
2018 UK GENDER PAY GAP REPORT

Brilliance has many facets. Our people bring valued difference to our organisation which allows us to build a stronger business. We aspire to create a safe, innovative and inclusive business, where every employee can thrive by bringing their whole self to work.

De Beers Group has made a strong commitment to stand with women and girls. In September 2017 we launched a three-year global partnership with UN Women committing to gender parity in senior management appointments, empowering women and girls in our producing countries and ensuring our

brand is a positive force for supporting gender equality and eradicating gender stereotypes.

While we are proud of these commitments, the 2018 gender pay gap report illustrates the need to do more. Through an integrated, future focused and aspirational inclusion and diversity strategy, we have seen a reduction in our gender pay gap over the preceding 12 months (April 2017 to April 2018).

We are committed to gender pay gap reporting and will continue our momentum towards more balanced representation throughout the organisation.



Bruce Cleaver
CEO, De Beers Group



Ann Cormack
Executive Head of Human Resources

REPORTING REQUIREMENTS

Under the legislation, the following data points have to be recorded on the HMRC website and made available on the company website:

- Mean overall gender pay gap in hourly pay
- Median overall gender pay gap in hourly pay
- Mean overall bonus gender pay gap
- Median overall bonus gender pay gap
- Proportion of males and females receiving a bonus payment
- Proportion of males and females in each pay quartile

The mean is the average of data points and the median reflects the true midpoint of an array of data. While we are required to present both the mean and median, the **median** is often considered more meaningful as the mean can be skewed upwards or downwards by outlying data points (for example, extremely high or low pay).

GENDER PAY GAP DEFINED

This is not an 'Equal Pay' report. The gender pay gap reflects the differences in the mean and median hourly pay between men and women within the company regardless of the nature of their work or their band. This differs from equal pay, which compares the pay of men and women who carry out work of equal value, i.e. the same or similar jobs with the same or similar level of skills, experience, or the same band, etc.

UNDERSTANDING OUR RESULTS

The data shows how the gender pay gap varies across the different pay quartiles and between De Beers UK, Forevermark UK and De Beers Jewellers UK, and it illustrates that the pay gap correlates closely with female representation rates.

De Beers UK and Forevermark UK have both seen a decrease in the overall pay gap from the 2017 results. This is a result of our efforts to ensure replacement parity for Bands 5 and above.

De Beers UK's pay gap has decreased in 2018 by 14.7% (mean) and 1% at the median. There was an 7.5% increase in women appearing in the top quartile as a result of our efforts around gender parity. When looking at the data by quartile, mean and median pay gaps were low to negligible with the exception of the top quartile mean gap result.

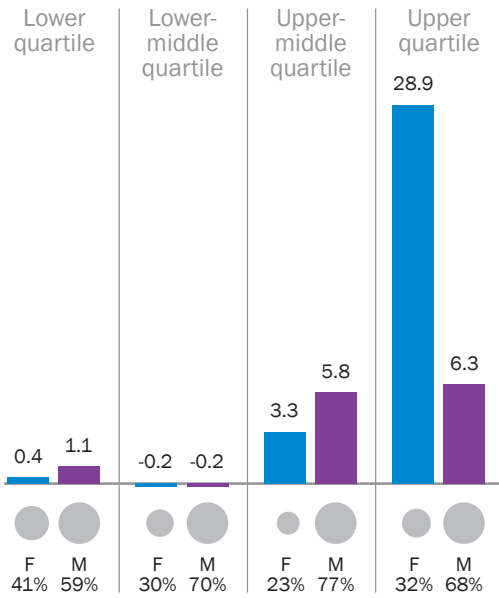
Forevermark UK has also seen a reduction in the gender pay gap from 6.4% to 4.2%. The smaller gap within Forevermark UK reflects the higher representation of women within this business in comparison to De Beers UK.

De Beers Jewellers UK shows a similar pattern to the 2017 results for Forevermark UK - an inverse gender pay gap in the bottom quartile with a larger pay gap in the top quartile. The smaller workforce size of De Beers Jewellers UK means that executive pay within this quartile significantly impacts the pay gap due to higher male representation at this level.

The comparatively larger gap demonstrated in bonus pay is primarily driven by committed deferred bonus and long-term incentive payments, impacted by legacy male representation rates particularly within the top pay quartile.

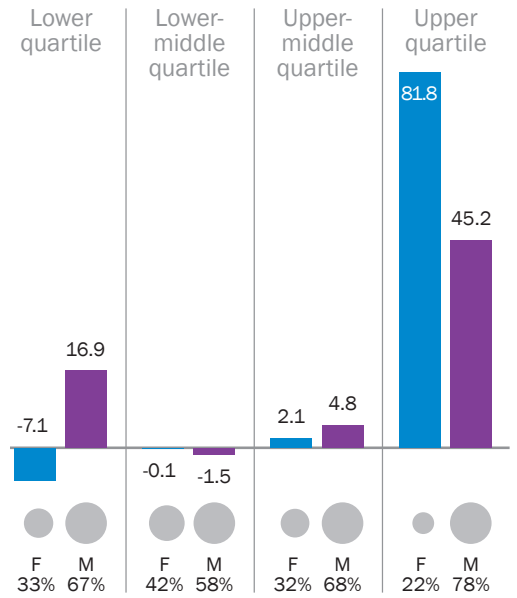
The data reinforces and provides further evidence around the importance of our gender diversity and inclusion work and our focus on increasing the number of women in senior leadership positions. Since the beginning of our UN Women Commitment De Beers Group has appointed women into 43% of senior management vacancies (accurate to March 2019). Our continued commitment to gender parity in senior management appointment rates and increasing representation of women at all levels of our organisation will assist us in reducing the gender pay gap further.

DE BEERS UK: PAY (275 EMPLOYEES)



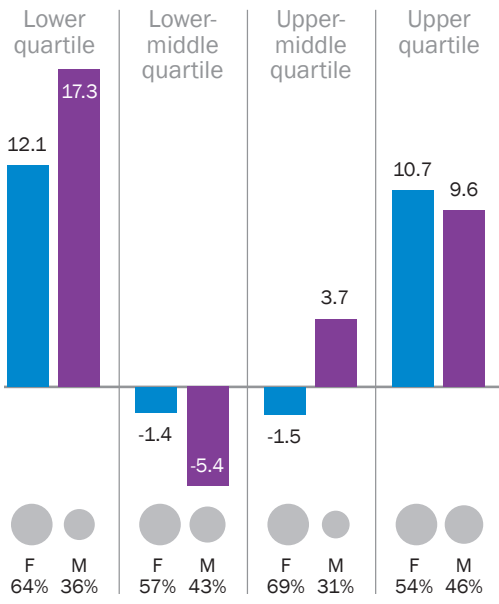
All employees: Mean 18.1 Median 11.6

DE BEERS UK: BONUSES (262 EMPLOYEES)



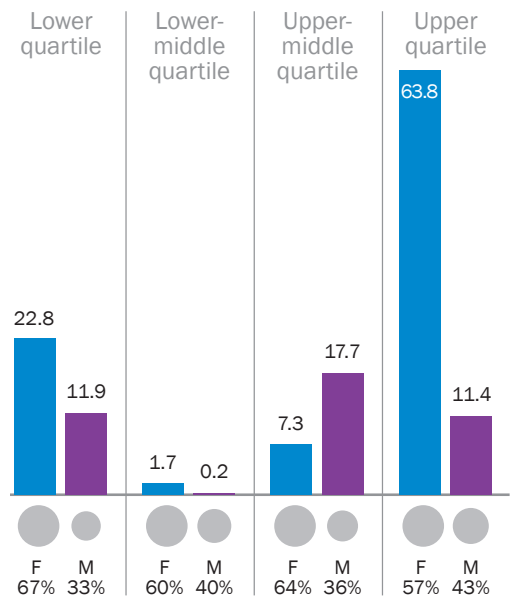
All employees: Mean 82.8 Median 27.4

FOREVERMARK UK: PAY (54 EMPLOYEES)



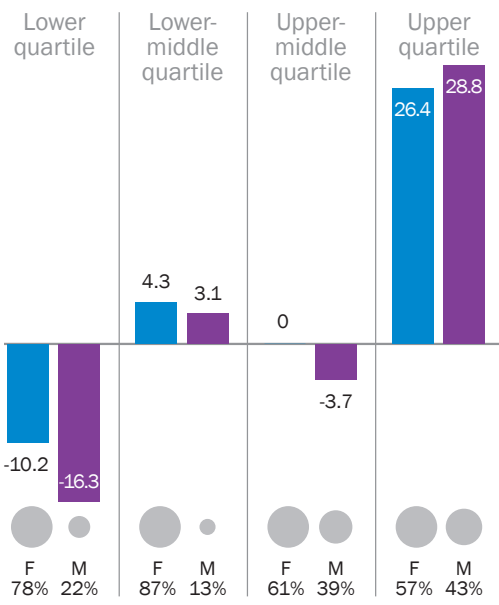
All employees: Mean 12.3 Median 4.2

FOREVERMARK UK: BONUSES (58 EMPLOYEES)



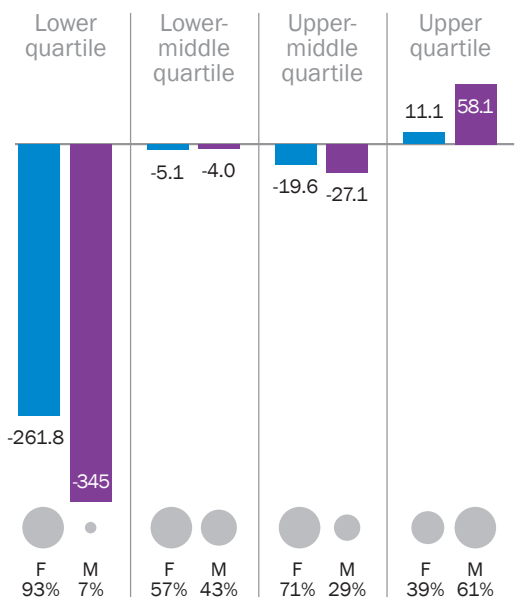
All employees: Mean 56.1 Median 0.4

DE BEERS JEWELLERS UK: PAY (92 EMPLOYEES)



All employees: Mean 33.8 Median 18.1

DE BEERS JEWELLERS UK: BONUSES (55 EMPLOYEES)



All employees: Mean 55.2 Median 23.4

Key: % mean pay gap (blue bar) % median pay gap (purple bar)

Note: Snapshot April 2018

GENDER DIVERSITY AND INCLUSION AT DE BEERS

Inclusion and diversity matters to De Beers Group. It reflects our company values and underpins our ambitious business objectives. It powers our growth and drives innovation. We will continue to strive to build a safe, innovative and inclusive environment, where everyone feels valued, respected and comfortable to speak freely and thrive by bringing their whole self to work. Within De Beers Group we celebrate what makes each of us unique, challenge our perceptions and seek out different viewpoints.

To succeed as a business with purpose-led, high-performing teams, we need to adapt our culture. As we challenge ourselves to build a more inclusive environment where diversity is celebrated, and people feel valued, engaged and motivated to contribute. Within De Beers Group, we constantly look for ways to grow and develop our talent by encouraging diversity of thought and offering transparent and dynamic development opportunities. As an organisation, we will continue to hold ourselves to account on behaviour and performance. And we are challenging ourselves to regularly review and adapt how we work to ensure we offer safe and flexible working environments.

Throughout 2018, the reduction in the gender pay gap and increased female representation within our organisation has been achieved through a committed, future focused, and aspirational programme of work. We have created space for employees of all genders to have open and honest conversations about gender equality, enabling greater understanding of the barriers to balance within our organisation and what is needed to remove them.

Creating an environment where everyone, regardless of gender, is part of the solution has allowed a level of commitment at an organisational, interpersonal and individual level. Our male advocates network has grown, fostering increased collaborative and constructive conversation and commitment to achieving gender parity. Awareness of the underlying psychological constructs that enable gender disparity have been addressed, with over 79 per cent of senior leaders in the UK (and 95 per cent globally) having attended Unconscious Bias training. With this greater understanding of bias, we have worked tirelessly to remove gender bias from our organisational practices, ensuring strong, merit based, female representation within our leadership development programmes, succession plans and mobility opportunities. Our reciprocal mentoring programme provided our Executive Committee members with greater insight into the challenges and opportunities that women face within our organisation, while in turn provided a unique, year-long development opportunity for a group of highly talented women leaders.

Through these programmes, as well as many more, we have seen female representation within De Beers UK increase consistently over the past two years, and remain on target to achieve our commitment with UN Women to achieve parity in the appointment of women into senior leadership by 2020.

Bruce Cleaver
CEO, De Beers Group

CURRENT HOLDING STATEMENT ON EQUAL PAY

"We are committed to paying our people fairly and competitively and we regularly review salaries to ensure we are doing this. We can't disclose individuals' salaries as this information is personal data and we are therefore required to keep this private and confidential. There may of course be some variations in individuals' pay, even for those carrying out similar work. However, we are confident that any such variations are for genuine and legitimate reasons, including factors such as qualifications, experience, performance and market rates.

Q&A

What is gender pay gap reporting?

The new gender pay gap reporting legislation requires individual companies that employ more than 250 people in the UK to publish their gender pay gap by 4 April each year effective from April 2018. This is based on a snapshot of employee pay as at 5 April 2018.

What is a gender pay gap?

A gender pay gap exists if there is a difference between the average earnings of all men and all women in aggregate within a company, expressed relative to men's earnings.

Amongst other things, a gender pay gap will tend to highlight where there is an imbalance between the number of men and women at different levels of seniority in a company. So, if you have a disproportionate number of men in senior, higher paying roles, you would expect a gender pay gap to exist – as a function of the fact that the men in the company earn, on average, more than the women due to their more senior roles.

What is the difference between the gender pay gap and equal pay?

People frequently confuse the gender pay gap with equal pay, but the two are very different.

Unequal pay is the **unlawful** practice of paying men and women differently for performing the same work. At its core, the intention behind the equal pay legislation, which has been in place for many years, is to ensure that men and women are not paid differently for doing work of equal value, unless there is a non-discriminatory reason for doing so. The requirement for equal pay necessitates scrutiny of pay at the individual employee level.

The gender pay gap is a measure of labour market or workplace disadvantage, expressed in terms of a comparison between men's and women's average and median hourly rates of pay. Gender pay gap reporting asks employers to examine aggregate data. The

intention behind gender pay gap reporting is therefore to increase transparency of the differences in average pay between men and women in the workplace with the aim of creating greater balance between the number of men and women at different levels of seniority in a company, thereby closing the gender pay gap.

Many employers will therefore have a gender pay gap, but not an equal pay issue. This will be the case if, for example, the employer's senior, better-paid roles are largely occupied by men while the more junior roles are dominated by women.

Why are we only reporting on the UK operations?

The Gender Pay Gap Reporting Legislation only requires UK companies to report on these measures. While this is a UK-specific requirement, we will be conducting similar reviews across the De Beers Group of Companies in the following year.

Why has gender pay gap reporting been introduced?

The gender pay gap across all employers in the UK as a whole in 2017 for full time employees was 9.1% (0.3% lower than 2016), meaning that average pay for full time female employees was 9.1% lower than for full time male employees. The gap was down from 17.4% in 1997.

The Government considers that this rate of progress is too slow and has committed to closing the gender pay gap within a generation.

Will male salaries decrease as a result of this legislation/ will redressing the gender pay gap have a substantial financial implication for De Beers UK?

No. Redressing the balance will largely be conducted through our existing plans to address attitudes and practices to increase female representation rates particularly at the higher levels of the organisation, rather than altering salaries.

In doing this, there is much research to show that greater diversity can improve productivity and performance, as well as save costs by improving staff retention.

Why does the gender pay gap matter?

Reviewing and recognising the gender pay gap is important for De Beers as it helps to identify whether there are existing issues and ensuring there are appropriate actions in place to tackle the gap.

At a country level, it is also important because by equalising the labour force participation rates of men and women, the UK could further increase GDP per capita growth by 0.5 percentage points per year. This means potential gains of 10 per cent of GDP by 2030.