

Report to
STAKEHOLDERS

2012

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The Report to Stakeholders is an annual report providing an overview of Debswana's business operations. It presents a holistic view of company operations, challenges and business activities during the 2012 financial year, along with information on the company's economic, social and environmental impacts.

Use of 'our' and 'we' relates to the Debswana Diamond Company (Pty) Ltd, a collective term used for both wholly owned and joint-venture business entities.

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www.debswana.com

Debswana is *integral* to
Botswana society.



Debswana is *committed* to
aligning its **policies** and
operating practices to
enhance the *competitiveness* of the
company while *simultaneously*
advancing the *economic* and *social*
conditions in the **communities** in
which it **operates**, and **Botswana**
as a *whole*.

Our company

Debswana - mining the resource, enriching the nation.

Debswana is the world's leading diamond producer by value. We work knowing that we are integral to the social fabric of Botswana, and that our success contributes to that of Botswana.

Ownership

Debswana Diamond Company (Proprietary) Limited is a 50/50 partnership between the Government of the Republic of Botswana and De Beers, and is the De Beers Group's major producer. The Government of Botswana also owns a 15% stake in De Beers.

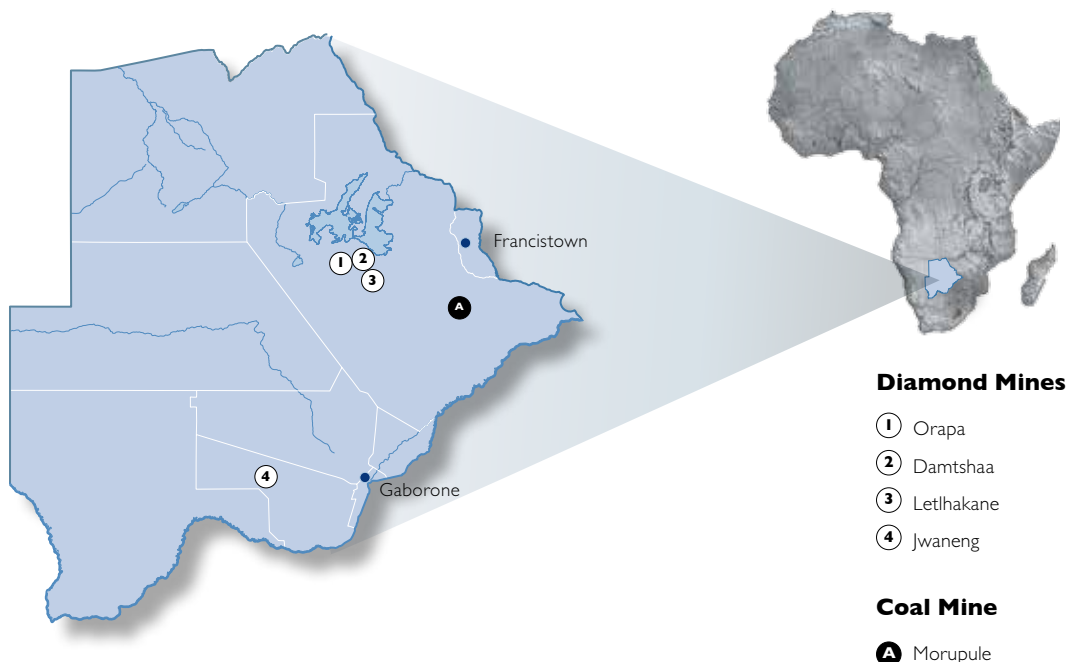
Debswana Diamond Company, originally known as De Beers Botswana Mining Company (Proprietary) Limited, was established on 23 June 1969. The name was changed to Debswana Diamond Company (Proprietary) Limited on 25 March 1992.

Profile

Debswana is the largest private sector employer in Botswana, with more than 4 000 staff members. These are mainly found on mining sites, along with just over 5 000 fixed-term contractors and a small staff complement at the Debswana Corporate Centre in Gaborone, Botswana's capital. Diamond mining operations are located at Orapa, Letlhakane, Damtshaa (OLDM) and Jwaneng. These four mines have contributed significantly to the economic growth of Botswana, as well as producing revenues responsible for lifting the country from one of Africa's least developed to an international development success story. Botswana is now a middle-income country independent in means as well as name. Debswana also owns and operates the Morupule Coal Mine.

Debswana's diamond revenue accounts for about 50% of public revenue; 33% of GDP; and 70 to 80% of foreign exchange earnings.

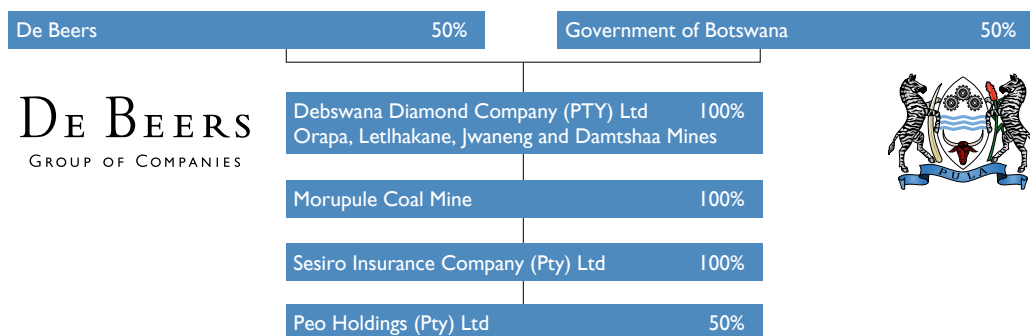
Operations





Debswana is already looking beyond Jwaneng Mine's ambitious Cut 8 project to extend the life of the world's richest diamond mine (full story page 12-13)

Structure



Subsidiaries

Debswana also has two wholly-owned subsidiary companies:

- Morupule Coal Mine, a 100%-owned Debswana subsidiary located in Palapye, central Botswana. This mine started operating in 1973 and became part of the Debswana Group in 2000.
- Sesiro Insurance Company (Proprietary) Limited (Sesiro) is an in-house short-term insurance company.

- Peo Holdings, established in 1997, is a 50/50 joint venture between Debswana and De Beers. It empowers Botswana citizens through the development of sustainable businesses.

Debswana value chain

Our diamond value chain is made up of processes that add value at each stage of the chain, from mining to sales. As diamonds pass through each of these stages, additional value is added to the product, strengthening Botswana's overall long-term development.

3 Treatment

Diamonds are heavier than the material that surrounds them. Once the ore has been crushed to a manageable size, we mix it with slurry, in a method known as Dense Medium Separation (DMS). A series of screening and washing processes takes place to separate the diamond bearing kimberlite ore from other waste particles.

4 Recrush

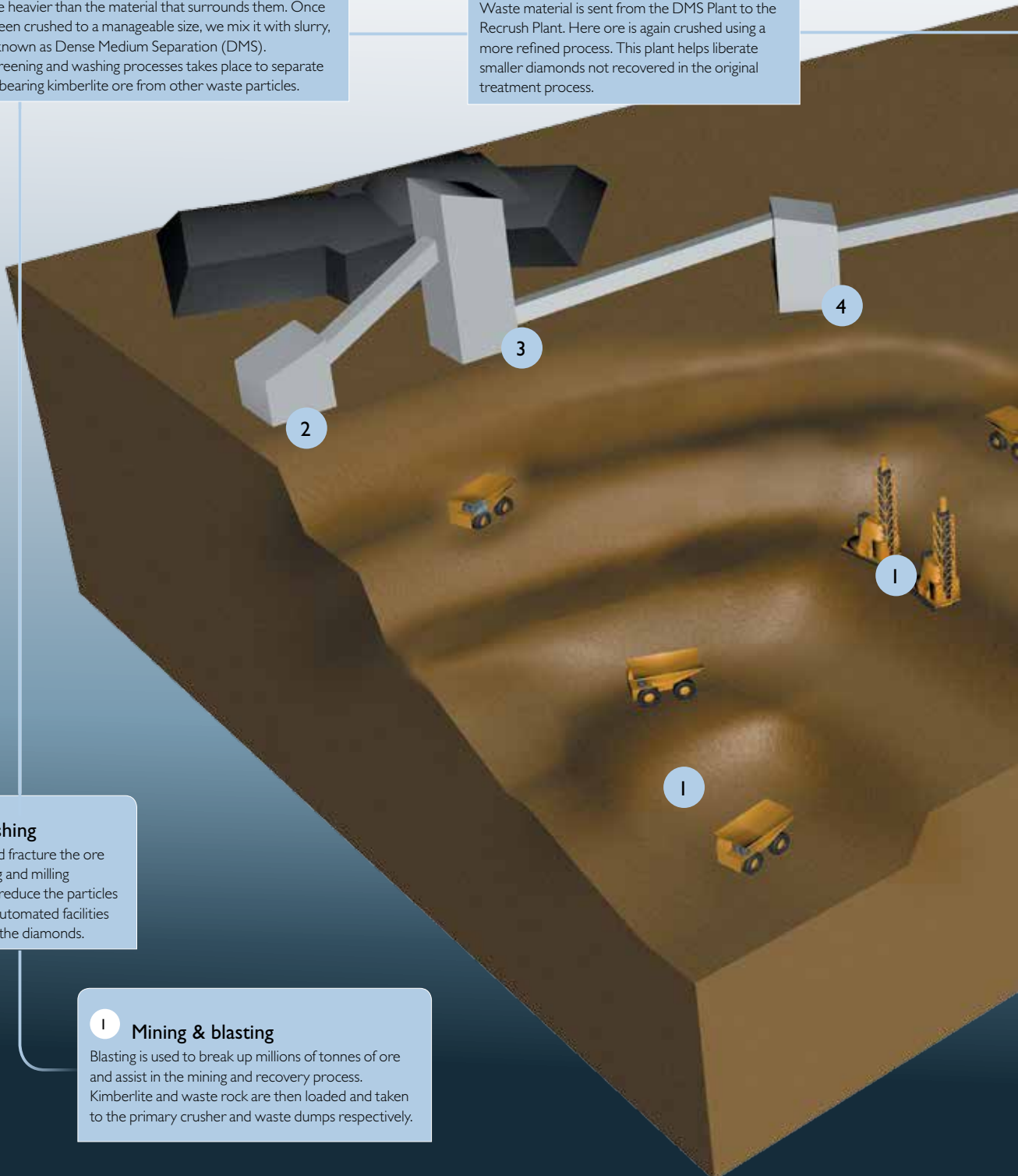
Waste material is sent from the DMS Plant to the Recrush Plant. Here ore is again crushed using a more refined process. This plant helps liberate smaller diamonds not recovered in the original treatment process.

2 Crushing

We break and fracture the ore using crushing and milling processes to reduce the particles fed into our automated facilities and 'liberate' the diamonds.

1 Mining & blasting

Blasting is used to break up millions of tonnes of ore and assist in the mining and recovery process. Kimberlite and waste rock are then loaded and taken to the primary crusher and waste dumps respectively.



5 Recovery

Diamonds have several remarkable properties that we are able to exploit in order to recover them from the stream of prepared concentrate. They emit light under X-rays enabling us to detect and separate them. They repel water and are attracted to grease. When we mix the concentrate with water and pass it over a grease belt, the diamonds adhere to the grease. And they fluoresce under the laser sorters we use to further concentrate the processing stream.

6 Sorting

Diamond sorting, cleaning, packaging and weighing takes place in a Fully Integrated Sorthouse (FISH) which is hands-free. FISH maximises diamond security while optimising diamond sorting through the use of laser technology. Our diamonds are then sent to the DTC Botswana in Gaborone. Here they are sorted into over 15 000 different categories before being sold at 'Sights' by De Beers to diamondaires worldwide. Thereafter, rough diamonds find their way to cutting and polishing centres. These are resold to manufacturers who produce diamond jewellery destined for the leading consumer markets.

Value to Botswana

Infrastructure

"Health and safety, community, wellness, infrastructure development. The purchase of a diamond makes a contribution to the national development of Botswana." Richard Halbrooke, Former US representative to the United Nations (1999).

Technology

Technology plays an important part in recovering diamonds. Our specialised equipment is purchased from global specialists, but assembled by Botswana companies or Botswana-based companies.

Innovation

Our technology, such as the Aquarium at Jwaneng Mine, was developed by De Beers, our 50% shareholder. It was the first of its kind in the world and has attracted immense global interest from the diamond industry, thereby promoting Debswana's leadership in applying cutting edge technology.

Skills development

We are continuously adding increasingly sophisticated skills to our skills profile, and that of Botswana's, through on-going development of our operations. For example, drilling techniques sourced from the oil industry have increased Debswana's specialised mining knowledge.

Business development

Debswana encourages local procurement and develop citizen-owned businesses and Botswana-based companies. We encourage development within these companies so that they may supply Debswana, and also other companies in Botswana.



In 2012, Debswana moved its head office close to the DTCB, where its diamonds are sorted and valued.

Introduction from the Chairman

“Debswana is not only an asset but an icon for Botswana and indeed for the entire diamond industry. It is a great reminder to the world of how the diamonds in this country make it an outstanding and unique success story which we all stand proud by, and whose evidence is clear to the world.”



Eric Molale
Chairman

“As Batswana we have been blessed with this magnificent resource. Today we look back on our history with pride.”

As the Chairman of the Board of Directors of Debswana, I believe it is important to take this opportunity to appreciate the contribution by the men and women who have worked hard day in and day out at our mines to ensure that all Batswana have access to medical care, that all Batswana children receive good education, that all Batswana have good roads and other significant infrastructure that stands high and tall as evidence of sustainable, broad-based development in Botswana.

The leadership of Debswana, and indeed Batswana at large, owe a great deal to the employees of our mines, past and present, for their tireless efforts to bring out the rare, unique stone that has come to be synonymous with our country. It is their commitment, hard work and loyalty to the country, that has allowed this nation to grow from strength to strength, and to you all, I say thank you.

When the mines started we could not have envisaged the achievements we have realised so far, but with our understanding of mining, of the markets and the skills we now possess to benefit the diamond industry, we are set to build a better future for the country. As Chairman of Debswana, I am acutely aware of the responsibility our management team has to every Motswana in ensuring that the resource we mine is mined safely, responsibly and in a sustainable way for the benefit of current and future generations.

The onus is on all of us, however, to ensure that the contribution of diamonds drives sustainable economic development. We live with the fact that our mines will come to the end of their economic life at some point.

Over the last 10 years or so, our focus has been on strategies aimed at increasing the life of some of our mines, hence the famous Cut 8 project. Together with our partner, De Beers, we recognised the need to introduce other stages of the diamond pipeline – cutting, polishing, trading, and eventually manufacturing of jewellery. Botswana will soon become a world diamond trading centre, whose development will not only unlock value for Botswana, but will also directly contribute to economic growth as well as diversification away from the mining sector.

On behalf of the Board of Directors of Debswana, I would like to say to all employees, your efforts have not gone unnoticed and will continue to be highly valued. You have all pulled together and delivered milestone after milestone with passion and drive. You have made my job easier by offering your continued support even during tough economic times and together we continue to set an example to the rest of the world not only as the top diamond producer by value, but also as one of the world's best time tested public private partnerships.

A stylized, handwritten signature in black ink, appearing to read 'Eric Molale'.

Eric Molale
Debswana Board Chairman

Statement from the Managing Director

“Debswana is the largest producer of diamonds in the De Beers Group of Companies, with Jwaneng Mine being the richest diamond mine in the world by value, and Orapa Mine perhaps the second richest. As a mining person, it is exciting to be involved in operating such world class assets, as the value that these diamonds generate is something quite outstanding.”



Jim Gowans
Managing Director

“We made good progress in 2012 in continuing Debswana’s transformation journey to an even more cost-efficient and agile company.”

We faced a very difficult time in the history of our company when our colleague Mr Motshwari Raseiteo lost his life in a slope failure at Jwaneng Mine in June 2012. This incident was the first of its kind in Debswana’s 43-year history, and a terrible shock to all of us. Many employees travelled to Bray in the Kgalagadi District to lay Mr Raseiteo to rest, and I was deeply moved by the support shown to the family, and to Debswana itself. We truly lived our values of ‘Pull Together’ and ‘Show We Care’.

As a result of this tragic incident, all production was stopped at Jwaneng Mine to enable thorough investigations and to ensure the safety of everyone entering the pit. Regrettably, this was the second fatality of 2012. Mr Gosekamang Kheru, a contractor, was struck by lightning in a freak act of nature, making this the highest number of fatalities in the last four years.

Our Lost Time Injury Frequency Rate (LTIFR) target for 2012 was 0.10, and we performed relatively well throughout 2012, attaining 0.09 as at the end of December. Even though risks are inherent to mining, there are always things that we can do to mitigate the risks and so our commitment to constantly improve mining safety must remain as a prerequisite to Debswana’s existence. This is why we have an unwavering focus on safety, and why we have intensified our commitment to a Zero Harm culture.

During the period under review we implemented the Quantum Leap and Jwaneng Mine Premier SHE League (JPSL) safety programmes at our mines. In addition, the reporting of near-hits has gained considerable momentum, showing a heightened awareness of possible incidents, a reassuring indication that our employees are deeply conscious of the need for safe behaviour and of their role in all safety enhancement efforts. I am also pleased to note that we have once again successfully completed the ISO 14001 and OHSAS 18001 surveillance audits.

Jwaneng Mine also underwent a rigorous assurance process to play a key role in the De Beers Group of Companies achieving Responsible Jewellery Council Certification, which confirms the group’s compliance with social, environmental, and ethical requirements across the jewellery and diamond value chain.

Carats recovered



20,2 million

Successful audits

ISO 14001 and
OHSAS 18001

This year we experienced a production slowdown as a result of challenges with earth-moving equipment and treatment plants at our operations, as well as Jwaneng Mine's shut down for four weeks in July. These events, coupled with relatively low third party demand, helped to increase our focus on achievable cost efficiencies in order to strengthen our financial performance.

Programmes to mitigate against low production were implemented by way of an Asset Management Improvement Plan, and through the acquisition of new equipment and machinery. The Asset Optimisation Review in Orapa progressed well and considerable focus was placed on developing key performance indicators to drive improved performance in all stages from drilling to recovery. Various teams across the mine worked with Anglo American specialists to carry out value stream mapping exercises, capacity, and bottle neck analysis, maturity assessments, and other rigorous analyses to highlight problem areas and to expose new opportunities.

We are pleased at having made significant progress in our High Performance Organisation strategy by clarifying targets and enhancing our realistic and effective monitoring of our performance. Achievements included cost and operational improvements across various key performance indicators in mining, treatment, maintenance, and supply chain areas, along with new contract management practices that allow us to maximise contractor value. The introduction of tools such as the Management Operating System and the Hoshin Kanri methodology assist us to track performance against targets and to apply short-term interventions and controls that help keep us on track.

A high performance organisation needs employee performance and behaviour to be aligned to organisational strategy. Yet all people are subject to the highs, lows, and nuances of life. Debswana is therefore acutely aware of the importance of employee health and welfare and so we initiated a health risk assessment programme this year. This programme determines the health risk profile of employees and so enables each of us to take appropriate actions to live healthy, fulfilling, and productive lives. This in turn helps Debswana to be a vibrant, agile, energetic, and productive company in the competitive global market. We also actively support Botswana's national commitment to reach zero new HIV-related infections, deaths, and unfair discrimination by 2016.

Responsible Jewellery Council Certification achieved



It is heartening to know that Debswana in all its manifestations remained strong in a challenging global economic climate. This took place through hard work, the selfless living of company values, and a sustained belief in our country's potential. For this I am truly grateful to my colleagues throughout this wonderful company and through the global diamond industry.

Jim Gowans
Managing Director



110 tonnes
per load



three loads
to fill truck



Operating highlights

Debswana operates the Jwaneng, Orapa, Letlhakane, and Damtshaa diamond mines, along with the Morupule Coal Mine, the sole operating coal mine in Botswana.

Debswana recovered 20,22 million carats in 2012, down 2,67 million carats on the previous year (2011: 22,89 million) and treated 21,87 million tonnes of ore (2011: 22,89 million). The reduced carat yield was in part due to ore grade challenges in the treatment plants and to delays in production due to a slope failure at Jwaneng Mine in June 2012.

During the year under review, Debswana bolstered its asset management plan to improve the availability of physical assets, minimise risk, and identify cost efficiencies. The benefits are expected to come on stream in 2013.

“We have made good progress in 2012, continuing Debswana’s transformation journey to a cost-efficient and agile mining company.”

Jim Gowans, MD Debswana

Jwaneng Mine

A slope failure at Jwaneng Mine on 29 June tragically claimed the life of an employee. Debswana suspended mining from the pit for seven weeks to ensure the safety of all employees and to allow the Department of Mines to undertake formal investigations.

The company also immediately instigated its own technical studies to understand the root causes of the incident and to assess various mining recovery options. All initial recommendations from internal and external investigations into safety procedures, slope monitoring processes, and skills competency have been implemented.

During the suspension of pit operations, production was sustained from surface ore, albeit at a lower rate. Jwaneng recovered 8,17 million carats, 23% less than in the previous year (2011:10,64 million), mainly as a result of the slope failure.

2012 production statistics (000)

Mines	Tonnes treated	Carats recovered
Orapa Mine	12,251	11,089
Letlhakane Mine	2,220	764
Damtshaa Mine	1,387	191
Jwaneng Mine	6,015	8,172
Total	21,873	20,216

Performance indicators

Mines	2012	2011	11/12
LTIFR	0,09	0,11	-0,10
LTISR	1,98	8,73	-8,09
Mining Licence area (ha)	41,237	41,276	-3,00
Tonnes treated (000s)	21,873	22,889	-1,016
Carats recovered (000s)	20,216	22,890	2,674



Foreman Moeti Edmond Setlhaku in the Jwaneng Mine pit

Production statistics (000)

Jwaneng	2012	2011
Waste removal	81,986	50,783
Ore mined	5,984	6,692
Ore treated	6,015	6,537
Carats recovered	8,172	10,641

Project hours



10 million

Lost Time Injury Frequency Rate



0,098 (threshold 0,12)

Lost Time Injury Free hours



6 million

Tonnes of waste moved



57 million tonnes

The tailings mineral resource scheduled is estimated to yield



800,000 carats

from 2 million tonnes of tailings every year for 20 years^①

^① This estimate of carats comes from Inferred resources (100%). No drilling is currently planned to upgrade these resources to reserves. Further details appear in the 2012 Anglo American Plc Annual Report.



Candy Godie, Mining Engineer – Pit Maintenance

CASE STUDY

Cut 8 and beyond: extending the life of the world's richest diamond mine

While Cut 8 represents the largest single private investment in the history of Botswana, Debswana is already looking ahead at the potential of other initiatives that will extend the life of Jwaneng Mine well into the future.



"A little mine all of its own"

Former Deputy MD of Debswana,
Steve Axcell, commenting on
Jwaneng Mine's tailings deposit

Cut 8 project

Jwaneng Mine's Cut 8 project is unprecedented in Debswana's history. Shareholders approved the project in August 2009 and it was officially launched by President Seretse Khama Ian Khama in December 2009. Cut 8 will provide access to approximately 86 million tonnes of ore to be treated yielding 102 million carats of high quality diamonds, and extend the life of the world's richest diamond mine to at least 2028.^②

Debswana completed the Jwaneng Cut 8 infrastructure development project on schedule, including the establishment and handover of workshops for earth-moving equipment. During 2012, 57 million tonnes of waste were removed (2011: 31 million tonnes). By the end of 2012, more than 10 million project hours had been worked with a Lost Time Injury Frequency Rate (LTIFR) of 0,098 (threshold: 0,12). There were no lost time injuries recorded during 2012 and the project achieved 6 million lost time injury-free hours. With the construction phase now complete, all major contractors have been demobilised from site.

Jwaneng MTTP

Execution of the Modular Tailings Treatment Plant (MTTP) at Jwaneng Mine commenced in 2012. Prior to 1990, the mine did not have a recrushing plant and this tailings dump represents the residue of ore processed before 1990. Residue from the diamond recovery process will ultimately contain a significant number of diamonds.

The project requires procurement of a resource processing facility which will be built at the mine.

Procurement of long lead items was performed in the last quarter of 2012, including dense media separation modules, conveyor sections, scrubbers, thickener and a crusher. Contracts were also placed for piling and civil construction to commence in 2013.

Looking at the future with Cut 9

Jwaneng Mine is already looking far beyond Cut 8.

Always working two cuts ahead, the feasibility of continuing open pit mining or moving underground is of prime importance and the costs of these options are reviewed against resource and maximum production values. Review of the Jwaneng Resource Extension Project by Mining Resource Management continued during 2012.

^② This estimate of carats contains Indicated (23%) and Inferred (77%) resources. Not all Inferred resources may be upgraded to reserves, even after additional drilling. The numbers shown are scheduled tonnes and carats as per the Jwaneng 2012 life-of-mine plan. Further details appear in the 2012 Anglo American Plc Annual Report.

Operating highlights

Orapa, Letlhakane and Damtshaa Mines (OLDM)

OLDM produced 12,0 million carats during the year (2011:12,25 million). Ore mined amounted to 16,7 million tonnes (2011:16,2 million). Carat production includes 0,2 million carats from Damtshaa Mine, which was on care and maintenance during 2011. In preparation for the recommencement of full pit mining activity in Quarter I 2013, Damtshaa Mine acquired its first Slope Stability Radar, which was commissioned in December 2012.

Despite the loss of earthmoving equipment due to fire, the mine plan for OLDM was well executed. Resource extension projects for the Orapa, Letlhakane and Damtshaa Mines continued throughout the year and are on schedule.

2012 production statistics (000)

Orapa Mine	2012	2011
Waste mined	7,675	7,069
Ore mined	13,311	13,098
Ore treated	12,251	13,250
Carats recovered	11,089	11,157

Letlhakane Mine	2012	2011
Waste	5,562	6,042
Ore mined	3,301	3,129
Ore treated	2,220	3,102
Carats produced	764	1,091

Damtshaa	2012
Waste mined	31
Ore mined	128
Ore treated	1,387
Carats recovered	191

Morupule Coal Mine

Following the successful completion of the Morupule Coal Mine Expansion Project during the year, a three-month technical completion test began in November 2012. Production from the extended mine will supply thermal coal to Botswana Power Corporation's new 600MW Morupule B power station. The project, which started in 2010, has increased Botswana's coal mining capacity from one million tonnes to 3.2 million tonnes a year.



 Damtshaa Mine



 Letlhakane Mine



 Morupule Coal Mine



Orapa Mine

Operational efficiencies

Debswana has made progress with a three-year strategy, launched in 2011, to transform the company into a more cost-efficient and agile mining organisation. The objective is to achieve global mining benchmark performance standards in all production and support areas by the end of 2013, and to consistently deliver superior shareholder value.

In 2012, initiatives focused on improving performance in mining, treatment, maintenance and through the supply chain. Achievements included implementation of a process to track production performance at shorter intervals so that deviations can be addressed rapidly, and a system to ensure that contractors deliver optimum value.

Towards a culture of Zero Harm

Debswana's stance on safety is simply that any injury is unacceptable. All company sites run initiatives to marshal employees behind a common culture of Zero Harm. A rigorous process is used to rapidly report and investigate any incident, identify root causes, initiate remedial action and disseminate lessons learned.

In 2012, the LTIFR was 0,09 (2011: 0,19). A total of 11 LTIs were recorded (2011: 13) and the reduction of lost time injuries driven by engagement, training and culture change remains a priority.

Damtshaa Mine was incorporated into the Orapa and Letlhakane Mines' safety and environmental programmes, and OLDLM, Jwaneng, and Morupule mines maintained their ISO 14001 certification. As part of the ISO 14001 requirements, a legal compliance audit was conducted during 2012 and there were no major findings. Jwaneng and OLDLM maintained their OHSAS 18001 certification whereas Morupule is to undergo a readiness audit for OHSAS 18001 in March 2013.

Investing in communities

Debswana's Corporate Social Investment (CSI) programmes include social, economic, and environmental projects that span healthcare, community development, arts and culture, entrepreneurship, education, and sports development.

Outlook

Debswana will focus on implementing its enhanced asset management plan with a business-wide culture of safe, high performance. Improved waste stripping and the efficient use of machinery and equipment will position the company to respond to any upturn in demand.

We have refined our business strategy to facilitate flexibility in production, cost containment, cash preservation, prioritisation of our projects and required investments to generate the most effective returns on these, and for the retention of core skills. Debswana is geared to be proactive in today's volatile global economy and therefore maintains adequate cash liquidity to exploit market opportunities.

Several initiatives were implemented during the year to mitigate production challenges, including the clearing of maintenance backlogs, the use of ore blending to enhance treatability, the enhanced training of production and maintenance supervisors and operators, as well as the implementation of an Asset Management Improvement Plan.

Our approach to sustainability

"Debswana, a 50/50 joint venture between De Beers and the Government of Botswana, is described both confidently and routinely as a 'unique' partnership. It is a relationship that has been tried and tested, showing that things are possible when government and private enterprise join hands to do good for the nation."

Debswana Chairman Eric Molale

CASE STUDY

A Triple Bottom Line awareness

In developing its approach to effective business across the triple bottom line, Debswana pays particular attention to the King Report Committee on Corporate Governance, first developed in South Africa in 1994.

Sustainable business strategies centre on three inter-locking areas of focus, collectively known as the Triple Bottom Line, which incorporates people, planet, and profit.

People

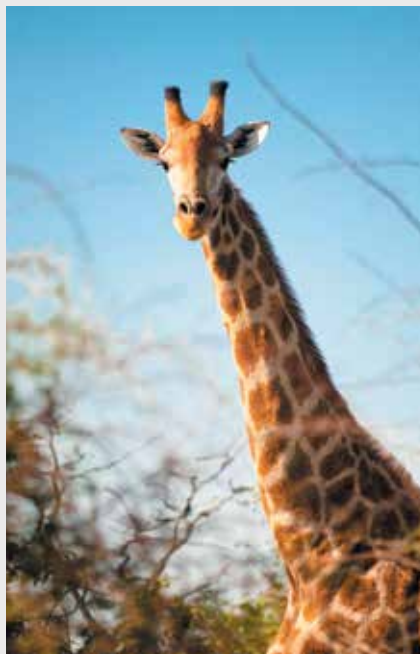
Ensuring the wider community in which a business operates is recognised as a crucial contextual factor, and that community interests are threaded into the business strategy accordingly.



 An awareness of communities, particularly those close to our operations, is embodied in our value: 'Show we Care'

Planet

Ensuring that the physical environment is nurtured to support the business and the community in which it operates, over the long term.



 Green belts surround our Jwaneng, Orapa and Morupule operations

Profit

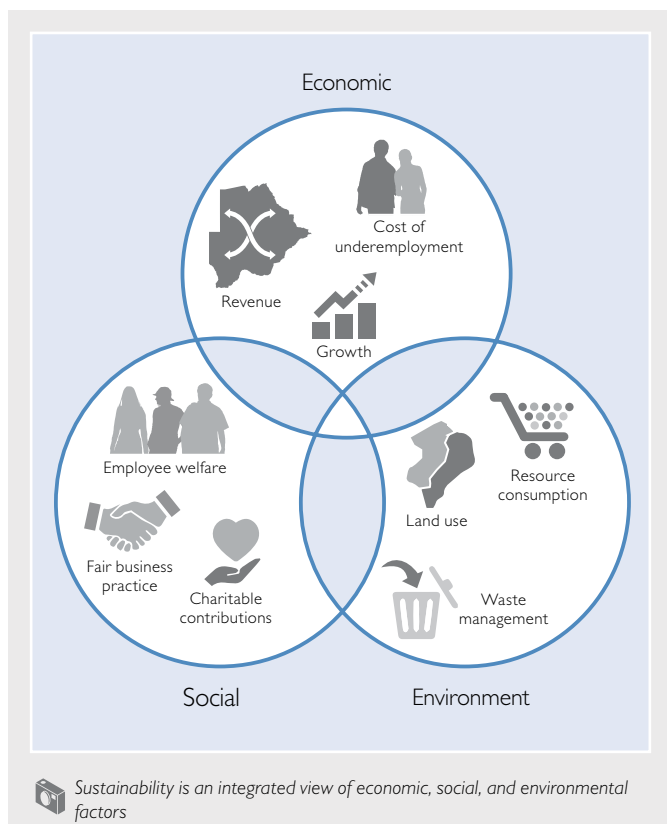
A considered focus on the people and planet components of the triple bottom line allows a business structure to generate sustainable returns, to the benefit of all stakeholders, over the long term.



 The profit generated from our mines has helped develop Botswana's infrastructure over the years

Sustainability is key to the way we do business

Sustainability is about having an integrated business strategy. Our commitment to operating in a responsible and sustainable manner sits at the heart of Debswana's business strategy. We believe that this approach creates a competitive advantage for our company, and social and economic value for Botswana.



Benefits from mining

By their nature, mining projects require large-scale and long-term capital investment and so attract significant inward investment to Botswana. Direct economic benefits from our mines include infrastructure development, provision of local healthcare and education, direct employment, and payment of taxes. Indirect benefits include actions to support national development along with activities, information, and resources that support mining operations, skills development, and indirect employment.

The right strategy to shape the future

Mineral resources are finite. This fact increases the importance of exploiting such resources according to a business strategy that pays careful attention to the long-term socio-economic vision of the communities in which they exist. The right strategies, executed in the right way, have the potential to dramatically, and positively, re-shape local society.

Understanding the society in which we work

Debswana's business operations include consideration and understanding of the society in which it operates. To ensure that social initiatives are implemented and carried out to greatest positive effect, Debswana carefully partners with effective national and community bodies in Botswana.

Our values:

In everything we do, we strive to reflect the unique qualities of our product – we call this 'living up to diamonds'. This means:



Be Passionate

We will be exhilarated by the product we sell, the challenges we face and the opportunities we create



Pull Together

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



Build Trust

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



Show We Care

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



Shape the Future

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

Our approach to sustainability

Environment, Community, Occupational Health and Safety programme

Understanding the integration of environmental, community, occupational health and safety issues in how we work at Debswana, the ECOHS programme runs across all operations with these functions:

- Providing technical, leadership and governance skills that bring overall ECOHS actions into alignment with Debswana's core business strategy;
- Doing this through world-class standards of expertise that integrate ECOHS practices and accountability into core business processes at every stage of the diamond value chain; and
- Ensuring performance in the company so that each operation works to full ECOHS standards.

ECOHS committees exist at Debswana's corporate and mine operational levels. These review on-site programmes and are responsible for ensuring adherence to ECOHS policies, guidelines, and operational practices, as well as relevant standards and legislation (both local and international).

In terms of safety, the ECOHS committees are accountable for:

- Safety, risk management programmes that assist employees and contractors to identify operational hazards and to assess and manage associated risks;
- Near-hit reporting (unsafe acts or conditions that could result in incidents);
- Causes and analysis of incidents through a structured investigation that identifies risks; and
- Operational fatal risk control guidelines.

These programmes are supplemented and supported by the company's Safety, Health and Environment (SHE) programme.

The ECOHS committees are also accountable for adherence to the company's occupational health and hygiene standards that include the monitoring of dust, noise, and ergonomic factors in the workplace, according to, and often in excess of, defined industry standards.

Within the ECOHS programme, environmental management programmes are based on the ISO 14001:2004 Environment Management Systems (EMS) standard, and all mining operations are ISO 14001:2004 certified.

Debswana's ECOHS standards are assured by the following external agencies and standards:

- South African Bureau of Standards;
- Technischer Überwachungs-Verein (TUV) Global;
- OHSAS 18001 and ISO 14001.

Stakeholder engagement

Debswana's success in partnerships is based on our acting on principles of mutual benefit and reciprocity. The framework for these principles in our community engagements is found in our social licence to operate. Being granted a social licence involves ongoing engagement with local communities to ensure that they understand the impact of our activities and take part in developing mitigation strategies for any negative results of these effects while helping the company to design programmes that maximise local benefit from our work.

Well managed community engagement during the life of a mine promotes a foundation for a positive post-mining legacy. This needs careful planning for closure, ongoing project monitoring, and continuous strategy and implementation review. It also sees us work in close partnership with government and non-governmental agencies to find relevant and lasting solutions to community development challenges.

Debswana's primary framework for supporting communities in Botswana is through the value it generates for the state which in turn works to ensure that all Batswana benefit from the country's natural capital.

BWP 4,5 million of the annual CSI budget in 2012 was allocated equally between Debswana's mines at Jwaneng and Orapa for disbursement in support of various community upliftment programmes.



 Debswana's contribution to the economy and communities in which it operates extends to assisting businesses and community upliftment programmes



As with all Debswana medical facilities, the Jwaneng Mine Dental Clinic, adjoining the hospital, also serves the surrounding communities in which the mines operate. From left: dentists Dr Bobby Segadimo and Dr Yarona Mandevu with dental assistants Tshepo Molale and Wapula Kaelekae

Managing sustainability

Governance

The CSI Committee is a sub-committee of the Debswana Board whose role is to consider and approve funding for community projects, as well as to recommend funding for larger national-level projects to the Board.

Risk management

The company's risk management policy addresses the mitigation of risks in strategy, operations, finance, and compliance. These risks encompass areas such as consumer markets, skills and people risks, technology, stakeholder, commercial, social, environmental, corporate reputation, compliance with regulation and legislation, professional liability and general operating, financial, and treasury risks.

Awareness and understanding of the company's risk management framework is established at all appropriate levels of the company. A process of identifying significant risks with reference to strategic, business or process objectives has been established, and management is responsible for identifying, evaluating, and managing these risks.

Sustainability and performance

Sustainability is about creating ongoing development opportunities through economic diversification and creating growth opportunities that are inclusive. This is categorised into five key areas:

- Economics
- Ethics
- Employees
- Communities
- Environment

Performance summary

	Performance	Activity	2012
Economics	Procurement	Citizen-owned	BWP 521 million
		Local spend	BWP 2,981 million
		Non-Botswana spend	BWP 1,096 million
Ethics	Standards in diamond value chain	Loss Prevention	Debswana commenced an employee programme of communications, training and dialogue, company codes and values, and the provision of loss prevention advice.
	The Kimberley Process and the Best Practice Principles Assurance Programme	Compliance	Jwaneng Mine underwent a rigorous assurance process as part of the De Beers Group of Companies application for certification by the Responsible Jewellery Council. Jwaneng Mine demonstrated compliance with standards related to the Kimberley Process, product integrity, the prevention of child labour, health and safety, community complaints and grievance procedures, and hazardous substances and waste management, among others. The Group of Companies was awarded certification for a three-year period.
Employees	Talent attraction and retention	High Performance Organisation (HPO)	Debswana developed functional career paths to guide holistic personal and career development among employees in both the leadership and technical pipelines.
	Health and safety	OHSAS Certification	100%
	Training and development	Leadership, management, and skills training	BWP 88,681 million (US\$ 11,688 million) training spend (52.9% increase on 2011).
	Lost Time Injury Frequency Rate (LTIFR)	Injuries resulting in lost time	0.09 against a target of 0.12
Communities	Corporate social investment (CSI) and community development	Improving quality of life and enabling people to participate in decision-making to achieve greater long term control over their lives.	Total CSI and community development: BWP 15 million.
	Community development	Community development processes	• Towards Sustainable Mining Framework of the Mining Association of Canada. • Structured community engagement plan. • The Anglo American Social Economic Assessment community engagement tool. • The Participatory Development Methodologies.
Environment	Environmental Management	Mine operations ISO 14001:2004 certification	100%
	Energy Conservation Strategy	Overall objective is 20% reduction in energy use per unit of production by a threshold target date of 2020 and stretch date of 2015 using 2008 production and consumption levels as the baseline.	Against the 2008 baseline consumption of 5,12 million GJ, Debswana achieved 5,10 million GJ. This shows a 0,20% positive performance in energy consumption.
	Performance against environment standards	80% implementation target	Overall performance of 90% was achieved in 2012.
	Water	Water management	27% of water re-cycled and re-used at OLDLM, and at Jwaneng Mine.
	Safety and Health	Incidents	166
		Near Hits	18,593
	Environment	Incidents	512
		Near Hits	333

2011		Information	Pg
BWP 389 million	↑	Debswana supports preferential procurement.	24
BWP 2,360 million	↑		
BWP 1,199 million	↓	Specialised mining equipment, for example, is purchased from global suppliers, a standard throughout the mining industry.	
98 cases of theft since 2005 reported by Botswana Police.		Processes to prevent corruption are in place and an independently-managed ethics hotline, introduced in 2007, is available to employees.	26
100% compliance		All Debswana's diamonds are certified conflict-free and mined and sold in full compliance with national and international law, the Kimberley Process, and Best Practice Principles Assurance Programme.	27
Restructured organisation.		Implementation of High Performance Organisation - HPO 2013.	30
100%		All operations	15
Debswana launched a three-year strategy, the Debswana 2013, High Performance Organisation (HPO).	→	Leadership, trade and life skills training builds Debswana's capacity and national competence. Debswana has worked with training organisations to develop 'train the trainer' programmes to secure training skills in Botswana.	30
0,10 against a target of 0,11		Debswana remains committed to Zero Harm and continuously works to achieve this.	11
BWP 9 million	↑	Debswana's primary support for community development in Botswana comes through the value its operations generate for the government, along with jobs created and sustained and resultant increases in living standards for communities associated with our work.	35
			38
100%	→		18
In progress		The Debswana energy strategy has three specific objectives and measures aligned to the global principles of sustainable development: • Environmental sustainability; • Social equity; and • Business sustainability.	44
		Debswana began implementation on six environment standards including water, climate change, biodiversity, life cycle planning, pollution and waste management, and environmental reporting.	43
		Potential new water projects for the future include a saline groundwater investigation for Jwaneng Mine and also a storm water collection dam for the Jwaneng Township. At Jwaneng Mine, an environmental network optimisation study for waste and waste water pollution management has been completed along with a series of monitoring boreholes around the slimes dams and landfills.	46
		No incident of environment risk is considered too small to be within Debswana's environmental management's ambit or record, and all incidents are examined to have their lessons applied to prevent recurrences, and for greater environmental efficiency in company practice.	28
			49



“Debswana has played an important part in our country’s emergence as a middle-income country. Its role in the country’s commendable achievements in economic growth, infrastructure development, education, and healthcare are everywhere evident. The lessons relating to the benefits of this type of cooperation continue to be applied by the government in other fields.”

Linah Mohohlo, Governor of the Bank of Botswana and member of the Debswana Board

BWP 521 million

Spend on citizen-owned companies

BWP 2,981 million

Spend with Botswana-based companies

195 new citizen-owned

companies assessed and registered into our
Supply Chain

Economics

Diamond mining is the single largest industry in Botswana. Diamond revenues have transformed Botswana from one of Africa's poorest countries, when it achieved independence in 1966, to one of Africa's richest per capita by the 1990s.

Botswana's largest industry

Diamond mining is the single largest industry in Botswana. Diamond revenues have transformed Botswana from one of Africa's poorest countries, when it achieved independence in 1966, to one of Africa's richest per capita by the 1990s. Diamonds are the largest single contributor to gross domestic product, export earnings and government revenues.

They have also been the catalyst for national development in a myriad ways including their mining being the catalyst for community development, overall national skills enhancement, and as a promoter of economic diversification.

Thanks to a highly effective partnership between the public and private sector, and to the sound management and strategic foresight of Botswana's governments during this long partnership, the country has become a widely admired example of progressive African development.

Over the last 10 years the diamond sector has contributed about 30% of total Gross Domestic Product (GDP) and 80% of total export earnings. It is also the primary source of government revenue.

Botswana is the world's largest diamond producer by value, producing about 21% of global output. A joint venture between De Beers and the Government of the Republic of Botswana, Debswana is the largest producer of rough diamonds in the De Beers Group of Companies, as well as being Botswana's largest taxpayer. As the Government of the Republic of Botswana owns part of De Beers as a whole, it also receives dividend income from this 15% shareholding. Roughly 80% generated by Debswana is accrued as government revenues for the benefit of the people of Botswana.

Economic development

In addition to the revenues our mining operations generated for the Government of Botswana, we contribute to local economic development through:

- Direct employment and the employment of local contractors;
- Preferential procurement from local suppliers; and
- Enterprise development and social investment.

Reliance on a single product poses significant risks to sustained economic growth. Diamonds are a finite resource and diamond earnings will therefore eventually plateau and decline. While it is primarily the responsibility of government to manage the revenues generated from natural resources to build a solid foundation for a strong economic future, Debswana can make a valuable contribution to this process through good corporate governance, ensuring that the maximum value from resources at its disposal is derived by optimising mine profitability, and by assisting in developing of a more diversified economy. This will take place through diligent closure planning, supporting other industries through procurement agreements, strategic social investments, and through support for enterprise development.

Procurement spend

Debswana has a preferred procurement policy which emphasises the development of local business. Our citizen spend and local procurement spend in 2012 amounted to more than BWP 3,5 billion.

Debswana also assessed and registered 195 new citizen-owned companies into the company's supply chain system during 2012.

CASE STUDY

Cut 8's widening ripples

Debswana uses the unique and major Cut 8 investment project to go beyond immediate project needs. An identified shortage of some local, mission-critical skills for carrying out this investment has

seen the company require international contractors to upskill local mining professionals and partners in structured ways that strengthen Botswana's long-term mining capabilities.

Foreign firms working on Cut 8 are also encouraged to carry out community related projects and training initiatives.

Economics

CASE STUDY

Adding diamond value downstream

Botswana Government's premier partners, representing current and future generations, local and foreign miners, and investors, have always worked to a national sustainability strategy that starts with mining, but then enhances the downstream value of diamonds.

Debswana has therefore worked with its partners to ensure that, beyond mining, other value-adding activities take place to generate greater economic value 'at source' and to maximise the value derived from diamonds.

A major kick-off to this approach came with the formation of the Diamond Trading Company of Botswana (DTCB) in 2008.

This gave the country an instrument to drive diamond mining beneficiation by incorporating into its absorption of the Debswana-owned Botswana Diamond Valuing Company the additional activities of diamond sales and marketing; unlocking aggregated diamonds for local manufacturing.

From 2008 to 2011, 16 local Sightholders licensed by the Government of Botswana purchased diamonds from DTCB.

A new allocation system promoted skills transfer and local beneficiation. Diamond-polishing enterprises have arisen since 2008, bringing 3 250 new specialised jobs in their wake, and these are set to increase.



Debswana's contribution to diamond supply has given Botswana the confidence to add value to its gems by expanding its influence in the downstream activities of the diamond industry

Debswana procurement spend (BWP million)

	2012	2011
Citizen spend	521	389
Local spend	2,981	2,360
Employee owned	2	2
Non-Botswana spend	1,096	1,199
Total spend	4,600	3,950

% Citizen vs local spend	17%	16%
% Citizen vs total spend	11%	10%
% Local vs total spend	76%	70%

2012, % of total procurement

Preferential procurement spend as a proportion of total procurement spend, 2012 (BWP and US\$ million)

	Total spend	% preferential procurement
Local currency BWP million	4,600	62%
(US\$ million)	606	62%

Exchange rate BWP: US\$ 7,5814 (2012)

Enterprise development

With a view to Botswana's long-term economic health being rooted in economic diversification and, critically, through a strong entrepreneurial culture, Debswana invests in community enterprise development through Peo Venture Capital Proprietary Limited (Peo).

This initiative was born in 1997 as an equal CSI partnership between Debswana Diamond Company and De Beers Botswana with the following objectives:

- to support the development of commercially viable enterprises;
- to contribute towards the creation of sustainable employment;
- to promote beneficiation;
- to facilitate the transfer of entrepreneurial skills; and
- to avail resources to support citizen entrepreneurs.

At Peo's inception, its shareholders contributed BWP 40 million capital and at least 60 companies have benefited from this funding with a total disbursement of more than BWP 36 million to date.

About 1,400 new jobs have been created and sustained, generating salary payments of more than BWP 10 million per annum.



CASE STUDY

Cut 8 and local business



The Cut 8 project created a number of opportunities in citizen-owned businesses both on the mine and in the surrounding communities

Debswana's major investment in the Cut 8 project spurred increased economic growth through new, direct employment created and through opportunities that resulted from new procurement of services from citizen-owned and Botswana-based companies.

- Already, 51% of Cut 8 contracts have been awarded to citizen-owned or Botswana-based companies;
- These have already received 46% of all Cut 8 project spend; and
- 86% of the Cut 8 project workforce are Botswana.

Jwaneng Mine's Cut 8 investment saw the influx of 2,000 additional people to Jwaneng and its surrounding villages in 2012, with attendant infrastructure and housing needs. With project planning foresight that included extensive community consultation, Debswana has pre-empted these needs with infrastructure and facility upgrades in the broader Jwaneng area.

The Cut 8 project will not only bring long-horizon advantages to mining in Botswana, but its immediate benefits are already being felt in strengthened local businesses being absorbed into the company supply chain.

Ethics

Theft from our operations not only affects our profitability, it reduces the value our activities generate for stakeholders. With about 80% of Debswana revenue going into public funds, any theft impacts the ordinary citizens of Botswana.

Ethics is essential for all of us

Corruption is recognised to be one of the world's greatest business challenges and significantly hinders the development prospects of countries. It undermines good governance and the rule of law, distorts fair competition, and has a damaging economic and social impact on the country and the people it affects.

Debswana has a zero tolerance approach to all forms of corruption (including 'facilitation' payments) by individuals and businesses acting on our behalf. It is in our interest to ensure we have robust systems and procedures in place to identify, manage, and minimise the risk of corruption throughout our operations. This includes training employees most at risk of exposure to corruption, on how to deal with and combat corruption, and providing channels where they can confidentially disclose potentially corrupt activity.

Any theft of rough diamonds from our operations and their subsequent entry into the illicit trade impairs our financial performance and also reduces the revenues available to support development. The involvement of criminal syndicates in the illicit diamond trade exposes our employees to coercion and heightened risk. Stolen diamonds are used by criminal syndicates to fund illicit activities, money laundering and black market trade in criminal goods. Debswana is committed to eliminating theft from our operations, and works in close partnership with law enforcement agencies to deny criminals access to diamonds, and catch perpetrators.

Tackling fraud, corruption and unethical conduct

Just as Debswana considers any personal injury to be unacceptable, so it shows a zero tolerance to unethical behaviour, corruption, fraud or any other illegal activity. Comprehensive processes are used to promote awareness, ensure legal compliance in all actions, facilitate the disclosure of wrongdoing, and to provide whistle-blower protection.

In 2012 the company started work on a programme to make employees constantly aware of the company's ethical stance and to assist them in its practical implementation. The programme includes communications, training and dialogue, company codes and values, and the provision of confidential advice.

The Debswana Board of Directors is responsible for the company's system of internal controls and for regularly reviewing its effectiveness. A formal Code of Conduct and Business Ethics commits Debswana to the highest standard of compliance with laws, regulations, integrity, and ethics in dealing with all its stakeholders. These standards are partly based on core values of honesty, respect, and trust. Processes to prevent corruption are in place and an independently-managed ethics hotline, introduced in 2007, is available to employees.

Combating conflict diamonds

The Government of Botswana is a founding member of and participant in the Kimberley Process Certification Scheme (see case study on adjoining page), a unique approach by governments, the diamond industry, and non-governmental organisations to prevent conflict diamonds from entering the legitimate diamond supply chain. All rough diamonds exported from Botswana receive Kimberley Process certificates, providing assurance that they are from a conflict-free source.

CASE STUDY

Championing the cause

Loss Prevention Champions identified

In an effort to deliver a systematic approach to proactively prevent diamond loss from our processes, 50 Loss Prevention Champions have been identified and appointed to communicate structured loss prevention messages throughout the company and to provide constant feedback about employee attitudes and perceptions regarding loss prevention. Essential characteristics of the programme include:

- Leadership visibility;
- Employee engagement;
- Improved quality in ways of work;
- Self-governance;
- High and sustained performance;
- Engaged employees;
- High morale;
- Workplace pride;
- Innovation; and
- Excellence of work and behaviour.

CASE STUDY

Responsible Jewellery Council Certification



Jwaneng Mine underwent a rigorous assurance process in 2012 as part of the De Beers Group of Companies application for certification by the Responsible Jewellery Council. The Council is a not-for-profit organisation established to promote

responsible ethical, social, and environmental practices that respect human rights throughout the diamond and/or gold jewellery supply chains. This assurance process required the mine to demonstrate compliance with standards related to the Kimberley Process, product integrity, the prevention of child labour, health and safety, community complaints and grievance procedures, and hazardous substances and waste management, among others. The Group of Companies was awarded certification for a three-year period.

Best Practice Principles Assurance Programme

A third party verified programme, the Best Practice Principles Assurance Programme (BPPs), requires disclosure of all use of synthetic diamonds, diamond treatments and simulant diamonds, as well as adherence to strict social and environmental standards.

They apply to all De Beers' operations, De Beers Joint Ventures, De Beers Sightholders, as well as significant contractors, and cover issues such as health and safety, human rights, child labour, corruption, and environmental management. Since its introduction in 2003 more than 357,000 diamond industry workers in 57 countries are now covered by the BPPs.

CASE STUDY

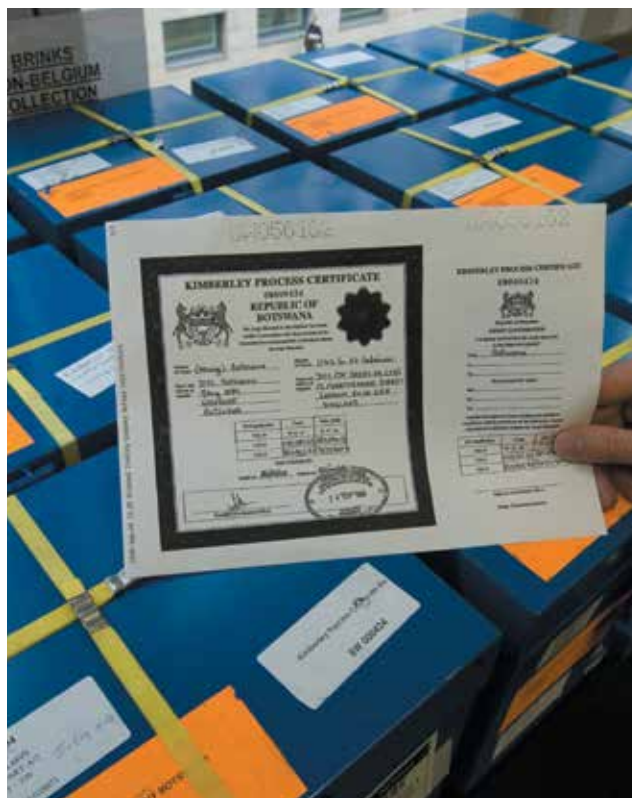
The Kimberley Process

The Kimberley Process began when representatives of southern African diamond-producing states met in Kimberley, South Africa in May 2000 to discuss ways to stop the trade in 'conflict diamonds' and to ensure that diamond purchases were not financing violence by rebel movements and their allies seeking to undermine legitimate governments.

In December 2000, the United Nations General Assembly adopted a landmark resolution supporting the creation of an international certification scheme for rough diamonds. By November 2002, negotiations between governments, the international diamond industry, and civil society organisations resulted in the creation of the Kimberley Process Certification Scheme (KPCS). The KPCS document sets out the requirements for controlling rough diamond production and trade. The KPCS came into effect in 2003 when participating countries started to implement its rules.

The scheme has since evolved into an effective mechanism for stemming the trade in conflict diamonds and is recognised as a unique conflict-prevention instrument to promote peace and security.

Diamond industry experts estimate that conflict diamonds now represent a fraction of one percent of the international trade in diamonds, compared to estimates of up to 15% in the 1990s.



A shipment of diamonds with a Kimberley Process Certificate

Employees

Our focus is on safety, employee wellness, training and development, and applying productive, efficient and cost effective practices that position us as a globally recognised, high performance organisation in our mining operations and an internationally respected employer.

Employee safety

It is with our profound sadness and deepest regret that we report two loss of life incidents in 2012. A slope failure at Jwaneng Mine, the first of its kind in the 43 year history of Debswana Diamond Company, claimed the life of employee Mr Motshwari Raseiteo, and another tragic loss occurred when Mr Gosekamang Kheru, a contractor, was struck by lightning at Jwaneng Mine.

Safety is a strategic priority at Debswana and the company has rigorous standards and processes in place to prevent injuries.

All operations run initiatives to promote a common culture of Zero Harm and deploy processes to facilitate swift reporting and investigation of every incident to identify root causes, initiate remedial action, and to disseminate lessons learned.

Our common goal: Zero Harm

Our common goal is to achieve zero harm to employees, the environment, the broader community, and to our product.

This can be achieved through the effective management of safety and health risks at all operations. Debswana has adopted internationally recognised OHSAS 18001 Safety and Health Management systems to support this. Successful ISO 14001 and OHSAS 18001 surveillance audits were completed during the period under review.

A wide variety of initiatives underpin these management systems. Debswana performs ongoing assessments to determine and understand potential hazards, many of which relate to fire, falling objects and installation, and moving or operating mobile equipment. In addition to our current processes, we have implemented the De Beers FRCG (Fatal Risk Control Guidelines) and Factory and Mutual Group / Aon Botswana recommendations. We are also working towards the implementation of Anglo American fatal risk control standards.

Baseline risk assessments identify and address major risks in the operations, whereas Job Risk Assessments are conducted for specific tasks to ensure they can be carried out safely. Every employee must apply the SLAM process (stop – look – assess – manage) to be constantly alert to workplace hazards.

Major hazards are managed through use of the Fatal Risk Control guidelines and are reviewed during regular toolbox meetings. Hazardous incidents are immediately reported and investigated to prevent recurrence, while serious incidents are investigated through the Incident Cause and Analysis Method to identify the cause.

Lost Time Injury Frequency Rate of



0,09 in 2012

2012



11 lost time injuries



First out of nine

Morupule Coal Mine was rated first out of nine Anglo American mines in southern Africa for mine ventilation, gases, fire, and explosion controls

Safety programmes

Debswana's Safety Risk Management Programme educates employees and contractors in identifying hazards and to assess and manage risks better. The company continued the roll-out of a programme of engagement, training and regular safety, and health awareness campaigns. These initiatives have resulted in an upsurge of near-hit reporting and the sharing of incident information across operations.

The company also enhanced its safety efforts by implementing a 'near hit' reporting system at all operations during the year. Near hits are defined as unsafe acts or conditions that have the potential to result in an incident. All such acts must be reported and addressed to enable the company to prevent them turning into incidents.

Baseline risk assessment and pre-task risk assessment processes were implemented as per Anglo American guidelines and training of 920 employees and contractors took place through the year. Contractor Management Operating Systems (MOS) was implemented and site rules and regulations were also issued. In addition, all operations took part in World Safety and Health Day (28 April) and the Anglo American Global Safety Day (26 November).

CASE STUDY

Safety as a personal value



The correct PPE equipment for any task is a fundamental aspect of the Zero Harm philosophy

The Cut 8 project at Jwaneng Mine, operated according to Zero Harm objectives, led the way to a broader company-wide and behaviourally-based safety approach to work – and to life in general – for all employees.

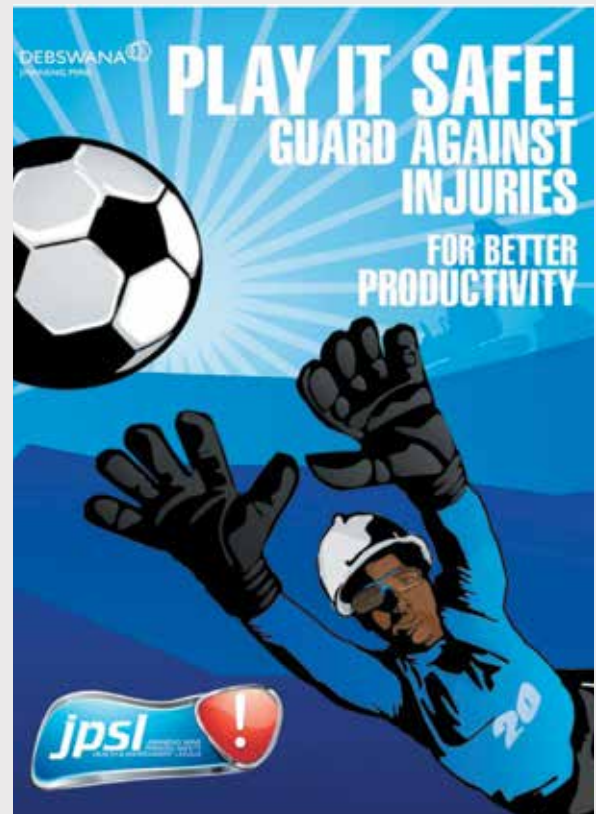
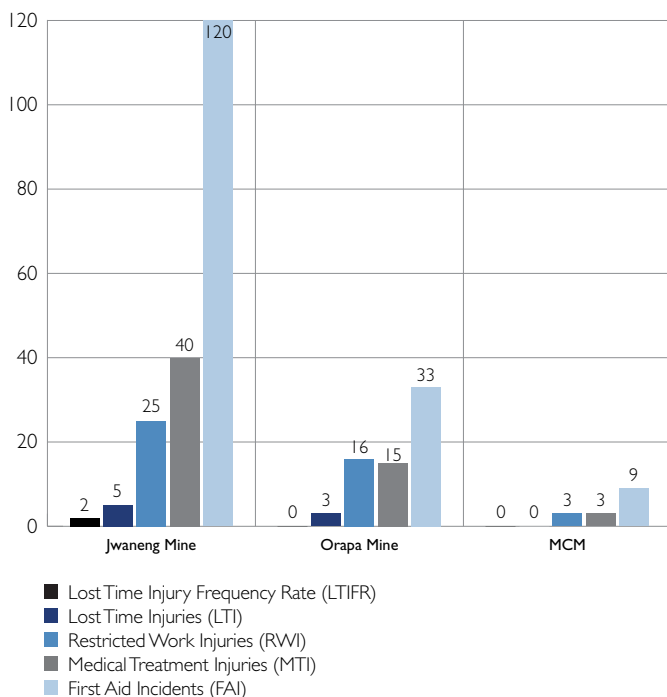
Safety is encouraged in everyday life rather than just within the mine domain. While day-to-day mining operations maintained a strict safety focus, our Behavioural Based Safety (BBS) programme takes a broader approach to how we live our lives, and includes everyone from the Managing Director to the operator.

All employees have a say in developing this programme. Ultimately, and quite simply, the inclusive nature of BBS means that each individual is called upon to let their actions match their stated commitment to behave ethically and with a safety-first consciousness.

Safety performance in 2012

Debswana's Lost Time Injury Frequency Rate (LTIFR) was 0,09 in 2012, a decrease from the 2011 rate of 0,19 (the LTIFR is calculated by dividing the number of hours worked by the number of incidents). The year saw 11 Lost Time Injuries recorded (2011:13).

2012 Safety performance



In January 2012, Jwaneng Mine launched its Premier Safety League (JPSL) which has resulted in positive behavioural change towards SHE programmes. Based on the principles of soccer, the JPSL encourages individuals to support their respective 'teams' by getting involved in SHE-related activities

Investing in our employees

With 4 187 permanent employees, Debswana continues to be the country's largest private sector employer during the year under review. 96,6 % of permanent employees are citizens of Botswana.

Transforming business through our people

In 2011, Debswana launched a three-year strategy, the Debswana 2013, High Performance Organisation (HPO). Through this we aim to transform the business into an even more cost- and operationally-efficient company by delivering top level global benchmark performance across all production and support functions by 2013.

A year of consolidation

This was a year for consolidation and embedding the HPO strategy. For Debswana to deliver the high performance promise, we need committed, dedicated, and competent employees. It is Debswana's high performance strategy to empower and enable every employee to focus on a shared goal, facilitated by clear communication, participative planning, and acceptance of accountability.

HPO focus on training and development

The year was marked by a strong focus on leadership and supervisory training and coaching as Debswana shifted its employee engagement practices to assist our staff in moving to a high performance organisation (HPO).

Acknowledging that not everyone is suited to management, nor wants to be in such roles, 2012 saw the development of functional career paths to guide holistic personal and career development among employees in both the leadership and technical pipelines.

Progress has been made in our employee attraction and retention policy by clearly defining career and salary progression plans within these areas.

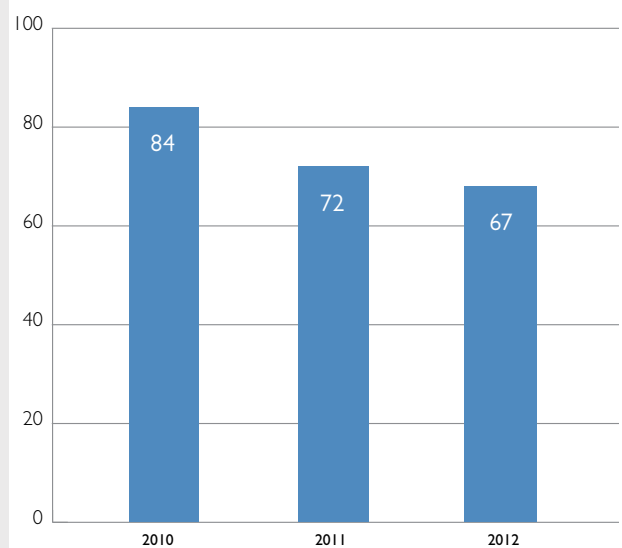
The main focus of HPO development was to equip employees with the requisite skills to drive high performance throughout the company. Individual competencies are developed through implementation of Malandro's 100% Leadership Accountability training and by using the Hay Group's Making Great Leaders Programme. In addition, middle management is catered for through the Leadership Accelerator Action Programme (LEAP) (for emerging talent) and all line managers and supervisors are to be trained in the Seven Active Management Behaviours approach, with a significant number trained by 2012. Individual coaching is used, where necessary, in all our personnel development programmes.

BWP 88,7 million (US\$ 11,7 million)



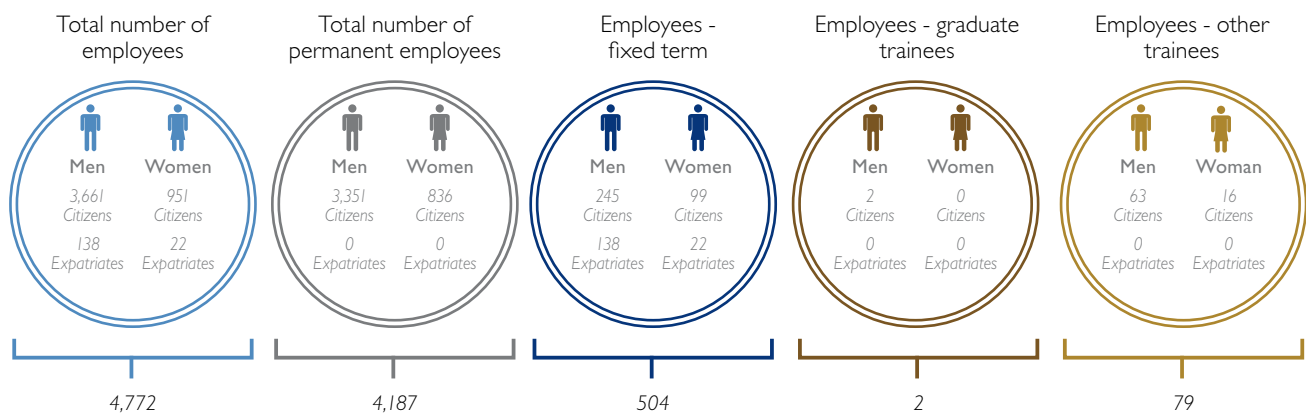
(52,9% increase on 2011)

**Union membership (semi-skilled)
as at 31 December 2012 (%)**



2010 and 2011 Debswana union membership comprised all non-bargaining employees (A to C bands). The 2012 graph of union membership is indicated for A and B band employees only. Actual union membership, as at 31 December 2012, was 88% of the total workforce.

Employee snapshot



As at December 2012 Debswana employed a total of 4,772 employees of which 4,187 were permanent staff

Developing leadership in Debswana

The LEAP was launched with 21 high potential leaders in an action/experiential learning programme that will see them tackle business-related challenges as part of their training. This nine-month programme is carried out in partnership with Organisational Solutions, a Singapore-based institution that provides learning and business tools, and coaching, throughout the programme. Four action learning projects were identified and completed as part of LEAP training.

Training new entrepreneurs

All first-to-fourth year apprentices were exposed to entrepreneurial courses during the year. These courses cover such topics as how to secure financing for running a small business, management skills, and basic finance.

Employee relations

Our respect for employee rights to associate freely and to bargain collectively is embodied in our policies and management processes, and independently assured.

Management and trade union relations continued to be cordial and progressive during the year under review. In this, a main focus was on completion of the wages review exercise which started in 2011.



Leadership in the making. Young engineers at Jwaneng Mine (from left) Goitseone Gadifele (Mining Engineer – Drilling); Candy Godie (Mining Engineer – Pit Maintenance); Khumo Mothulatshipi (Mining Engineer – Planning); and Botshelo Kesebonye (Mining Engineer – Blasting)

Employees

Women in mining

CASE STUDY

Debswana invests in the empowerment of women



 OLDLM operator Moitshepi Makuane drives one of the biggest vehicles in the world

Meet Moitshepi Makuane, a 27 year-old woman from Mosu in the Boteti Sub-District. Moitshepi works for OLDLM as an operator, driving one of the biggest vehicles in the world. A rather reserved, yet enthusiastic woman, Moitshepi tells how she came to be in this male-dominated industry.

"I started driving in 2005 with the 950, 992 and 990 front-end loaders at Orapa Mine. These are small trucks used at that mine. Then in 2006 I went to Jwaneng where I was trained on larger trucks and was the first woman to drive the big Caterpillar 793 truck," she says.

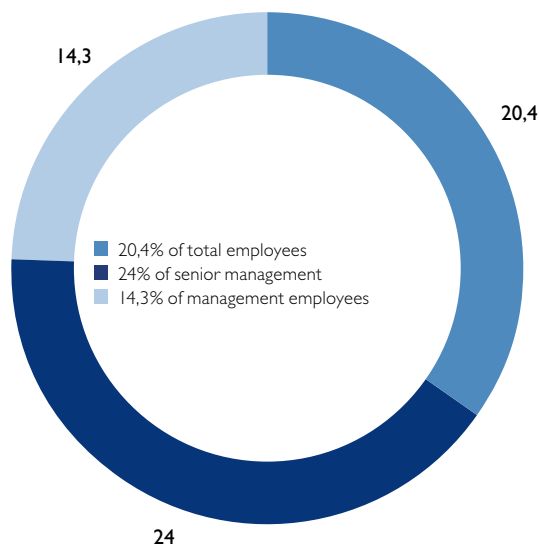
Moitshepi explains that working in this male-dominated field brings out the best in her: "The most important thing to know is that gender plays no role in the workplace."

The men she works with accept her as one of their team's most determined and focused members. She never doubts her abilities, which may be why she was so quick to learn how to operate the enormous mining shovel when she joined the team in 2006, making her the first woman at OLDLM to do so.

"Debswana has trained me and other women in this profession to become the best that we can be. I urge fellow women and youngsters who are keen to venture into male dominated careers to do so and prove to the world that women are just as capable as men, if not better."

Moitshepi cautions, however, that hard work, passion and zeal remain the key factors of any success, emphasising her view that women should not base their career progression on gender.

Women in mining



20,4% of total
employees

24% of senior
management

14,3% of management
employees

CASE STUDY

A career in mining



 Minerals resource analyst Ntshadi Mushayandevu was the first woman to work at Jwaneng Mine's 'Blue Area' back in 1990

A tour of Jwaneng Mine's pit, its machinery, wash bays, truck servicing stations, buildings and crushers shows the enormity of this mine's operations.

Nowadays it is easy to take the important role that women play in every one of Jwaneng's activities for granted. But that is to forget that this was once very much virtually a males-only preserve. Ntshadi Mushayandevu (now a Debswana mineral resource analyst) joined the mine in 1990 and was the first woman to work in Jwaneng's high security 'blue area'. Back then there were no bathroom facilities or security procedures for women, and if she worked past 16:30, Ntshadi would have to wait for all her male peers to pass through security while someone fetched a female security officer from town.

But within three years of her appointment, Ntshadi found herself among a growing number of female employees working the Jwaneng pit and related operations and today women work across all disciplines at Jwaneng, from transport to engineering.

Ntshadi has four daughters aged 8 to 21, and encourages them to believe that they are capable of taking up any profession when the necessary social, educational and business structures are in place, such as at Debswana.

Employees

Wellness

Although mining is a very technical and machine-driven undertaking, Debswana remains, at heart, a people-based operation. That is why the company places great value in its work on the development, wellness, and safety of its personnel.

An example of this outlook can be found in the expansion this year of the company's HIV and AIDS initiatives and their incorporation into an integrated employee wellness programme that holistically addresses issues of employee health and wellbeing at the workplace.

As a part of this five-year project, Debswana made use of the services of Wellness Africa (Pty) Limited to profile the health status of the current workforce through health risk assessments to:

- Estimate the level of health and wellbeing risk among employees;
- Provide feedback to personnel to motivate risk-reduction behaviour; and
- Inform effective wellness interventions using aggregated reports.

This analysis process is based on the 'iceberg health principle' which looks at underlying risks and issues that affect less obvious signs of individual health.

"Wellness is not just being able to work, but means being physically, spiritually, and psychologically healthy in a holistic way."

Dr Mwamba Nsebula:
Hospital Superintendent, Jwaneng Mine



Rivalry, competition and comradeship epitomises Debswana's annual Inter-mine event, where hundreds compete in a range of activities from cycling to chess



Communities

Investment in the future of communities during and beyond the life of our operations is core to receiving our social licence to operate.

As Botswana's largest employer, investor and taxpayer, Debswana's success is intricately tied up with that of its country. While company operations have been critical to underpinning Botswana's development to date, Debswana takes a broader view of how it can best assist in national development, and the unlocking of Botswana's full potential, than simply through ensuring its own commercial success, vital though that is. Carefully chosen and professionally implemented social investments are used to increase the benefit of our work across society.

In this, the company:

- Makes meaningful investments in money, staff time, and using other resources in support of the sustainable economic development of communities;
- Directly delivers developmental benefits to communities; and
- Encourages communities to initiate, implement, and own projects that unlock individual opportunity and talent, transform lives for the better, and sustain successes through and beyond the company's existence.

2012 CSI and community development (000)

	Total CSI (BWP)	Total CSI (US\$)
Education and training	15,149	1,998
Health and welfare	103,925	13,708
HIV initiatives	53	7
Water and sanitation	262	35
Community development	6,771	893
Environment	1,087	143
Sport, arts, culture, and heritage	5,185	684
Other social investment or charitable giving	1,162	153
TOTAL	133,594	17,621

Exchange rate BWP: US\$ 7,5814 (2012)



Health & Welfare

BWP 104 million



Community Development

BWP 6,8 million



Education & Training

BWP 15,1 million



Sports, Arts, Culture, Heritage



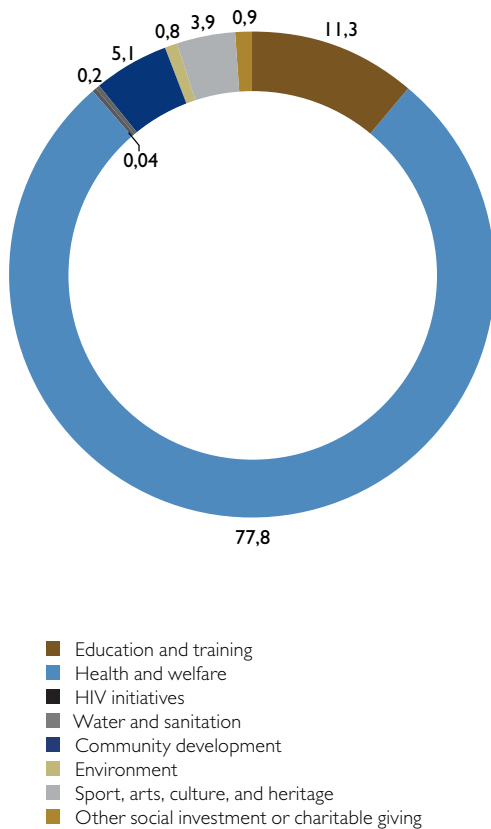
BWP 5,2 million



Debswana has funded the building of a guidance and counselling block at the Nanogang Junior Secondary School in Gaborone. The unit will be used to address teenage problems such as drugs and alcohol abuse

Communities

Social investment spend by project type, 2012



A part of the community

Debswana's primary support for community development in Botswana comes through the value its operations generate for the Government, along with jobs created and sustained and resultant increases in living standards for communities associated with our work.

The company is committed to ensuring that the impact of its operations is beneficially experienced by associated communities. The company manages its community relations in accordance with international standards for community engagement, consultation, and support. Debswana is proud of its ground breaking contribution to key national and community development goals through our strategic social investment programmes emanating from our CSI function and through the associated Diamond Trust, a joint initiative with De Beers.

Community consultations

At Morupule, consultations with community leaders and affected farmers on the mine expansion and exploration work were undertaken to share relevant information. No major concerns were raised by the stakeholders consulted. Engagements with farmers along the boundary of the new extended Mining Licence area commenced during the last quarter of 2011 and were ongoing in 2012 with local leadership, who expressed support for the project and satisfaction with their inclusion in project information and progress.

Jwaneng Mine has several forums at which the community and stakeholders are engaged and the mine is represented within the local authority consultation forum, for example, full council meetings. And in 2012, it was through community engagement that residents of informal settlements that grew around Jwaneng were offered formal residence at nearby Sese village.

The mine also participated at several public forums including the Kuru Dance Festival, District Vision 2016 Commemoration, the newly launched Mayor's Trust Fund, Youth Against AIDS, and welcoming the Botswana London Olympic Team.

At Orapa, a Community Engagement Plan (CEP) was developed and implemented throughout the year. This resulted in increased internal and external stakeholder engagements and implementation of community projects such as the Mopipi Rehabilitation project, Xere Primary school rain water harvesting project, and engagement forums with local leadership, farmers and NGOs.

Some of the projects and engagements included Group Senior Leadership Team Mine Closure workshops aimed at creating awareness and outlining progress.

Debswana's mine closure vision

It is Debswana's intention to leave an enduring and sustainable positive legacy in the communities in which it operates. We want to attain closure certificates from the relevant authorities without any conditions attached and therefore make mine closure planning part of the operational philosophy, integrating it into strategic business plans.

Undertaking effective stakeholder engagement is a key component of mine closure planning and implementation.

This vision embraces our workforce, the communities in which they live, the citizens of Botswana and the implications of what we do for the wider population and for generations to come. Debswana openly shares its closure vision and plans to create awareness and inform stakeholders and local communities about mine closure plans. Debswana also provides updates on the ongoing mine closure studies and solicits stakeholder input on key issues that need to be addressed.

CASE STUDY

Orapa Today, Orapa Tomorrow

Orapa Today is a programme aimed at making the town a great place to live and work, which is summed up by its aims of having the best hospital, the best schools, zero harm and zero crime, quality sport and recreation – a truly harmonious community.

Orapa is a small, closed town of 12,000 people with a police station, supermarkets, restaurants, a petrol station, an adjacent game park and an airport.

The town is served by the 65-bed Orapa Mine Hospital, which also serves as a referral hospital for villages surrounding the town and for the broader Boteti region. Services include consultations by nurses and doctors, the government Masa antiretroviral programme, antenatal care, general public health matters, and dedicated HIV/AIDS interventions.

With support from Debswana, Orapa's Tumisang Moswete School received the Department of Education's national best school award in 2012.

During the year Orapa's recreational clubs were transformed into community facilities to enable families to have places of extra-mural activity as well as training facilities. Meanwhile, the town's football team reached top spot in the country's northern first division league.

Orapa Tomorrow is Debswana's future-orientated initiative to position the town as the hub of the Boteti region, the gateway to the Makgadikgadi game park. Celebrating the town's origins with Botswana's first large scale diamond mine, a museum is being established to capture the anecdotes and artefacts of this critical period in the region's history.

Orapa drives the growth of the Boteti region and is its commercial hub. With Debswana's investment, the town is to contain a business park to provide facilities for local entrepreneurs as part of a broader regional development drive that links mining, conservation, tourism, and small business development.



Orapa with its schools, hospitals and leading infrastructure is a model town with a strong, positive future

Communities



Pupils at Sese Primary School, close to Jwaneng Mine, are actively encouraged to participate in growing vegetables in a food garden initially developed by the mine. Vegetables are sold to the community to help support school activities

Emphasising investment in CSI

Debswana builds and maintains its community relationships by ensuring that it understands the issues that affect local communities, including those related to mining operations, establishing effective community stakeholder consultative structures at all operations, and implementing strong life-cycle planning to ensure that company actions are appropriate to the social impacts inherent in each mining life-cycle stage.

To help ensure that its community investments generate long-term social returns, Debswana has adopted key community development processes including:

- The *Towards Sustainable Mining Framework* of the Mining Association of Canada which emphasises the importance of establishing sound community relationships;
- A structured community engagement plan tied to detailed reporting on community engagement initiatives;
- The *Anglo American Social Economic Assessment* community engagement tool that among other things includes a community complaints and grievance system; and
- The *Participatory Development Methodologies* that provide best practice community engagement processes.

Public complaints and grievance procedure

Debswana works to fairly and consistently deal with complaints and grievances of stakeholders to strengthen mutual confidence and thus, in 2012, a Public Complaints and Grievance Procedure was launched.

This procedure provides a defined and consistent process for expressing complaints and grievances, as well as a guarantee that they will be handled in a structured manner. It ensures that staff with the necessary expertise are involved in assessing and responding to complaints and grievances received and that they identify, resolve and facilitate improved performance in the company's community stakeholder relationships.

Debswana's CSI focus

In carrying out its CSI mandate, Debswana places importance on a consistent and equitable distribution of its community social investments to position the company as the leading good corporate citizen. All Debswana social investments are selected in order to create a legacy of prosperity, sustainability, and community empowerment.

Mine-level CSI committees have been established to ensure accountability and responsibility for operational CSI activities. These committees provide advice and take decisions on CSI projects to receive support. CSI committee members undertake project site visits, evaluate project progress, and maintain records of all funding applications. They also undertake monitoring and evaluation of community projects receiving Debswana CSI support, and report back to staff at operations level and to the company through its CSI function.

Social investment approach

Debswana will not support fundraising agencies, political and religious organisations, individuals, profit making businesses, individual sports teams, overdraft and debt reduction requests, or marketing campaigns.

Debswana's social investments work to the betterment of the lives of the people in Botswana's most marginalised communities. This is done in partnership with community and developmental organisations whose work improves the educational and economic opportunities of low-income people.

Partner organisations must be registered as non-profit making or as exclusively public institutions. Their activities should have a broad and positive societal impact, with effective programmes of measurable outcomes in response to identified needs. Debswana requires project beneficiaries to be involved in project planning and overall execution.



BWBP 133,6 million



was spent on
CSI, education
and health

Communities



Community and Culture



Training in communities

Kgetsi Ya Tsie: training members in product diversification, packaging and marketing of morula products.

BWP 150,000

Agriculture 2012

National Agricultural Show: to encourage local farmers and improve their skills.

BWP 600,000



Community development and water projects

Shashe-Mooke Project: water connection to project to the community and also commissioned various vegetable gardens.

BWP 124,000



Mokungwane and Matlhakola water projects: connection of water taps and the establishment of vegetable gardens on some stands.

BWP 35,000

Community development / youth

Olorato Children Centre: an orphanage in Letlhakane. Despite challenges of water shortage, the project is progressing well.

BWP 1,3 million

Community development

Khwee, Mmea, Kedia and Xere communities: the establishment and refurbishment of sewing and bakery projects

BWP 485,000

Community development

PDMs pilot project: the mobilisation of communities for the pilot phase complete.

BWP 450,000

Lekgwapheng Satellite Police Station: to strengthen partnerships and to support the Diamond for Development story.

BWP 50,000



Sports



Sports development

Botswana National Olympic Committee: support for the participation of **Team Botswana** at the 2012 London Olympics (where Botswana secured a silver medal). Team Botswana visited Debswana Corporate Centre to thank them for their support. Debswana also motivated the team with additional funds.

BWP 665,000

Culture and community development 2009 - 2014

Tsodilo Hills Project: the protection of rock paintings and the establishment of cultural tourism for the benefit of the local communities. The Diamond Trust Chairman and the Debswana Sustainability Group Manager visited the project and were impressed by the project's level of environmental compliance.

BWP 1,6 million



Health and Disability

Disability 2012 - 2016

Botswana Society for the Deaf: capacity building support for the organisation with financial support covering operational costs. New officers for the Francistown office have been employed and work has started on a new office block

BWP 1,5 million

Health

Construction of 100 latrines in **Matsiela Ward** in Letlhakane

BWP 262,000



Arts and Culture

Kuru Cultural Festival: Cultural preservation and promotion initiatives of the San (Basarwa) people

BWP 284,500

Chef Competition to up skill the community by unearthing new skills

BWP 100,500



Education

Procurement of photocopying machines for eight schools in the Boteti Sub-District.

BWP 205,000



Business / Skills Development

Business and skills development

Multichoice Botswana and Debswana partnership which provides educational equipment and resource centres.

BWP 60,000



Poultry house and water harvesting project at **Xere Primary School**.

BWP 76,000

The image is a full-page background photograph of a savanna landscape. In the foreground, a large, spreading acacia tree with green and yellowish foliage stands prominently. The ground is covered in dry, golden-brown grass. In the background, there are more trees and a clear blue sky filled with large, white, fluffy clouds. The word "Environment" is centered in the upper half of the image.

Environment

*At Debswana, we are committed to mining safely and responsibly, by identifying, mitigating, and minimising the impact of our mining operations on the environment.
We also take an active approach to managing our impacts.*

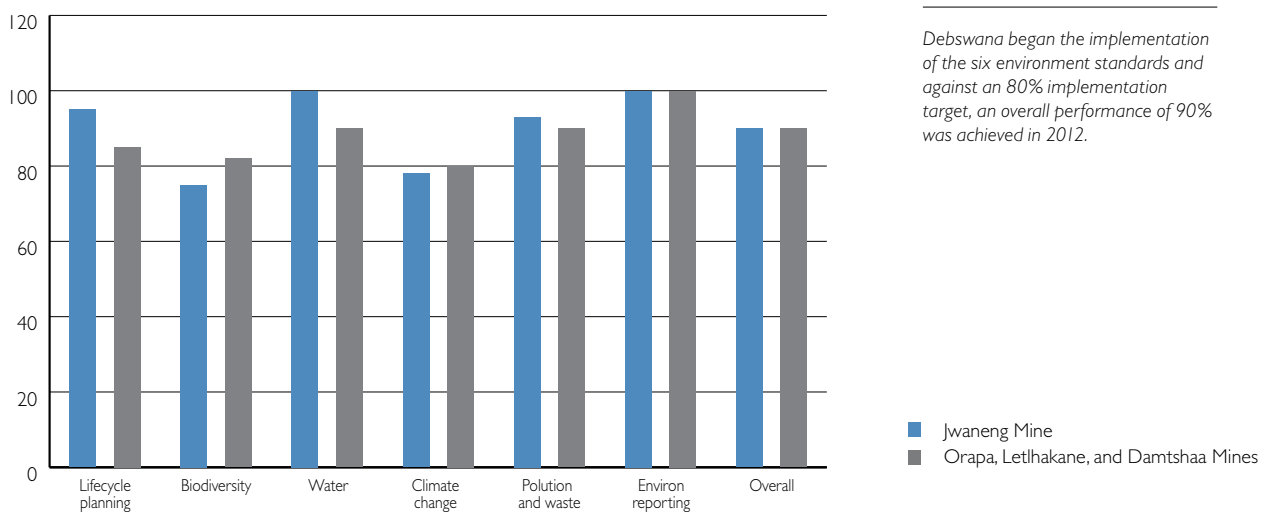
The Environment discipline is one of the four disciplines that make up our Environment, Community, Occupational Health and Safety (ECHOH) Programme.

Our strategic focus includes environmental indicators and data, biodiversity action plans and assessment of 'no net loss of biodiversity', the new incident reporting system, climate change, and talent within the environment function.

Best practice is defined by our six Environmental Standards covering life-cycle planning, biodiversity, water, climate change, pollution prevention/waste management, and environmental reporting.

Along with our Environmental Policy, the Environmental Standards are mandatory for all operations and a detailed self-assessment assurance tool is used by each operation to assess compliance against the Standards.

Performance against environmental standards



The Debswana energy conservation strategy

Debswana, consistent with its overriding goal of zero harm realises that a typical guiding principle of 'use only what is needed, in the amount needed', is a mature and responsible way of using energy not only to meet its immediate needs but also to nurture long term sustainable development. Debswana is committed to continually improving energy efficiency in order to combat the rising trend in energy prices coupled with growing energy requirements which result from deepening open pits, planned expansions, and future underground operations.

Debswana also appreciates the short and medium term risk of uncertainty about energy supply to meet production needs due to current regional energy supply shortages. The shortage could lead to production disruptions with major social and economic implications as diamonds contribute over 50% of government revenues.

Energy conservation and pursuit of renewable energy are vital initiatives for combating human induced climate change. We want to raise awareness, reduce our greenhouse gas emissions and, in turn, enhance our diamond appeal or diamond equity. The overall objective is to achieve a 20% reduction in energy use per unit of production by a threshold target date of 2020 and stretch date of 2015 using 2008 production and consumption levels as the baseline.

Energy in Gigajoules

Energy type	2010	2011	2012
Aircraft fuel	9,300	9,175	9,838
Diesel	2,675,403	3,026,135	3,413,486
Electricity purchased	1,516,601	1,496,989	1,649,133
Illuminating paraffin	24	69	104
Leaded petrol	6,452	8,682	2,733
LPG (kilograms)	57	29	59
Power paraffin	337	520	154
Unleaded petrol	34,016	64,344	33 858
TOTAL	4,242,190	4,605,942	5 109 365

	2010	2011	2012
Direct energy use (fuel)	2,725,589	3,108,954	3,460,232
Indirect energy use (purchased elec)	1,516,601	1,496,989	1,649,133
TOTAL	4,242,190	4,605,942	5,109,365

Environment

Carbon Emissions (tons CO₂)

Energy Type	2010	2011	2012
Aircraft fuel	645	636	682
Diesel	197,730	223,652	252,280
Electricity purchased	403,584	398,365	438,853
Illuminating paraffin	1	4	6
Leaded petrol	448	602	190
LPG (kilograms)	3	2	3
Power paraffin	21	32	9
Unleaded petrol	2,359	4,463	2,348
TOTAL	604,792	627,756	694,372

	2010	2011	2012
Direct energy use (fuel)	201,208	229,391	255,519
Indirect energy use (purchased electricity)	403,584	398,365	438,853
TOTAL	604,792	627,756	694,372



 Jwaneng Northern Wellfield expansion borehole drilling

CASE STUDY

Debswana energy conservation strategic objectives

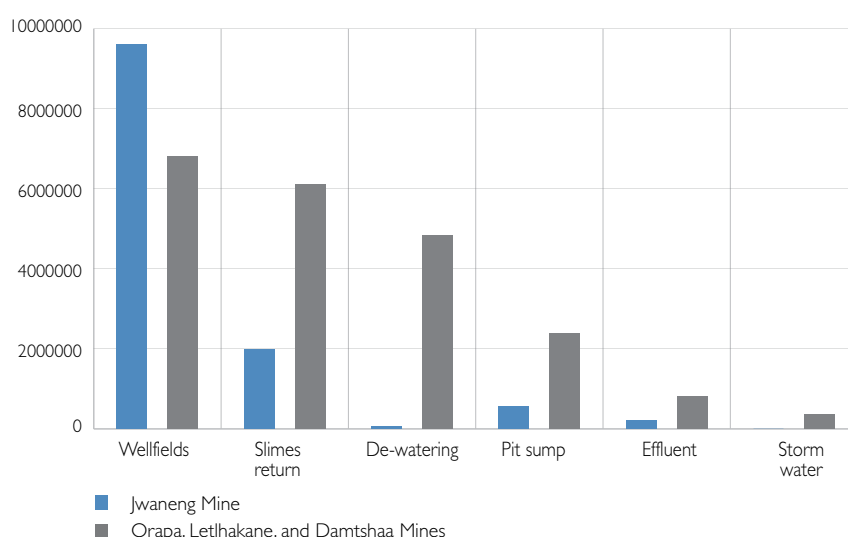
Principle	Objective	Measures
Environmental sustainability	To improve environmental sustainability by reducing greenhouse gas (GHG) emissions by using less energy and adopting energy sources that are more environmentally sustainable including renewable energy	CO ₂ emissions per tonne moved
		% of alternative renewable energy resources
		% reduced water consumption
Social equity	To save energy and make it available to the community through government structures	% energy saved(kWh and kW)
		% energy saved (litres petrol)
	% energy saved (litres diesel)	
Business sustainability	To facilitate and support use of affordable and renewable energy sources/technologies	Social index/perception index
	To enhance business competitiveness by improving energy performance	Pula saved due to reduced consumption of energy (electricity, diesel and petrol etc.)

Conserving water for the nation

Water is a critical resource in the continuing development of Botswana. Already classified as a water-stressed country, experts from the Intergovernmental Panel on Climate Change have made predictions for Botswana stating that temperatures are set to rise by an average of 2°C by 2030 across the country, while average rainfall is set to decline by up to 10% to 15% due to greenhouse gas emissions. This will greatly impact the agricultural sector, which employs almost 30 per cent of the population.

Diamond mining requires significant amounts of water. Through our water management approach, Debswana actively conserves water, using recycling throughout our mining operations.

Debswana 2012 water supply make up (cubic metres)



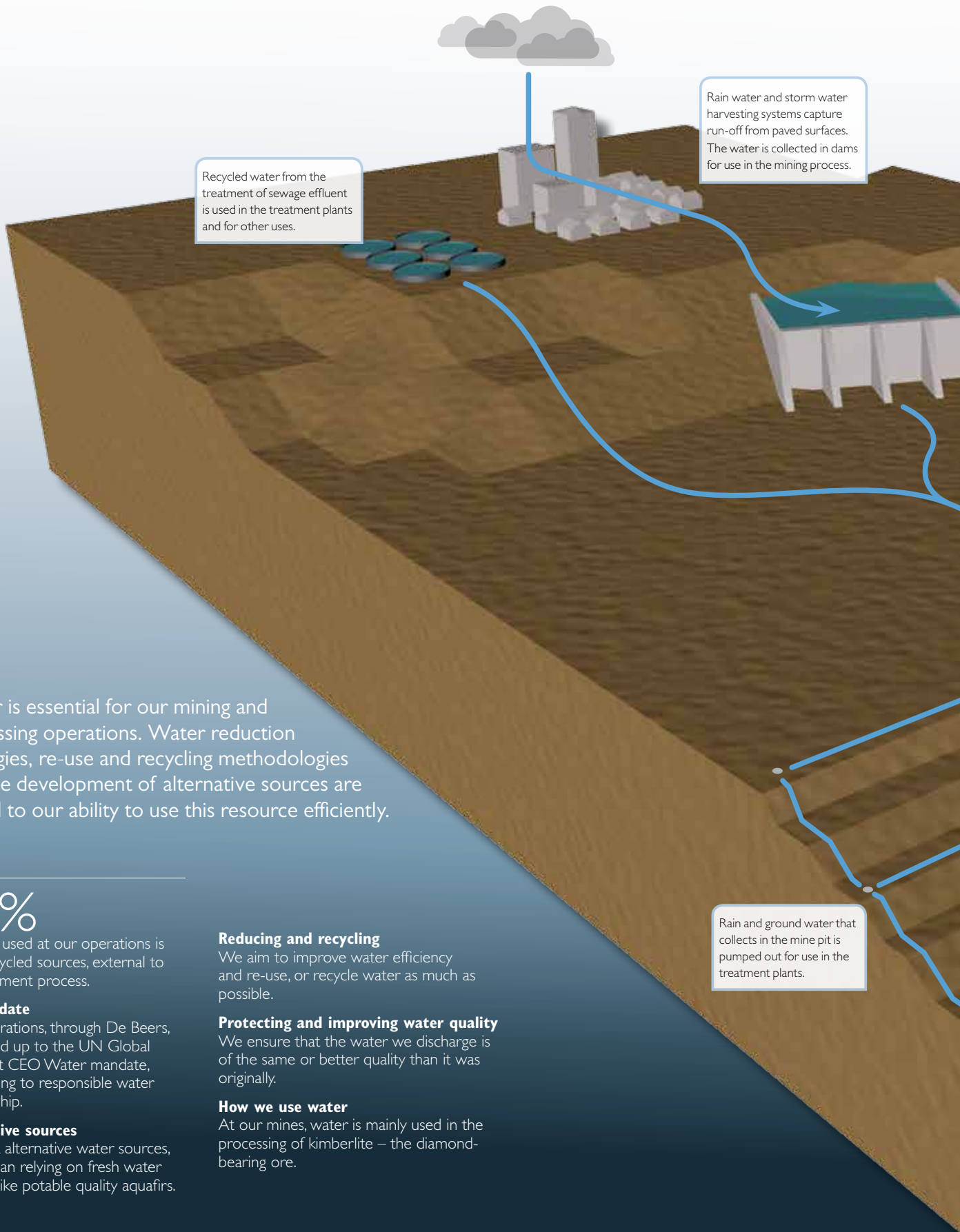
Debswana 2012 water supply make up (cubic metres)

Energy type	Wellfields	Slimes return	De-watering	Pit sump	Effluent	Storm water	Total
Jwaneng	9,599,345	1,983,511	59,618	552,450	201 136	0	12,396,060
OLDM	6,823,890	6,122,268	4,837,218	2,375,690	801,553	362,761	21,323,380
Totals	16,423,235	8,105,779	4,896,836	2,928,140	1,002,689	362,761	33,719,440
% of Total	49	24	15	9	3	1	100



Hydrogeology Manager Banda Maswabi overlooks the slimes dams, which are an integral part of Jwaneng Mine's water recovery process

Managing our water use



Water is essential for our mining and processing operations. Water reduction strategies, re-use and recycling methodologies and the development of alternative sources are critical to our ability to use this resource efficiently.

27%

of water used at our operations is from recycled sources, external to the treatment process.

UN mandate

Our operations, through De Beers, are signed up to the UN Global Compact CEO Water mandate, committing to responsible water stewardship.

Alternative sources

We seek alternative water sources, rather than relying on fresh water sources like potable quality aquifers.

Reducing and recycling

We aim to improve water efficiency and re-use, or recycle water as much as possible.

Protecting and improving water quality

We ensure that the water we discharge is of the same or better quality than it was originally.

How we use water

At our mines, water is mainly used in the processing of kimberlite – the diamond-bearing ore.

Rain and ground water that collects in the mine pit is pumped out for use in the treatment plants.

1. Mining

Blasting, waste removal and ore extraction

Water is used in the pit to dampen dust created by mining activities to extract the kimberlite ore. This aids visibility and reduces risk to health.

2. Processing

In the first stage of processing, the kimberlite is crushed to the best size for extracting diamonds. Water is not used here, except for dust containment.

3. Scrubbing/washing

Scrubbers 'wash' the crushed ore in preparation for sizing. Water recovered from the pit sump or other sources may be used.

4. Screening

The diamond-rich material is recovered. Small pieces pass straight through, while larger pieces go through another round of crushing, scrubbing and screening.

5. Separation

The screened and washed material is fed to dense medium separator cyclones to separate the diamonds. Water is recovered from this process.

6. Recovery

The final stage of recovering diamonds by X-ray or hand sorting treats low volumes of material which is dried. Small quantities of high quality water is required.

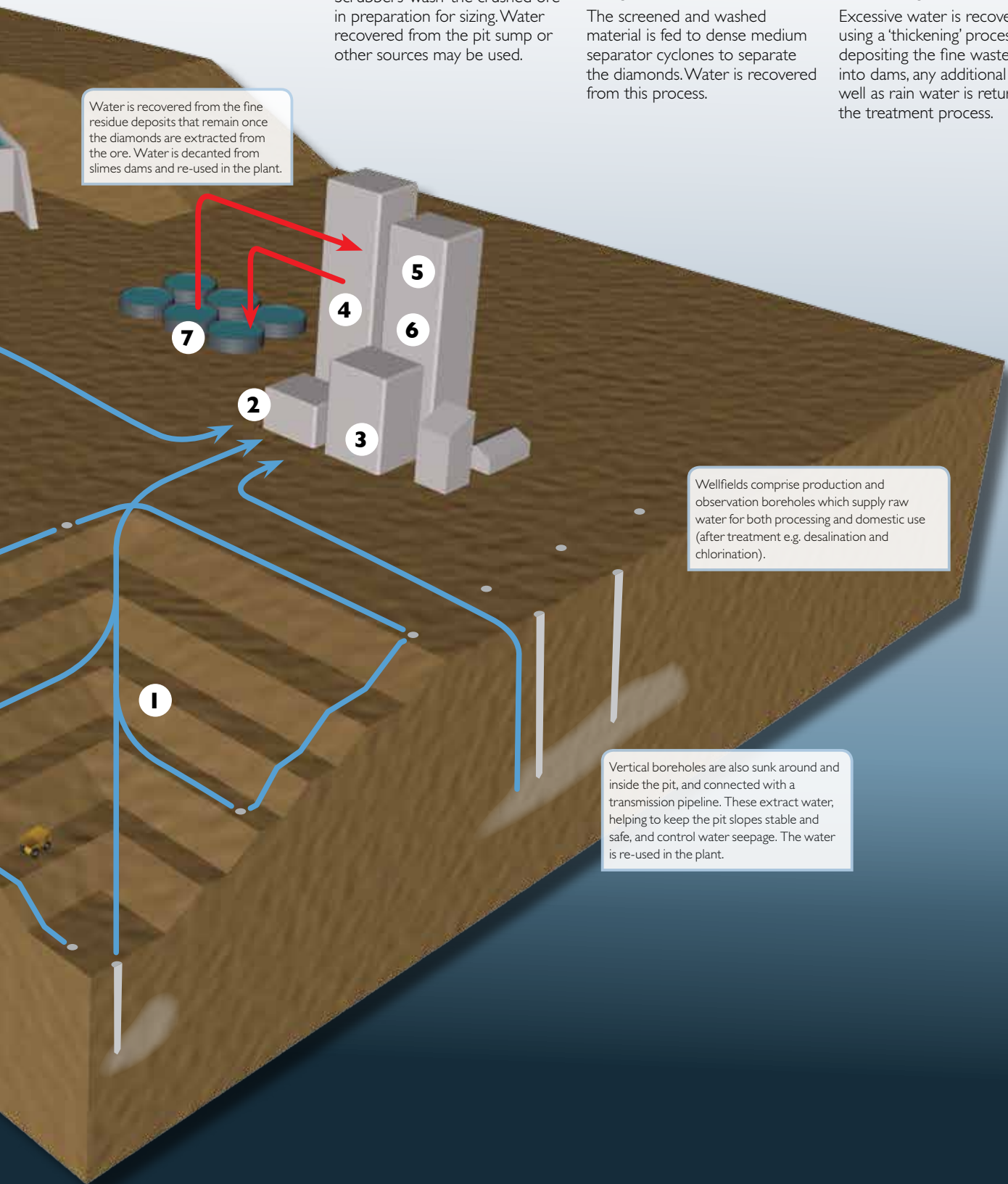
7. Fines deposit

Excessive water is recovered using a 'thickening' process. Before depositing the fine waste residue into dams, any additional water as well as rain water is returned to the treatment process.

Water is recovered from the fine residue deposits that remain once the diamonds are extracted from the ore. Water is decanted from slimes dams and re-used in the plant.

Wellfields comprise production and observation boreholes which supply raw water for both processing and domestic use (after treatment e.g. desalination and chlorination).

Vertical boreholes are also sunk around and inside the pit, and connected with a transmission pipeline. These extract water, helping to keep the pit slopes stable and safe, and control water seepage. The water is re-used in the plant.



Environment

Exploring possibilities of reducing water usage

Potential new water projects for the future include a saline groundwater investigation for Jwaneng Mine and also a storm water collection dam for Jwaneng Township. At Jwaneng Mine, an environmental monitoring study for waste and waste water pollution management has been completed along with a series of monitoring boreholes around the slimes dams and landfill sites.

We have also held community briefings, met with the land board, Department of Water Affairs and other government stakeholders regarding the first phase of a compensation procedure review for private borehole owners.

Debswana has also begun a conceptual/pre-feasibility study for the Orapa saline aquifer discovered in 2010. This project will analyse the technical and economic feasibility of desalinating extremely salty groundwater for use at the Orapa processing plants, thus freeing up fresh water for other users.

Saline groundwater investigations at Orapa

In November 2010, the Debswana Board approved funding for the Orapa saline groundwater investigations. The funds are to be used for technical and commercial feasibility studies for treating (desalination) the very saline groundwater which was discovered by Debswana in early 2010 in an area about 45km north-west of Orapa Mine.

Commencement of the project was delayed due to cash containment, but permission was granted to commence phase I of the project in July 2012, allowing a six-month conceptual study to be undertaken into the potential for treating the untapped saline groundwater resources.

The primary objective of the project is to study, design, and implement an appropriate water desalination process for the purification of the Orapa saline water groundwater resource to be utilised in the Orapa treatment plants in a cost-effective manner. The project is to be phased through conceptual, pre-feasibility, feasibility, design, and implementation stages.

Debswana 2012 incidents report

Incident severity	Incident type	2010	2011	2012
Level 1.1 / Near-Hit Minor	Pollution	40	25	209
	Ecological / Archaeological / Palaeontological impact	–	1	–
	Resource wastage	10	9	58
	Total	50	35	267
Level 1.2 / Near-Hit Major	Pollution	8	15	42
	Ecological / Archaeological / Palaeontological impact	–	–	–
	Resource wastage	6	7	24
	Total	14	22	66
Level 2 / Minor	Pollution	79	57	308
	Ecological / Archaeological / Palaeontological impact	1	4	24
	Resource wastage	82	116	176
	Total	162	177	508
Level 3 / Moderate	Pollution	2	5	4
	Ecological / Archaeological / Palaeontological impact	–	–	–
	Resource wastage	4	–	–
	Total	6	5	4
Level 4 / Major	Pollution	–	–	–
	Ecological / Archaeological / Palaeontological impact	–	–	–
	Resource wastage	–	–	–
	Total	–	–	–
Level 5 / Catastrophic	Pollution	–	–	–
	Ecological / Archaeological / Palaeontological impact	–	–	–
	Resource wastage	–	–	–
	Total	–	–	–
TOTAL		232	239	845



 Water testing for the Orapa Hypersaline study

Contributing to policy

In recognition of the importance of water to the business, Debswana, through De Beers, endorsed the United Nations Global Compact CEO Water Mandate in 2010.

In 2012, Debswana provided input to the New Botswana National Water Policy and was a member of the technical steering committee for the development of the new Botswana Integrated Water Resources Plan which is to be launched in 2013. Debswana made presentations to the stakeholders of the Botswana Integrated Water Resources Plan as part of integrated water resources training sponsored by the Swedish Water Institute and continues to work with the Botswana Bureau of Standards on the development of new water standards for Botswana. This year new bottled water standards were also finalised.

Mine closure

All operations are at the appropriate level of readiness for closure. In 2012 mine closure implementation efforts resulted in updated financial provisioning for closure. All mines completed socio-economic studies and community engagement plans. As Debswana recognises the importance of concurrent rehabilitation, all mines have commenced ongoing rehabilitation of borrow pits.

Environmental incidents

It is true that a society enjoying higher standards of living that come from economic growth will tend to be more environmentally responsible than one that struggles with increasing poverty.

It is also true that societal advancement can be best served with a close custodianship of what our current generation possesses and is responsible for.

Debswana acts to maximise economic and social advantage for today's Botswana in ways that enhance the opportunities for those who will follow. Managing our environmental impacts to the greatest current and long-term benefit is one way in which we work towards this.

No incident of environment risk is considered too small to be within Debswana's environmental management's ambit or record, and all incidents are examined to have their lessons applied to prevent recurrences, and for greater environmental efficiency in company practice.

In this reporting period, there were 512 actual environmental incidents and 333 near hits. Of the actuals, the highest incident type was pollution at 36,9% compared to resource wastage at 20,8% and ecological incidents at 2,8%.

Four incidents were significant and pollution-related, which were classified as moderate in severity.

Land disturbance (cumulative areas):

Mine	Pits	Excavations	Overburden dumps	Waste rock dumps	Tailings dumps	Ore stockpiled	Residue deposits	Topsoil deposits	Infrastructure	Area total disturbed
Jwaneng	317	74	92	554	272	57	844	0	283	2,493
Orapa / Letlhakane / Damtshaa	401	3	129	592	422	144	867	65	1,204	3,826
Morupule		854				25			82	961
Debswana total	718	931	220	1,146	694	226	1,712	65	1,568	7,280

Environment



Conservation and biodiversity

Our mines implement conservation programmes to manage biodiversity resources in the mine lease areas. Originally a cattle-grazing area, the more than 21 000 hectare Orapa Game Park is home to diverse wildlife. The 17 000 hectare Jwaneng Game Park, located within the boundaries of the Jwaneng Mine lease, hosts a field unit for Cheetah Conservation Botswana and other research projects.

Debswana also recognises the importance of conserving threatened species. Thirteen white rhinos were introduced to our parks in 2012 and, with the addition of three newborns, the number of white rhinos has grown to 22.

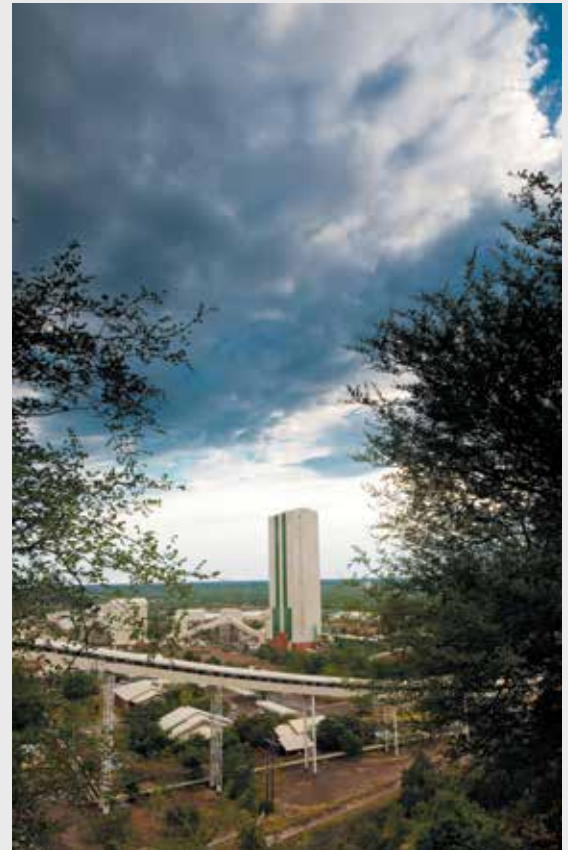
	Total Mining Licence area (hectares)	Conservation areas/game parks (hectares)
Orapa	20 134	21 676
Jwaneng	10 886	17 006
TOTAL	31 020	38 682

Debswana waste report

Waste type	2010	2011	2012
Non-hazardous waste to land-fill (cubic metres)	138,268	28,650	26,421
Solid hazardous waste (cubic metres)	0	40	183
Liquid hazardous waste (litres)	0	0	25,000
Waste incinerated (cubic metres)	43,945	19,539	407
Cardboard/paper sent for recycling (tonnes)	6 295	93	82
Scrap metal sent for recycling (tonnes)	8,431	8,555	10,387
Cans sent for recycling (tonnes)	5	12	39
Light vehicle tyres sent for recycling (number)			
Conveyor belting sent for recycling (tonnes)	76	0	54
Drums sent for recycling / re-use (number)	294	722	350
Lead acid batteries sent for recycling / re-use (number)	1,415	0	730
Electrical and electronic items sent for recycling / re-use (kilograms)	0	0	3,820
Used oil / grease sent for recycling / re-use (litres)	898,997	1,217,731	850,166
Glass sent for recycling (tonnes)	13	55	21

Debswana sulphur emissions (tonnes SO₂)

Sulphur emission type	2010	2011	2012
Diesel	63	71	80
Electricity purchased	2, 542	21,263	23,425
TOTAL	21,605	21,334	23,504
Liquid fuels	63	71	80



A green belt surrounding our operations is a visible feature of a strong dedication to the environment in which we operate

Annual materials - Debswana

Materials	2010	2011	2012
Ferrosilicon (tonnes)	5,754	5,632	4,919
Oils and hydraulic fluid (litres)	2,306,156	1,827,554	2,389,373
Grease (kilograms)	125,857	298,433	84,059
Hydrochloric acid (litres)	1,000	2,000	1,000
Sulphuric acid (litres)	150	0	0
Hydrofluoric acid (litres)	8,760	9,590	9,150
Nitric acid (litres)	34,240	36,040	32,610
Calcium carbonate (kilograms)	50,800	35,806	38,900
Sodium hydroxide (litres)	5,000	7,000	10,000
Trichloroethylene (litres)	0	0	0
Sodium hydroxide (kilograms)	0	0	3,250
Bromoform (litres)	0	0	0

Cardboard / paper sent for recycling

 82 tonnes

Cans sent for recycling

 39 tonnes

Drums sent for recycling / re-use

 350 drums

Lead acid batteries sent for recycling

 730 units

Used oil / grease sent for recycling / re-use

 850,166 litres

CASE STUDY

Conservation efforts critical to tomorrow

Debswana's long standing and substantial commitment to environmental protection and enhancement of Botswana's unique, but fragile biodiversity can be seen in the company's careful creation and sustaining of the Orapa Game Park.

This year had Debswana integrate the park into the cross-regional environmental Diamond Route that is professionally managed through De Beers and Oppenheimer family conservation specialists. This happens through a bespoke environmental management of diverse and vital biospheres across the sub-continent. Its core innovation is to systematically use landholdings

acquired for exploration and mining purposes for biodiversity conservation. No other private landowner in southern Africa has the size, combination and diversity of important biodiversity areas, heritage and tourism attractions as does the Diamond Route.

Including the Orapa Game Park in the Diamond Route allows for the establishment of an important location to safeguard wildlife under particular attack through the park's central location, preferred ecological capacity, good security, necessary resources, along with motivated management necessary for the success of this vital conservation project.



Orapa Game Park is now part of the Diamond Route, a cross-regional, diverse and vital biosphere that stretches across the sub-continent

Governance and risk

Governance and our approach to risk management is at the core of our business and is designed to ensure our ongoing success for the benefit of all our stakeholders.

Governance

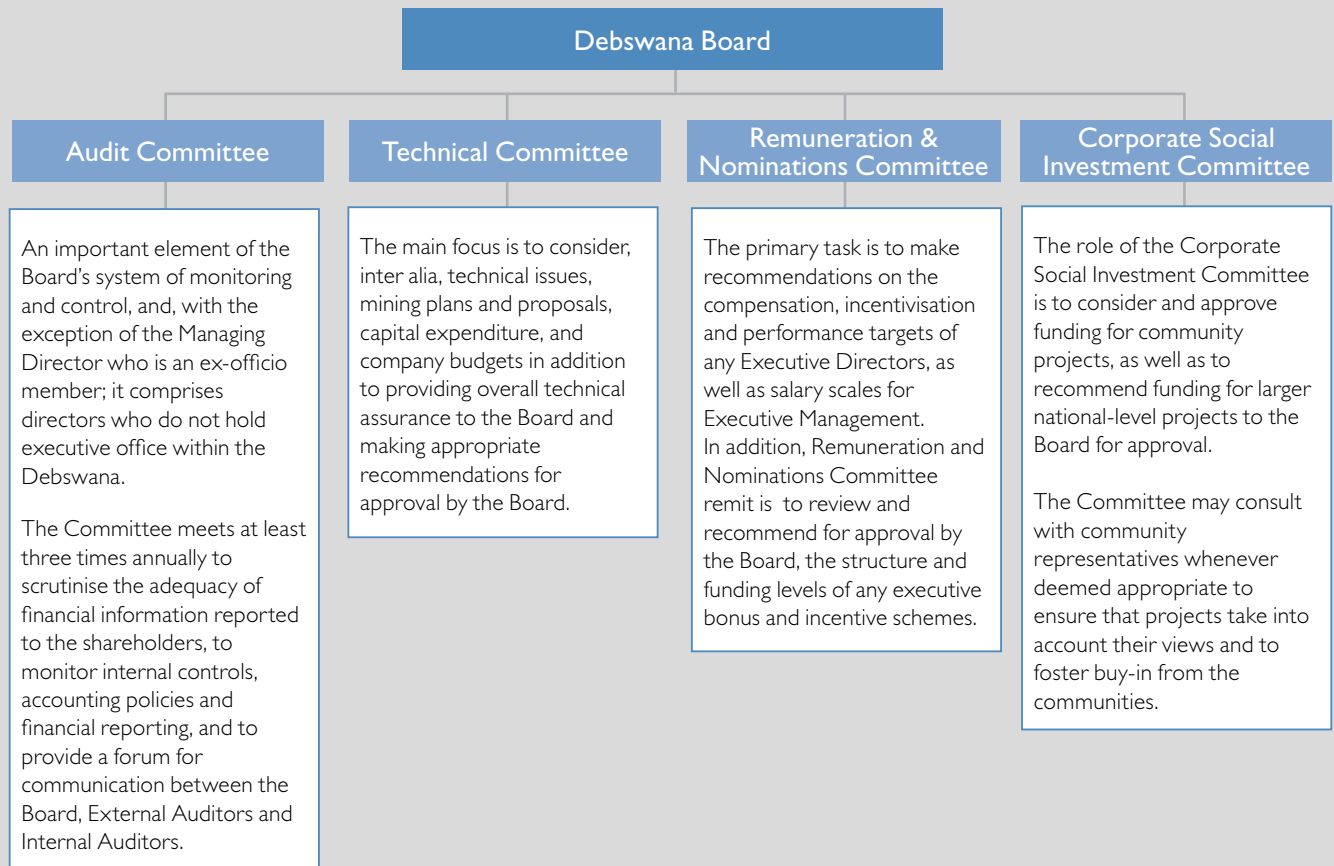
The Board of Directors of Debswana is accountable for the company's activities and also deals with all business of the company not specifically delegated to management or committees. In addition the Board monitors the use of resources to achieve the aims of Debswana and the companies that form the Debswana Group.

Composition and independence

Debswana's Board of Directors comprises the Chairman, Mr E M Molale; the Deputy Chairman, Mr P J C Mellier; Managing Director Mr J K Gowans; Mr B R Beamish; Mr S H Brennan; Mr B A Cleaver; Mr P A J Lowery; Mrs L K Mohohlo; Dr A L Molokomme; Mr D N Moroka; Mr G Mostyn; Mr B B Paya; Mr S M Sekwakwa.

The Company Secretary is Mr B Thebenyane.

Structures and controls



Chairmanship

The Chairmanship of the Board is rotated between the Government of the Republic of Botswana and De Beers every two years. On 1 January 2012, the Chairmanship revolved to the Government of the Republic of Botswana for the calendar years 2012 and 2013.

The Board

The Board meets no fewer than three times a year and has sub-committees to support the discharge of its functions. These sub-committees are the Technical Committee, Audit Committee, Remuneration and Nominations Committee, and Corporate Social Investment Committee – each with specific terms of reference.

A register of Directors' interests is kept at the registered office of the Company and remains available for inspection by the Board at any given time. General declarations of interests are submitted by Directors at the beginning of each year, and updated whenever changes occur.

Risk approach and management

The Board recognises that managing risk lies at the core of the Group's business and that risk-taking is a choice in the pursuit of objectives.

Debswana is fully committed to effective risk management to ensure that business objectives are met and that sustained growth and profitability are achieved.

Debswana's Risk Management Policy addresses risks in areas of strategy, operations, finance and compliance. All significant risks identified are reported to the Technical and Audit Committees, as well as to the Board on an ongoing basis.

Debswana's operations are governed by a risk management framework through which risks are engaged in an informed manner and pro-actively identified and managed.

These include identifying and taking advantage of opportunities as well as protecting intellectual capital, income, and assets by mitigating adverse impacts of risks.

Management is involved in a continuous process of developing and enhancing the already comprehensive risk and control procedures to improve the mechanisms for identifying and monitoring risks.

These risks encompass such areas as consumer markets, skills and people risks, technology, stakeholder, commercial, social, environmental, corporate reputation, compliance with regulation and legislation, professional liability and general operating, financial, and treasury risks.

Awareness and understanding of the group's Risk Management Framework is established at all the appropriate levels of the organisation and includes consultation among technical, business, social and knowledge experts.

A process of identifying significant risks with reference to our strategic, business or process objectives is well established and Debswana's management team is responsible for identifying, evaluating and managing these risks.

Internal controls

The Directors are responsible for Debswana's system of internal controls and for regularly reviewing its effectiveness. The principal aim of the system of internal controls is the management of business risks that are significant to the fulfilment of Debswana's business objectives, with the objective of enhancing, over time, the value of the shareholders' investment and safeguarding the Debswana Group's assets.





Komatsu 930E
capacity = 300 tonnes



One tyre costs +/-
BWP 300 000



Tyres on the Komatsu 930E trucks are removed using a sophisticated remote controlled device. A fleet of more than 41 such vehicles will be used in the Jwaneng Mine Cut 8 project to remove more than 650 million tonnes of waste rock

Board of Directors



Eric Molale
Board Chairman
Permanent Secretary
to the President of
the GRB and Cabinet



Philippe Mellier
Deputy Chairman
Chief Executive
Officer;
De Beers Group



Linah Mohohlo
Director
Governor,
Bank of Botswana



Solomon Sekwakwa
Director
Permanent Secretary,
Ministry of
Finance & Development
Planning



Bruce Cleaver
Director
Executive Head:
Strategy
& Corporate Affairs,
De Beers Group



Dr Athaliah Molokomme
Director
Attorney General,
Republic of Botswana



Neo Moroka
Director
Chief Executive Officer,
De Beers Botswana
Holdings



Sean Brennan
Director



Boikobo Paya
Director
Permanent Secretary,
Ministry of Minerals,
Energy and Water
Resources



Gareth Mostyn
Director
Chief Financial Officer,
De Beers Group



Brian Beamish
Director



Jim Gowans
Managing Director,
Debswana

Debswana Senior Leadership (as at 31 December 2012)



Jim Gowans
Managing Director



Balisi Bonyongo
General Manager
Jwaneng Mine



Dr Adrian Gale
General Manager
Orapa Letlhakane and
Damtshaa Mines



Albert Milton
General Manager
Morupule Coal Mine



Ntoti Mosetlhe
Group Manager
Human Resources



Lephimotswe Sebetela
Group Manager
Corporate Strategy and
Business Improvement



Bonny Thebenyane
Group Secretary
and Gaborone
Campus Head



Esther Kanaimba-Senai
Group Manager
Public and
Corporate Affairs



Fred Jansen
Group Manager
Sustainability



Ludo Tema
Legal Counsel



Tshego Modise
Group Manager
Internal Audit



Mpho Kewakae
Group Manager
Security



Victor Maxwell
Group Manager
Finance (A)



Lenayang Dimbunu
Group Manager
Mining



Eunice Mpoloka
Head
Loss Prevention



Gerald Nthebolan
Group Manager
Information
Management

Acronyms

BBS	Behavioural Based Safety programme	LEAP	Leadership Accelerator Action Programme
BPP	Best Practice Principles Assurance Programme	LTI	Lost Time Injury
BWP	Botswana Pula	LTIFR	Lost Time Injury Frequency Rate
CSI	Corporate Social Investment	MOS	Management Operating Systems
DMS	Dense Medium Separation	MRM	Mineral Resources Management
DTCB	Diamond Trading Company of Botswana	MTI	Medical Treatment Injuries
ECOHS	Environment Community Occupational Health and Safety	MTTP	Modular Tailings Treatment Plant
EIA	Environmental Impact Assessment	NGO	Non-Governmental Organisation
EMS	Environment Management Systems	NH	Near Hits
FAI	First Aid Injury	OHSAS	Occupational Health and Safety Advisory Services
FISH	Fully Integrated Sorthouse	OLDM	Orapa, Letlhakane and Damtshaa Mines
FRCG	Fatal Risk Control Guidelines	OREP	Orapa Resource Extension Project
GDP	Gross Domestic Product	PDM	Participatory Development Methodologies
GRB	Government of the Republic of Botswana	RvCR	Resource Carats Ratio
HIV	Human immunodeficiency virus	RWI	Restricted Work Injury
HPO	High Performance Organisation	SABS	The South African Bureau of Standards
ICAM	Incident Cause and Analysis Method	SHE	Safety, Health and Environment
ISO	International Organisation for Standardisation	SRMP	Safety Risk Management Programme
JPSL	Jwaneng Mine Premier SHE League	SSR	Slope Stability Radar
JREP	Jwaneng Resource Extension Project	TRIFR	Total Recordable Injury Frequency Rate
KPCS	Kimberley Process Certification Scheme	TUV	Technischer Überwachungs-Verein (Technical Inspection Association)



FSC® 100% RECYCLED CREDIT –
100% RECYCLED FIBRES

