and Canada, De Beers produces and markets approximately 35% of the world's supply of rough diamonds by value. Together with our joint venture partners, De Beers operates in more than 20 countries across six continents, and employs more than 16,000 people.

Our values are encapsulated by the concept of *Living up to Diamonds*. We aim to achieve this by making a lasting contribution to the communities in which our people live and work. In this Report to Society 2010, we demonstrate how we live up to diamonds by addressing material risks along the entire diamond pipeline, from mine to consumer.

1 Canada

DE BEERS CANADA

100% owned.
Established 1998.

A Snap Lake
B Victor

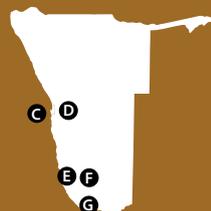


2 Namibia*

NAMDEB

50/50 joint venture with the Government of the Republic of Namibia.
Established 1994.

C Atlantic 1
D Alluvial Contractors
E Elizabeth Bay
F Mining Area 1
G Orange River



3 Botswana

DEBSWANA

50/50 joint venture with the Government of the Republic of Botswana.
Established 1968.

H Damtshaa
I Orapa
J Letlhakane
K Jwaneng



4 South Africa

DE BEERS CONSOLIDATED MINES

74/26 partnership with BEE partner Ponahalo Holdings.
Established 1888.

L Venetia
M Voorspoed
N Kimberley
O Finsch
P Namaqualand
Q SASA



| | Start of production | 2010 Tonnes treated '000 | 2010 Carats recovered '000 |
|-----------------------------------|---------------------|--------------------------|----------------------------|
| Total | | 54,544 | 32,997 |
| De Beers Canada | | 3,602 | 1,751 |
| Snap Lake | 2007 | 869 | 925 |
| Victor | 2008 | 2,733 | 826 |
| Namdeb | | 9,434 | 1,472 |
| Land | 1936 | 9,434 | 492 |
| Sea (m ² '000) | 1990 | - | 980 |
| Debswana | | 24,439 | 22,218 |
| Orapa | 1971 | 12,928 | 9,527 |
| Letlhakane | 1975 | 3,307 | 1,221 |
| Damtshaa | 2002 | - | - |
| Jwaneng | 1982 | 8,204 | 11,470 |
| DBCM | | 17,069 | 7,556 |
| Kimberley mines and contractors | 1980 | 5,493 | 823 |
| Finsch | 1961 | 4,483 | 1,583 |
| Namaqualand mines and contractors | 1928 | 41 | 97 |
| Venetia | 1992 | 4,036 | 4,288 |
| Voorspoed | 2008 | 3,016 | 732 |
| SASA (m ² '000) | 2007 | - | 33 |

Diamond demand

We are involved in diamond retail through De Beers Diamond Jewellers (DBDJ), an independently managed retail joint venture, and *Forevermark*, our proprietary diamond brand. Through Element Six (E6), our industrial synthetic diamond supermaterials business, we supply tool and application manufacturers across a diverse range of global markets.

Coverage

This Report to Society 2010: Living up to Diamonds, and its counterpart *Summary Review*, together comprise the sixth annual sustainability report produced by the De Beers Family of Companies. Both Report and Summary Review are available for download from www.debeersgroup.com. The Report and Summary Review include performance data for those businesses that De Beers either owns or has a shareholding in, and that have significant economic, social and environmental impacts. They also include narrative content on management approaches for independently managed companies such as De Beers

Diamond Jewellers (DBDJ) and Element Six (E6). Use of 'our' or 'we' in the Report and Summary Review therefore relates to the De Beers Family of Companies, a collective term used for both wholly-owned and joint-venture business entities.

More information on De Beers' structure, operations and performance can be found in the 2010 Operating and Financial Review, available online or as a PDF download at:

 www.debeersgroup.com/ofr2010/index.html

*Through 2010, Namdeb's sea licence areas were mined under contractual service arrangement by De Beers Marine Namibia, 70% owned by DBsa. In May 2011, the Government of the Republic of Namibia and De Beers agreed to restructure the partnership, creating a 50/50 holding company with full ownership of Namdeb and De Beers Marine Namibia.



At De Beers

we believe in addressing

SUSTAINABILITY ISSUES

openly and honestly.

Whether it's the development of

SUSTAINABLE

POST-MINING ECONOMIES,

the global challenge of

CLIMATE CHANGE,

or

ENSURING GLOBAL

SUPPLY IS FREE OF

conflict diamonds.

WE ARE COMMITTED TO

'living up to diamonds'

IN ALL WE DO.

Introduction from our Chairman

In 2010 we saw a significant recovery in demand for rough diamonds and consequently a turnaround in De Beers' financial performance and a return to significant positive diamond sector growth in our producer countries. This recovery was, however, not solely due to improved market conditions – it owed a great deal to the steps we and our producer partners took to transform our business in response to the economic crisis.

Our improved financial performance does not, however, represent a complete turnaround in the fortunes of either the global economy or the diamond industry. Rather it represents the ushering in of an era of greater economic uncertainty and volatility, and our heightened appreciation of the many risks inherent in operating in an increasingly globalised economy. Short term concerns over the stability of the global banking system have given way to longer term concerns over levels of structural debt in established markets, especially Europe, potential asset bubbles in some emerging markets and great political uncertainty in others.

In engaging with the challenge of operating in this new global economy, our commitment to live up to the emotional promise of the product we sell has, if anything, been reaffirmed. The success of our business, and its future growth depends on our ability to create shared value with our producer partners, our local communities, our employees and our consumers.

Creating shared value

Five years ago De Beers embarked on an exercise to articulate a series of values and principles that would shape the way we operate. These were defined in part by our belief in the ability of our business to unlock shared value through transforming commercial success into sustainable social capital wherever we operate. This is most powerfully illustrated by the fact that our commercial interests and our partners' development aspirations are mutually served by our focus on maximising the value of every carat we produce.

It is through our partnerships with governments, empowerment entities and local communities that shared value is unlocked. In Botswana, for example, more than four out of every five dollars that Debswana (a 50/50 mining joint venture between Botswana and De Beers) generates goes into public revenues, which in turn are deployed by government to create social capital through state programmes. Diamond resources also drive economic growth through the development and support of local businesses. This is achieved through preferential procurement, enterprise development and beneficiation initiatives that offer Botswana the opportunity to leverage its position in the diamond pipeline to lay the foundations for a sustainable post-mine diamond economy.

But diamond mines are finite resources. Their ability to drive economic growth and catalyse economic diversification in producer countries is limited by the size of the resource. This means that maximising the

positive impact of a mine depends on ensuring that the value of each and every carat mined is maximised. In practice, this means shifting emphasis to quality and focusing on maximising the recovery of diamonds in the mining process and reducing breakages. Doing so will help us to ensure that we can sustain our production levels over as long a period as possible and extend the life of what are, in practice, critical national assets.

Extending the life and value of mines

Our desire to maximise the life and value of diamonds has underwritten our support for Debswana's Jwaneng Cut-8 project – an initiative that will see US\$3 billion invested into Jwaneng over the next 15 years. This will create an estimated 1,400 jobs, enable Jwaneng to maintain current production levels well beyond 2015, secure approximately 102 million carats, and extend the life of this



“The success of our business, and its future growth depends on our ability to create shared value in partnership with our producer partners, our local communities, our employees and our consumers.”

resource beyond 2025. As importantly, it will help ensure consistency in revenues accrued to our government partner in Botswana, drive vital social and economic development programmes within the country, and catalyse the development of cognate industries that, in turn, will create a stronger platform for greater economic diversification in Botswana.

This understanding of value has also focused our approach to late-life mines. While we focus in all instances on ensuring our closure plans and processes meet global benchmarks for best practice, we also recognise the importance of looking at other opportunities to extend the life and hence value of mining resources. In Namibia, Namdeb is in the process of exploring possible options to extend the life of Namdeb's land-based operations to 2050; operations which are due to end in 2014 under the current operating model. In South Africa we have learned that smaller, specialised operators are able to sustain the life of some operations nearing the very end of their economic life that do not fit within our business model. Thus, having successfully sold Cullinan Mine in 2007, DBCM sold its interests in the dormant Jagersfontein Mine to the Superkolong Consortium in 2010. Core to our conditions of sale were a set of clear criteria aimed at creating sustainable local benefit through Black Economic Empowerment (BEE) equity participation, employment creation, and a range of related community initiatives. As a result, we are confident the sale of Jagersfontein will see the rejuvenation of this resource, and, with it, an area where mining ceased almost 40 years ago.

Protecting diamond equity

The way we mine, market and sell diamonds is deliberately focused on unlocking as much value as possible out of every single carat. This value can be realised globally through achieving consistent prices, driving demand for diamonds and, critically, through ensuring continued consumer confidence in the product.

From a sustainability perspective, our work in this area has two aspects. First, on managing potential ethical, social and environmental performance-related risks in the diamond pipeline through our third-party audited Best Practice Principles Assurance Programme. Second, through our active and ongoing support for broader initiatives like the Kimberley Process.

Since its inception, the Best Practice Principles Assurance Programme has helped to protect diamond equity through managing potentially serious reputation risks whilst, at the same time, reshaping industry practice on a range of issues including child labour, employment practice and working conditions in cutting and polishing centres like Surat in India. The success of the model has been such that, over 2009 and 2010, it has shifted focus from driving continuous improvement on a broad swathe of issues to applying greater focus to particular individual areas of risk. The success of this initiative illustrates particularly well the clear correspondence that exists between commercial success and the creation of social capital.

2010 was perhaps the most challenging year for the Kimberley Process since its inception in 2003. Participating governments struggled to reach a clear consensus by the year end on the terms under which Zimbabwe would be able to export rough diamonds from the Marange Region. De Beers, which participates in the Kimberley Process through the World Diamond Council, focused its efforts during the course of the year on encouraging participating governments to resolve this issue within the Kimberley Process framework. While the Kimberley Process has been very successful in meeting the challenge it was designed to fulfil – preventing rebel groups from using diamonds to fund civil wars or resistance movements against legitimate governments – it has become something of a victim of its own success. As the spectre of diamond-funded civil wars has receded, some stakeholders have been wanting

“As we look to the year ahead, we will continue to focus on maximising the value of every carat we produce and likewise to ensure that every carat we produce captures the values that guide us as a business.”

the Kimberley Process to address far more complex issues. Reflecting a shift in NGO agendas and, likewise, the expectations of some consumers, the Kimberley Process has, in effect, been asked to extend its mandate to address questions relating to possible abuses of human rights within member states. It is, however, clear that the current Kimberley Process consensus mechanism is not designed for this task. From a De Beers perspective, ensuring that consumers are able get the assurance they require remains our priority. We will thus continue to support the Kimberley Process as it seeks to address these challenges while ensuring that consumers can remain absolutely confident that De Beers diamonds live up to the diamond promise.

Future challenges

As we look to the year ahead, we will continue to focus on maximising the value of every carat we produce and, likewise, to ensure that every carat we produce captures the values that guide us as a business. Having ensured the continuity of our sustainability programmes during the course of the economic downturn, our focus in 2011 will be to use our sustainability framework as a springboard to create greater shared value – social and financial – wherever we operate, in a time of economic uncertainty. To do so, we will push our internal systems and processes that are focused on identifying and managing long term sustainability risks and opportunities through our Principles programme. This will be particularly important as we contemplate the possibility of developing resources in countries like Angola where we would need to develop new models of operating to establish a sustainable framework for mutual benefit. This framework would serve both our communities and commercial interests, and ensure that we continue to ‘live up to diamonds’.



Nicky Oppenheimer
Chairman
De Beers

Introduction from the Acting CEOs

Operating sustainably and responsibly sits at the heart of De Beers' business strategy. It ensures our continued licence to operate in our producer countries, and supports both the value and integrity of diamonds.

2010 performance overview

If 2009 was defined by our collective efforts to ensure that the De Beers Family of Companies was fit to operate in an era of economic uncertainty, 2010 proved to be a vindication of these efforts. Improved demand for rough diamonds, coupled with our success in reducing costs across the business, yielded positive financial results that translated into significant benefits across our stakeholder base.

Having restructured elements of the business in response to the global financial crisis in 2009, we focused our efforts in 2010 on solidifying our ability to manage sustainability issues from a lower cost base. To this end, we refined our sustainability risk identification and evaluation framework with the specific goal of allocating our resources more effectively to manage those risks that are of greatest consequence to our stakeholders and our business.

Economic contribution

De Beers' operating model is based on the understanding that our long term commercial interests are best served where they are directly aligned with the interests of our key stakeholders. This equation underwrites our partnerships with diamond producers in Africa, and informs our support for governments' efforts to add greater value to their diamond resources through beneficiation and related activities. With, for example, our joint-venture partnerships with the Government of Botswana generating roughly 30% of Botswana's GDP and half of total Government revenues year-on-year, Botswana's citizens are a major stakeholder group. In fact, the citizens of our major producer countries are our largest directly impacted stakeholder group. The more efficiently we mine, the greater the economic and social capital accrued to these stakeholders.

It is, therefore, gratifying to report that total carat production across the Family of Companies increased by 34% in 2010, and rough diamond prices rose on average 27% relative to 2009. As a result, in 2010, the Family of Companies generated and returned a total of US\$3.33 billion to stakeholders in Africa.

Late-life mines continue to pose a sustainability challenge. In almost all instances, extending the life of mining operations so that they can continue to create value, provide jobs and support suppliers is more desirable than closure. In Namibia, Namdeb's land operations are due to cease in 2014 under the current operating model. Namdeb is in the process of exploring options to secure the investment necessary to extend the life of these operations to 2050. In South Africa we have learned that specialised operators are better positioned to sustain the life of some older operations that do not fit within our mining portfolio. In 2010, Finsch Mine and Namaqualand Mine were put up for sale, with agreements reached for both mines in 2011.

In 2010, DBCM also sold its interests in the dormant Jagersfontein Mine to the Superkolong Consortium, a Black Economic Empowerment (BEE) holding company that has a number of mining operations. Core to our conditions of sale were a set of clear criteria aimed at creating sustainable local benefit through BEE equity participation, employment creation, and community initiatives. We are confident the sale of Jagersfontein will see the rejuvenation of this resource, and with it an area where mining ceased almost 40 years ago.

Safety

Having operated for two consecutive years without a fatality, it is with great regret that we report that a contractor, Rodney Berconney, was fatally injured at Orapa Mine in December 2010. This was followed by two further fatalities at Namdeb early in 2011.

Despite having undertaken sustained efforts to instil an effective 'zero-harm' safety culture across the business, these fatalities show that our performance in this area is simply not good enough and that ensuring that our workplaces are safe for all of our employees must remain our highest priority.

There were several points of progress during the course of the year as we rolled out our Safety Risk Management Programme, our Visible Felt Leadership programme, and a new safety incident classification system designed specifically to drive greater universal awareness of safety risks and hazards in the workplace.

Ethics

Ethical provenance remains at the heart of the value of diamonds, or what we call diamond equity. As questions arose regarding the authority of the Kimberley Process in 2010, due to the participants' unsuccessful attempts to reach a consensus on the export of diamonds from the Marange region in Zimbabwe, we focused our energies on guaranteeing that the De Beers diamond pipeline is robust and secure.

Consequently, we expanded our internal and external ethical compliance frameworks through our Best Practice Principles Assurance Programme, commenced rolling out a comprehensive anti-corruption programme across the Family of Companies and expanded *Forevermark* in new markets.

To ensure the effective benchmarking of our compliance standards, we integrated additional criteria from the Responsible Jewellery Council's (RJC) Certification system into our Best Practice Principles Assurance Programme in 2010. We did this with a view to the Family of Companies obtaining RJC Certification in 2012.

Communities

While De Beers continues to have good relationships with local communities, there is not sufficient continuity between operations in terms of how our community relations functions are organised. This problem was exacerbated during the financial downturn as some key community-facing roles were reorganised. Consequently, in 2010 we focused on evaluating the state of the community discipline across the Family of Companies so as to move our community management posture from reactive to proactive over the next three years.

With our exploration operations in Angola moving to a more advanced stage, we initiated consultations with a village of 16 households in the Lunda Norte region, to discuss a possible resettlement. We are committed to meeting all international standards for best practice in this exercise, and ensuring that any resettlement proceeds on the basis of the informed consent of those affected.

Environment

We face an ongoing challenge in our efforts to minimise our water use and impact on the climate. It is technologically possible to continue to deliver reductions in water use at our operations, but this usually comes at the expense of using greater amounts of energy, which in turn increases our carbon emissions. We also need to balance our responsibility to create value for our producer countries, and thereby contribute to national development, with the needs of other water users near our operations. In recognition of the importance of water to our business we endorsed the United Nations Global Compact CEO Water Mandate in 2010.

While our new water usage in 2010 increased by 63% over 2009, due to our increased production as the market recovered, roughly half of the water used by our southern African mining operations was recycled. Similarly, while our total energy usage in 2010 increased 48% relative to 2009, again as a result of increased production, our carbon dioxide equivalent emissions increased by only 32%.

Recognition

De Beers continues to receive recognition for its influence in driving sustainability through the diamond value chain, and the success of its partnership model in supporting economic development in our diamond producing areas. In 2010, our Diamond Route won the Nedbank Capital Green Mining Award for sustainability and our 2009 Report to Society was declared the Overall Winner in the ACCA South Africa Sustainability Reporting Awards. As we look forward to 2011, the men and women of the De Beers Family of Companies are committed to 'living up to diamonds'.



Bruce Cleaver
Joint Acting CEO
De Beers

Bruce Cleaver



Stuart Brown
Joint Acting CEO
De Beers

Stuart Brown

2010 highlights

US\$3.3 billion

generated and returned to stakeholders in Africa.

34%

increase in total carat production on 2009 levels.



243,365

total number of diamond industry employees in 57 countries covered by the De Beers Best Practice Principles Assurance Programme.

40%

expansion of *Forevermark*, De Beers proprietary diamond brand, founded on a promise of ethical integrity.

US\$715 million

total amount allocated to preferential procurement.

US\$29.8 million

total community social investment, including contractually mandated initiatives and in-kind contributions.

US\$500 million

shareholder investment in the Jwaneng Mine Cut-8 extension.



Successful sale of Jagersfontein Mine

to Superkolong Consortium, a broad based Black Economic Empowerment holding company.

A A selection of rough diamonds
B Aerial view of Jwaneng Mine

Operating highlights

2010 marked an exceptional year for the De Beers Family of Companies following the economic downturn and the global financial crisis.

Leading the diamond recovery

The difficult steps we took in 2009 to weather the global economic crisis positioned the company well for market recovery, leading to exceptional financial results for 2010.

Maintaining a leaner workforce, we focused on embedding the lower cost base of 2009 as we increased production in line with improved Sightholder demand.

In 2009 we took steps to restructure our business without reducing our commitment to maintaining the highest ethical, environmental and social standards across our operations. Our focus in 2010 on driving efficiency in all aspects of our performance returned impressive financial results, and reaffirmed our belief that a responsible business is a profitable business.

Strong recovery in the diamond market

Strong demand from DTC Sightholders saw the price for rough diamonds grow by 27% over the year, and surpass pre-recession highs of 2008. This growth was driven by increasing consumer demand for retail jewellery, particularly in the emerging economies of India and China.

Confidence grew throughout the year from retailer restocking, exceptional rates of growth in polished wholesale prices in India and China of 31% and 25% respectively (in local currencies), and a strong US Christmas sales season, up by approximately 7% on the previous year (see Fig. 1, p7).

Higher production from a lower cost base

During 2010, we increased production in line with increased demand from DTC Sightholders, while maintaining as much as possible the low cost base we achieved in 2009 following the economic downturn. Across our business, total carat production increased by 34%, with individual business units increasing production by between 25% and 58%.

Tonnes treated and tonnes mined increased by 55% and 75% respectively, comparing favourably to a 42% increase in production costs. We recovered around 33 million carats in 2010, compared with 24.6 million carats in 2009 (see Fig. 2, p7).

This combination of increased production and low operating costs led to an exceptional growth in profit margins for the company.

EBITDA grew to US\$1.43 billion in 2010 – an increase of 118% over 2009 (US\$654 million). This growth was driven by a 57% increase in total sales for the full year in 2010 at US\$5.9 billion (including those through joint ventures), compared to US\$3.8 billion in 2009 (see Fig. 3, p7).

The difficult steps we took in 2009 to weather the global economic crisis positioned the company well for an exceptionally strong recovery in the price of rough diamonds in 2010.

A strategy for sustainable growth

In order to capitalise on this growth, De Beers implemented *Five Strategic Levers* at the beginning of 2010. These levers are designed to drive growth and maximise the value and life of diamonds across the Family of Companies (see Fig. 5, p8).

Our five strategic levers

1. Sustainably maximise the price received for our rough diamonds
2. Find, optimise and invest in mines that generate superior returns
3. Invest in value-creating downstream opportunities
4. Embed cost and capital efficiencies
5. Protect diamond equity

These strategic aims guided our projects and initiatives during 2010. Some highlights are below.

1. Sustainably maximise price for our rough diamonds

An exceptionally strong recovery in the price of rough diamonds saw DTC rough diamond prices increase by an average of 27% in 2010, compared with 2009. As a result, sales of rough diamonds by the DTC totalled US\$5.08 billion for the full year 2010.

2. Find, optimise and invest in mines that generate superior returns

We aim to secure future supply by finding new mines, and maximising the value and life of the mines we have. We also free up capital for investment by selling late-life mines to operators who specialise in generating value from them, thus extending the life of mines we are not optimised to manage.

Cut-8 extension to the Jwaneng Mine, Botswana

Cut-8 represents the largest-ever single private investment in Botswana. The project will extend the life of mine to at least 2025, and is expected to yield approximately 102 million carats worth an estimated US\$15 billion.

Investing in the Gahcho Kué project, Canada

A joint venture between De Beers Canada and Mountain Province Diamonds, the proposed Gahcho Kué Mine would extract around 4.5 million carats of diamonds annually from three kimberlite pipes over an 11-year mining period.

Mine sales, South Africa

In 2009 we offered a number of our South African operations for sale in order to rationalise our mine portfolio and release capital from late-life mines for more suitable capital investment in other operations. In October 2010, the Jagersfontein Mine was sold to Superkolong Consortium, a broad based Black Economic Empowerment (BEE) holding company. Sale agreements were also signed for Finsch and Namaqualand Mines in January and May 2011, respectively.

3. Invest in value-creating downstream opportunities

De Beers continued to expand its proprietary diamond brand, *Forevermark*, throughout Asia, with the brand now available in 348 doors globally. This represents a 40% increase on the beginning of 2009. *Forevermark* will continue to expand in the rapidly growing China market in the year ahead and has recently launched in India.

In the US, *Forevermark* began an exploratory phase in 2010 that yielded positive early consumer research. We will continue to assess US market opportunities for the brand during 2011.

4. Embed cost and capital efficiencies

All operations within the Family of Companies focused on making the savings we achieved during 2009 a permanent part of our operating culture. Prudent cash management and a continuing focus on costs carried the new cost base through to 2010, contributing to improved margins.

De Beers successfully refinanced all of its international and South African debt in March 2010 on satisfactory terms after support from our three shareholders, who invested a total of US\$1 billion in the business, thus illustrating their levels of support for De Beers.

The Botswana Financing Agreement was extended to August 2013. Net debt, excluding shareholder loans, had fallen to US\$1.76 billion at the end of 2010, compared with US\$3.20 billion at the end of 2009.

5. Protect diamond equity

In 2010, issues associated with exports from Zimbabwe dominated events in the Kimberley Process. While De Beers does not operate in Zimbabwe, we continue to support the Kimberley Process as we have done since its inception. The protection of diamond equity motivates many of the initiatives we cover in this report.

Fig. 1

**DTC rough diamond price index
(Set at December 31 2008)**



Fig. 2

Total carat production versus tonnes treated, 2008-2010

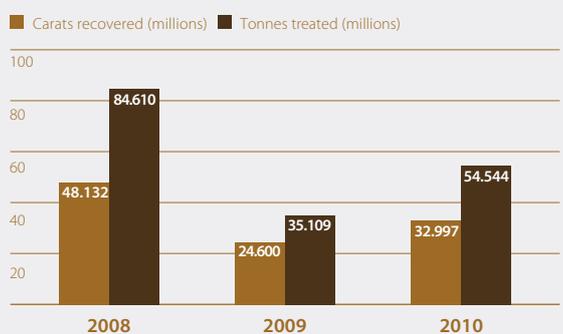


Fig. 3

EBITDA as a proportion of total sales, 2008-2010



To keep step with steadily increasing demand, total production for the De Beers Family of Companies is expected to reach approximately 38 million carats in 2011.

The market outlook

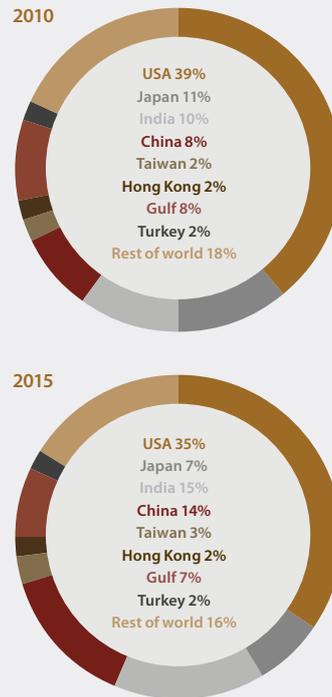
We remain cautiously confident about the diamond market in 2011 and expect to continue to grow, albeit at a slower rate than in 2010. We expect that the growth in consumer demand for diamond jewellery will remain positive in 2011, underpinned by global economic growth and strong retail confidence. After the better-than-expected Christmas buying period, the US diamond jewellery market is expected to continue recovery.

We also anticipate that strong growth in China and India will continue (see Fig. 4). To keep step with steadily increasing demand from our Sightholders to meet this retail demand, total production for the De Beers Family of Companies is expected to reach approximately 38 million carats in 2011.

Further information on the approach of operations across the Family of Companies can be found in our Operating and Financial Review, available at

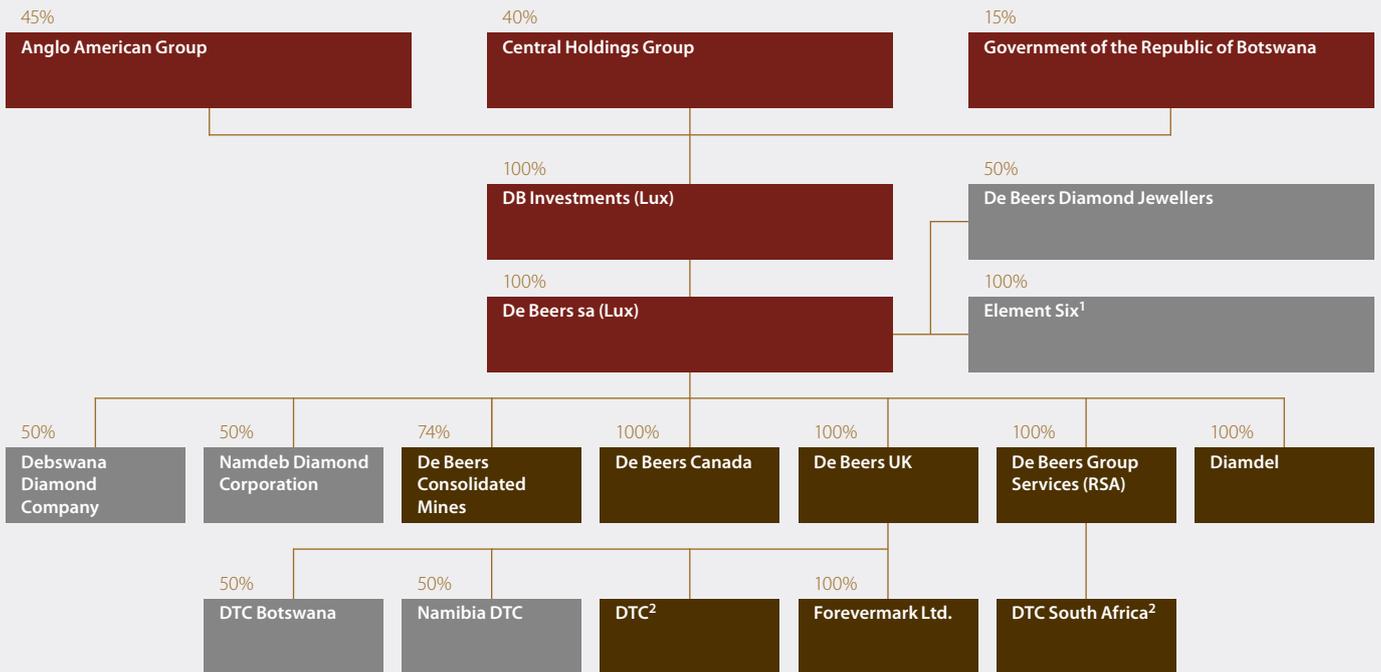
 www.debeersgroup.com/ofr2010/index.html

Fig. 4
Consumer demand forecasts, 2010 and 2015 (US\$ PWP)



Data note 1: These figures provide estimates and forecasts of the size and growth of main diamond consumer markets based on pipeline and consumer research commissioned by De Beers Group Strategy. 2010 results are preliminary. India and China grow at levels above GDP/capita; USA grows at 80% of GDP; other developed markets flat real growth.

Fig. 5
The De Beers Family of Companies



■ De Beers sa and shareholders
 ■ Owned and controlled subsidiaries and divisions
 ■ Joint ventures and independently-managed subsidiaries

¹ Non-abrasives – 100%, Abrasives – 59.78%
² Marked entries are divisions rather than subsidiaries

2010 Performance summary

De Beers aims to make a real and lasting contribution to the communities and countries in which it operates. We track our performance against broad objectives from across the sustainability spectrum.

ECONOMICS p18-32

| Objectives for 2010 and beyond | Our performance in 2010 | Trend |
|--|--|-------|
| To maintain consistent value for shareholders and producer partners | With a 34% increase in production and 27% growth in the price of rough diamonds, our payments to governments, suppliers, employees, shareholders and other finance providers increased by 47% to US\$5.0 billion (2009: US\$3.4 billion) | ↑ |
| | US\$500 million shareholder investment in Jwaneng Mine Cut-8 extension | ↑ |
| To drive global demand for diamonds and to promote supply stability for Diamond Trading Company Sightholders | US\$5.9 billion of rough diamond sales (2009: US\$3.84 billion) | ↑ |
| | 40% expansion of <i>Forevermark</i> , De Beers proprietary diamond brand, to 348 doors worldwide | ↑ |
| To support government-led economic development, beneficiation, capacity building, diversification and activities that endure beyond the life of existing mines | US\$3.33 billion paid to stakeholders in Africa (2009: US\$2.2 billion) | ↑ |
| | US\$1.12 billion in rough diamonds supplied to DTC Sightholders for manufacture in southern Africa (2009: US\$579 million) | ↑ |
| | Allocation of US\$715 million to preferential procurement in southern Africa and Canada (2009: US\$610 million) | ↑ |
| To access new reserves and build sustainable relationships in new territories | US\$43.3 million spent on exploration in Angola, Botswana, Canada, India and South Africa (2009: US\$44.8 million) | ↓ |

ETHICS p33-47

| Objectives for 2010 and beyond | Our performance in 2010 | Trend |
|--|---|-------|
| To maintain consumer confidence in our business and play a key role in upholding global diamond equity | Worldwide compliance by De Beers with the Kimberley Process and System of Warranties reviewed and confirmed by a third party | → |
| To develop and embed ethical standards within our operations and throughout the diamond value chain | 243,365 diamond industry employees in 57 countries covered by the De Beers Best Practice Principles Assurance Programme | → |
| | Reduction in total Best Practice Principles infringements by DTC Sightholders for the fourth consecutive year to 135 (2009: 136) | ↑ |
| | No significant incidents of corruption identified and no significant fines or non-monetary sanctions imposed in relation to non-compliance with anti-corruption legislation and regulations | → |

EMPLOYEES p48-63

| Objectives for 2010 and beyond | Our performance in 2010 | Trend |
|---|--|-------|
| To maintain the health and safety of our employees and contractors as a top priority | Certification of all mines, with the exception of Snap Lake and Victor in Canada, to the OHSAS 18001 standard | → |
| | Having operated for two consecutive years without a fatality, a contractor was fatally injured at Orapa Mine, Botswana | ↓ |
| | Rise in Lost Time Injury Frequency Rate (LTIFR) to 0.24 per 200,000 hours (2009: 0.21) | ↓ |
| To maintain a motivated, focused and lean workforce into the future | Workforce size increased by 1.88% (2009: -23%) | → |
| | Employee engagement survey undertaken and 'Pipeline' internal communication platform launched | → |
| To engage proactively with priority concerns in producer countries, including management of the HIV and Aids pandemic, Black Economic Empowerment and Gender equality | Anti-Retroviral Treatment provided to a total of 1,652 employees and family members in Botswana, Namibia and South Africa. Free and confidential HIV testing, access to Anti-Retroviral Treatment and wellbeing programmes provided for all affected staff and life partners | → |

COMMUNITIES p64-78

| Objectives for 2010 and beyond | Our performance in 2010 | Trend |
|--|---|-------|
| To engage and create mutually beneficial partnerships with local communities, to ensure clear communication of the impact of our activities and to promote active participation in the development of programmes to maximise local benefit | Cut-8 Legacy Project launched to facilitate contractor support for community development initiatives | ↑ |
| | Continued deferment of global roll-out of Socio-Economic Assessment Toolbox (and equivalent tools) | ↓ |
| | Discussions initiated with Mulepe village community, Lunda Norte region of Angola, regarding resettlement to facilitate safe exploratory drilling | → |
| To align our community investment activities with relevant national development programmes | Global expenditure of US\$29.8 million on community social investment (including contractually mandated initiatives and in-kind benefits (2009: US\$29.3 million) | ↑ |
| | US\$4.9 million (2009: US\$4.2 million) spent by De Beers Canada on a range of programmes under seven Impact Benefit Agreements (IBA) with First Nations communities | ↑ |
| | US\$1.5 million invested by DBCM in Local Economic Development under Social and Labour Plans in South Africa (2009: US\$2.5 million), slightly below planned expenditure of US\$1.7 million | ↓ |
| To ensure the effective management and mitigation of the socio-economic impacts of mine sale and closure | Community and Environmental criteria key in sale of Jagersfontein Mine to Superkolong Consortium, a broad based Black Economic Empowerment (BEE) holding company in South Africa | ↑ |
| | Ongoing discussion with Government of the Republic of Namibia on proclamation of the town of Oranjemund | → |
| | De Beers Zimele pilot expands funding from six to 45 projects in Kimberley, South Africa. Programme expanded to Voorspoed, South Africa, at years' end | ↑ |

ENVIRONMENT p79-93

| Objectives for 2010 and beyond | Our performance in 2010 | Trend |
|--|--|-------|
| To manage and mitigate the risks posed to our business and surrounding communities by climate change and water scarcity | 50% of total freshwater footprint at our southern African mines from reused and recycled water (2009*: 53%) | → |
| | 63% year-on-year increase of new (potable and non-potable) water across all of our operations/facilities, to 38.09 million m ³ (2009*: 23.31 million m ³), mainly due to production increases | → |
| | Total carbon emissions rose 31.5% to 1.46 million tonnes in 2010 (2009*: 1.11 million tonnes) due to 34% increase in production | → |
| | Direct and indirect energy consumption of 11.24 million Gigajoules (GJ) (2009*: 7.82 million GJ), a 43.8% increase year-on-year | → |
| To mitigate potential environmental impacts when planning, designing and implementing exploration, mining and related activities | Over 230,000 hectares set aside for conservation, an area almost six times larger than our mining footprint (39,000 hectares) | → |
| | The Diamond Route wins prestigious Green Mining Award in the Sustainability category. De Beers is a partner in the cross-provincial, nine-site tourism route across southern Africa | ↑ |

Data note 2: Previous year's water and energy use data* has been changed slightly from the data reported in our 2009 Report to Society. This restatement takes into account improvements in data reporting and is more accurate.

Our approach to sustainability

Our commitment to operating in a responsible and sustainable manner sits at the heart of the De Beers business strategy.

Our approach has three main elements:

Reporting on our approach
p12



Stakeholder engagement
p14



Managing our sustainability risks
p16

Delivering good financial returns depends on our ability to effectively address the risks that could affect the sustainability of our business and the societies in which we work.

Contributing to sustainable development

Our understanding of sustainability is shaped by the societal imperatives of our partner governments and communities. This includes helping to define the role of business in contributing to a vision of a more prosperous Africa.

Our approach to sustainability is focused on managing and mitigating those risks that can affect our commercial interests by undermining consumer confidence in diamonds or impacting on our access to supply.

A risk-based approach

We categorise sustainability risks into five key areas: Economics, Ethics, Employees, Communities and Environment. Extensive stakeholder engagement processes help us to assess the relevance and materiality of each risk and to develop appropriate management responses. This Report to Society provides an account of our performance against those risks identified in 2010.

Ongoing stakeholder engagement is one element of our broader sustainability management framework. A set of Principles (see p100) define the way we do business in each of the five risk areas, which are in turn supported by a suite of policies, guidance and management tools. These Principles commit us to consider and take responsibility for the longer term economic, social and environmental implications of our decisions, and to work in partnership with stakeholders across the diamond pipeline to maximise our positive impacts. The Principles also commit us to be accountable for our ethical conduct and sustainability performance.

These Principles inform decision-making, our ongoing engagement with stakeholders and assessments of how our business impacts society.

Corporate citizenship

Managing our sustainability risks requires us to engage with stakeholders on broader issues. We seek to mitigate risks to our business through, for example, raising ethical standards across the diamond or jewellery industry as a whole through initiatives such as the Kimberley Process Certification Scheme or the Responsible Jewellery Council. Through our membership and support of corporate citizenship initiatives such as the United Nations Global Compact and the Extractive Industries Transparency Initiative we aim to contribute to the broader agenda of harnessing the potential of responsible business to contribute to sustainable development.

We also engage on public policy issues. This can range from direct engagement with governments on regulation or mining policy to contributing knowledge and experience to debates on sustainability issues. In general, we prioritise public policy activities based on:

- Issues that could impact the diamond industry; and
- Issues or policies that could 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. In Botswana, for example, we are active in the Chamber of Mines, and in early 2010 the De Beers CEO participated in the Business and Economic Advisory Council. In South Africa we have several partnerships with NGOs through which we collaborate to influence environmental policy.

Reporting on our approach

In this Report to Society 2010 we discuss the sustainability risks we have identified as most relevant to the De Beers Family of Companies and our stakeholders. These risks are identified and prioritised through engagement with stakeholders and through our internal risk management processes.

A risk-based approach to reporting

We use a sustainability risk matrix to evaluate the short and longer term risks most material to sustainability (see Fig. 6). Business risk includes both the likelihood of a risk manifesting itself, as well as the impact that such a manifestation would have on our business (i.e. direct risk). Stakeholder materiality is based on the degree to which an issue is considered relevant and material by stakeholders, and the ability of such stakeholders to impact upon our business (i.e. indirect risk). In 2010, our risk analysis and stakeholder engagement processes identified 26 key sustainability risks to report on. We have prioritised 18 of these key risks across all five sustainability areas for discussion in the Report and Summary Review. Of these, 15 are considered high risk issues, falling in the top right-hand quadrant of our materiality matrix. The remaining three – Driving local growth and diversification, Product security and Attracting and retaining talent – are issues that present a medium risk overall, but due to their direct potential impact on our business we have decided to report on them in greater detail.

Changes in our reporting approach

In 2010 we engaged widely on the format and content of our sustainability reporting, with the aim of communicating more effectively with our stakeholders.³ The 2009 Report to Society won recognition for its overall quality, and was particularly noted for its relevance and materiality, including the risk assessment framework, direct engagement with stakeholders' concerns, and willingness to address sensitive issues.⁴

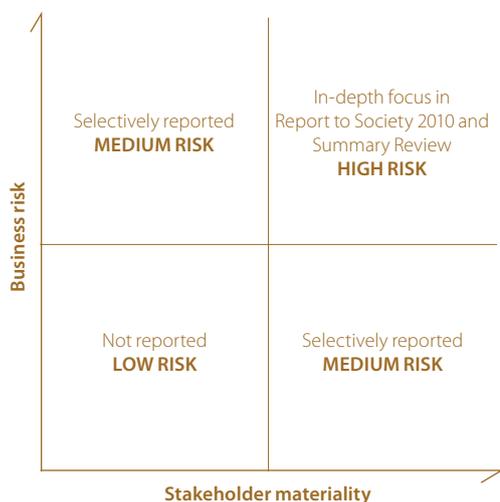
Based on a range of stakeholder recommendations (see Appendix, p94), we have made a number of changes to our reporting format. This year we have produced a concise printed Summary Review of our sustainability performance throughout 2010, and this more detailed Report to Society. Both are available for download from our group website. With the 2011 Report to Society we will then complete the transition to an interactive web-based Report, with a concise printed Summary Review.

We are also taking a further step towards integrated reporting of financial and non-financial performance by including a summary of the Operating Highlights from 2010 in both the Report to Society and Summary Review. While we do not intend to move to a fully integrated annual report on our financial and sustainability performance, we do recognise this broader drive within the corporate reporting field.

Further, we have undertaken AA1000 sustainability assurance on the Summary Review, in preparation for our application for Responsible Jewellery Council certification in 2012. A statement by Société Générale de Surveillance (SGS) on their assessment of the process by which we have engaged stakeholders in developing the Summary Review, and the integrity of the data we report in it, is provided on page 56 of the Summary Review. With each of these steps we hope to stay at the forefront of sustainability and corporate reporting practice.

Fig. 6

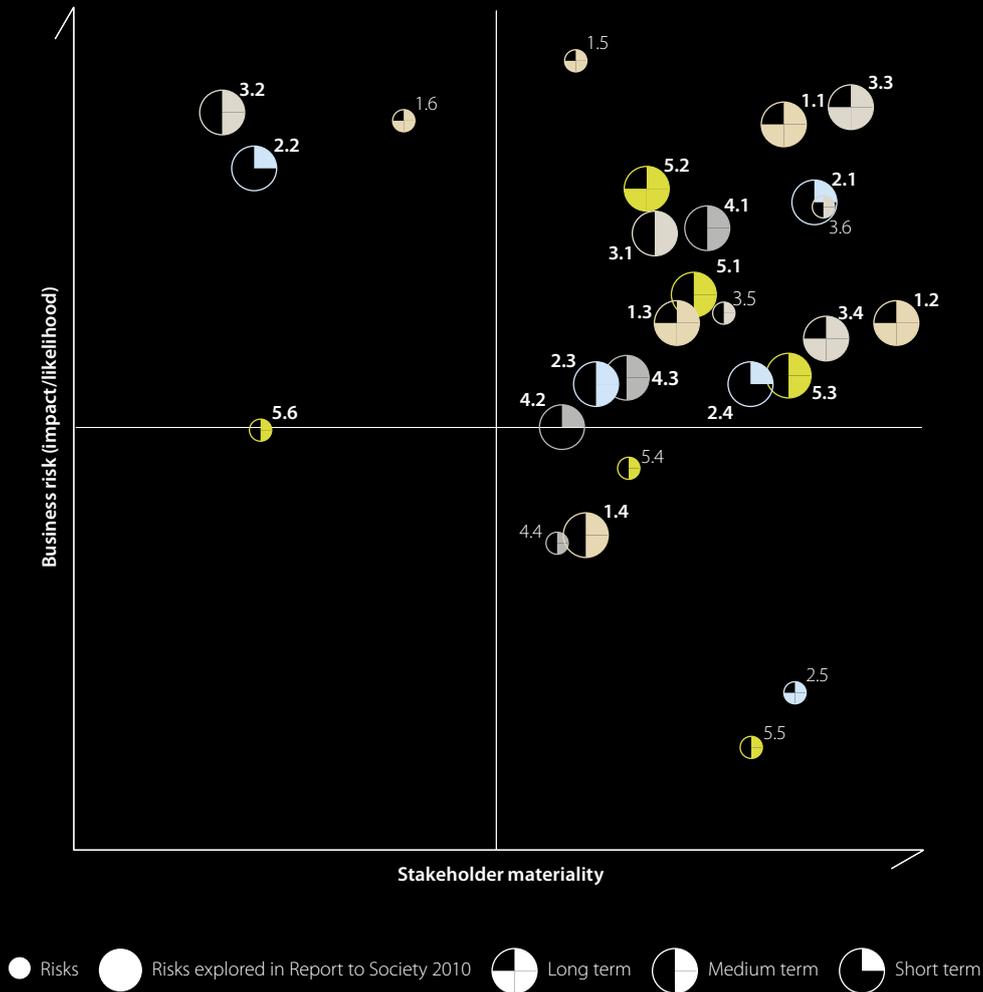
Our risk matrix approach to reporting



³This included our annual Managers Perception Survey distributed to report contributors and senior management across the Family of Companies. Our aim was to learn more about how employees use our Report to Society and whether it covers the issues material to them. The survey results indicated that the report is considered a useful tool to help support both internal and external stakeholder engagement, attract and retain talent, and as a platform to effectively communicate key figures and practices to the industry and media.

⁴Having won three ACCA awards for previous Reports to Society, a new award category of 'Overall Winner' was created for the 2009 Report to Society by the ACCA South Africa Sustainability Reporting Awards. The comments are drawn from the judging panel's report. The Report to Society 2009 was also placed for the 'Relevance and Materiality' category at the Corporate Register Reporting Awards.

Report to Society 2010 sustainability risk matrix



The matrix above sets out the sustainability risks identified over the course of 2010. We classify these issues by reference to the risks they pose to our business, and the degree to which they are material to stakeholders.

Economics

- 1.1 **Maintaining value for producers**
- 1.2 **Governance and revenue transparency**
- 1.3 **Success of beneficiation**
- 1.4 **Driving local growth, diversification and capacity building**
- 1.5 Driving and maintaining demand
- 1.6 Access to new reserves and sustainable relationships in new territories

Ethics

- 2.1 **Kimberley Process and System of Warranties credibility**
- 2.2 **Product security**
- 2.3 **Anti-corruption**
- 2.4 **Maintaining pipeline and sector standards**
- 2.5 Legal compliance, e.g. competition law, tax law etc

Employees

- 3.1 **Managing changes to the size of the workforce**
- 3.2 **Attracting and retaining talent**
- 3.3 **Maintenance of health, safety and occupational hygiene standards**
- 3.4 **HIV and Aids management**
- 3.5 Diversity and inclusion
- 3.6 Compliance with international labour standards

Communities

- 4.1 **Local licence to operate**
- 4.2 **Social impact of closures and transfer of assets**
- 4.3 **Sustainable community social investment**
- 4.4 Managing land claims

Environment

- 5.1 **Water and energy security in a changing climate**
- 5.2 **Lifecycle planning**
- 5.3 **Promotion and maintenance of biodiversity and ecosystems**
- 5.4 Maintaining environmental standards
- 5.5 Respect for protected areas, biodiversity hotspots or World Heritage Sites
- 5.6 Management of waste and pollution prevention

Our management approach to the risks in bold is discussed in this full Report to Society 2010 and in the Summary Review.

Engaging with stakeholders

Ongoing, open and effective stakeholder engagement is core to the successful management of our business.

Our ability to work with our stakeholders at all levels of the business is a central factor in maintaining our legal, social and political licence to operate. The integration of stakeholders into our sustainability risk assessment and management processes helps us identify and prioritise stakeholder concerns. This enables us to identify issues that are within our direct control and that are our clear responsibility to address, to identify issues that are external to the Family of Companies but which nonetheless fall within our sphere of influence, and to establish whether we are 'living up to diamonds'.

Our stakeholders include groups that the Family of Companies has a significant impact on, as well as those groups that can significantly impact our activities. These include our shareholders, producer governments, employees, local communities, civil society and intergovernmental organisations.

Engaging with stakeholders and managing risks

Our engagement with stakeholders informs our identification of risks, and the development and enactment of strategies to mitigate those risks. This engagement falls into two types. The first is direct engagement, including surveys, roundtable discussions, dialogue at conferences, independent multi-stakeholder dialogue, one-to-one meetings, and 'on the ground' engagement with local stakeholders at each operation. The second is indirect engagement and the use of external benchmarks and standards that represent societal expectations.

Stakeholder engagement happens every day and at all levels of our business on issues as diverse as HIV/Aids management and conflict diamonds (see Fig. 7, p15). Our partnerships with governments in joint ventures in Botswana and Namibia mean ongoing and continuous engagement with our largest stakeholder communities – the citizens

of Botswana and Namibia. Elsewhere, we engage continuously with governments and others such as regulators. Stakeholder engagement is a cornerstone of our sustainability risk management process (see p16-17), particularly in developing and supporting action on sustainability challenges that we cannot address alone.

At a group level, we undertake two formal stakeholder engagement processes annually to inform our management of sustainability issues – the Managers Perception Survey and the Multi-stakeholder Forum. Key findings and recommendations from these forums in 2010 have informed the changes we have made to the Report to Society this year (see Appendix, p94). As in previous years, responses to questions put to senior management by participants at the Multi-stakeholder Forum are presented throughout this report in the boxes marked as 'Stakeholder questions'.

Identifying our stakeholders

Our impacts and the stakeholders they affect are context dependent and differ depending on the issue, the stage of the project and the location. Each operation identifies, prioritises and engages stakeholder groups that its activities have the most impact on. This role is typically managed by regional External and Corporate Affairs offices, but also takes place through a number of diverse and more localised channels.

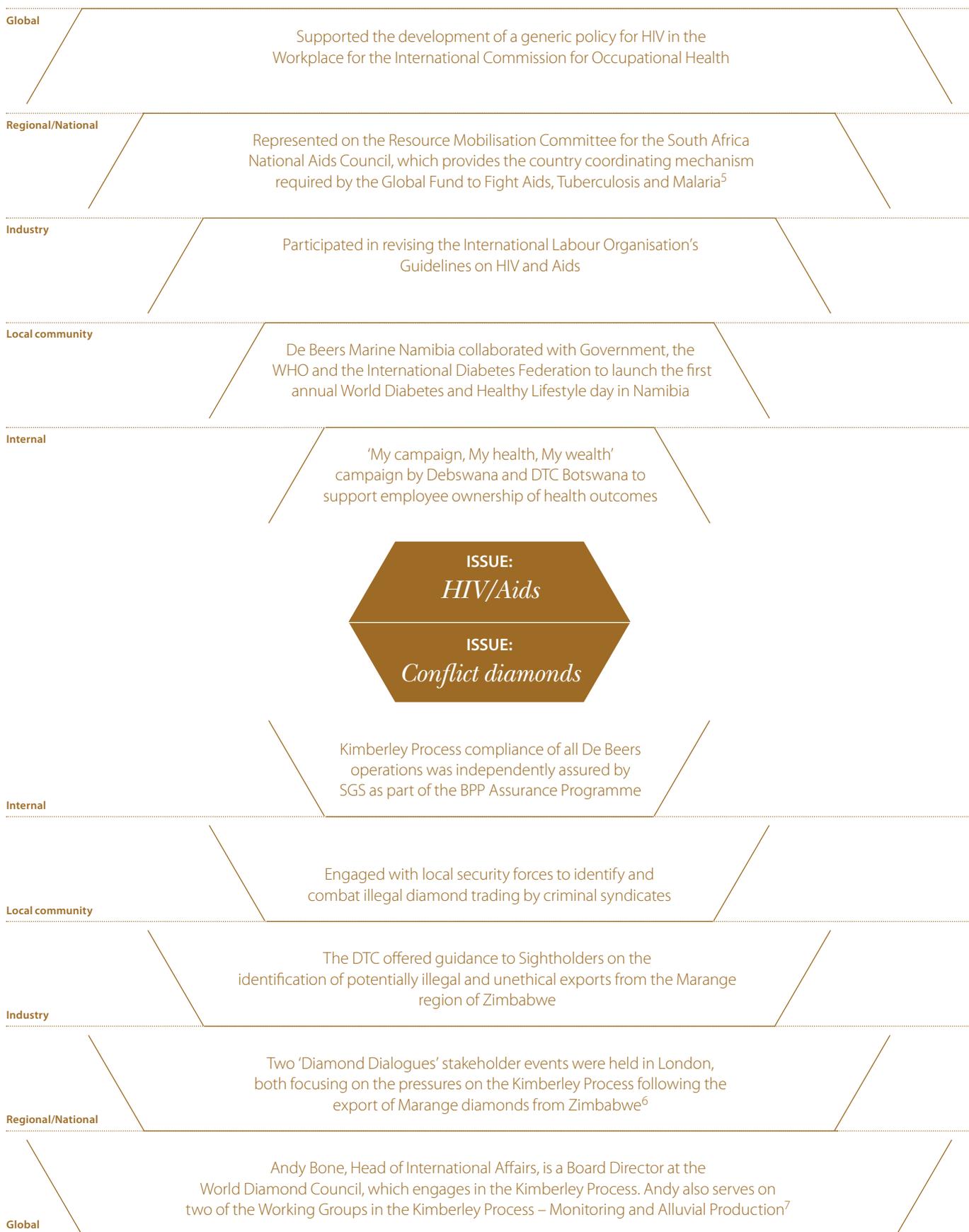
In 2010, we began the strategic planning phase for a stakeholder mapping tool, to provide our operations with a consistent approach to identify stakeholders that have, or could have, an impact on their business and engage them appropriately. In 2011, we will pilot this methodology within the business and provide training for using the tool, along with implementing, managing and reporting on engagement processes.



A An interpreter translating for visitors from the Tlocho Government, Snap Lake Mine
B Employee engagement, Johannesburg

Fig. 7

A multi-level approach to stakeholder engagement



⁵ www.sanac.org.za, www.theglobalfund.org

⁶ A total of 15 organisations took part in these roundtable discussions, including: the Business and Human Rights Resource Centre, Africa Matters, Zimbabwe-Europe Network, International Alert and Transparency International (UK). Outputs from each dialogue are available online at the Business and Human Rights Resource Centre www.business-humanrights.org

⁷ www.kimberleyprocess.com

Managing our sustainability risks

We believe that operating as a responsible and transparent business is a competitive advantage. Our success as a business is defined by our ability to empower our producer partners and our local communities to translate the economic value of diamonds into social, environmental and economic capital.

Our search for opportunities to contribute to the long term sustainable development of our partner countries, and to raising ethical standards throughout the diamond industry, has led to many of the initiatives described in this Report to Society 2010. Our internal management focus, and reporting approach, is framed around managing our reputation and sustainability risks.

A framework for managing sustainability risks

Our sustainability risk management framework includes four elements; Principles Committee (a group focused management committee), the Environment, Community, Occupational Hygiene, Health and Safety (ECOHS) Committee (a Board committee), local ECOHS functions (operating company and business unit-level) and stakeholder engagement, which includes reporting on our sustainability performance. Each element informs the selection, prioritisation and management of sustainability risks.

The ECOHS Committee

The ECOHS Committee provides strategic oversight of the ECOHS disciplines and their respective peer groups. It receives quarterly submissions from discipline Principals on management progress, Reputation and Sustainability Risks, and Strategic and Operating Risks. The ECOHS Committee also obtains assurance on our adherence to common ECOHS policies, guidelines and operational practices, as well as relevant standards and legislation (both local and international). It sends summaries of each of its meetings to the De Beers Board for review.

In 2010 there were four ECOHS Committee meetings. At these meetings major incidents were reported, and performance updates presented by each of the Principals in their respective discipline areas.

Management structures and processes

Two dove-tailing management systems provide strategic direction and oversight to the Executive Committee and Business Unit CEOs on sustainability risks and performance.

Principles Committee is a management committee that plays a central role in evaluating and ensuring proactive engagement by management with short, medium and long term risks to the sustainability and reputation of the De Beers Family of Companies. Chaired by the Head of Public Affairs, Principles Committee is responsible for monitoring performance against our Principles, providing strategic direction and assurance against key risks and ultimately reporting publicly through our Report to Society. A global Reputation and Sustainability Risk Log is compiled by Principles Committee twice annually and submitted to the Executive Committee, the Audit Committee and the ECOHS

Committee as part of the annual risk review process. The risks in this log span the five issue areas of Economics, Ethics, Employees, Communities and Environment.

The Principles Committee enhances the overall effectiveness of risk evaluation and management across the Family of Companies, ensures strategic understanding of risks between business units and promotes joined up management of risks and corresponding opportunities. The Principles Management Committee is also responsible for obtaining assurance from internal and external experts in order to enhance our management of identified material risk issues.

Principles Committee met twice in 2010, coinciding with the risk review process, and plans to meet quarterly in 2011.

The **ECOHS functions** and associated peer groups provide strategic direction on ECOHS disciplines to the business units, and provides assurance on ECOHS performance. The ECOHS programme has three main functions:

- To provide the necessary technical skills, leadership and governance to align ECOHS performance with the group's core business strategy through delivering world class standards and talent;
- To ensure the integration of ECOHS practices and accountability into core business processes at every stage of the diamond pipeline; and
- To provide assurance on performance to the Boards of each family company and to the group ECOHS Committee.

Peer groups

The ECOHS disciplines share best practice, develop new management approaches, and provide an internal assurance function through their respective peer groups. In 2010 the ECOHS functions' peer groups met regularly, continuing to embed ECOHS policies within the Family of Companies and drive related programmes of work.

The ECOHS peer groups are one of two types of peer groups that operate within the Family of Companies:

- Mission-driven peer groups in which each participant has a defined mandate from their business unit to make recommendations on policies and standards (i.e. the Communities Peer Group);
- General peer groups made up of informal networks of internal experts who share knowledge and information on best practices, and who sometimes engage external participants.

Risk review process

Two sustainability risk review cycles are undertaken across the Family of Companies each year. The sustainability risk management process is built on a systematic ‘bottom-up’ reporting process through which individual risk reports are submitted by each of our operations, by local ECOHS functions and by regional External and Corporate Affairs offices, with material risks escalated up to Board level through the ECOHS Committee, Audit Committee, or the Executive Committee via Principles Committee (see Fig. 8). From 2011 the risk review process will be supported by a software platform, allowing for more frequent risk reporting.

Assurance

Both the ECOHS and Principles Committee play a role in providing internal assurance on the adequacy and efficacy of our sustainability performance systems. The ECOHS Committee provides oversight on our adherence to common ECOHS policies, guidelines and operational practices, as well as relevant standards and legislation (both local and international). Principles Committee provides assurance on the overall

management of key reputation and sustainability risks across the Family of Companies. Both Committees seek internal and external guidance in their assurance role.

A rigorous assurance programme also supports the De Beers Best Practice Principles Assurance Programme (BPPs). Our ethical conduct is governed by the BPPs, which apply to the Family of Companies, all Diamond Trading Company (DTC) Sightholders and to certain third parties, e.g. Sightholder sub-contractors. Requiring compliance with law in all applicable areas, the BPPs include further requirements on anti-corruption and anti-money laundering, health and safety, labour standards and environment. Our Global Mining function coordinates self-assessment and internal assurance on BPP implementation for review by the ECOHS Committee, and compliance of the Family of Companies is third party verified each year by SGS (Société Générale de Surveillance) (see p98).

Fig. 8

The risk review process



- A** Full risk logs of Headline Risks, Strategic and Operational Risks and Reputation and Sustainability risks are completed at Operations level, and consolidated by Business unit and functional group risk champions.
- B** The Reputation and Sustainability Risk Log template is circulated to ECOHS discipline leads, External and Corporate Affairs (ECA) offices, and other issue owners by the Principles Committee’s Risk Coordinator.
- C** The Risk Coordinator and Chair of Principles Committee select the most significant risks for discussion at Principles Committee from the returned Reputation and Sustainability Risk Log Templates.
- D** Principles Committee meets and amends/signs off the Risk Log, hears presentations from selected discipline heads on key risks, and agrees both an assurance strategy and corresponding budget.
- E** The Risk Coordinator then submits the Risk Log to the Group Finance function for incorporation into the overall Risk Management Report, which is submitted to the board-level Audit Committee, who present a summary to the Board.
- F** A Reputation and Sustainability Risk summary is also forwarded to the Executive Committee (DBsa)(ExCo) for referral to the Board if necessary.
- G** External assurance providers are appointed, who submit their assurance reports to relevant discipline heads. Department heads and discipline principals put forward assurance recommendations and proposed mitigating actions to Principles Committee.
- H** When necessary, the Executive Committee mandates integrated management responses.

↑ Reporting upwards
 ↓ Communication back to the business