

## BASIS FOR THE PREPARATION OF KEY SUSTAINABILITY DATA

---

### Organisational boundaries and scope

Our 2016 Report to Society, GRI index and the online material issues page ([www.debeersgroup.com/materialissues](http://www.debeersgroup.com/materialissues)), collectively 'our Report,' presents performance data for those businesses that De Beers either owns or has a significant shareholding in, and that have economic, social and environmental impacts. We follow an operational control approach as defined by the GRI

Prior to March 2017, De Beers Diamond Jewellers was an independently managed joint venture company. It is therefore not included in the scope of our 2016 Report. Use of 'De Beers', 'our' or 'we' in our Report relates to The De Beers Group of Companies, a collective term used for both wholly-owned and joint venture business entities that De Beers has a significant shareholding in.

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

A full list of De Beers' operations is available on Page 1 of the Report to Society. Operational updates including acquisitions and disposals are accounted for on Page 5.

### Reporting period

Our reporting runs from 1 January 2016 to 31 December 2016 unless otherwise stated. For example, Tokafala revenue growth for 2016 is referenced within the Report to Society as being based on 2014 and 2015 average growth rates.

Any changes in historical data follow a formal change request process, which is signed off by relevant heads of functions and restated, if material.

The 2015 revenue figure on p16 of the Report to Society has been restated from \$4.6 billion to \$4.7 billion on the online report, following the publication of the printed report, to include Joint Ventures and Associates.

### Definitions

Where definitions are not included within the report they can be found online: <https://www.debeersgroup.com/en/diamonds-explained/glossary.html> and within our GRI index [www.debeersgroup.com/publications](http://www.debeersgroup.com/publications).

Additional and specific definitions are included below.

Description	Definition
<p>Spending on procuring goods and services from local suppliers 2016</p>	<p>Our approach varies by country of operation, in response to regulatory or other requirements. In South Africa, for example, we give priority to suppliers who are owned, empowered or influenced under Historically Disadvantaged South African (HDSA) legislation, while in Botswana we prioritise local and citizen-owned businesses. In Namibia, preference is given to local providers; and in Canada, we favour Aboriginal or First Nations suppliers (i.e. those from the indigenous population). Preferential procurement is higher in South Africa where it is legislated, and in Botswana where Debswana has a business mandate to purchase from local suppliers. In contrast, specialised mining methods are used in Namibia (alluvial and marine), narrowing the opportunity to purchase from Namibian companies. In Canada, preferential procurement refers to the purchasing of goods and services from Aboriginal-owned suppliers, and, given this is a small percentage of the population, it impacts potential procurement opportunities.</p>
<p>Total social</p>	<p>Categories for corporate social investment expenditure include as charitable donations,</p>

# DE BEERS

## GROUP OF COMPANIES

investment	<p>community investment and commercial initiatives. CSI is reported in millions US\$ and converted from currency of the operations at the average foreign exchange rate applied by De Beers for financial reporting purposes.</p> <p>Charitable donations include cash donations; contributions in kind; employees' working hours spent on charity projects during work hours; and the cost of initiatives designed to inform communities about community-benefit initiatives (e.g. the production of reports that are issued to communities for the purpose of reporting progress). Not included is expenditure that is necessary for the development of an operation (e.g. resettlement of families) or receiving a licence.</p> <p>Training expenditure for individuals who will be employed by the company following completion of training is not included.</p> <p>Community investment includes the funding of community partnerships which address social issues; the costs of providing public facilities to community members who are not employees or dependents; the marginal value of land or other assets transferred to community ownership; and income creation schemes or mentoring/volunteering initiatives which do not have a principally commercial justification.</p> <p>Commercial initiatives include enterprise development and other community initiatives/partnerships that also directly support the success of the Company (such as supplier development). There must, however be a clear and primary element of public benefit.</p>
Payments (other)	Payments in Rest of World (outside of Africa, N. America, Europe and Asia)
Expected to be delivered to NW territories GVA	Total contribution of the mine to the Gross Value Added of the Northwest Territories through both indirect and induced impacts.
Output of investment into Gahcho Kue mine (Canada)	Total contribution of the mine to the Gross Value Added of Canada through both indirect and induced impacts.
Total number of Sightholder infringements	<p>A Minor Infringement is any compliance issue that can be rectified within a short period and that, if managed responsibly, is not deemed by the Assessors or Independent Verifiers to result in any adverse impact. Minor Infringements require a Corrective Action Plan.</p> <p>A Major Infringement is any compliance issue that can be rectified within a reasonable period and that, if managed responsibly, is not deemed by the Assessors or Independent Verifiers to result in significant adverse impact. Major Infringements require a Corrective Action Plan with milestones/timelines.</p> <p>Single or multiple findings can be raised per BPP requirement, per site, which translate into a single infringement against the relevant BPP requirement.</p>
Voluntary counselling and testing	The percentage of our workforce that have access to voluntary counselling and testing for HIV/Aids.

# DE BEERS

GROUP OF COMPANIES

Workforce exposed to occupational health hazards above occupational exposure limit (OEL)	An upper threshold of the acceptable concentration or magnitude of the stressor, or hazardous substance in the workplace for any form of a hazard. This is at the background of empiric evidence of the magnitude of the stressor required to cause harm to health, and set expert professional bodies. Regulated, and enforced by legislative bodies
Historically Disadvantaged South Africans	Historically disadvantaged South Africans are defined as Black people (i.e. Africans, Coloureds and Indians), woman and people with disabilities who are natural persons and: <ul style="list-style-type: none"> <li>• Are citizens of the Republic of South Africa by birth or descent; or</li> <li>• Are citizens of the Republic of South Africa by naturalization before the commencement date (i.e. 27 April 1994) of the Constitution of the Republic of South Africa Act of 1993; or</li> <li>• Became citizens of the Republic of South Africa from the commencement date of the Constitution of the Republic of South Africa Act of 1993, but who, not for Apartheid policy that had been in place prior to that date, would have been entitled to acquire citizenship by naturalization prior to that date.</li> </ul>
Racially disadvantaged Namibians	All Non-White males and Females.
Non-hazardous waste to legal landfill	Waste is reported through separate indicators both in mass and volume, rather than through conversions.
Environmental incidents by severity	Environmental incidents are unplanned or unwanted events resulting from our operations that adversely impact the environment or contravene local regulations/permit conditions. They are classified from minor (Level 1) to significant (Level 5) depending on the duration and extent of impact, as well as the sensitivity and/or biodiversity value of the receiving environment. Level 3-5 incidents are those which we consider to have prolonged impacts on the local environments, lasting in excess of one month and affecting areas greater than several hundred meters on site, or extending beyond the boundaries of our immediate operations.
Fossil Fuels	Fossil fuels refers to our Scope 1 emissions, which include CO <sub>2</sub> e emissions from fossil fuels, coal seam gas fugitive emissions, renewable fuels, and operational processes. Process emissions include those associated with on-site and managed sewerage facilities, on-site water treatment facilities, the use of carbonates in acid leaching processes at copper processing facilities, fugitive emissions during the production of phosphates. Emissions from the combustion of fossil fuels and biomass, and coal used in metallurgical processes as a reductant are excluded. Process emissions are calculated based on measurements as well as estimates.
Electricity	Electricity refers to our Scope 2 emissions which include CO <sub>2</sub> from electricity purchased and reported in million tonnes of CO <sub>2</sub> e.

## Data Inclusion

De Beers gathers data in accordance with guidelines and definitions based on the core option of the Global Reporting Initiative fourth generation Guidelines (GRI G4). A GRI Index is included online at:

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

# DE BEERS

GROUP OF COMPANIES

Through an annual materiality process, De Beers identifies potential risks to the business and the most material issues for stakeholders, which defines the information reported. This is determined through a multistage engagement process including internal and external stakeholders, supported by an independent third party (see Page 9 of the Report to Society for more information).

## **Data Collection and Collation**

De Beers uses a primary database- Enablon- for the collection calculation and reporting of key sustainability metrics, including those relating to land use, energy, GHG emissions, water consumption, environmental incidents, occupational health, social performance and safety.

This data is captured on a monthly basis and subject to integrity reviews by corporate analysts each quarter. A selection of material indicators is reported by Anglo American internally on a monthly basis through Enablon and to the executive and Board each quarter. The data reported through Enablon is taken at face value.

Ethical data collected as part of the annual BPP auditing cycle, is collected and stored on the SMART system. Financial performance figures and Corporate Social Investments figures are captured in an internal financial reporting system. Both the ethics and financial data are collated annually onto the wider Enablon system.

Human resources data is the only information excluded from the Enablon system. Instead it is collected through an internal HR system and then reported via a standardised spreadsheet template.

Revenue and finance numbers are consolidated in the same way as Anglo American, to include joint ventures and associates. This is different from the De Beers ARA which does not include joint ventures or associates.

## **Reliability of data**

Standardised templates, definitions and instructions are used across the business to gather the data

Using Enablon as a central data store provides version control and auditing history, adding to the reliability of data. Each data point inputted into Enablon is validated and then double checked at a group level.

Validation is completed through a hierarchical system which uses people independent to the data collection to validate the data.

It is then reviewed in copy by report contributors, management and then through De Beers' assurance providers, KPMG LLP. BPP data has additional assurance through SGS and financial information is assured separately by Deloitte.

The maturity of data presented varies according to discipline and source. Sources data include group level data, third party audited figures and third party evidence. Where health, safety and environmental disciplines are advanced in their data capturing and reporting experience, the social discipline is still developing evaluation and monitoring systems.

## **Accuracy**

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

Wherever figures are estimated, it is clearly stated. The forward looking contributions of our projects to the local communities are estimates, calculated by deducing De Beers' direct contribution to GDP and our indirect contributions, such as the contribution through the supply chain and employee spending of the project, and multiplied by the expected Life of Mine.