

Communities

Our engagements with local communities and local businesses are based on the same principles of sustainability that frame our partnerships with producer governments (p20). Our aim is to contribute actively to the development of sustainable local economies built on a strong social capital base. We do this through capacity building, infrastructure development, providing employment, strategic social investment, supporting enterprise development and actively seeking procurement agreements with local suppliers.

Successful partnerships are based on principles of mutual benefit and reciprocity. In our engagements with local communities the framework for these principles is defined in terms of our social licence to operate. Gaining a social licence involves ongoing engagement with local communities. This is with a view to ensuring they understand the impacts of our activity and participate in the development of impact mitigation strategies, as well as programmes to maximise local benefit. Well managed community engagement during the life of a mine promotes a foundation for a positive post-mining legacy. This requires careful planning, ongoing monitoring and continuous review. It also requires us to work in partnership not only with local communities, but also with government and non-government agencies that are able to bring valuable skills and perspectives to the process.

Highlights

- ◆ We launched our newly developed Social Impact Assessment Guidelines, which build on work carried out by the International Council on Mining and Metals and the principles endorsed by the International Association for Impact Assessment
- ◆ Social and Labour Plans (SLPs) were approved for almost all of our mines in South Africa (p71). A total of US\$43.8 million has been allocated to SLPs for 2008-12
- ◆ We established a Corporate Social Investment Working Group, as well as a Social Investment Policy based on international best practice, in order to improve coordination and establish a unified social investment strategy across the Family of Companies
- ◆ The Family of Companies disbursed a total of US\$10.1 million in social investment projects in Africa (2007: US\$15.1 million)

US\$13.6 million
1.6% of pre-tax profit spent
on social investment

“

Nicky Oppenheimer, De Beers Chairman

“The scale of social investment in local communities around our mines is, of necessity, dwarfed by our overall economic contribution in producer countries. But it does not diminish their importance. They are critical to managing risk and promoting stability and growth.”



Basic literacy training at the De Beers community centre in Lucapa, Angola

Issues relevant and material to our stakeholders that are addressed in this chapter

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Impact of the global economic downturn	p77
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Health and wellbeing initiatives	p81
Promotion of local economic development	p81

Our strategy

Maintaining good relations with local communities and other stakeholders helps ensure our continued access to diamond resources. It also promotes stakeholder confidence in diamonds and minimises the risk of costly and unnecessary disputes. Community investment is an important part of our value proposition as the miner of choice for host governments.

Our Community Policy

In 2007, the "Community" workstream was formally accepted as a distinct discipline within our Environment, Communities, Occupational Hygiene, Health and Safety (ECOHS) framework.

Our Community Policy embodies our commitment to the protection of human rights and our respect for the interests of those communities where we live and work. The policy meets or exceeds relevant international law and industry protocols and translates our Principles into practice. It also sets the benchmark for our engagement with affected communities. The Community Policy was widely communicated across the Family of Companies during the course of 2008. It has also been translated into Portuguese and French for our exploration operations in Angola and the Democratic Republic of Congo (DRC).



Sister Ana at the vaccination campaign in Lucapa, Angola

Developing standards and tools

In 2008, our Community Peer Group developed and adopted various tools to assist in the implementation of our policy at each operation and help ensure a rigorous approach to the management of community issues. This includes the development of our Social Impact Assessment (SIA) Guidelines (p71), Projects Environmental and Social Guidelines (p71) and a Social Investment Handbook, as well as tools to support the development of Social and Labour Plans (SLPs) for our South African operations (p71).

The peer group also co-ordinated the piloting of Anglo American's Socio-Economic Assessment Toolbox (SEAT) at our Venetia operations and facilitated the ongoing sharing of existing best practice more widely amongst our different businesses and disciplines. The peer group includes participants from External and Corporate Affairs, as well as ECOHS professionals and community liaison managers from our mining operations across the Family of Companies.

Four peer group meetings were held during 2008 and were supported by an extended Environment and Community Workshop that addressed integrated ECOHS issues including closure planning (p75) and community engagement practices (p71). A number of issues identified as risks by the peer group and Principles Committee were submitted to the ECOHS Committee. These included land claims (p74), the sustainability of Oranjemund town post-closure (p74) and progress on the Namaqualand closure planning process (p74).

Case study

Prospecting in the Central Kalahari Game Reserve

Following First People of the Kalahari's victory in the Botswana High Court, De Beers initiated a broad stakeholder consultation process on 18 September 2008 to discuss the possibility of conducting low impact, short-term exploratory work in our remaining licence areas in the Central Kalahari Game Reserve (CKGR). The consultations were undertaken as part of a preliminary Environmental Impact Assessment (EIA) exercise and in line with the De Beers Community Policy. Consultations were held with a broad cross-section of stakeholders including government agencies, Non-Governmental Organisations (NGOs) and, critically, community organisations and the communities living in, or with strong ties to, the CKGR.

While there was no clear consensus amongst the communities consulted, the discussions reaffirmed De Beers view that until such time as a sustainable long-term management plan for the CKGR is agreed, we will continue to focus our exploration activities in areas outside the CKGR. De Beers nevertheless remains committed to supporting efforts to find a sustainable long-term planning framework for the CKGR that satisfactorily addresses the concerns of all affected stakeholders.

De Beers suspended all operating activities in the CKGR in 2004 and sold its interests in the Gope Project to Gem Diamonds in January 2007.

Find out more



www.gemdiamonds.com



[Report to Stakeholders 2005/6 \(p87\)](#)

Ongoing community engagement in the vicinity of our mining operations helps identify potential community-related risks and opportunities. It also provides stakeholders with the opportunity to comment on our management of issues that they consider “relevant and material”.

This last year saw the Family of Companies move towards the use of more formalised processes to ensure rigorous and effective community engagement. In addition to further rolling out Anglo American’s SEAT framework further, we developed a new set of Social Impact assessment Guidelines, both of which helped bring our SLP processes in South Africa to a level of greater maturity. We also worked with Anglo Platinum (at its Mogalakwena Mine in Limpopo Province) to peer review existing community engagement processes. These tools assist in the identification, frequency and form of community engagements.

The Socio-Economic Assessment Toolbox

SEAT was initially developed by Anglo American. It includes tools to map and engage local stakeholders in remote and under-developed areas, as well as under-represented groups such as women and indigenous people. SEAT also contains tools to help operations manage the socio-economic impacts of their activities on local stakeholders. In 2008, we conducted two SEAT training sessions with Anglo American. This included a retrospective on lessons arising from the piloting of SEAT at our Venetia mine during 2007 and 2008. The retrospective found future SEAT implementation would benefit further from full employee engagement, internal capacity-building as well as ongoing communication between the SEAT implementation team and business units. Lessons from this pilot process have informed our strategy for future use of the SEAT toolkit. This includes possible use of SEAT to inform the development of community engagement plans at our De Beers Consolidated Mines (DBCM) operations. An SIA using SEAT is currently underway at the Namaqualand mines. Debswana is planning to use SEAT to address social impacts for the Cut 8 project at the Jwaneng mine in Botswana.

Find out more

-  www.angloamerican.co.uk
-  www.anglozimele.co.za
-  www.dme.gov.za
-  www.iaia.org
-  www.icmm.com
-  www.ifc.org

Impact assessment

The Family of Companies conducts impact assessments for all new mining projects and whenever significant changes are made at existing operations. All of our operations are covered by Environmental Impact Assessments (EIAs). Many also have socio-economic impact assessments in place, as well as formal agreements with local indigenous communities.

In 2008, we launched our newly developed SIA Guidelines. These build on the work completed by the International Council on Mining and Metals (ICMM) and the principles endorsed by the International Association for Impact Assessment. Our guidelines set a new standard for international best practice. They cover issues including community development planning processes, coordination with partners and procedures for identifying resources essential to community subsistence. Our SIA Guidelines also identify the land and customary rights of local communities, including those of indigenous peoples. They are further augmented by our Community Policy, which meets and exceeds international law and industry protocols relating to the rights of local communities and indigenous peoples, resettlement and compensation.

In 2008, we completed and obtained government approval of an EIA for the proposed AK06 project. An SIA was also carried out to ensure alignment with our Community Policy. This included a stakeholder engagement programme involving national, regional and local authorities, tribal authorities, local communities and NGOs. Stakeholders showed overwhelming consent for the proposed mine, but the loss of communal grazing land and water resources was raised as an issue of concern. In February 2008, the Government of Botswana approved our environmental management plan to address these issues. In 2008, we also developed a Compensation and Resettlement Action Plan for AK06 in line with International Finance Corporation (IFC) Performance Standard 5 and the SEAT manual. We are in discussions with the Ngwato Land Board and other stakeholders to finalise compensation relating to impacts of the project.

All of our exploration staff have received our Human Rights Policy for reference and information.

Social and Labour Plans

The establishment of SLPs for our South African operations is a central part of the conversion of old order mining rights. SLP requirements focus on infrastructure provision, poverty eradication, job creation and community investment. SLPs for Venetia, Finsch, Kimberley and five of six mining rights in the Namaqualand area were approved in 2008. Written confirmation is yet to be obtained regarding the conversion of old order mining rights for the South African Sea Areas and Samsonbak (the sixth Namaqualand old order mining right). SLPs for the new Verdun mining right in the Namaqualand area and for Rooipoort have also been approved.

A total of US\$43.8 million has been allocated to SLPs for 2008–12.¹ Our 2008 SLP budget included more than R24.5 million (US\$3.2 million) for infrastructure projects. An example includes the construction of a water pipeline to the Komaggas and Buffelsriver communities at a cost of R1.2 million (US\$155,000). Likewise, a total of R3.3 million (US\$425,000) was spent on developing high mast lighting in communities close to the Voorspoed mine. More than R 9.6 million (US\$1.2 million) has been allocated to enterprise development projects such as the R1.9 million (US\$244,000) in support of a brick and clay pot manufacturing project near Kimberley, R1 million (US\$129,000) for mariculture development at our South African Sea Areas (SASA) and R700,000 (US\$90,000) for the Blouberg Aquaculture Project near Venetia. DBCM will be assisted in the implementation of these initiatives by the Anglo American “Zimele” project, which is recognised by the IFC as offering a leading enterprise development model.

Around R90 million (US\$11.6 million) has been committed to local economic development projects for the 2008–12 period. DBCM is due to review these commitments in line with current economic circumstances and possible retrenchments. Many of the social elements of our SLPs are carried out within our broader social investment framework. This includes alignment with De Beers Fund activities (p81).

¹ In 2007, the Voorspoed and Venetia mines received US\$1.2 million of additional SLP funding

DBC M Social and Labour Plans

South Africa's Mineral and Petroleum Resources Development Act 2002 requires applicants to submit a Social and Labour Plan (SLP) before mining or production rights will be granted. SLPs are intended to:

- Promote employment and advance the socio-economic welfare of all South Africans
- Contribute to the transformation of the mining industry
- Ensure mining companies contribute to the socio-economic development of the areas in which they operate and where they source the majority of their employees

De Beers Consolidated Mines (DBC M) has evolved a set of Department of Minerals and Energy (DME) guidelines to better assist its operations in the compilation of SLPs. This includes the rigorous engagement of community, employee, government and Non-Governmental Organisation stakeholders. These refinements have been made available to the DME for use by other companies. DBC M has developed SLPs for all of its mines. Details of SLPs for those mines most material to our DBC M operations are presented in Figures 5-1 to 5-3 below. Further information on the SLPs for Kimberley, South African Sea Areas and Voorspoed is available on p71.

www.dme.gov.za

Skills development budget Local economic development budget

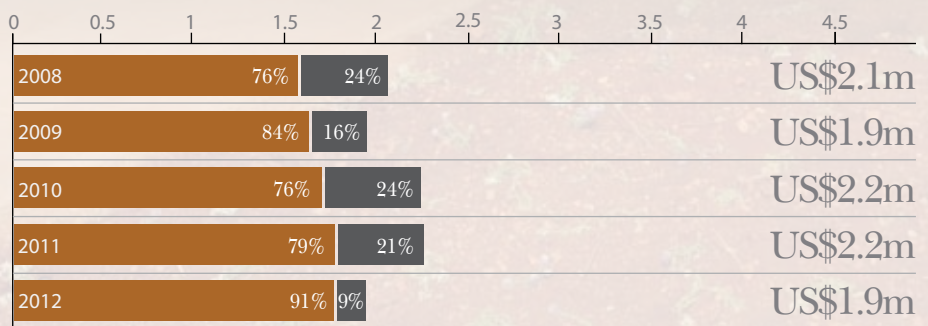
Finsch SLP and budget

Mine type: Underground

Start date: 1961

Local context: There are high levels of unemployment and poverty in the Northern Cape region. Finsch is involved in a number of community programmes, such as creating jobs, addressing HIV/Aids and providing educational support and skills development.

Figure 5-1: Finsch SLP budget 2008–2012 (US\$ millions)



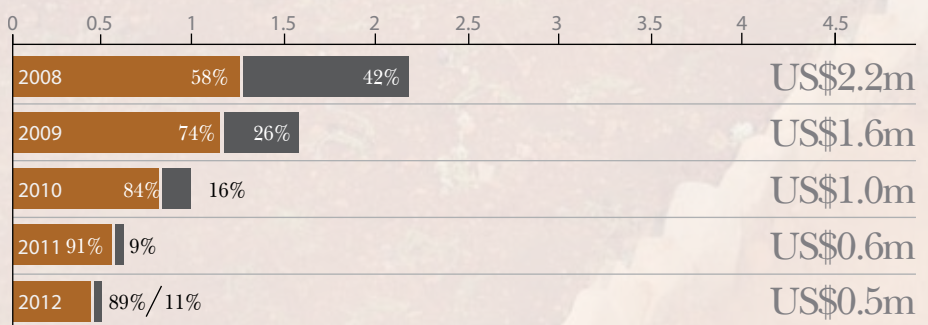
Namaqualand SLP and budget

Mine type: Alluvial

Start date: 1928

Local context: The Namaqualand region's economy is largely dependent on mining. The De Beers Fund is supporting numerous social upliftment initiatives. These include agricultural projects, small business development, and education and health care projects. The short time period before anticipated closure accounts for the gradual reduction in SLP expenditure.

Figure 5-2: Namaqualand SLP budget 2008–2012 (US\$ millions)



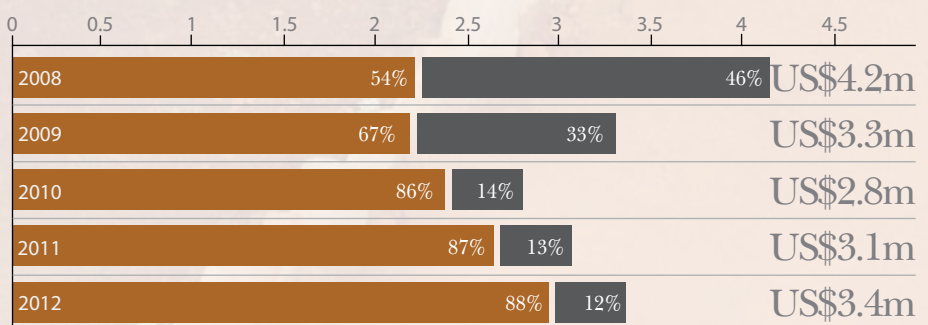
Venetia SLP and budget²

Mine type: Open-pit

Start date: 1992

Local context: The mine is located in a relatively poor area of South Africa. De Beers is involved in numerous poverty alleviation programmes. These include job creation projects in partnership with the Department of Agriculture and the Musina municipality. De Beers is also involved in HIV/Aids prevention and care programmes.

Figure 5-3: Venetia SLP budget 2008–2012 (US\$ millions)



²Venetia was also allocated a local economic development budget of US\$877,000 for 2007

Musina Primary School, part of the De Beers Rural School Programme

US\$13.2m

Total SLP spend by DBCM for 2008

Local economic development

Rehabilitation project(s)	
Community development project(s)	✓
Education and/or child development project(s)	✓
Agriculture/aquaculture project(s)	✓
Other enterprise promotion project(s)	✓
Infrastructure project(s)	
Water and sanitation project(s)	✓
Health and/or HIV/Aids project(s)	

Skills development

Mining skills programmes	✓	Portable skills programmes	
Metallurgy skills programmes	✓	Coaching and mentoring	✓
Engineering skills programmes		Scholarships	
Professional learnerships	✓	Bursaries	✓
Adult basic education and training learnerships	✓	Internships	✓

Historically Disadvantaged South Africans in management positions (2008): 40.4% (2012 target – 50.7%)

Women in technical positions (2008): 5.2% (2012 target – 10.9%)

Local economic development

Rehabilitation project(s)	✓
Community development project(s)	✓
Education and/or child development project(s)	✓
Agriculture/aquaculture project(s)	✓
Other enterprise promotion project(s)	
Infrastructure project(s)	✓
Water and sanitation project(s)	✓
Health and/or HIV/Aids project(s)	✓

Skills development

Mining skills programmes	✓	Portable skills programmes	✓
Metallurgy skills programmes	✓	Coaching and mentoring	✓
Engineering skills programmes	✓	Scholarships	
Professional learnerships		Bursaries	✓
Adult basic education and training learnerships	✓	Internships	✓

Historically Disadvantaged South Africans in management positions (2008): 45.7% (2012 target – 65.0%)

Women in technical positions (2008): 5.1% (2012 target – 10.8%)

Local economic development

Rehabilitation project(s)	✓
Community development project(s)	✓
Education and/or child development project(s)	✓
Agriculture/aquaculture project(s)	✓
Other enterprise promotion project(s)	✓
Infrastructure project(s)	✓
Water and sanitation project(s)	
Health and/or HIV/Aids project(s)	

Skills development

Mining skills programmes	✓	Portable skills programmes	
Metallurgy skills programmes	✓	Coaching and mentoring	✓
Engineering skills programmes	✓	Scholarships	✓
Professional learnerships		Bursaries	
Adult basic education and training learnerships	✓	Internships	✓

Historically Disadvantaged South Africans in management positions (2008): 40.3% (2012 target – 86.0%)

Women in technical positions (2008): 9.2% (2012 target – 11.6%)

Update on community engagements completed in 2008:

De Beers Consolidated Mines

DBCM continues to work with the South African Department of Minerals and Energy (DME) on its mining licence conversions and the implementation of SLPs (p71). Engagement is also ongoing with the respective Land Claims Commissions over land claims at our Namaqualand, Rooipoort and Venetia properties. These have been raised by local communities. Our Namaqualand mine is also working with local communities to mitigate the impact on local employment associated with the potential sale of the mine. This includes implementation of an integrated stakeholder engagement plan to support the closure planning process, as well as an abalone mariculture project and the Living Edge of Africa Project (LEAP). LEAP aims to create alternative livelihoods including possibilities for mariculture, educational tourism and renewable energies.

De Beers Canada

Implementation of the four Impact Benefit Agreements (IBAs) continued at our Snap Lake mine in the Northwest Territories. This includes IBAs agreed with the Yellowknife Dene First Nation (November 2005), the Tlicho Government (March 2006), the North Slave Metis Alliance (August 2006) and Lutsel K'e and Kache Dene First Nation (April 2007). The Victor mine has signed three community agreements with Aboriginal groups including an IBA with the Attawapiskat First Nation (November 2005), a Working Relationship Agreement with the Taykwa Tagamou Nation (May 2005), and an IBA with the Moose Cree First Nation (September 2008). De Beers Canada continues to engage with the Attawapiskat and Moose Cree First Nations over the terms of their existing IBAs, and is pursuing finalisation of IBAs with the Fort Albany and Kashechewan First Nations.

De Beers Botswana

Engagement in Botswana is focused on the potential relocation and compensation of individuals impacted by the AK06 project. Relocation currently includes one citizen who has legal tenure of the surface rights, and three additional households present on the property as "dependants". Possible compensation for the loss of groundwater resources will be calculated and based on the degree of water table drawdown due to abstraction activities by the mine. This impact has been modelled as part of the specialist external groundwater study with projected drawdown over time. All plans have been developed and will be implemented in line with IFC performance standards and SEAT (p71).

Exploration

In Canada, our exploration team engaged widely with local communities to obtain access to further lands around our Victor mine for the 2008 exploration programme. It also engaged with the Kingfisher Lake and Wunnumin First Nations. Stakeholder engagement was also increased at Gahcho Kué in preparation for environmental assessment and the start of IBA negotiations with local communities.

In South Africa, our exploration team engaged with the Haenertsberg Community in Limpopo Province. This was as part of the Environmental Baseline Assessment required to proceed with the next phase of prospecting in the area. A follow-up public participation engagement will take place in 2009.

Namdeb

As part of its Positive Legacy Project, Namdeb continued to engage with Namibia's Inter-Ministerial Committee to expedite the Oranjemund town proclamation process (p76). Other pending issues include agreement over an access road to Oranjemund and municipal handover after the carrying out of local authority elections. Community Development Forums have been established in order to involve Oranjemund residents in the handover process. A Community Development Manager has also been appointed.

Artisanal and small-scale mining

The Family of Companies is not involved in informal small-scale diamond mining. Artisanal mining takes place in a number of our exploration target areas most notably in the DRC and Angola, and likewise on tailings of some of our older operations in areas like Kimberley. As a result De Beers is actively engaged in the identification of practical development solutions through our work with the Diamond Development Initiative (DDI) and the Mwadui Community Diamond Partnership (MCDP). We are also active in public policy dialogue and action to address poverty and improve livelihoods of small-scale diamond diggers with a specific focus on developing an effective framework for engaging with artisanal miners in Angola or the DRC in the future should we develop a mine in either of these countries.

Diamond Development Initiative

De Beers is a founding partner of the multi-stakeholder DDI. The aim of the DDI is to address poverty and deprivation affecting artisanal diamond diggers. It acts as an important complement to the Kimberley Process (p34) by addressing the wider socio-economic impacts of informal digging. In 2008, the DDI achieved a number of important milestones including incorporation in the United States as a non-profit organisation. It also established both a Board of Directors and an Advisory Board. In addition, 2008 saw the appointment of a full time Executive Director and completion of the DDI's Standards and Guidelines on Artisanal Mining for Sierra Leone.

Find out more

 www.ddiglobal.org

 www.kimberleyprocess.com

 www.petradiamonds.com

 [Operating and Financial Review 2008 \(p32\)](#)

Mwadui Community Diamond Partnership

The goal of De Beers involvement in the MCDP was to help alleviate poverty and accelerate the sustainable socio-economic development of informal small-scale diamond mining communities around the Williamson mine in Mwadui, Tanzania. Partners in the project included Williamson Diamonds Limited, the Government of the United Republic of Tanzania (GRT) and more than eight local communities. Implementation of the MCDP was suspended in advance of the sale of the Williamson mine to Petra Diamonds in December 2008 (p31). De Beers remains committed to assisting with implementation of the programme by offering practical advice to both Petra and the GRT.

Mine closure

Mining projects are a finite enterprise. The primary challenge of "sustainable mining" engagement is to ensure mining projects generate sufficient local economic, social and environmental capital during the life of a mine to help underwrite the sustainability of local communities post-mining. As much as we focus on realising enduring community benefits during the life of our mines, managing the immediate impacts of closure requires considerable energy and effort.

Our Community Policy requires us to apply the highest standards of social impact assessment during mine development, operation and closure. This includes thorough stakeholder engagement, the establishment of robust socio-economic closure plans and the regular review of closure plans as projects evolve. Mine closure issues are addressed in the evaluation stage of all new mining projects. We also seek to implement formal agreements that ensure purchasers of our mining assets fulfil relevant closure requirements as was evidenced through the agreement implemented at the Cullinan mine (p31).

Toolkits, planning and funding

The Family of Companies is using both the ICMM and Anglo American Closure Toolbox, and the SEAT process to identify and address the socio-economic impacts relating to mine closure. All of our mines currently have closure plans that cover the biophysical aspects of closure. Integrated environmental and social closure plans that include employee and socio-economic impacts have been established at many of our operations (Report to Society 2007, Figure 5-2). DBCM is currently finalising integrated closure plans for all its operations. In 2008, expenditure by the Family of Companies on addressing socio-economic impacts of closure was focused on the Oranjemund, Koffiefontein and the Oaks mines. The De Beers Fund and its strategic social investment programmes and reskilling programmes have been integral to the mitigation of mine closure impacts.



Hloni Ledwaba and Sakhile Ngcobo at the "Life After Mining" workshop organised by the University of Witwatersrand in 2008

Alternative livelihoods and skills development


In 2008, DBCM implemented the accelerated closure of the Oaks mine. This included a rigorous stakeholder engagement process, the inclusion of stakeholder views in closure planning and the redeployment and retraining of all permanent employees (p85). The application of SEAT during the Oaks mine closure process was also presented as a best practice case study at the "Life After Mining" workshop organised by the University of Witwatersrand in October 2008.

November 2008 also marked the end of the Social Closure Project (SCP) and baseline economic study for the Koffiefontein mine. This focused on the establishment of a local area committee, enterprise development and the reskilling of ex-employees. The committee was tasked with overseeing SCP programmes as well as the establishment of policies and procedures for implementation. Enterprise development focused on a brick factory project and an assortment of tourism projects. Reskilling included life-skills training, learnerships and skills programmes, driver training, technical training and a variety of auxiliary courses. The future closure of Koffiefontein mine was also the subject of an academic study by the University of the Free State.

Lessons from both of these operations have been integrated into the project design of our new Voorspoed mine, which is "designed from the outset" to minimise the post-closure environmental impacts of the mine including land use, structural design and minimisation of the mine's waste footprint (p87).

The last year also saw significant progression of the Oranjemund closure planning process. Extensive environmental rehabilitation is in progress. Namdeb and De Beers are also working actively with the Government of the Republic of Namibia, the local municipality and other stakeholders to secure the proclamation of Oranjemund town, the alignment and improvement of access roads to Oranjemund, and the promotion of local economic development through aquaculture and tourism. The Sperrgebiet National Park was formally proclaimed during the year, making it open to the public and further improving tourism opportunities.

Find out more

-  www.grnnet.gov.na
-  www.petradiamonds.com
-  www.ufs.ac.za
-  www.wits.ac.za

Multi-Stakeholder Forum

Q Do health, social and other sustainability programmes continue when mines are closed at short notice?

A **Our aim is to have identified viable revenue and employment streams in the vicinity of each mine in advance of the closure process. This is intended to facilitate the creation of a diversified local economy not dependent on diamond mining. Thus, for example, the new Voorspoed mine already has an approved closure plan in place. This planning from the outset enables De Beers to build the skills of local communities and employees during the 15-year life of the mine, ensuring that these alternative livelihoods are in place for when mining ends. Much of this is being implemented through the SLP, which has been signed-off by the government.**

Post-closure commitments can present challenges. Approximately half of De Beers Fund social investment spending is allocated to initiatives in the Kimberley region, even though we no longer have a mining presence in the area. DBCM also continues to be involved in significant social investment projects in the vicinity of its old Cullinan mine, despite the recent sale of the operation to Petra Diamonds (p31). Ideally, the company would close and exit having established sustainable futures for local communities, as is being done at Namaqualand and Oranjemund. This would be preferable to relying on social disbursements alone, as it is more sustainable and ensures a more forward-looking alignment of social investment with company business strategy.



Preparation for environmental rehabilitation at Namdeb operations in Namibia

We see social investment as much more than philanthropy. It is about building strong, enduring relationships with host communities and a commitment to sustainable development. We empower local communities to capitalise effectively on the broader economic development opportunities available in producer countries and markets. Health and wellbeing, education and enterprise development are our primary areas of focus.

While social investment in our local communities is an essential component of our business model, expenditure over and above statutory requirements and ongoing commitments is ultimately dependent on the revenues available to our operating companies and business units. Thus in the final quarter of 2008 considerable attention was focused on finding creative solutions to maximising the reach of our global social investment programme without impacting on our core social investment commitments. This process was initiated in anticipation of reduced operating revenues in 2009 due to the economic downturn.



James Suzman, De Beers Director of Corporate Citizenship

“Our social investment projects are reviewed annually as part of the annual budgeting process to ensure they remain meaningful and relevant to each operation, its location in the mine lifecycle and to our wider business strategy.”

Our disbursements in 2008

In 2008, the Family of Companies disbursed US\$13.6 million in social investment projects around the world (2007: US\$19 million) (Figure 5-4 and Figure 5-5). This represents 1.6% of pre-tax profits of US\$823 million. The Family of Companies has disbursed an average of US\$15.4 million for each year between 2006-2008. This translates to an average of 1.6% of pre-tax profits and is significantly more than the international benchmark of 1%.

In 2008, there was a significant increase in our Canadian social investment spend, from US\$1.3 million in 2007 to US\$3.2 million in 2008. This is partly due to the opening of our Snap Lake and Victor mines. There was a significant reduction in our overall southern Africa disbursement from US\$15.1 million in 2007 to US\$10.1 million in 2008. This was due to a significant reduction in spending in South Africa from US\$10.3 million to US\$5.2 million. This coincided, however, with the initiation of significant SLP spending at our South African operations, with US\$13.2 million allocated for 2008 alone.

Multi-Stakeholder Forum

Q How does De Beers decide on what social projects to implement at different stages of the mine lifecycle?

A There are two key drivers to the implementation of social projects. The first is to implement initiatives that comply with our legal commitments. These include the SLP requirements in South Africa. The second is to implement initiatives that are proportional to the maturity and size of each project. Projects during the exploration stage are relatively small and ad hoc, often addressing immediate health and welfare requirements of local communities and government. These projects align with the relatively low impact and short-term nature of exploration engagements. Engagements increase in value, scope and longevity as projects enter the production and mining stages.

Find out more



www.info.gov.za

Figure 5-4: Social investment spend by region and (African) country 2008 (US\$)

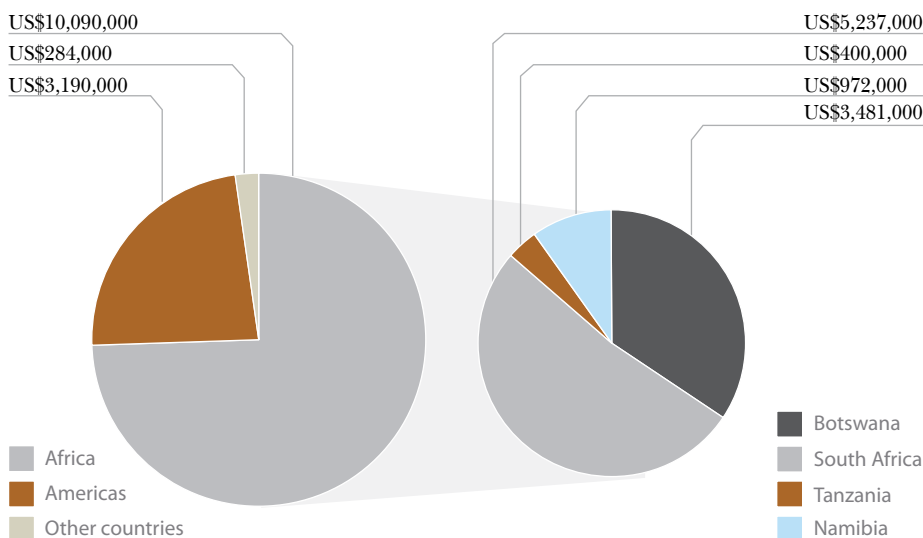
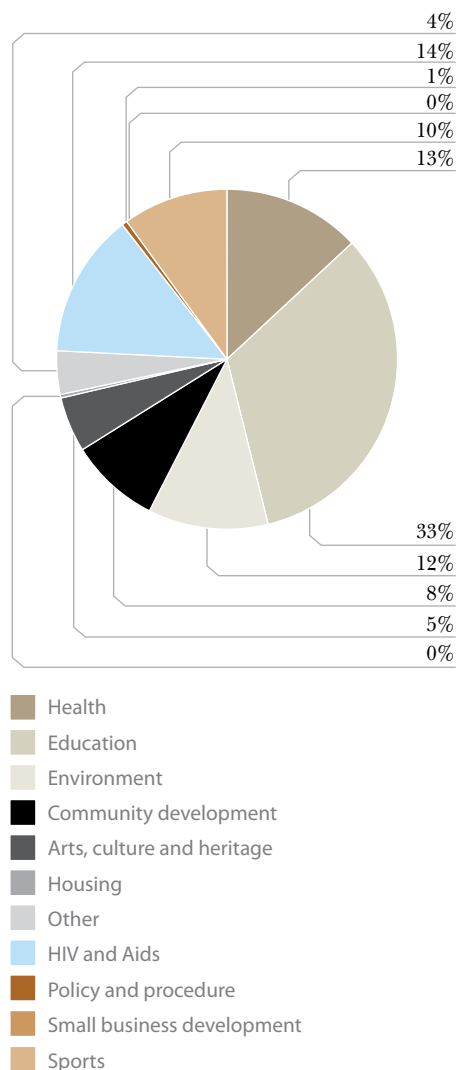


Figure 5-5: Social investment spend by project type 2008



Our social investment framework

In 2008, we established a more coherent and effective framework for the identification, management, evaluation and accounting of social investment disbursements and impacts.

In February 2008, we established a Corporate Social Investment (CSI) Working Group to oversee and coordinate social investment strategy across the Family of Companies. We also developed a Social Investment Policy based on international best practice standards. The policy is applicable across the Family of Companies. It will be supported by a set of newly developed tools including a unified social investment strategy, universal accounting protocols and a Guide to Corporate Grant Making, which is in the final phase of production.

In South Africa our social investment activities are closely aligned with each operation's SLP (p71). We also strive to ensure our activities are aligned with the Accelerated and Shared Growth Initiative for South Africa, which aims to build on the government's aim of halving poverty and unemployment by 2014.

“David Noko, DBCM Managing Director

“We are aware that communities are an integral part of our business, and where we believe we can make a contribution that directly empowers those communities, we will endeavour to assist.”

Case study

The Yala Fund

The Yala Fund is a charity established by journalist Jon Ashworth following the December 2004 Indian Ocean tsunami. In the immediate aftermath of the disaster it provided aid to hundreds of affected families in and around Yala National Park in south eastern Sri Lanka. Although De Beers has no operations or employees in the area, it recognised the exceptional nature of the disaster and donated £70,000 (US\$129,000) to the Fund.

The Fund brought immediate aid to fishermen who needed boats to support their families, and to the widows of those who died in the disaster. The De Beers contribution, disbursed between 2006-2008, enabled the Fund to build on its initial disaster relief efforts by providing, amongst other things:

- Beds and rehabilitation work for a local orphanage
- Health and educational bursaries worth £30,000 (US\$55,000) for more than 160 families
- Sewing machines for widows of tsunami victims to earn livings as seamstresses
- A computer centre in Kirinda to assist in the education of local children

The Fund is now helping establish a microfinance scheme for entrepreneurs in tsunami families. It is also aiming to raise £100,000 (US\$184,000) to help poor Sri Lankan children gain access to better education and to help families earning less than US\$2 a day access medical treatment.

Find out more



www.yala.org.uk

Case study

The James Bay Employment and Training Board

In partnership with local community members, as well as the provincial and federal governments, De Beers developed the James Bay Employment and Training Board (JBET). JBET plays an integral role in supporting De Beers Canada's commitment to benefit Aboriginal communities around the Victor mine.

JBET is being run in partnership with the Attawapiskat, Weenusk, Fort Albany, Kashechewan and Moose Cree First Nations, along with Northern College and the Province of Ontario. JBET offers a variety of tools to help local Aboriginal people achieve long-term, sustainable employment. These include workshops, career counselling, training, work experience, job placements and related programmes. JBET also offers academic training to remove employment barriers and help participants access new opportunities.

Between 2007 and 2008, JBET trained 325 participants through 28 different programmes. These included courses on first aid, Canada's Workplace Hazardous Materials Information System, welding, construction, office skills, operating heavy equipment and the flagship Mineral Processing Programme. Of these participants, 31 were able to access on-the-job training opportunities with local welding and winter road-building contractors. In addition, of the 30 people who completed the Mineral Processing Programme, 24 were offered positions at the Victor mine.

Find out more



www.northern.on.ca

Our social investments fall into three broad categories.

Strategic philanthropy

Strategic philanthropy includes cash and in-kind support for international organisations and large-scale development projects. It also includes local government and ad hoc small-scale community projects relating to education, health, youth development, environment and cultural programmes including sports development. These donations are generally to not-for-profit endeavours and are for the benefit of communities or the public interest. For the most part our financial support for philanthropic initiatives is managed through dedicated social investment vehicles such as the De Beers Fund in South Africa or the Diamond Trust in Botswana (p81).

Skills development and capacity building

Skills development of local community members plays a critical role in our business and is structured to secure lasting returns during and post-mining. Examples include construction of local community facilities, support for community-based job creation, and training and enterprise development outside of our investment funds (p29). It also includes the provision of schools or health facilities. Notable examples in 2008 can be found at Oranjemund in Namibia and Mwadui in Tanzania, where the Family of Companies operated and subsidised schools for both employees and members of the community. Local procurement initiatives likewise play important roles in our skills development strategy (p21).



Sabat Biscaye engaging with children at our Books in Homes project in Canada

Community HIV/Aids programmes

HIV and Aids are among the most pressing challenges faced within our producer countries. According to UNAIDS the national prevalence rate amongst those in Botswana aged 15 to 49 is 23.9%. In South Africa this figure is 18.1% and in Namibia it is 15.3%. Consequently we take the view that investment in HIV/Aids programmes is an investment in the social capital and skills base of our producer countries. It is in the immediate interests of our business, in addition to being the right thing to do.

We take part in a number of partnership-based programmes to respond to this challenge. These include support for education and awareness building initiatives, outreach and training support in the community and home-based care support. In some countries care also includes access to doctors, pathology testing, nutritional supplements and access to medication through company hospitals.

The De Beers Community HIV/Aids Partnership Programme (DBCHAPP) at DBCM works with local and national government, international donor agencies, NGOs and community-based organisations in an effort to provide support for those affected by HIV/Aids. The programme, which has been running for three years, has invested R30 million (US\$3.9 million) in projects that serve communities directly linked to DBCM operations. An assessment of the programme in 2008 found that over 26,000 women and girls benefited from DBCHAPP projects in 2007. Over the last year, DBCHAPP significantly accelerated the roll-out and implementation of its projects in the vicinity of DBCM's operations and labour sending areas. By the end of 2008, existing programmes such as Soul City and Grassroot Soccer were extended to almost all of these communities.

Find out more

	www.ams.org.za
	www.cmmb.org
	www.engenderhealth.org
	www.grassrootsoccer.org
	www.soulcity.org.za
	www.unaids.org
	www.unicef.org

Key projects and activities in 2008

Soul City: Soul City continued to conduct training sessions throughout the year. This included peer educator training of inmates at Baviaanspoort prison near the Cullinan mine. The programme has reduced high-risk sexual activity within the prison and also prompted inmates to disclose their status, seek treatment, and take up voluntary counselling and testing.

Grassroots Soccer: The programme uses Soul City resources to provide age-appropriate information on HIV and Aids to its participants. The programme has recently been extended to all six DBCM operations in South Africa and is empowering local teachers and community members to coordinate training activities to ensure long-term sustainability of the initiative.

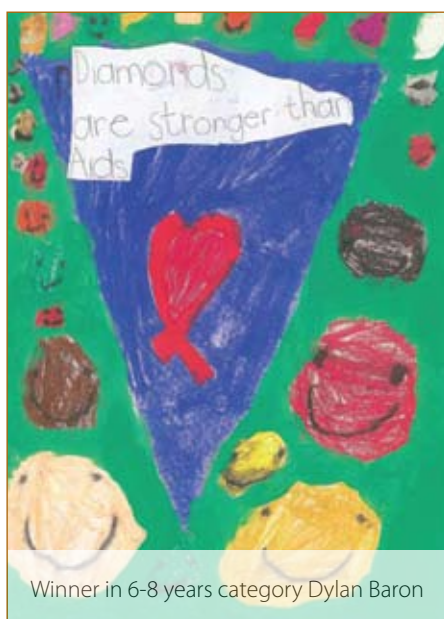
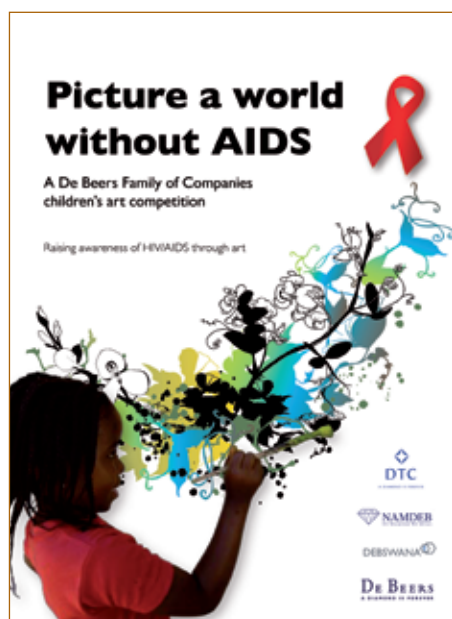
Catholic Medical Mission Board: Support for the improvement of HIV and Aids education to orphans and vulnerable children in Taung.

SA Red Cross Air Mercy Services (AMS):

Funding for the purchase of two vehicles, the construction of offices and installation of motorised hangar doors for its Kimberley base. The building of the offices remains outstanding due to higher construction costs and a funding shortfall. AMS is seeking additional funds from company donors.

UNICEF: Support for a project to increase child access to an HIV care and treatment programme in the Northern Cape Province. A formal agreement for the support of key interventions was signed with the Department of Health in September 2008, with final programme activities yet to be finalised. The proposal will be presented to DBCHAPP in March 2009.

EngenderHealth: Support for EngenderHealth's Community Action for Gender Equality pilot programme in Musina. This includes the elimination of gender stereotypes amongst school children through facilitated group discussions. EngenderHealth has trained a total of 20 stakeholders in gender issues.



Our social investment vehicles

The De Beers Fund is one of our best known social investment vehicles. In 2008, the Fund disbursed R24.2 million (US\$3.1 million) through more than 213 different projects in South Africa (2007: US\$4.6 million through more than 142 different projects). Around 68% of its total spend was in the vicinity of DBCM mines, much of which is aligned with our SLP implementation. About 98% of its spend is directly connected to company activities and interests. The De Beers Fund is independently managed by Tshikululu Social Investments and has rigorous project selection and management criteria governed by its Board of Trustees.

De Beers Fund performance

In 2008, Trialogue ranked the De Beers Fund achievements sixth out of 68 South African company social investment bodies in its 2008 CSI Handbook. It was also identified as the second best mining company fund after Anglo American. Each of the five funds that ranked ahead of the De Beers Fund had budgets between R40-290 million (US\$5-37 million) per annum, between two and 10 times in size. The strong performance of the De Beers Fund was largely due to its well developed and sustainable projects, professionalism and the consistency of our social investment programmes.

The De Beers Fund was also awarded the runner-up prize in the socio-economic category at the Nedbank Capital Green Mining Awards for the Limpopo Rural Schools Programme. The judging panel highlighted the strength of the partnership between the Venetia mine, the Department of Education and the De Beers Fund as the key success of the project. In September 2008, the programme saw four schools handed over to local communities as part of a R12.5 million (US\$1.8 million) disbursement. The Ponahalo De Beers Trust, a partnership with one of our Black Economic Empowerment partners, was also awarded for its work. The trust received a commendation in South Africa's Mail and Guardian newspaper Investing in the Future Awards for its implementation of a disability programme with communities near the Voorspoed mine (p60).

In Namibia, social investment is carried out mainly through the Namdeb Social Fund and the De Beers Namibia Fund. An example of the work of the De Beers Namibia Fund in 2008 is the purchase of buildings for the new northern campus of the Namibian Institute of Mining Technology in Tsumeb (p28).

In Botswana, social investment is carried out by both Debswana and the Diamond Trust. The Diamond Trust is designed to support occasional projects that are too large to be handled by existing social investment capacity at De Beers or Debswana. In 2008, it worked with partners to finalise agreement on an integrated community, environment and heritage project at Tsodilo Hills in northern Botswana.

Multi-Stakeholder Forum

Q Will the economic downturn affect social investment funding?

A DBCM will likely reduce the De Beers Fund budget for the next two to three years. In 2009, the Fund will focus mainly on sustaining existing commitments and is unlikely to respond to new requests. It will review existing partnerships with a view to withdrawing from those that no longer offer strategic returns. The Fund will instead consolidate relationships in locations where we intend to invest in the future. This will result in a smaller number of better funded and more strategically aligned social investment projects. Careful engagement will be needed to manage community expectations as De Beers Fund disbursements are reconfigured to focus on more sustainable and less ad hoc initiatives. A further impact of the current economic situation will be the incorporation of DBCHAPP as part of the existing Fund, with it no longer being managed as a separate strategic programme.

Find out more



www.mg.co.za



www.nedbank.co.za



www.trialogue.co.za



www.tshikululu.org.za

Case study

Support for healthcare in Namibia

The existing Katutura health clinic in Windhoek has recently been renovated and expanded to cater specifically for patients with HIV and TB infections. It is expected to open early in 2009. The renovations were completed partly to relieve pressure on the nearby Katutura State Hospital, which provides tertiary care for much of the country. De Beers Marine Namibia (DBMN) provided N\$250,000 (US\$32,000) for building an extension to the clinic. The extension was carried out in partnership with the Clinton Foundation and the Ministry of Health and Social Services. Medical staff employed at the clinic were also involved to ensure the new facility is practical, user-friendly and fully serves the needs of the community.

De Beers Namibia and Namdeb also donated N\$800,000 (US\$101,000) to the Oshakati Intermediate Hospital for upgrades to the casualty ward. The hospital is one of the country's busiest, accommodating more than half of Namibia's total population. Namdeb also signed a technical cooperation agreement with the Ministry of Health and Social Services, for the physical upgrading and strengthening of management capacity at Oshakati Hospital. The Namdeb Private Hospital made available a consignment of medical equipment and utilities to the value of N\$100,000 (US\$13,000).

Namdeb and the Family of Companies also worked in partnership with the Government of Namibia to help alleviate the negative socio-economic impacts of floods in northern Namibia during 2008. A Namdeb delegation spent two days visiting flood victims, delivering flood relief and materials worth N\$205,000 (US\$26,000) for use by internally displaced families. This included water purification tablets, dehydration sachets, mattresses, blankets, jerry-cans and mosquito nets. The funds were sourced from the Namdeb Social Fund, Namibia Diamond Trading Company (NDTC), the Namdeb Employees Social Responsibility Fund, De Beers Namibia and DBMN. Of the 700,000 people residing in the impacted areas, 191,000 people have been severely affected by instances ranging from drownings and displacement to hunger.

Find out more



www.clintonfoundation.org



www.healthnet.org.na