DEBSWANA

Mining diamonds, enriching the nation

2014 REPORT TO STAKEHOLDERS

45 YEARS OF SUSTAINABLE MINING

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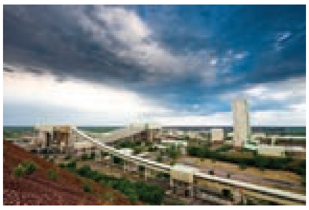

The Report to Stakeholders is an annual report providing an overview of Debswana's business operations. It presents a holistic view of company operations, challenges and business activities during the 2014 financial year, along with information on the company's economic, social and environmental impacts.

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

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Mining diamonds, enriching the nation

DEBSWANA HAS PLAYED A MAJOR ROLE IN BOTSWANA'S DEVELOPMENT THROUGHOUT ITS 45 YEAR HISTORY.

AND WHILE THE COMPANY CONTINUES TO ALIGN ITS POLICIES AND OPERATING PRACTICES TO ENHANCE ITS COMPETITIVENESS, IT CONTINUES TO LOOK AT AWAYS IN WHICH IT CAN MAKE A SOCIAL AND ECONOMIC IMPACT IN THE COMMUNITIES IN WHICH IT OPERATES.

DEBSWANA'S KEY MILESTONES 1967 – 2014

1967

1 March: De Beers geologists discover Botswana's first diamondiferous kimberlite (2125 B/K1) in the Orapa/Letlhakane area.

25 April: The same team discovers Kimberlite 2125 A/K1 at Orapa, later to become Orapa Diamond Mine.

1968 - 1972

Damtshaa pipes discovered by De Beers geologists (B/K9 and B/K12), to become Damtshaa Mine in 2003.

1969

Letlhakane D/K1 and D/K2 discovered in June, to become Letlhakane Mine in 1977.

23 June: De Beers Botswana Mining Company (Pty) Limited formed (renamed Debswana in 1992).

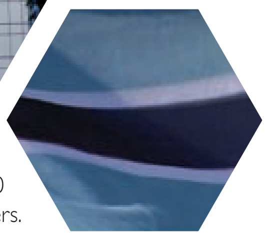
1971

March: Discovery of diamondiferous kimberlite pipes D/K2 and D/K7 at Jwaneng.

1 July: Orapa Mine officially opened by President Sir Seretse Khama.

1973

Debswana Main Mall Head Office (Debswana House) constructed.



1975

The De Beers Botswana Mining Company becomes a 50:50 partnership between the Botswana Government and De Beers.

1977

Commencement of production at Letlhakane Mine.

1982

14 August: Jwaneng Mine is officially opened by President Masire.

The BDVC sorting facility, Orapa House, opens in Gaborone.

1989

Jwaneng re-crush plant commissioned.

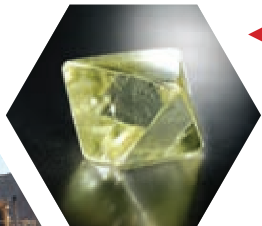
1992
25 March: The De Beers Botswana Diamond Company is renamed "Debswana Diamond Company".

1996
Debswana decides to double production at Orapa.

1997
24-hour continuous mining operations (Contops) commence at Debswana operations.

2000
Commissioning of Jwaneng Mine's Aquarium as the world's first fully automated recovery and sorthouse.

2000
Orapa 2000 expansion: Official opening of Number 2 plant by President Mogae and De Beers Chairman Nicky Oppenheimer.



2001
Botswana Government increases its global stake in De Beers from 5% to 15%.

Debswana becomes the first company in the world to provide free anti-retroviral treatment to employees.

2002
Damtshaa Mine commissioned.

2003
25 October: Damtshaa Mine officially opened by President Mogae.

Debswana successfully negotiates a 25-year lease agreement for all its diamond mines.

2010
16 December: Launch of Jwaneng Mine's Cut 8 Project by President Seretse Khama Ian Khama.

2011
16 September: Government signs a new 10-year sales agreement with De Beers, backdated to January. De Beers agrees to migrate DTCI from London to Gaborone by the end of 2013. Government gets access to sell 15% of Debswana's production independently.

2014
Debswana celebrates 45 years of existence.

DEBSWANA'S PROFILE

PROFILE

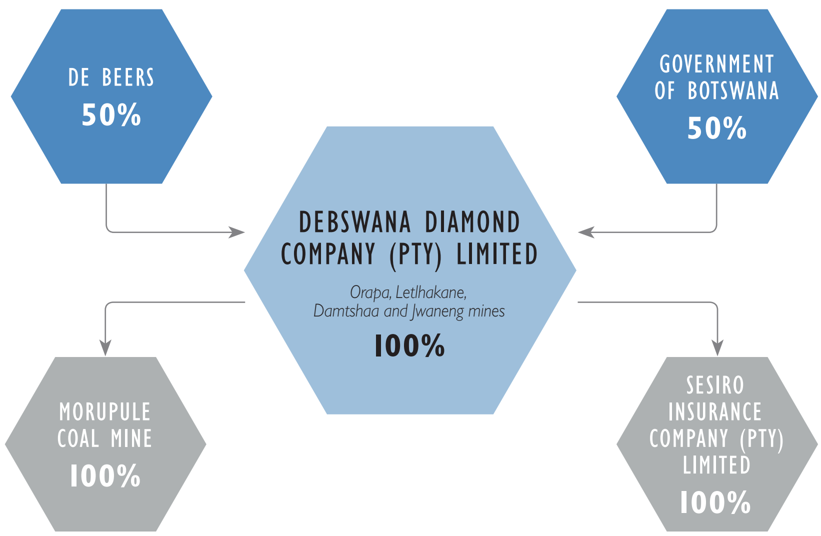
Debswana Diamond Company (Pty) Limited is a unique partnership between the Government of the Republic of Botswana and De Beers Group of Companies.

The company was incorporated on 23 June 1969 under the original name of De Beers Botswana Mining Company (Pty) Limited. The name was changed to Debswana Diamond Company (Pty) Limited on 25 March 1992.

Debswana is the world's leading diamond producer by value and the largest private sector employer in Botswana, with 5 376 employees and about 5 000 contractors.

Debswana operates four diamond operations: Orapa, Letlhakane, Damtshaa (OLDM) and Jwaneng.

Debswana's 45 year anniversary is closely linked to the development of Botswana. Revenue from diamond production has contributed significantly to the economic growth of Botswana. Once one of the poorest countries in Africa, Botswana has achieved middle income status during this time.



SUBSIDIARIES

Debswana owns two subsidiary companies:

Palapye-based Morupule Coal Mine (MCM) which has been operational since 1973, became part of the Debswana Group in 2000. It is the only operating coal mine in Botswana, with a production capacity of 2.8 million tonnes per annum. MCM's total inferred inventory coal within the mining lease area is approximately 12 billion tonnes, with 2.9 billion tonne reserves in the current mining area.

The Sesiro Insurance Company (Pty) Limited (Sesiro) is an in-house short-term insurance company.

THE DEBSWANA VALUE CHAIN

The diamond value chain comprises processes that progressively add value to the diamond resource, from mining to sales.

MINING PROCESS

1. MINING

Drilling and blasting is used to break up millions of tonnes of rock and assist in the loading and transportation of ore and waste rock.

Kimberlite and waste rock are then loaded into massive trucks by large shovels and taken to the primary crusher and waste dumps respectively.

2. COMMINUTION*

We break and fracture the ore using crushing, scrubbing and recrush processes to liberate diamonds and to reduce particles to a manageable size.

*Communition: *(from the Latin comminutus, meaning to lessen). In mining terms, comminute means to reduce to minute particles.*

3. CONCENTRATION

Diamonds have a higher density than the rock that hosts them. Once the ore has been crushed to a manageable size, we mix it into a slurry of ferrosillicon and water in a process known as Dense Media Separation (DMS).

The heavier diamonds sink in the slurry while the rest of the lighter material floats. The concentrate that contain diamonds (sinks) is transported to the recovery plant and the material that floats (tailings) is transported to the recrush plant for further comminution.

KIMBERLITE ROCK

DIAMOND IN KIMBERLITE

4. RECOVERY

Diamonds have several remarkable properties that we are able to exploit to recover them from the stream of prepared concentrate.

Diamonds fluoresce when irradiated with x-rays.

They also 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.

Diamonds also emit a unique signature under laser light.

5. SORTING AND SALES

Diamond sorting, cleaning, packaging and weighing takes place in a Fully Integrated Sorthouse (FISH) part of the Aquarium facility.

FISH maximises diamond security while optimising diamond sorting through the use of laser technology.

Debswana diamonds are then sorted and valued by the DTCB in Gaborone. Here they are sorted into more than 12 000 different categories before being sold to De Beers and the Okavango Diamond Company.

Thereafter, rough diamonds find their way to cutting and polishing centres, where they are sold to manufacturers who produce diamond jewellery destined for the leading consumer markets.

6. RESIDUE DISPOSAL

The tailings (waste or residue) from concentration, recovery and sorting, are disposed of in mineral residue disposal facilities.

UNCUT DIAMOND

CUT AND POLISHED DIAMOND

CHAIRMAN'S STATEMENT

2014 HIGHLIGHTS

- Partnership is at the core of Debswana's success
- Embracing a strong safety culture
- Towards a high performance culture
- Creating sustainable value
- Board changes

PHILLIPE MELLIER
CHAIRMAN OF DEBSWANA

To countries and companies around the world, Debswana is a celebrated example of a public private partnership done well. It is a partnership that has endured longer than many others because it has consistently and sustainably brought benefit to those who participate in it, especially its most important partners – the people of Botswana.

For all the partners, Debswana's success is shaped by a shared vision and cemented by hard work and perseverance on both sides of this relationship – ensuring that the effort and contribution made, and the rewards earned, are equitable and sustainable.

Debswana, and the formative role it has played in the development of Botswana, has become an example to the world of the good that can be done with diamonds. A diamond is, after all, an inanimate object – its value harnessed for good or evil – but incapable of anything without human intent. Through Debswana, generations of Batswana have moved with deliberate and prudent intent to turn their natural resource into shared national wealth.

Debswana's success is born of hard work and an unwavering commitment to a democratic and accountable government, to sound financial and fiscal management, to a predictable and transparent legislative framework and to the sound and orderly marketing of its valuable natural resource. The integrity of this partnership has provided the partners with the confidence to continue to invest in the diamond dream.

Every day the 'diamond dream' reveals itself to thousands of people, across many cultures and countries. Whether it is the graduate student in Gaborone or the bride in Beijing, diamonds represent lifelong dreams and singular moments. And throughout its 45 year history – which we celebrated in 2014 – Debswana has played a key role in bringing those dreams to life.

As Debswana's operations expand to keep pace with the millions of people around the world who choose to mark their most precious moments with a diamond, the opportunity before us is exciting and clear.

A SPARKLING PERFORMANCE

2014 was a year of strong financial and operating performance for Debswana. I was particularly heartened by our enhanced safety performance where the Total Recordable Injury Frequency Rate (TRIFR) for the year again reflected a reduction on last year's figures and was way below the target for the year. Our pursuit to embed a zero harm safety culture is relentless and it doesn't stop when employees leave work. It extends to their journeys to and from work, to their lives outside of work and to their families.

The company benefited from greater efficiency at its processing plants following operational improvement initiatives, producing more than 24 million carats.

SETTING THE STRATEGIC DIRECTION

While I was encouraged by what we achieved in the year under review, I was more encouraged by how we achieved it. The 2011 Board-approved strategy aimed at developing a high performance organisation (HPO) has clearly started to bear fruit and it is with great expectations that we have given our approval to the second leg of the high performance journey with the implementation in 2014 of 2018 HPO Strategy "Always Ahead". The stage has been set with effective systems and robust processes, and we are now striving for an organisation where employees are empowered, involved and held accountable to be "always ahead" in delivering on our business objectives.

CREATING SUSTAINABLE VALUE

Establishing a sustainable business environment is an imperative throughout the diamond value chain. Debswana draws strength from being a member of the Anglo American group and leveraging its world class approach to sustainable development. The people of Debswana come to work every day to deliver on that promise.

To us, sustainable development is about delivering sustainable value for our stakeholders. Our shareholders want financial returns and we continue to look to the future of Debswana with our investment in capital projects that will extend our operations beyond 2030. However, this does not mean we should compromise on our business principles of delivering broader benefits to the communities that host our operations or neglect our responsibility to protect the natural environment in which we operate. Effective stakeholder engagement is at the very core of our sustainability strategy and must guide our approach.

BOARD CHANGES

2014 saw a number of Board changes. Special mention must be made of our former Chairman, Eric Molale. There are few individuals that have believed as deeply in Debswana as Eric has. His leadership was always fair and forward-focused and we wish him well as he takes on his new ministerial post in government.

At the same time we welcome Carter Morupisi as the new Deputy Chairman. I would also like to thank Boikobo Paya who left the Board to assume a new career in academia for his contribution to our strategic deliberations over the years and we welcome Kgomotso Abi who replaces him.

In conclusion, I would like to thank each and every employee, the Debswana management team and my fellow Board members for creating the strong legacy which we so proudly celebrated in 2014 and we look forward to the decades to come with anticipation and excitement, knowing that we will continue to deliver on the diamond dream.

Phillipe Mellier
Chairman

AN INTERVIEW WITH THE MANAGING DIRECTOR

HIGHLIGHTS OF 2014

- Stellar operating and financial performance
- 45 years of partnership
- Why the Zero Harm safety campaign remains critical
- Key projects indicate commitment to the future
- Making a meaningful impact on communities
- Why a focus on high performance culture is so relevant
- A tribute to Dr Gale's legacy in Orapa

BALISI BONYONGO
MANAGING DIRECTOR

2014 was a milestone year for Debswana and its shareholders. At the end of my first full year as Managing Director of this great company I am pleased to be able to report that we have made a significant leap in performance across all facets of the business. This performance has allowed us to give back to our shareholders more than ever before. The truth is, though, that our contribution to our shareholders – De Beers and the people of Botswana – goes beyond the delivery of dividends and the payment of royalties and tax.

In June 2014, we celebrated the 45th anniversary of the formation of the De Beers Botswana Mining Company, a partnership between the Government of Botswana and De Beers now known as Debswana Diamond Company.

This shared-ownership model has ensured that the objectives of both partners are aligned to achieve both business and development goals.

Debswana is lauded around the world as an example of a partnership where sound governance and effective management of a country's natural resources can deliver national wealth for the benefit of all its citizens, so aptly expressed by our mantra: *Mining diamonds, enriching the nation.*

This partnership, which has seen four presidents since its inception, is the reason why the country continues to grow and prosper and why Debswana has a significant footprint in the supply of rough diamonds. On my appointment at the beginning of 2014, I was tasked by the Board with

"Each and every person in Botswana is a Debswana shareholder. It is our job to turn their diamond dreams into lasting realities."

Balisi Bonyongo, Managing Director of Debswana

ensuring that Debswana's mines continue to be among the best-managed anywhere in the world.

ZERO HARM IS OUR GOAL

Our pursuit of Zero Harm continues and we recorded another fatality free year in 2014. I am proud to say that our safety performance has advanced to such an extent that we now compare favourably with other top mining houses around the world.

Our Total Recordable Injury Frequency Rate (TRIFR) of 0.46 was well below the target of 0.9 and below the 0.67 recorded in 2013. This is largely due to the inclusive safety initiatives across the operations that have been instrumental in driving a culture that supports safety. The growth in reporting and closure of near hits across all sites has been impressive and I want to thank all Debswana employees for their personal and emotional commitment to achieving our Zero Harm goal.

STELLAR OPERATING AND FINANCIAL PERFORMANCE

From a difficult start to the year with heavy rains in the first quarter, all our operations recovered well to achieve and exceed our business targets.

Diamond production increased again in 2014 to 24.2 million carats, compared to 22.7 million carats in 2013. This was due to a number of factors including process stability, grade, blending control, improved equipment performance and an engaged workforce.

We saw a 10% increase in total tonnes moved from 158 million tonnes in 2013 to 172 million tonnes for the year, due to greater tonnages from Cut 8 and improved pit and haul road conditions across all our operations.

The strong production performance coincided with an increase in demand for rough diamonds, particularly in the first half of the year which allowed us to not only sell what we mined but also pull through goods in the pipeline, including some exceptional and fancy stones.

At BWP 35.2 billion, revenue for the year under review was 31% higher than the previous year and this led to an increase of 40% in operating profit and EBITDA, relative to 2013.

ADVANCING KEY PROJECTS

During the year we made significant progress on our strategic projects. We successfully commissioned the Jwaneng Modular Plant and the Orapa CARP recovery improvement project. Construction at the new earth moving vehicles workshop at Orapa and the diamond cleaning plant in Gaborone is progressing well with both projects scheduled to be complete in 2015.

Scannex, the world-leading low-dose x-ray technology which is expected to boost our security systems and enhance our asset protection efforts, is yet to be implemented at our operations. The Environmental Impact Assessment (EIA) submission was reviewed in 2014 and a number of concerns were addressed. We continue to engage with different stakeholders and look forward to rolling out the system in 2015.

FOUNDATION IN PLACE FOR A HIGH PERFORMANCE ORGANISATION

I have no doubt that the strong performance we have delivered in 2014 is not only as a result of improved market conditions but is the realisation of our HPO 2013 and Beyond strategy which set ambitious targets and laid the foundation for a high performing organisation. In 2014, we reinforced the high performance promise we have made to our shareholders, employees, communities and other stakeholders with the launch of our new business strategy, 2018 HPO Strategy "Always Ahead".

Rooted in the principle 'Always Ahead', 2018 HPO is not just about sweating the assets now but also looks at building a self-sustaining and profitable company for the future. By delivering value in five years' time we will be able to fund future mine extensions and expansions. The new operational strategy is based on five key pillars: revenue improvement (delivering higher value); cost performance (doing more with less); organisational capability (improving the way we work); sustainability (maintaining our social licence to operate); and gearing up for capital projects.

To give effect to our new strategy and to ensure that we involve employees at all levels, we have adopted the concept of mini-business areas where individuals and teams will proactively seek opportunities to deliver superior performance and will be empowered, supported and mentored to add value to the organisation.

Our diamond promise, however, goes beyond a high performing and innovative organisation that is efficiently and safely managed to deliver best value for its shareholders. We also aim to be a company that creates long term value for all stakeholders by operating ethically and balancing long term profitability against employee welfare, social responsibility obligations and environmental protection.

AN INTERVIEW WITH THE MANAGING DIRECTOR (CONTINUED)

A MEANINGFUL DIFFERENCE IN COMMUNITIES

It would be remiss of me not to make reference to our outstanding track record of investment in the communities in which we operate. Probably the most significant of these is the BWP 110 million investment each year in the two state-of-the-art, COHSASA accredited hospitals at our two mining sites. Together these hospitals provide world-class health care services to over 167 000 out-patients each year. These Debswana hospitals also administer the Government's HIV/Aids programme with more than 30 000 people from local communities enrolled at both sites. This is truly a demonstration of how we strive to make a real and lasting impact.

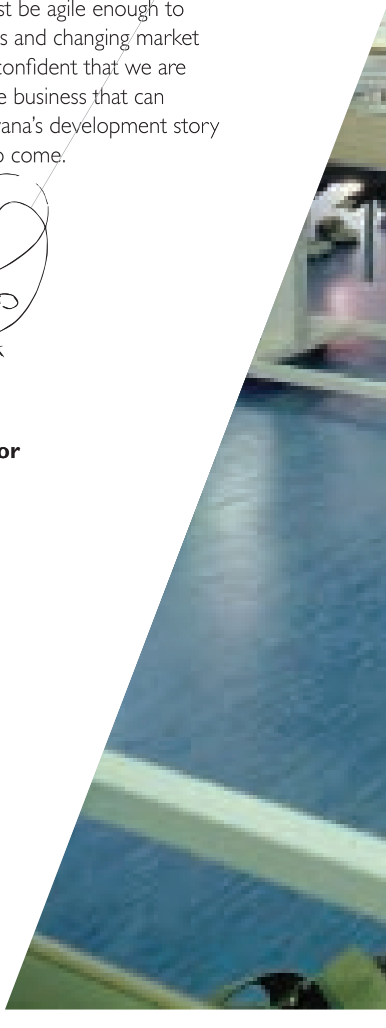
LEAVING A LASTING LEGACY

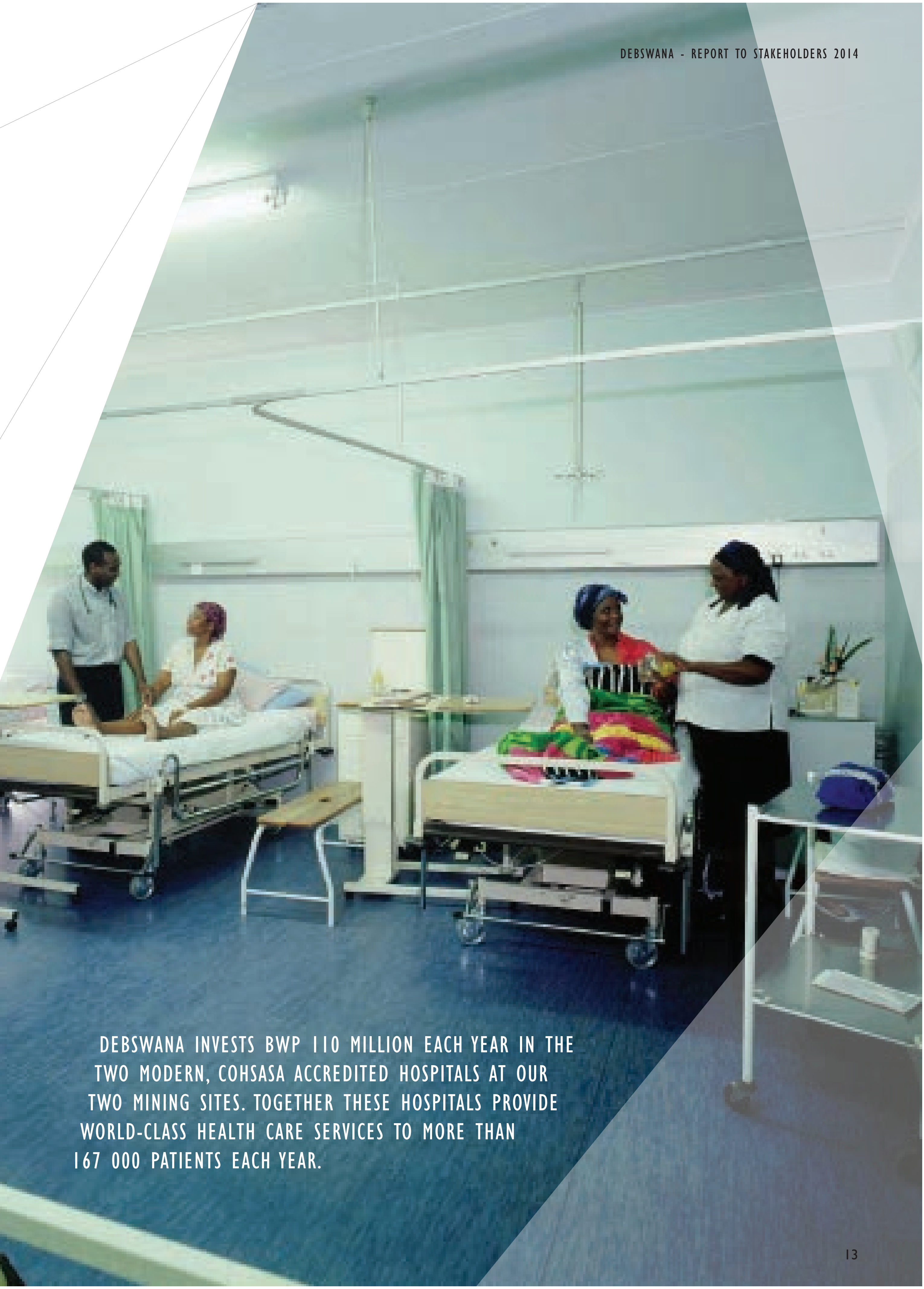
It was with regret that we accepted the resignation of Dr Adrian Gale as General Manager of Orapa at the end of last year, but it is with even greater sadness that we acknowledge his passing early in 2015. Dr Gale will be sorely missed at Orapa, and indeed throughout the company, and our heartfelt condolences go to his family, friends and colleagues. We can take comfort, however, from the fact that he has left an impeccable and lasting legacy, especially in the realisation of the Orapa Today, Boteti Tomorrow project which has made great strides over the last year.

In conclusion, while we are extremely proud of our history, we are very aware that we operate in a complex and volatile world. While we remain committed to the plans that will take this company to 2050 and beyond, we must be agile enough to respond to obstacles and changing market conditions. We are confident that we are building a sustainable business that can contribute to Botswana's development story for many decades to come.

Balisi Bonyongo
Managing Director

Dr Adrian Gale says farewell to employees at Orapa mine





DEBSWANA INVESTS BWP 110 MILLION EACH YEAR IN THE TWO MODERN, COHSASA ACCREDITED HOSPITALS AT OUR TWO MINING SITES. TOGETHER THESE HOSPITALS PROVIDE WORLD-CLASS HEALTH CARE SERVICES TO MORE THAN 167 000 PATIENTS EACH YEAR.

OUR SUSTAINABLE BUSINESS JOURNEY

Our diamond promise goes beyond a high performing and innovative organisation that is efficiently and safely managed to deliver best value for its shareholders. We also aim to be a company that creates long term value for all stakeholders by operating ethically and balancing long term profitability against employee welfare, social responsibility obligations and environmental protection. To deliver on this promise, our strategy must identify and respond to the material risks and opportunities that impact on our business.

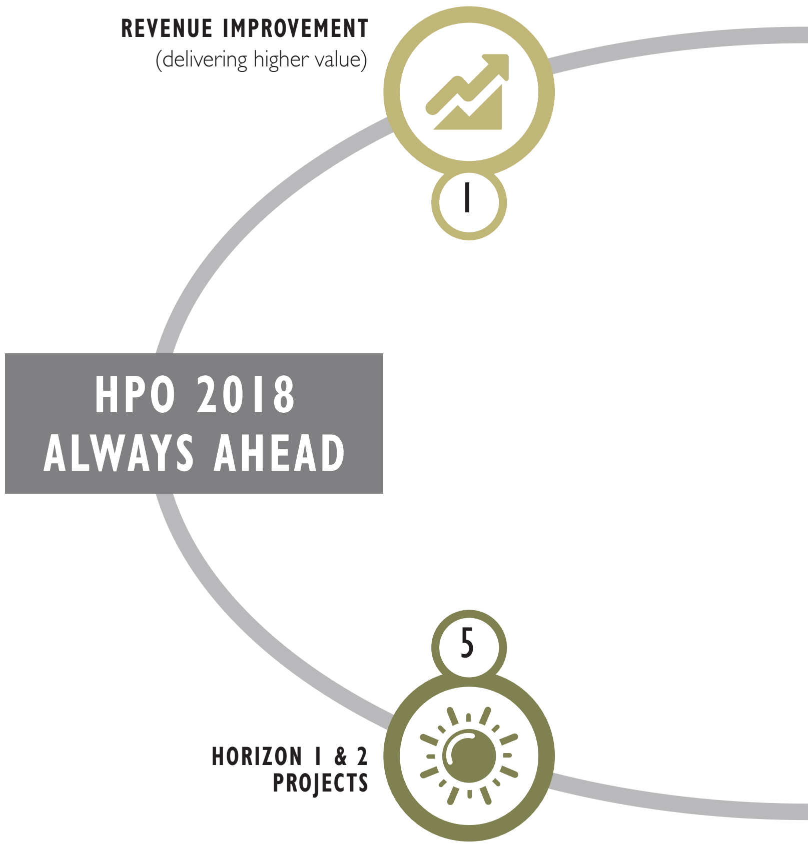
OUR KEY STAKEHOLDERS

EMPLOYEES ▶ GOVERNMENT ▶ TRADE UNIONS ▶

TOP MATERIAL ISSUES RAISED BY OUR STAKEHOLDERS

BY PERFORMANCE AREA

1. **Economics**: Driving local growth, diversification and capacity building; success of beneficiation; governance and revenue transparency
2. **Ethics**: Illicit trade and diamond security; conflict diamonds
3. **Employees**: Safety performance; occupational health and wellbeing
4. **Community**: Closures and transfer of assets; socio-economic benefits
5. **Environment**: Water and energy security in a changing climate; biodiversity and ecosystems; mine closure



KEY PERFORMANCE INDICATORS

How we measure our performance

ECONOMICS	ETHICS
Procurement (citizen-owned business; local spend vs non-local spend), payments to stakeholders	*Best Practice Principles, the Responsible Jewellery Council, the adoption of the Towards Sustainable Mining (TSM) process, the Ethics Hotline and the Business Environmental Scan*

OUR PURPOSE

To turn diamond dreams into lasting reality.

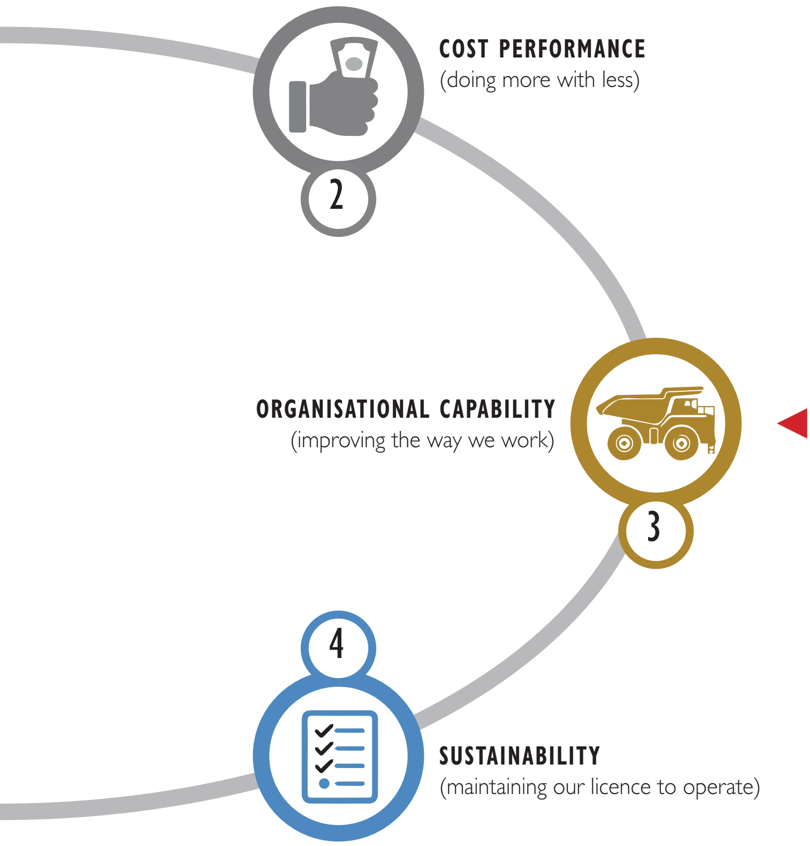
OUR VISION

To be a global benchmark diamond business.

OUR MISSION

We mine and recover diamonds safely, optimally and responsibly.

LOCAL COMMUNITIES AND NGOS ▶ **SUPPLIERS** ▶ **SHAREHOLDERS** ▶ **CONTRACTORS**



PRIORITY BUSINESS RISKS

- **Diamond equity**
- **Global diamond market volatility**
- **Physical asset performance**
- **Appropriate capital investment decisions**
- **Projects delivering business case**
- **Operational delivery of business plan (water availability, slope stability, power supply and flooding)**
- **Workforce availability, retention and engagement**
- **Resource and Reserves uncertainty**
- **Disciplined cost efficiency**

EMPLOYEES	COMMUNITIES	ENVIRONMENT
Heath and safety indicators, women in mining, training and development	*Number of community grievances, number of enterprises supported, CSI spend, projects completed and handed over*	*Adherence to licence conditions, water and energy consumption, environmental incidents*

DEBSWANA
OPERATING HIGHLIGHTS

Debswana operates the Jwaneng diamond mine and the Orapa, Letlhakane and Damtshaa diamond mines (collectively OLDM), as well as the Morupule coal mine.

MINING SAFELY

There were no fatalities recorded across Debswana operations in 2014. The Total Recordable Injury Frequency Rate (TRIFR) showed an ongoing improvement in 2014. The total TRIFR achieved in 2014 was 0.46 against a target of 0.9. This was also an improvement against the TRIFR of 0.67 reported in 2013.

All Debswana operations retained their environment and safety and occupational hygiene management systems certification (ISO 14001: 2004 and OHSAS 18001:2007). This reflects the continued focus and prioritisation by management on continuous improvement of ECOHS programmes.

Near hit incident reporting is a way to understand risk and share learnings from incidents. A record high of 65 429 near hits were reported in 2014, showing that there is a change in culture as employees are looking out for potential incidents and are keen to report and learn from these.

IMPROVED OPERATIONAL PERFORMANCE

Debswana has launched a new operational strategy, 2018 HPO 'Always Ahead', which builds on the solid foundation laid by its predecessor, HPO 2013 and Beyond.

2014 PRODUCTION STATISTICS (000)

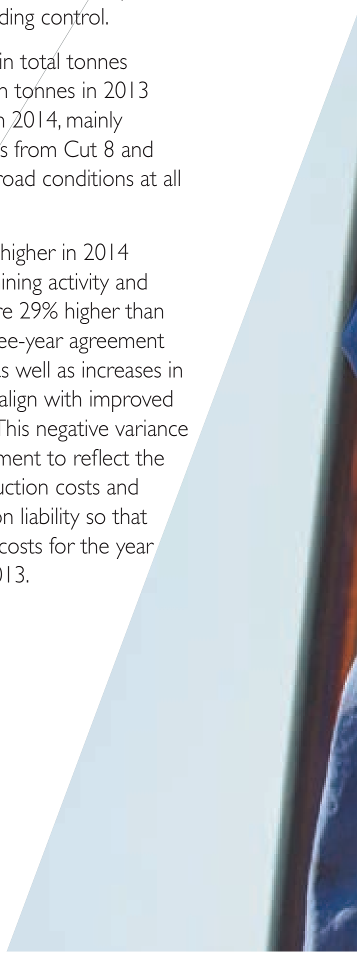
Mines	Tonnes treated	Carats recovered
Jwaneng mine	7,777	10,386
Orapa mine	9,840	11,375
Letlhakane mine	2,088	682
Damtshaa mine	1,415	264
Total	21,120	22,707

The aim of the five-year strategy, encapsulated under the mantra "Always Ahead", is to create a more agile organisation that can adapt quickly and effectively to changing market conditions and at the same time can be compared to benchmark performance standards in the global mining industry.

Despite the challenges of heavy rains in the first quarter and ongoing power interruptions, Debswana achieved an increase in diamond production to 24.2 million carats in 2014, compared to 22.7 million carats in 2013. The higher carat production was largely as a result of process stability, grade and blending control.

There was an increase in total tonnes moved from 158 million tonnes in 2013 to 172 million tonnes in 2014, mainly due to greater tonnages from Cut 8 and improved pit and haul road conditions at all operations.

Production costs were higher in 2014 due to the increased mining activity and labour costs, which were 29% higher than 2013 due to a new three-year agreement signed with the union as well as increases in incentive provisions to align with improved business performance. This negative variance was offset by an adjustment to reflect the reclassification of production costs and a review of rehabilitation liability so that the overall production costs for the year were 9% lower than 2013.



DEBSWANA OPERATING HIGHLIGHTS (CONTINUED)

Jwaneng mine's modular tailings treatment plant was completed in 2014, without a single Lost Time Injury

JWANENG MINE

PRODUCTION STATISTICS (000)

Jwaneng mine	2014	2013
Waste mined	**115 236**	103 924
Ore mined	**10 570**	8 024
Tonnes treated	**8 471**	7 777
Carats recovered	**11 300**	10 386

Jwaneng mine recorded an improvement in all major operational indicators, with the most notable being the achievement of waste mining budget at Cut 8 for the first time since its inception in 2010. Saleable diamond production increased to 11.3 million carats in 2014 from 10.4 million carats the previous year. This improvement was attributable to the consistent supply of well-fragmented, dry ore to the Main Treatment Plant (MTP) and the plant's overall utilisation, which allowed the plant to achieve its annual throughput target a month early.

The mine moved a total of 130 million tonnes of material in 2014, compared to 116 million tonnes in 2013. Ore delivered to the MTP was higher in 2014 at 8.4 million tonnes when compared to the 2013 total of 7.8 million tonnes.

Improved volumes at the MTP resulted in an increase in tonnes treated at the Recrush Plant from 3.8 million tonnes in 2013 to 4.2 million tonnes in 2014.

Total waste stripped for the year reached 115.2 million tonnes compared to 103.9 million tonnes in 2013. This increase can be attributed to improvements in fleet availability and utilisation.

Management of pit stability through various monitoring systems continued during the year and a new slope monitoring configuration was implemented during the year.

Cut 8 mining had created a number of slope stability challenges, however, the mine has developed a mitigation strategy which includes structural support and monitoring systems.

Jwaneng mine's pit slope depressurisation programme is being undertaken in a phased approach across the life of mine and as dictated by the nature of the mining activities at any given time. A number of key milestones were achieved in 2014, including the construction of a pit groundwater model; test pumping of new de-watering boreholes; start of the construction on the de-watering boreholes water delivery pipelines; and the completion of an assessment to inform the design of the storm water drainage system. Another 10 depressurisation holes were added to create a total network of 20 boreholes aimed at depressurising Cut 8 in order to ensure stable pit slopes in the future.

JWANENG MINE'S MODULAR TAILINGS TREATMENT PLANT (MTTP)

Motivated by the abundant tailings resources across its operations, Debswana has invested in the development of a unique concept in treatment plants.

The MTTP is modular in design, making it easy to construct and transport. The low capital outlay and rapid deployment offers a more attractive return on investment at relatively low risk compared to a conventional plant. The two-million tonner per annum tailings resource processing facility concept was conceived to fast track project deliver and generate revenue from the Debswana tailings resources while managing associated risks.

The execution phase of the MTTP was completed at the end of 2014 with an impressive safety record of 1.8 million hours without a single Lost Time Injury.

The project managed to deliver most of its milestones, including the start of commissioning in quarter 3 of 2014. The first diamonds from the plant were delivered in September 2014.

Problems were encountered with the crusher not performing according to design parameters which meant that nameplate testing and final handover have been delayed to the first quarter of 2015.

CASE STUDY

CONCEPT STUDY TO EVALUATE FEASIBILITY BEYOND CUT 8

In order to deliver sustained profitable operations at Jwaneng mine post Cut 8, a concept study is underway to validate the project business case, assess project risk to determine if there are any fatal flaws; to determine the scope of work for the pre-feasibility stage and to do project management planning for future projects stages.

The initial concept stage was reviewed in September 2014 and a decision was taken to extend the concept stage to do further conceptual work around alternative mining options for a mining solution that ensures adequate and sustained mining of all economical mineable resources post Cut 8.

In 2014, the project team completed all pit shells for new mine designs options; completed base case infrastructure impact assessment; and completed base case operating cost estimates.

A concept study is underway to look at ways of delivering sustained operations at Jwaneng mine post Cut 8

PRODUCTION STATISTICS FOR ORAPA, LETLHAKANE AND DAMTSHAA MINES (OLDM)

ORAPA MINE (000)

	2014	2013
Waste mined	**11 063**	13 744
Ore mined	**15 016**	13 017
Tonnes treated	**11 829**	9 840
Carats recovered	**12 074**	11 375

LETLHAKANE MINE (000)

	2014	2013
Waste mined	**1 071**	1 309
Ore mined	**2 083**	1 307
Tonnes treated	**1 807**	2 088
Carats recovered	**547**	682

DAMTSHAA MINE (000)

	2014	2013
Waste mined	**2 685**	2 415
Ore mined	**1 116**	1 043
Tonnes treated	**1 464**	1 415
Carats recovered	**303**	264

DEBSWANA OPERATING HIGHLIGHTS (CONTINUED)

ORAPA, LETLHAKANE AND DAMTSHAA MINES (OLDM)

OLDM faced a number of operational challenges in the first quarter of 2014 with extraordinarily heavy rains. However, they managed to turn around performance in the second quarter and recorded a combined increase in total ore mined from 15.4 million tonnes in 2013 to 18.2 million tonnes in 2014.

At Orapa, there was a 13% improvement in ore mined to 15.02 million tonnes in 2014. Waste mined was 13% lower than 2013 but this was in line with a lower target in the 2014 budget.

Ore deliveries to both Plant 1 and Plant 2 improved notably in 2014. Plant 1 treated 4.4 million tonnes compared to 2.9 million tonnes in 2013, and Plant 2 increased tonnes treated to 7.4 million compared to 6.9 million in 2013. Improved consistency of feed and blending by the mining function has also contributed to improved plant stability and reduced breakdowns.

Orapa produced 12.1 million carats compared to 11.4 million carats in 2013 largely due to improvements in overall plant utilisation.

At Letlhakane mine, ore mined for the year amounted to 2.1 million tonnes compared to 1.3 million tonnes in 2013. Waste mined in the same period was 1.1 million tonnes, slightly lower than the 1.3 million tonnes in 2013. This was as a result of a higher ore content as the waste stripping plan progressed.

The Letlhakane Plant treated less ore in 2014 with 1.8 million tonnes compared to 2.1 million tonnes in 2013. Challenges with the crusher impacted on plant performance and extensive repairs and maintenance took place in the fourth quarter to address the mechanical problems. This had an overall impact on carats produced with a slight decrease to 0.5 million carats in 2014 compared to 0.7 million carats in 2013.

At Damtshaa mine improved fleet and plant availabilities contributed to an improvement in production. Ore mined for the year increased from 1.0 million tonnes in 2013 to 1.1 million tonnes in 2014. Waste mined saw a similar improvement, up from 2.4 million tonnes in 2013 to 2.7 million tonnes in 2014. The Damtshaa plant treated 1.5 million tonnes of ore in 2014 to produce 0.3 million carats compared to 0.26 carats produced in 2013 from 1.4 million tonnes of ore treated.

Slope monitoring continued to receive close attention at OLDM. In addition to the various technologies deployed at the operations, routine visual slope monitoring inspections were undertaken.

ORAPA RECORDED A 13% IMPROVEMENT IN ORE MINED IN 2014.

Orapa mine's new Earthmoving Workshop was virtually complete by the end of 2014

ORAPA EARTHMOVING WORKSHOP PROJECT

The Orapa Earthmoving Workshop Project provides Orapa mine with a fit-for-purpose, modern maintenance facility to cater for the larger trucks. It was designed and built by local-based businesses in line with our commitment to grow local industry.

Started in 2013, the project was 76% complete by the end of 2014. Although slightly behind schedule due to the impact of industrial action in South Africa, which caused a delay in structural steel deliveries, project delivery remains on track with occupation and handover expected in 2015.

The project maintained a good safety record with no Lost Time Injuries recorded in 2014 and over 2 million injury free man-hours recorded in the year.

LETLHAKANE TAILINGS AND MINERAL RESOURCE TREATMENT PLANT PROJECT

The Debswana Board gave the go ahead in November 2014 to construct a Tailings Processing Plant.

The facility will offer great flexibility options at reduced processing costs by employing better technologies to recover previously unrecovered diamonds in tailings resources.

Tailings treatment will extend the life of mine at Letlhakane mine by around 28 years. Work is scheduled to start in the first quarter of 2015, with plant hand-over scheduled for the first quarter of 2017.

CASE STUDY

IMPROVING RECOVERY EFFICIENCY USING GREASE

The Orapa Grease Plant was built and commissioned as part of the Orapa CARP Recovery Efficiency Improvement Project, to recover diamonds not picked up in the current tailings stream. According to Process Engineer Alebakwe Moganetsi, the Grease Plant addresses the X-ray limitations at the Completely Automated Recovery Plant (CARP).

CARP is the final stage of diamond recovery in OLDM, and the main objective of the CARP process is to further enrich the concentrate from the main plants. The concentrate is then sent to Jwaneng mine for further processing. CARP uses X-ray technology to discriminate and separate diamonds from non-diamonds, but the X-ray has proven to have some limitations and cannot adequately detect all diamonds. Moganetsi explained that these diamonds - termed non X-ray recoverable diamonds - either have a threshold that is too low to render them detectable or generally behave like non-diamonds. This then makes the diamonds difficult or near impossible to recover.

On that basis, grease was selected as an alternative technology to address the X-ray limitation. The Grease Plant scavenges diamonds in the CARP final tailings stream. The grease technology is embedded in a machine commonly called the Grease Belt. Due to the hydrophobic nature of diamonds, they are attracted to the grease and the hydrophilic non-diamonds are repelled.

Grease belt technology is being used at OLDM to recover more diamonds

DEBSWANA OPERATING HIGHLIGHTS (CONTINUED)

MORUPULE COAL MINE (MCM)

Management attention in 2014 was focused on the optimisation of both current operations as well as potential production expansion for emerging demand from cement manufacturers as well as planned coal-fired power stations in the region.

Run of mine production was 14% higher than 2013 at 1.7 million tonnes. However, this was unfavourable to the annual plan mainly due to inconsistent offtake by Botswana Power Corporation (BPC) as well as another large customer that was expected to take a significant amount of coal during 2014. MCM was therefore forced to reduce the number of sections mined to contain costs.

Washed coal production totalled 257 252 tonnes compared to 166 142 tonnes in 2013.

Total run of mine coal sales amounted to 1.6 million tonnes compared to 1.2 million tonnes in 2013. Washed coal sales improved significantly with a volume of 280 262 tonnes sold relative to 166 143 tonnes in 2013. Demand continued to strengthen throughout 2014 resulting in MCM selling all of its fine coal output. The award of the three-year PPC contract for fine coal improved revenues however there were associated pressures on costs due to ramping up of production to meet the increased demand.

The mine recorded only one restricted work injury compared to two injuries over the same period in 2013. The Total Recordable Injury Frequency Rate (TRIFR) for the year was 0.09 against a target of 0.90.

MCM maintained its ISO 14001 and OHSAS 18001certifications during the year.

Morupule Coal Mine became the first organisation in Africa to achieve the ISO 55001:2014 certification. Developed by the UK-based Institute of Asset Management, the International Standard for Asset Management is a system that coordinates the activities of physical assets and its important interfaces with human, financial, information and intangible assets

In addition, the Botswana Chamber of Mines had recognised MCM as being the safest mining operation in Botswana for the second consecutive year.

During the year, the Botswana government invited MCM to determine the feasibility of supplying coal.to sto an independent power producer that will build, operate and maintain Units 5 and 6 at the Morupule B Power Station.

Ongoing studies on the envisaged open cast mining section were expected to transition to bankable feasibility stage in the second quarter of 2015.

INTEGRATED SECURITY MANAGEMENT SYSTEM AND SCANNEX IMPLEMENTATION PROJECT

The legitimate diamond trade plays a key role in Botswana's economy. Diamond theft, therefore, presents a significant risk to the future growth and prosperity of the company and the nation as a whole. It is for this reason that Debswana pays serious attention to the security of its product. Implementation of the new security management system was largely completed by the end of 2014 with new access control, surveillance monitoring system, Situator system and identity management system installed at all mines. The only remaining component is the completion of a centralised operation via radio links for central monitoring and review of surveillance material from Gaborone. Seven out of the eight new radio towers were installed on the Orapa–Gaborone leg of the project, while the upgrade of the Jwaneng–Gaborone leg was largely completed.

The implementation of Scannex as part of the broader security project continued to face challenges. Having received conditional approval from the Radiation Protection Board in 2012, Debswana continued to address the requirements of the Department of Environmental Affairs. These included a public consultation process aimed at raising awareness and building a proper understanding around the technology.

During 2014, Debswana intensified its extensive communication and change management programme, targeting both internal and external stakeholders. A key part of this was the use of Scannex change champions who were trained and mobilised to engage their peers and to provide feedback to the business on perceptions and awareness levels. The award-winning communication programme used a range of channels, including printed material, training and exhibitions.

A decision by the DEA is expected in 2015.

DIAMOND DEEP CLEANING FACILITY

Approval was granted in 2013 to design and construct a new diamond cleaning plant to replace the current Central Acidising Centre at Jwaneng Mine. The facility will be located at the Diamond Trading Company Botswana's premises in Gaborone and will offer state-of-the-art "deep cleaning" technology and a safer work environment. Design phase was completed at the end of 2013 but implementation was delayed three months due to protracted negotiations with the contractor. All building modifications were done and major equipment installed by the end of 2014 for commissioning. Handover to DTC Botswana is expected in 2015.

DIAMOND THEFT PRESENTS A SIGNIFICANT RISK TO THE FUTURE GROWTH AND PROSPERITY OF THE COMPANY AND THE NATION AS A WHOLE. THE INTENDED IMPLEMENTATION OF SCANNEX IS AIMED AT MINIMISING LOST VALUE.

OUR APPROACH TO SUSTAINABILITY

*"If you focus on results, you will never change.
If you focus on change, you will get results."*
Jack Dixon, author

SUSTAINABILITY IS KEY TO THE WAY WE DO BUSINESS

Debswana's commitment to operating in a responsible and sustainable manner is at the heart of our business strategy. Managing a sustainable business means keeping the future in mind at all times. It is about improving our own performance while not losing sight of the needs of our stakeholders, now and in the future. Since its inception, Debswana has been lauded as an example where the development of a country's mineral wealth has made a significant contribution to the future prosperity of a nation.

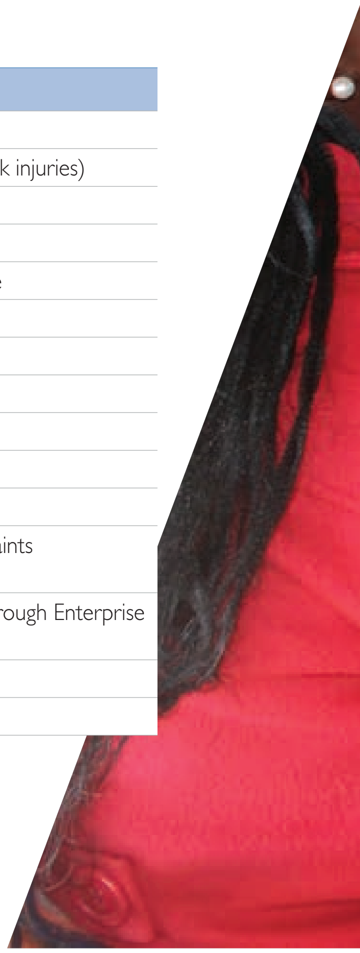
WHAT MAKES UP SUSTAINABILITY?

Sustainability in Debswana, comprises the following disciplines: safety, occupational health, environment and communities (social performance).

The strategic outputs for these areas are: ensuring that the business has resource security; maintaining our social licence to operate; achieving financial success; and maintaining the company reputation.

The sustainability key performance indicators are shown below:

PILLAR	METRIC
Safety	Fatalities
Safety	Lost time injuries (exc. restricted work injuries)
Safety	Restricted work injuries
Safety	Classified injury frequency rate
Safety	Total recordable injury frequency rate
Environment	Licence condition adherence
Environment	Environmental incidents (Level 3 - 5)
Environment	Water consumption target
Environment	Energy consumption target
Health	Occupational diseases (Level 3 - 5)
Safety, Health, Environment	High potential incidents
Social	Number of social grievances / complaints (Level 2 - 3)
Social	Number of enterprises supported through Enterprise Development (ED) loans (Tokafala)
Social	CSI Spend (TYD, BWP/USD, millions)
Social	Project completion and hand over



COMMUNITY ENGAGEMENT: DEBSWANA UTILISES THE SOCIO-ECONOMIC ASSESSMENT (SEAT) TOOLKIT TO IMPROVE ITS SOCIO-ECONOMIC IMPACTS ON VARIOUS STAKEHOLDERS, LIKE THE COMMUNITIES AROUND ITS OPERATIONS.

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

SUSTAINABILITY GOVERNANCE

Sustainability oversight and governance is provided through two forums: the executive level Debswana Corporate Sustainability Committee and the Board level Sustainability Committee.

The main purpose of these committees is to review the sustainability strategies, policies and significant activities. The aim is to ensure that Debswana's sustainability strategy and associated objectives deliver shared value to the business. This is achieved by effectively integrating sustainability objectives into the business through delivery of the strategies under Safety and Sustainability and the Corporate Affairs Departments.

STAKEHOLDER ENGAGEMENT

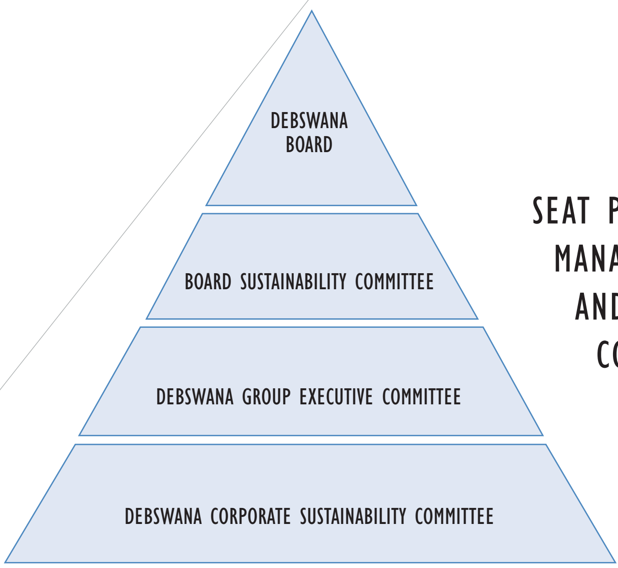
Diamonds share a special bond with everyone who depends on them for their livelihood. As a major global diamond producer, Debswana is acutely aware of the obligations that such standing places on the company.

Pivotal to Debswana's approach to stakeholder engagement are our company values, each providing guidance as to how we should interact with those most affected by our operations. The principles of mutual benefit and reciprocity provide the framework for our partnerships. Being granted a social licence to operate involves ongoing engagement with local communities to ensure that we understand the impact of our activities and that communities are involved in formulating the strategies to mitigate against any negative impact while helping the company to design programmes that maximise local benefit.

In 2014, Debswana Diamond Company rolled-out the Socio Economic Assessment Toolkit (SEAT) at Jwaneng mine and Orapa, Letlhakane and Damtshaa mines. SEAT is the cornerstone of our commitment to improving our operations' understanding of their socio-economic impacts, both positive and negative. It provides best-practice guidance on the management of socio-economic performance and sets out a framework to build a constructive, open-minded and candid dialogue with our stakeholders

Well-managed community engagement during the life of a mine promotes a foundation for a positive post-mining legacy and prepares the ground for sustainable post-mining activities. This needs careful planning for closure, ongoing project monitoring and continuous strategy and implementation review. It also demands a 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 resources.



Sustainability Governance in Debswana

SEAT PROVIDES BEST-PRACTICE GUIDANCE ON THE MANAGEMENT OF SOCIO-ECONOMIC PERFORMANCE AND SETS OUT A FRAMEWORK TO BUILD A CONSTRUCTIVE, OPEN-MINDED AND CANDID DIALOGUE WITH OUR STAKEHOLDERS.

IDENTIFYING OUR MATERIAL SUSTAINABILITY ISSUES

Material issues are those that are important to our stakeholders and could potentially have an impact – negative or positive – on our business. It is critical to the success of our business that we identify and respond to these risks and opportunities in an informed and measured way. An assessment of material issues through a structured process also helps to focus management efforts and enables us to report effectively.

In broad terms, the material issues for Debswana's stakeholders are centred around community development, unemployment, management of social ills spurred by mining activities, resettlement of communities and the protection of the country's resources so that they can continue to contribute to social development.

THE RIGHT STRATEGY TO SHAPE THE FUTURE

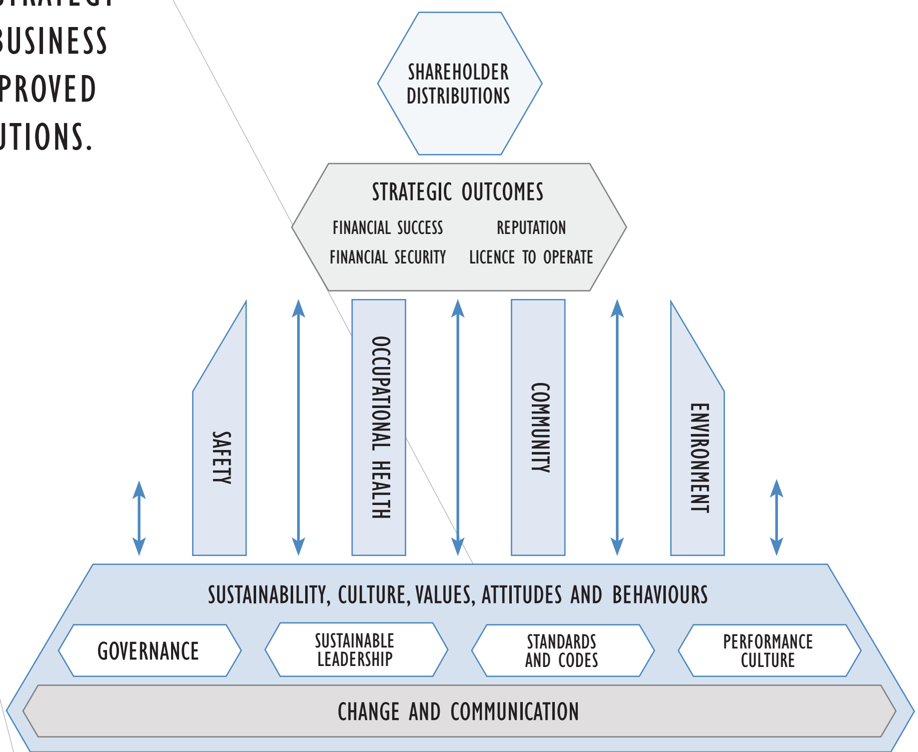
The Debswana Sustainability Strategy, developed in 2013, aims to contribute to the business objective of improved shareholder distributions. This will be achieved through four strategic outputs being: financial success, resource security, enhanced corporate reputation and maintaining our social licence to operate.

Key strategic outcomes will be achieved through the implementation of initiatives under the four focus areas: safety; occupational health; environment (including water and energy) and communities; and creating a conducive environment through enabler programmes, which include attaining the right performance culture, change and communication management, establishing appropriate governance, setting up sustainability leadership across the business and achieving consistent improvement in performance through implementation of standards and codes.

Key achievements around the Sustainability Strategy in 2014 were:

- Improved reporting to the sustainability governance forums ensuring inclusiveness in the key disciplines and focus on key sustainability business risks
- Awareness and competency improved through stakeholder engagements in fundamental good practice standards implemented by Debswana, such as the Operational Risk Management Programme and Fatal Risks Standards
- Identification of stakeholder concerns, issues and risks through the use of SEAT across all Debswana operations.

OUR SUSTAINABILITY STRATEGY CONTRIBUTES TO THE BUSINESS OBJECTIVE OF IMPROVED SHAREHOLDER DISTRIBUTIONS.



OUR APPROACH TO SUSTAINABILITY (CONTINUED)

MANAGING SUSTAINABILITY

Debswana manages business risks through internationally recognised standards, management systems and identified industry good practice. This ensures that risks are managed in a manner that is systematic, while consistently improving the maturity of the business through increased and measured performance.

ISO Environment and OHSAS Management Systems

The ISO 14001:2004 Environment Management Systems (EMS) standard and the OHSAS 18001:2011 Occupational Health and Safety Systems standard guide the identification of SHE risks, as well as the development and management of our SHE plans.

All Debswana operations have appropriate structures and forums in place that drive the implementation of the management systems. As a result, Debswana operations have continuously maintained ISO 14001: 2004 and OHSAS 18001:2011 certification.

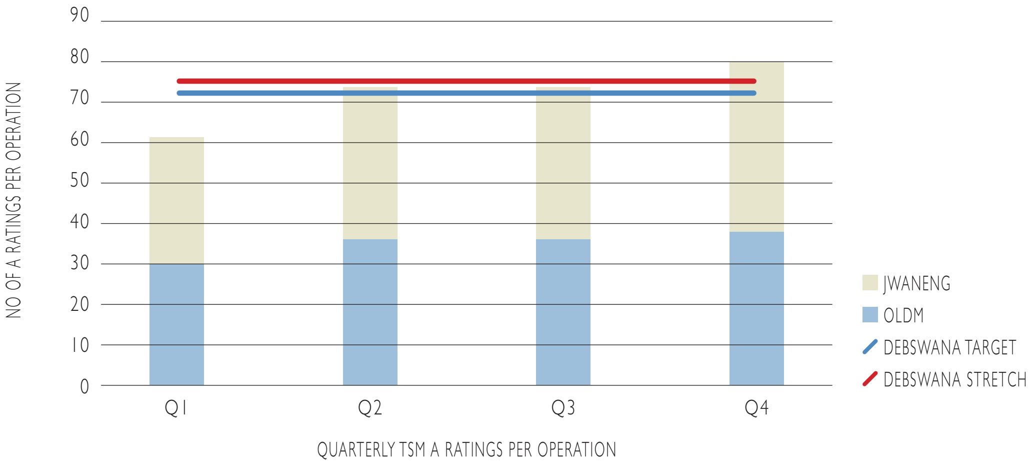
SHE Risk Management Standard

Risk assessments are conducted to proactively identify risks within the operation which could result from activities, equipment, facilities, processes and services of the business. These risks are systematically mitigated through the development and implementation of management programmes. Debswana continues to implement the SHE Risk Management Programme at all operations. This programme allows for baseline risk assessment, pre-task risk assessment and SLAM (Stop-Look-Assess-Manage) processes to be used to identify risks at different levels in the organisation.

OUR SUSTAINABILITY STRATEGY CONTRIBUTES TO THE BUSINESS OBJECTIVE OF IMPROVED SHAREHOLDER DISTRIBUTIONS.

From left: Orapa mine's former GM Dr Adrian Gale, Senior Safety and Sustainable Development Manager George Sehunelo, and BMWU representative Letsogile Moreetsi signing the ECOHS commitment pledge

DEBSWANA OVERALL TSM SCORES 2014



Towards Sustainable Mining (TSM)
In 2012, Debswana adopted the Towards Sustainable Mining (TSM) process, developed by the Mining Association of Canada, as a tool to monitor its sustainability performance against the six protocols, namely energy management, tailings management, community management, crisis management, safety management and biodiversity management.

The TSM process is driven through comprehensive quarterly and annual self-assessments, which are augmented by external verification on a three-year cycle.

Debswana Corporate Centre undertakes one internal verification audit to fulfil full compliance to the TSM roll out programme.

Substantial progress was achieved during 2014 with a cumulative total of 80 'A' ratings attained against a stretch target of 75. In particular, significant improvements were recorded on the energy management and tailings management protocols.

The graph above shows the distribution of 'A' ratings by each operation relative to planned targets.

SUSTAINABILITY ASSURANCE

Assurance is critical to ensuring that sustainability is being properly managed within the organisation and to facilitate a rigorous and accurate reporting process. We use a range of assurance approaches, from first party assessments to third party audits which assess adherence to our standards.

DEBSWANA ECONOMICS

"Transforming a natural resource into shared national wealth drives economic development and enhances our bottom line."

Mark Cutifani, Chairman, De Beers

BOTSWANA'S LARGEST INDUSTRY

Botswana is the world's largest diamond producer by value, producing more than 20% of global output, and Debswana is the largest producer of rough diamonds in the De Beers Group of Companies.

Diamond mining is the single largest industry in Botswana and Debswana is Botswana's largest taxpayer and private sector employer. The industry has contributed to national development in a myriad ways, including community upliftment, skills enhancement and as a promoter of economic diversification.

BENEFITS FROM MINING

Roughly 80% of the profits generated by Debswana is accrued as government revenue for the benefit of the people of Botswana. Direct economic benefits from our mines include contributions to Gross Domestic Product (GDP) and government revenues through the payment of taxes, royalties and dividends, investment in infrastructure, creation of employment and as a provider of foreign exchange earnings. Indirect benefits include job creation in other sectors that supply goods and services to the mining sector, skills development, support for emerging local businesses and community upliftment.

Debswana's prominence in the world's diamond industry has benefited the development of a burgeoning downstream diamond industry in Botswana

DEBSWANA HAS A SIGNIFICANT FOOTPRINT IN THE GLOBAL SUPPLY OF ROUGH DIAMONDS AND IS SUPPLYING A GROWING DOWNSTREAM INDUSTRY IN BOTSWANA.

DEBSWANA ECONOMICS (CONTINUED)

We invest billions in new technology that will extend the life of our mines and optimise efficiency so that every carat delivers maximum value. This allows us to continue employing local people, supporting local businesses and contributing to national development efforts.

OUR ROLE IN SUPPORTING ECONOMIC DIVERSIFICATION

The fact that diamond mining is the largest contributor to the national fiscus poses a risk to the sustained economic growth of the country. Diamonds are a finite resource and, unless new deposits are discovered, the contribution from diamond mining will eventually decline. The Botswana government and local business organisations are acutely aware of the need to develop a strong and diversified economy through the growth of the private sector. Debswana can make a valuable contribution to this process by developing a resilient supply chain through support for small business and local procurement strategies.

Procuring goods and services from Botswana-based and citizen-owned companies is an integral part in our commitment to ensuring the viability of self-sufficient economies beyond the life of our mines. Linked to this is a diligent closure planning process which considers what industries could sustain local communities beyond mining.

An effective local procurement strategy can contribute to job creation and skills development while improving efficiencies in our supply chain. A good example of this is the Cut 8 project. More than half of project related contracts were awarded to citizen-owned or Botswana-based companies, accounting for a significant percentage of Cut 8 project spend. Similarly more than 80 per cent of the Cut 8 project workforce were locally employed Batswana. So while the Cut 8 project is set to extend the life of mining at Jwaneng and is expected to bring long term benefits to Botswana, one of the immediate benefits has been the integration of strengthened local businesses into the company's supply chain.

PROCUREMENT SPEND

Debswana has a preferred procurement policy which emphasises and supports the development of local small and medium enterprises. Our citizen-owned and local procurement spend in 2014 collectively amounted to close on BWP 7.6 billion. Debswana also assessed and registered 134 new citizen-owned companies into the company's supply chain system during 2014.

LOCAL (BOTSWANA-BASED) SPEND AND CITIZEN-OWNED SPEND INCREASED SIGNIFICANTLY IN 2014.

Debswana procurement spend (million)

	2012	2013	**2014**
Total spend	5 462 718 364	5 483 423 831	**8 034 304 616**
Local (Botswana-based) spend	4 037 730 351	4 110 702 143	**6 629 210 153**
Foreign spend	1 424 988 013	1 372 721 688	**1 405 094 463**
Citizen-owned spend	694 244 337	653 744 261	**966 821 139**
Citizen-owned spend as % of local spend	17%	16%	**15%**

ENTERPRISE DEVELOPMENT

With a collective view that Botswana's long-term economic strength is rooted in economic diversification, Debswana has for many years invested in enterprise development through Peo Venture Capital Proprietary Limited (Peo).

This initiative was born in 1997 as an equal partnership between Debswana and what was then De Beers Botswana with the main aims being to cultivate entrepreneurial skills; to develop commercially viable enterprises which in turn create employment; and to promote beneficiation.

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 1400 sustainable new jobs have been created, generating salary payments of more than BWP 10 million per annum.

Peo has stopped funding new projects and a conclusive recommendation on the way forward for Peo will be submitted to its shareholders in 2015.

A new enterprise development programme called Tokafala (meaning 'to improve') was launched in 2014. The programme, which is a partnership between Debswana, De Beers, Anglo American and the Botswana government, aims to promote economic development and stimulate employment creation by supporting small, medium and micro enterprises (SMMEs) both financially and with access to markets.

In addition to loans and seed funding, a key aim of Tokafala is to improve the access of SMMEs to markets and supply chains and to create links to business opportunities with Debswana, De Beers' global sales function in Gaborone and other partners.

Over a three-year period, Tokafala aims to support up to 560 micro and 415 small and medium enterprises, creating or maintaining up to 5 600 jobs. The programme will also provide capacity-building to government enterprise development institutions in Botswana, such as the Poverty Eradication Programme (PEP).

ADDING DIAMOND VALUE DOWNSTREAM

Beneficiation is the process whereby stakeholders further unlock the shared national wealth in the country's diamond resources by investing in the downstream industry of producer countries. Diamond-related downstream activities that add value to locally-mined diamonds include: the sorting and valuing of rough diamonds; cutting and polishing; and the manufacture of diamond jewellery. Debswana has a significant footprint in the global supply of rough diamonds and is supplying a growing downstream industry in Botswana.

The commitment by both the Botswana government and De Beers to drive local beneficiation was realised when De Beers opened its new Global Sightholder Sales facility in Gaborone. The project to migrate international Sights from London to Gaborone was a significant investment in the world's most sophisticated diamond sorting, valuing and sales facility and a vote of confidence in the future of the country's diamond industry.

The preparation for the relocation of the sales processes involved the training of specialist skills to facilitate the different aspects of sorting and valuing locally.

This, coupled with the transfer of skills, has enhanced local beneficiation capability and is driving a marked growth in the downstream industry. The number of diamond polishing enterprises has grown significantly, creating more than 3 000 specialised jobs in the industry. Furthermore, the regular influx of Sightholders to Gaborone will bring increased economic activity and will provide Botswana with a wonderful platform to drive economic development and diversification.

MINING DIAMONDS
ENRICHING THE NATION

MINING DIAMONDS

Diamond sales make a major contribution to the national development of Botswana. The purchase of a Botswana diamond has a direct impact on education, employment, community development, health and welfare and infrastructural development, such as roads, telephones and clean water systems, for everyone.

The impact of the diamond therefore in Botswana is huge. About 25% of the labour force in Botswana are directly or indirectly linked to diamonds.

PROTECTING DIAMOND ASSETS

Implications of diamond theft and illicit diamond trade is huge and goes far beyond the financial value of stolen diamonds. It puts our employees and the communities around our operations at risk and undermines sustainable development. Debswana works in close partnership with industry, government, communities and law enforcement agencies to tackle the illicit diamond trade.

TRAINING AND SKILLS DEVELOPMENT

Training and equipping people from Botswana in skilled jobs is enabling long term sustainable work for these individuals.

Debswana provides local citizen training and industry certification. It also works with tertiary institutions to enhance skills development. We are continuously adding increasingly sophisticated skills to our profile, and that of Botswana, through the ongoing development of our operations.

BENEFICIATION

United in a common goal, the government of Botswana and the diamond industry have set up local cutting and polishing industries to increase the country's share of the values added from diamonds, which will boost the economy further and directly benefit the people of Botswana. The relocation of its Sightholder Services from London to Gaborone has shown the partners' commitment to strengthening the diamond industry status of Botswana.

TECHNOLOGY LEADERSHIP

Technology plays a vital part in diamond recovery. Debswana's leadership in the diamond industry has meant that it has been at the forefront of technology implementation. Much of this innovation and new technology comes from Debswana and our shareholder De Beers. And although some specialised equipment is often purchased from global suppliers, it is generally assembled by Botswana citizens or Botswana-based companies that have been trained in these specialist areas.

TACKLING HIV/AIDS

Diamonds play a significant role in helping to tackle the HIV/Aids pandemic in southern Africa. Revenues from diamonds help to provide necessary counselling, testing, education, treatment programmes, clinics and hospices, along with homes and care for children orphaned through this disease.

Debswana was the first company in the world to provide free anti-retroviral treatment (ART) to employees and their life partners as part of a comprehensive programme outside of medical insurance coverage.

"For our people, every diamond purchase represents food on the table; better living conditions; better healthcare; potable and safe drinking water; more roads to connect our remote communities; and much more. Over the past 25 years, Botswana has had one of the fastest growing economies in the world and diamonds are continuing to contribute to a sustainable future for Botswana."

Festus Mogae, former President of Botswana

DEBSWANA'S CONTRIBUTION TO BOTSWANA EXTENDS FAR BEYOND ITS ANNUAL CSI SPEND

DEBSWANA'S CONTRIBUTION TO CSI

Debswana currently spends BWP 15 million (USD 1,7 million) per annum contributing to its host communities and other areas around the country, through its CSI programme.

Our social investment programmes are developed and delivered in partnership with local communities and other stakeholders, with the aim of generating value that endures beyond the life of a mine.

We engage broadly with communities to understand their development needs and priorities, and employ a wide range of targeted community investment programmes such as capacity building, enterprise development, strategic social investment in health, education, housing and local procurement.

SUPPORTING LOCAL SUPPLIERS

Procurement of goods and services from local companies in the areas where we operate is one way we support local economies.

Mining is a long term business and we aim to provide long term opportunities to our suppliers. Botswana-owned companies are continuously added to our supply list. In 2014 Debswana spent BWP 6 629 million (2013: BWP 4 110 million) with Botswana companies.

SUPPORTING COMMUNITY HEALTH

In Botswana, our fully funded mine hospitals provide medical services to mine employees and also act as district hospitals for the communities surrounding our mines.

In addition to the BWP 110 million spent at our two mine hospitals, more than BWP 1.6 million was invested in health and welfare programmes in 2014.

Our cumulative monthly medical bill for the Disease Management Programme is BWP 194,788.

SUPPORTING ENTERPRISE DEVELOPMENT

Enterprise development programmes can help support the creation of diverse local economies that will thrive beyond the life of a mine.

Debswana spent more than BWP 967 million (2013: BWP 654 million) on citizen-owned companies in 2014.

SUPPORTING EDUCATION IN THE COMMUNITY AND WORKFORCE

Education is a key priority for all the communities we engage with. We therefore support numerous local schools and educational programmes.

Almost BWP 7 million invested in education and youth programmes in 2014.

DEBSWANA ETHICS

Being a leader in the diamond industry demands that we act in a way that is consistent with this responsibility. It is our duty to safeguard the reputation and integrity of our product, and to ensure that we take our diamonds to market with a clean licence to operate.

INTERNALISING ETHICAL BUSINESS PRACTICES

Increasingly, our stakeholders look beyond just our financial performance to the impact our business has on the social and natural environments in which we operate and the behaviour of those who work for and with us. It is the responsibility of the Debswana Board to ensure that the highest levels of corporate governance and ethical business practices have been embedded across the business.

Reinforced by our core values of honesty, respect and trust, Debswana has a zero tolerance approach to all forms of unethical business conduct. Our stance against corruption is strengthened by a formal Code of Conduct and Business Ethics which has recently been reviewed to align with Anglo American's Business Integrity Principles. Much work has gone into the revision of the Codes of Conduct with an intensive engagement process across a range of stakeholders.

The Code applies to all employees and contractors who are expected equally to live up to the principles contained in the Code. An extensive communication programme was launched in October 2014 to build an understanding of the changes and the need for compliance by all who work for and with Debswana. An internal perception survey is underway to determine where employees think we are in terms of ethical behaviour. This information will be used to strengthen change management initiatives and communication.

Robust systems and procedures support the strategy which helps us to identify, manage and minimise the risk of corruption, fraud and theft throughout our operations. This includes training for employees most at risk of exposure on how to deal with corruption and providing channels where they can confidentially disclose dishonest or illegal activity.

Senior Project Manager Eunice Mpoloka speaking at the launch of the Diamond Control Awareness Team at Jwaneng mine

DEBSWANA ETHICS (CONTINUED)

CASE STUDY

INTERNATIONAL ANTI-CORRUPTION DAY COMMEMORATIONS

Debswana commemorated International Anti-Corruption Day on 9 December 2014. The aim of this day was to raise awareness about corruption and the role of the United Nations Convention against Corruption in combating and preventing this debilitating crime.

As a responsible corporate citizen, Debswana is committed to conducting its business in accordance with the principles set out in the Convention, to operate within the highest ethical standards and to combat corruption in all of its dealings.

Integrity is at the heart of our core values at Debswana. Earning and maintaining trust with our stakeholders is fundamental to the success of our business and our ability to achieve the diamond dream. Corruption undermines this objective and poses serious legal, commercial and reputational risks to the company. Moreover, the corrosive social, political and economic effects of corruption potentially threaten the sustainable development and enduring stability of our operating environment.

APPRECIATING THE VALUE OF DIAMONDS

The Diamond Control and Awareness Team (DCAT) and the Diamonds for Development Awareness (DDA) are multi-disciplinary committees that were established at Jwaneng mine and OLDM respectively more than a decade ago and continue to build an appreciation amongst key stakeholders, including local communities, of the value of diamonds.

The committees also strive to underline the importance of safeguarding the country's diamond production and educating the nation on the incredible worth of diamonds to Botswana's social and economic development.

TACKLING FRAUD, CORRUPTION AND UNETHICAL CONDUCT

Debswana's Ethics Hotline, an anonymous tip-off line run by an independent company, has proved to be an effective and secure way of reporting economic crimes and maladministration in the company.

The whistle-blowing initiative has evolved into an effective mechanism where information on fraud, corruption, intimidation, bribery, theft, illegal diamond trafficking, abuse of company assets and deviations from good corporate governance can be anonymously reported without fear of recrimination.

As a further commitment to transparency, integrity and accountability, an internal Ethics Hotline Forum was established to provide oversight of the management of the tip-off line. This includes the performance of the service provider, review of statistics, resolution of calls, and building awareness of the facility and process. The terms of reference for the Forum were developed and adopted in 2014.

The multi-disciplinary Forum includes representatives from the various sites. Debswana's Managing Director has the right to attend meetings unless deemed inappropriate by the committee, while other directors and senior executives may be invited to attend as required.

BEST PRACTICE PRINCIPLES ASSURANCE PROGRAMME

The De Beers Group of Companies subscribes to Best Practice Principles (BPPs), which are a set of ethical guidelines that provide a mandatory framework for business conduct.

They apply to all De Beers Group operations, De Beers Joint Ventures, De Beers Sightholders and major contractors, and cover issues such as health and safety, human rights, child labour, corruption and environmental management.

Verified by a credible and independent third party, the BPPs provide assurance to our consumers that best practice ethical, social and environmental standards have been met in the production of Debswana diamonds.

The De Beers Group of Companies is certified by the Responsible Jewellery Council, a not-for profit organisation established to promote responsible ethical, social and environmental practices throughout the diamond and precious metals jewellery supply chains.

COMBATING CONFLICT DIAMONDS

The Government of Botswana is a founding member and participant in the Kimberley Process Certification Scheme (KPCS), a pioneering partnership between 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 to the end consumer that they are not contributing in any way to conflict, violence or devastation in any country.

The Kimberley Process has been lauded for the significant role it has played in stemming the flow of conflict diamonds and supporting the development of people and countries who are dependent on the legal trade in diamonds.

PROTECTING OUR RESOURCES

Any theft of rough diamonds from our operations weakens our financial performance and reduces the revenues available to government to support development in local communities.

Debswana continues to invest in initiatives aimed at preventing the theft of diamonds and protecting the integrity and honesty of employees. This includes the enhancement of security systems, processes and controls to achieve increased effectiveness and efficiency in diamond security.

Following a pilot at Jwaneng mine, the Integrated Security Management System (ISMS) was rolled out across all operations in 2014. The project, which has enhanced security surveillance and access control systems, included an upgrade of closed circuit televisions (CCTV), access control, network infrastructure, surveillance and recording systems. The access management and surveillance systems include cameras, biometric readers, physical barriers, digital video recording, control rooms as well as modified and upgraded equipment.

Low-dose x-ray technology, Scannex, remains an important part of our comprehensive diamond protection strategy even though the implementation of the technology has been delayed at Debswana. This technology is highly efficient when used for security purposes as it can reveal even the smallest stone hidden on or in the body. It has been used safely and effectively in diamond mines across southern Africa for over 15 years.

In 2014, we considered and addressed the recommendations that were made in the Environmental Impact Assessment. One of these was more intensive engagement with key stakeholders to help build a deeper understanding of the benefits of using Scannex at Debswana operations.
To assist with this we have appointed Scannex champions across the business to share important information and answer any questions about the technology.

CASE STUDY

BUSINESS ENVIRONMENTAL SCAN

In 2014, Debswana's Security department conducted a business environment scan exercise. This was a comprehensive assessment of the internal and external environments in which the business operates to identify and evaluate the factors which may pose a threat of injury to our employees and/or damage/loss to the organisation.

The business environment scan involves understanding the complexity of the business - its outputs and objectives, processes and procedures - and realistically identifying all possible threats to the business, regardless of whether or not they can be exploited.

A multi-disciplinary approach was adopted as the scan required input from many different departments and subject matter experts. Therefore, the people capable of providing this information were drawn from both internal and external stakeholders.

The information will now be used to inform our security strategy going forward and will also feed into the company's risk matrix.

DEBSWANA AND ITS EMPLOYEES

As we move forward on our high performance journey we are building a culture where our employees are empowered and take shared responsibility for delivering on our business objectives.

With a total workforce of 5 376 employees as at 31 December 2014, Debswana continues to be the country's largest private sector employer. Over 97% of the total workforce are permanent citizen employees and, thanks to ongoing efforts to ensure the advancement of women in the company, females account for just over 20% of the workforce.

EMPLOYEE SAFETY

The ongoing improvement in our safety performance is based on a fundamental belief that Zero Harm is achievable across our business and we are relentless in our efforts to ensure that any loss of life or incidents that result in serious injuries or debilitating illnesses are avoided. Safety is a strategic priority at Debswana and the company has rigorous standards and processes in place to prevent injuries.

Jwaneng, OLDM and MCM maintained their OHSAS 18001 certification in 2014. Debswana did not have any work related fatal incidents during 2014 but, regrettably, the number of Lost Time Injuries (LTIs) increased to six in 2014 from two in 2013, with two LTIs at Jwaneng, three at OLDM and one at the Corporate Centre. This resulted in an increase in the Lost Time Injury Frequency Rate (LTIFR) to 0.04 compared to 0.01 in 2013. The Total Recordable Injury Frequency Rate (TRIFR), which includes Restricted Work Injuries and Medical Treatment Cases, improved from 0.60 in 2013 to 0.46 in 2014 and was below the target of 0.9 for the year.

The operations continue to drive the reporting and close out near-hit incidents, which are the main leading indicators in accident prevention. In 2014, this number increased significantly to 65 429, which is an average of 4.5 per person.

The step change in our safety performance can be attributed to a number of key initiatives that have been implemented at the operations (such as the 2014 Quantum Glide programme at OLDM) as well participation in group-wide safety awareness campaigns.

For the second consecutive year, The Botswana Chamber of Mines has recognised MCM as the safest mining operation in the country.

MORUPULE COAL MINE'S TWO PROTO TEAMS TEST EVACUATION EQUIPMENT DURING A RESCUE SIMULATION EXERCISE.

DEBSWANA AND ITS EMPLOYEES (CONTINUED)

SYSTEMATIC MANAGEMENT OF SAFETY RISKS

Debswana has adopted a four-layered approach to safety risk management. The baseline risk assessment process includes management of significant risks; a change management process to effectively and safely implement projects and significant changes in the organisation; the task risk assessment process to ensure that safe work procedures are developed for critical tasks; and the SLAM process for the management of risk during the tasks.

Debswana applies the Group standard Fatal Risk Control Guidelines (FRCG) in an effort to control potentially fatal risks. An evaluation of the SHE Risk Management Process (SRMP) maturity model put all operations at the "compliant" level. The objective is to move the business towards the "proactive" level within the next five years.

The ISOMetrix reporting system is now being fully utilised at all operations to capture key safety and health information. Aligned to ISO 14001 and OHSAS 18001 requirements, the system allows for the allocation of resources, the assignment of responsibilities and an ongoing evaluation of activities in relation to the management of the company's safety, occupational health, community and environmental performance. Since its implementation, the system has already had a positive impact on the management of SHE issues by providing easy access to relevant information, standardising reporting templates, reducing paperwork and generating real time information on SHE performance.

Debswana has adopted the "Towards Sustainable Mining" (TSM) process as a tool to monitor its sustainability performance. Amongst the six protocols against which we are measured are health and safety management and crisis management. In 2014, Debswana achieved a total of 80 'A' ratings against a stretch target of 75.

ENHANCING OCCUPATIONAL HYGIENE PROGRAMMES

The main health hazards that Debswana employees are exposed to are noise, dust, musculo-skeletal disorders and welding fumes.

Two Level 3 occupational health incidents were reported in 2014. Employee health is monitored through compulsory medical surveillance for full-time employees and contractors and the medical surveillance process is based on the risk of exposure for each employee as advised by the occupational hygienists.

- MORE THAN 5 000 EMPLOYEES
- 97% CITIZENS
- 20% OF WORKFORCE ARE WOMEN

Thandy Mallege became the first female fire fighter for Debswana when she joined OLDM

Personal monitoring of occupational health exposure was introduced at Jwaneng in 2014. To facilitate this a gravimetric laboratory was constructed on site and was commissioned at the end of the year. The laboratory will enable the operation to obtain results from occupational hygiene testing (such as dust samples) within two days as opposed to the current process where samples are sent to South Africa for evaluation and results are only received after three months.

WELLNESS

Employee wellness is a critical lever in the creation of a high performance organisation and Debswana has adopted a holistic approach to employee well-being.

The Debswana Wellness Programme is made up of three main components:

- The world-leading Disease Management Programme whose main focus is on HIV/AIDS prevention and treatment,
- The Wellness Promotion Programme, mainly focused on physical fitness and lifestyle, and
- The Employee Assistance Programme, which deals with a range of psycho-social challenges.

Disease Management Programme

As at 31 December 2014, a total of 2 148 people were registered on the anti-retroviral therapy programme with 115 new registrants enrolled during the year.

Of all the registrants, 87% are on the first line of therapy, 13% on the second line and 1% on the third line. Of the new registrants, 25% had a CD4 count of less than 200, which is a very late stage that is not conducive for the desired drug therapy impact.

The anti-retroviral treatment programme has also been validated with statistics that prove a reduction in Aids-related mortality from a high of 5% when the programme first started to an average of around 1% each year since 2009.

The mortality rate in 2014 was 0.4%, which is the lowest level recorded since 2001. Getting employees to start treatment early has had a positive effect on both illness absenteeism and employee productivity.

HIV/Aids prevention remained a key focus during the year with a total of 935 employees undergoing voluntary counselling and testing.

Wellness Promotion Programme

Unhealthy lifestyle choices are a major contributor to the high prevalence of manageable but preventable diseases such as diabetes, high blood pressure and obesity. The wellness programme offered a number of incentives throughout the year to encourage physical activity and provided platforms for free medical screening and counselling on lifestyle changes. .

Employee Assistance Programme (EAP)

Based on the fundamental understanding that employee wellness goes beyond the tangible health indicators and that employee performance can be impacted by emotional, social and financial factors, the EAP was launched in 2014. Dedicated coordinators were appointed at Jwaneng, Orapa and the Corporate Centre.

The programme had an encouraging start in the second half of the year with a total of 1 204 individual counselling cases recorded, five group counselling sessions conducted and 464 employees enrolled on financial management workshops, based on the results of the 2013 health risk assessments which showed high levels of employee indebtedness.

CASE STUDY

BIGGEST LOSER

80 Jwaneng employees joined the 'Biggest Loser' competition to reach and maintain a healthy weight.

According to Jwaneng mine's Wellness Coordinator, Tiyo Tibe, maintaining a healthy weight is important for overall health and can help prevent and control chronic conditions, "If you are overweight or obese, you are at higher risk of developing serious health problems, including heart disease, high blood pressure and diabetes".

Tibe noted that last year's Health Risk Assessment results showed that employees struggle with weight management. The Biggest Loser programme addressed this by motivating employees to maintain a healthy weight. A large component of the programme was aimed at encouraging employees to exercise on a regular basis and sharing information on healthy eating habits.

A Debswana aerobics team in action. Employee wellness has become a major focus for the company in recent years

DEBSWANA AND ITS EMPLOYEES (CONTINUED)

HR – A VALUE ADDING BUSINESS ENABLER

Debswana aims to create a workplace which values the talent and passion of our people and where employees are empowered to deliver on a shared vision to become a high performance organisation.

For Debswana to deliver the high performance promise, we need committed, dedicated and competent employees. During 2014, a new Human Resources strategy was implemented to support the aspirations for a high performance organisation.

The main objective of the HR strategy is to ensure that Debswana's most important assets - its people - are appropriately equipped to deliver on the company's business goals. The HR strategy has three pillars: Best People, Right Leaders and Functional Excellence.

Under the Best People pillar, a strategic workforce planning tool was developed and used to define the critical technical skills requirements in line with the Resource Development Plan. These outcomes have been instrumental in informing plans for ensuring the adequate supply of appropriately skilled employees in the future, especially in relation to specialist skills required for large projects. These plans include initiatives such as focused training programmes and secondment of key talent externally.

The Right Leaders pillar is targeting improved succession planning and talent management to fulfil the future leadership pipeline. Progress so far is the availability of ready-now successors for over half of the key roles in the company. The development of functional career paths to guide personal career planning among employees in technical and leadership positions is a critical part of the programme.

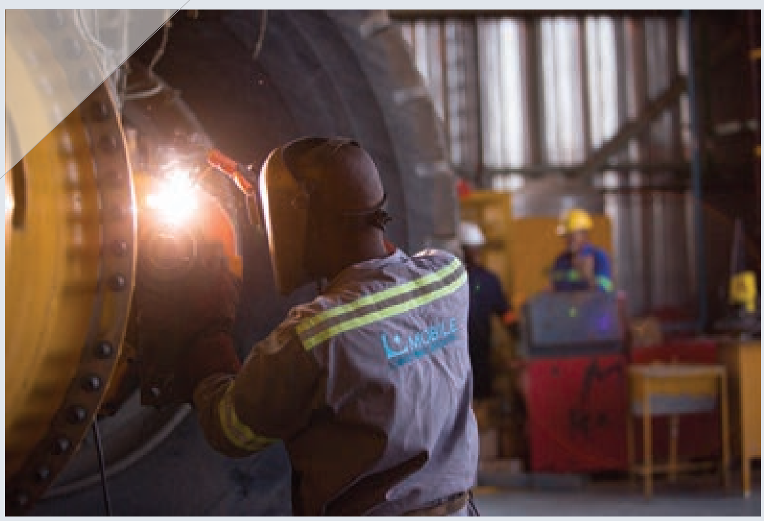
The HR Function reviewed its operating model to enable simple, fast and effective delivery of services across the business. This included streamlining and improving over 80 processes, and setting up a shared services function with supporting walk-in centres at the operations. A total of 12 self-service kiosks have been installed at the operations to enable employees with no direct access to SAP to retrieve their personal employment data.

In addition, HR has also reviewed the manner in which it reports statistical employee data with the objective of empowering line management to make more effective people-oriented decisions through the use of properly defined HR business analytics. There is a process underway to align with the Anglo People Development Way, a group wide performance standard for best practice human resources management.

CASE STUDY

BEST PRACTICE ARTISAN TRAINING

The Orapa Technical Training Centre continued to perform exceptionally well and has been recognised as a model for the country, having consistently achieved the highest national rating for skills training. The Ministry of Education and Skills Development adopted the centre's artisan training curriculum and is piloting it in two government technical colleges with a view to extend this nation-wide. The artisan intake at the Centre has also been increased to facilitate training for other mining houses in the country.



CONCERTED EFFORT IS BEING APPLIED IN IMPLEMENTING EMPLOYEE ENGAGEMENT IMPROVEMENT PLANS TO ENSURE THAT DEBSWANA RISES TO GLOBAL STANDARDS.

DEVELOPING HIGH PERFORMING EMPLOYEES AND LEADERS FOR THE FUTURE

Debswana has resuscitated its long-standing scholarship programme as a key intervention in the development of a feeder pool of critical skills. There are earmarked core disciplines, including supply chain and safety. The company also enjoys strategic alliances with institutions of learning to ensure that the scholars are well-rounded and appropriately equipped with the skills required to be successful in a corporate environment.

The Foremen in Training (FIT) programme which was piloted at Jwaneng mine with an initial intake of 25 participants, aims to enhance the skills and technical ability of those who have potential to become foremen and prepare them for possible advancement within the engineering discipline.

The Making Great Leaders (MGL) programme integrates all leadership development initiatives by introducing the recently revised leadership competency models and highlighting the impact of leadership behaviour on the work environment and team performance in the context of creating a high performance culture. A key intention of the leadership programmes is to fast-track citizens into supervisory programmes within an appropriate model for development to executive level.

ENGAGING OUR EMPLOYEES

Employee engagement is a key enabler of a motivated and driven workforce. Progress towards improved engagement levels continued in 2014 with a company-level rating of 66%, which is 9 points below global mining benchmarks.

Concerted effort is being applied in implementing employee engagement improvement plans to ensure that Debswana rises to global standards. Behaviour change programmes are inculcating a culture of change across the organisation and involving employees in the journey towards a high performance organisation.

EFFECTIVE EMPLOYEE RELATIONS

Debswana reached a three-year wage agreement with the Botswana Mining Workers' Union (BMWU) in 2014 and relationships at all levels are constructive and cordial. Engagements around other agreements are ongoing at an operational and national level. In order to further enhance collaboration between the company and our majority union, we undertook a Relationship by Objectives exercise ion 2014. This externally facilitated process is attended by the highest levels within both parties. The union presents a list of issues which it believes are creating barriers to a conducive relationship and the company is given an opportunity to respond. The outcome of this process is a mutually agreed, tangible action plan which strives to engender a collaborative approach to problem solving.

DEBSWANA IN THE COMMUNITY

"Community development is the process of increasing the strength and effectiveness of communities; improving people's quality of life; and enabling people to participate in decision-making and achieve greater long term control over their lives."

Barulaganye Jones Mogotsi: Corporate Affairs Manager – Corporate Citizenship

Children at Sese Primary School work on a vegetable garden developed by Jwaneng mine

WORKING TOGETHER WITH COMMUNITIES FOR CHANGE

Sustainable community development programmes are those which contribute to the long term strengthening of community viability. Often, the most sustainable beneficial legacies left by community development programmes around a mining operation are in the skills and capacities brought about through training, education and employment for local people.

In 2014, Debswana Diamond Company rolled-out the Socio Economic Assessment Toolkit (SEAT) at Jwaneng and OLDM. SEAT is the cornerstone of our commitment to improving our operations' understanding of their socio-economic impacts, both positive and negative. It provides best-practice guidance on the management of socio-economic performance and sets out a framework to build a constructive, open-minded and candid dialogue with our stakeholders. SEAT helped us create greater internal capacity in the management of social issues, by providing guidance and tools to practitioners at our operations and projects.

SOCIAL PERFORMANCE

Operating responsibly and sustainably sits at the heart of Debswana's 2018 HPO business strategy. Our sustainability strategy focuses on creating shared value - financially, socially and environmentally for all stakeholders, including employees, contractors and the communities in which we operate.

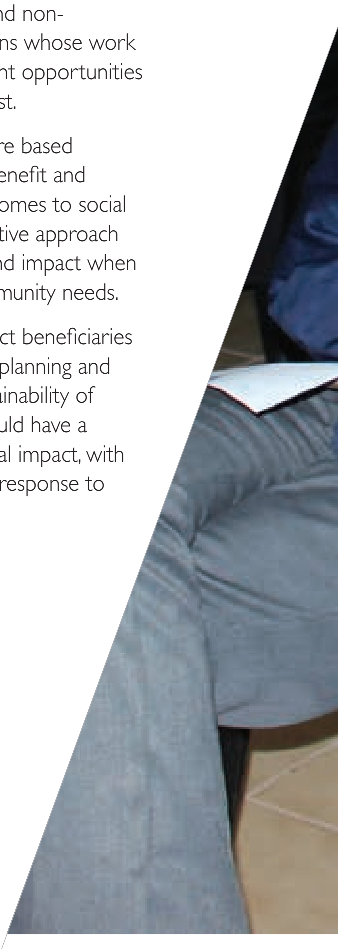
Debswana's sustainability strategy, which is informed by our values and underpinned by our business principles, is supported by a rigorous set of performance standards which are aligned to the Anglo Social Way.

SOCIAL INVESTMENT APPROACH

Debswana's corporate social investment (CSI) programme aims to improve the lives of communities around our operations. As far as possible, this is done in partnership with community-based and non-governmental organisations whose work enhances the development opportunities of those who need it most.

Successful partnerships are based on principles of mutual benefit and reciprocity and, when it comes to social development, a collaborative approach can extend both reach and impact when addressing complex community needs.

Debswana requires project beneficiaries to be involved in project planning and execution to ensure sustainability of the project. Activities should have a broad and positive societal impact, with measurable outcomes in response to identified needs.



EDUCATION AND YOUTH INITIATIVES REMAIN A CRUCIAL FUNDING CATEGORY IN DEBSWANA'S CORPORATE SOCIAL INVESTMENT STRATEGY.

DEBSWANA IN THE COMMUNITY (CONTINUED)

FUNDING CATEGORY

COMMUNITY DEVELOPMENT BWP 1 481 958	EDUCATION AND YOUTH BWP 783 013	SPORTS DEVELOPMENT BWP 3 055 900
ARTS AND CULTURE BWP 120 000	AGRICULTURE AND ENVIRONMENT BWP 3 206 920	HEALTH BWP 846 610 (BWP 110 million is also budgeted each year for the company's two hospitals that also serve the communities)

WHERE OUR FUNDING GOES

Our social licence to operate is dependent on our ability to grasp and respond to the range of development challenges that impact on local communities. Debswana's CSI programme aims to ensure the carefully considered, consistent and equitable distribution of support to deserving communities and organisations.

In 2014, a total of BWP 16 012 401 was awarded to various beneficiaries as part of the company's CSI programme. An amount of BWP 6 500 000 of the annual CSI budget was allocated equally between Jwaneng mine and OLDM to support various community initiatives.

EDUCATING A NATION FOR GROWTH

Debswana continues to contribute a sizeable portion of its annual CSI budget to projects which seek to extend the reach and enhance the impact of a functional education system.

This is in line with the mandate of the Ministry of Education and Skills Development which focuses on providing quality education and training to facilitate economic growth and global competitiveness.

With this in mind, the company started the Debswana Government School's Development Programme (DGSDP) in 2002 and continues to support key initiatives aimed at enhancing the quality of teaching and learning in government schools within and around our operations.

The programme concentrates on the core subjects of science, mathematics and English.

Both Jwaneng and OLDM have heeded government's call for innovative partnerships in education and have actively supported its Adopt-a-School initiative which seeks to employ the talents and experience of individuals and the business community to enhance the quality of education in public schools.

Through the Adopt-a-School initiative OLDM has adopted Mokoboxane Primary School and has invested more than BWP 2.4 million on its construction and refurbishment. This includes a three-classroom block, multipurpose hall as well as an office block, library and computer laboratory.

Our commitment to learning extends beyond junior and high school. Jwaneng mine and Jwaneng Technical College have been partners in training for over 30 years. This partnership ensures that learners and lecturers from the college have the opportunity to partake in internships at the mine while the mine uses its partnership with the college to improve employee skills. The government has commended Debswana for this education initiative which supports the country's vision of achieving and sustaining an educated and globally competitive human resource by 2016.

CASE STUDY

SHARED LEARNING

Another exciting initiative of the DGSDP is a schools exchange programme. One of the beneficiaries, Kacgae Primary School in the Gantsi District, applauded Acacia Primary School in Jwaneng, for hosting them on a week-long boot camp to prepare them for the 2014 Primary School Leaving Examinations (PSLE).

Kacgae Primary School Deputy Head Teacher, Tiroyaone Kebalepile expressed heartfelt gratitude to Acacia for this experience, "This has been an eye opener to the pupils, they are now more motivated than ever. Our pass rate has increased from 0% in 2012 to 67% in 2013."

Kagcae and Acacia pupils pictured at the boot camp aimed at preparing pupils for the Primary School Leaving Examinations

CASE STUDY

Local school department heads attend a training programme aimed at improving teaching skills in maths, science and English

EDUCATOR TRAINING

In 2014, through the DGSDP, Jwaneng mine sponsored 30 departmental heads from various local primary schools to attend the Supervisor Development Programme which was facilitated at the Jwaneng Mine Training Centre. The main objective of the accredited programme is to improve teaching skills in mathematics, science and English.

The training modules focus on preparing and marking assignments, giving direction, providing feedback, coaching and supporting learners, solving problems and reporting.

The 30 head teachers who were trained supervise 140 teachers, who will in turn ensure that more 2 000 children have a better education.

DEBSWANA IN THE COMMUNITY (CONTINUED)

HEALTHCARE

Besides the money spent each year on wellness and HIV/Aids programmes in host communities, the two Debswana mining sites fund and operate two state-of-the-art hospitals at a cost of around BWP110 million each year. Together, the two COHSASA accredited hospitals provide world-class health care services to over 167 000 patients each year. These Debswana hospitals also administer the Government's HIV/Aids programme with more than 30 000 people from local communities enrolled at both sites.

COMMUNITY DEVELOPMENT

Sometimes, the most basic needs are the ones that have the greatest impact. Debswana once again heeded the President's Housing Appeal and handed over a house and household goods worth BWP 100 000 to a family in the Tonota sub-district. We are acutely aware that there are citizens who do not have access to basic services and utilities and, as such, the operational CSI budgets included projects such as the electrification of homes in local communities.

ECONOMIC DIVERSIFICATION

Debswana's CSI programme seeks to create, build and maintain sustainable partnerships that are aligned to the national objectives of economic diversification, job creation and poverty alleviation. A significant portion of the total budget in 2014 targeted agriculture development and environmental projects that would enhance tourism opportunities.

Based on the feedback from its community engagement process and looking beyond the life of its operations, Jwaneng mine has created an agricultural centre – or one-stop-shop for farmers – that will provide support and services to local farmers in an effort to enhance agricultural capability.

LEGACY PROJECTS

Debswana has established a dedicated team of professionals to consider the business requirements and social impacts of special capital projects which are being undertaken by the company. The department then designs a legacy project which seeks to mitigate the risk and impact of the capital project.

The legacy project is informed by the social impact assessment and is intended to leave the community better off than they were before the capital project started. Working with closure in mind, the legacy project is intended to benefit as many people as possible and to have a lasting impact.

The funding for these projects is included in the capital budget and it is imperative that the legacy team is involved from the outset in designing projects that are meaningful to the company and the community.

As an example, the capital expansion projects underway at Jwaneng will require technical skills in the future, a risk which is faced by most mining companies as the shortage of these specialist skills persists. As part of the suite of legacy projects in Jwaneng, the company has invested in the upgrade of the science labs at the local Seepapitso Secondary School in an effort to enhance learning in the critical subjects of mathematics and science and to encourage learners to consider technical fields as a career choice.

Over the years Jwaneng mine has offered a number of Batswana internship opportunities with the aim of imparting critical skills to them. This commitment to skills transfer has seen the mine partner with Jwaneng Technical College to offer students first-hand experience. From left: students Mogomotsi Jeremane and Jerries Metsimabe gain valuable hands-on experience

CASE STUDY

REAPING WHAT YOU SOW

Debswana has funded a pioneering horticultural project to help alleviate unemployment and poverty in the Manyana village. This was done at the request of the village chief, Kgosi Kebinatshwene Mosielele. "I saw potential in my people and the land we live on. There is the perennial river of Kolobeng, which is right next to the site of the horticultural project. This source of water, the fertile land, the much needed cash injection from Debswana and the determination to fight poverty was all we needed to be able to create what we see today."

The BWP 270 000 donation was used to get the land back to ploughing condition and to replace some of the equipment. The project has seen tremendous growth with the village producing a range of vegetables for their local market and for sale to passing motorists.

Chairperson of the community horticultural project, Ms Gladys Mothei, attests to the difference the project has made in the lives of families in her community. "Since the project started, we can now feed our children, buy school uniforms and contribute to the local economy," she says.

The challenge, they tell us with obvious pride, is growing the market because their yields are getting bigger and they need to sell to a larger market.

A woman planting spinach in land developed as part of the horticultural project in Manyana village

CASE STUDY

PRESERVING TSWANA CULTURE

The Minister of Local Government and Rural Development, Honourable Peter Siele, applauded Jwaneng mine for its generous gesture of refurbishing Leobo at the Kanye main kgotla. The structure was given a complete BWP 1.5 million overhaul through the legacy arm of the Jwaneng Modular Treatment Plant project.

Speaking at the hand-over of the facility, Minister Siele explained the significance of the kgotla as a sacred and historic symbol of Tswana culture.

"What Debswana has done here is worthy of a standing ovation. The construction of this kgotla will strengthen and facilitate the consultative process and provide a forum that the Batswana inherited from their forefathers, where every member of the community is free to air their views regardless of gender, age and ethnicity," said Siele. He added that it was consistent with Botswana's ideals of promoting democracy and discipline as the kgotla played a central role in the realisation of those ideals.

He encouraged the people of Ngwaketse to meet to discuss matters of national interest and to celebrate their culture.

DEBSWANA IN THE COMMUNITY (CONTINUED)

CASE STUDY

STAKEHOLDERS LAUD SEAT PROCESS

In an effort to improve its approach to corporate social investment, Jwaneng mine embarked on an extensive community engagement exercise using the internationally recognised Socio-Economic Assessment Toolbox (SEAT). The outreach extended to Jwaneng, Sese, Maboane, Mabutsane, Mokhomma, Samane, Betesankwe, Naledi and Maokane, and also included employees at the mine.

Senior Sustainability Manager and Corporate Social Investment Committee Chairman, Tefo Molosiwa, commended the process saying it was a "good approach to understanding the needs of our communities". He added that it is a fundamental step if we are to live up to our commitment to leave a lasting positive legacy in our host communities. An important part of the process is for the mine to partner with host communities and local government in projects that will deliver substantial economic and social value. "SEAT is, therefore, the cornerstone of our commitment to improving our operations' understanding of their socio-economic impacts and to develop appropriate social management plans," clarified Molosiwa.

One of the key participants in the SEAT process was His Worship the Mayor of Jwaneng town, Honourable Amos Jahana. He said that the engagement process would assist Jwaneng mine to better understand community needs and concerns so that they tailor-make initiatives to address the needs of the communities in and around Jwaneng.

In the same process, Lebanang Rantalajwe, a small business owner from Mokhomma, said that his dream was to own a business that will supply goods and services to the mine. Mokhomma is a cattle post where there are few opportunities for small businesses. Rantalajwe shared that it is important to work with the mine to improve living conditions in Mokhomma.

Kgosi Biki Nthomang of Lefhoko applauded the mine for its contribution to his village, adding that it was important for Jwaneng to continue in its endeavour to cultivate a positive relationship with communities.

Debswana recently handed over three projects to the Maboane village as part of the Company's Corporate Social Investment (CSI) programme. The three projects were an ambulance and a porta-cabin for the Maboane Clinic as well as play facilities for the Maboane Primary School.

WORKING ALONGSIDE COMMUNITIES TO MEET SHARED OBJECTIVES

The operations have adopted the Participatory Development Methodologies (PDM) based on the belief that development will be more sustainable and successful if local populations have a part to play in the design, development and implementation of community projects.

Engagement with local communities is fundamental to ensuring that the company is responding to issues that are material to our stakeholders and that we are addressing the most pressing needs. In 2014, Debswana embarked on the roll-out of the Socio-Economic Assessment Tool (SEAT) to better understand the communities around the Jwaneng and OLD mines.

Recognised as a best practice tool to formalise engagement with stakeholders, SEAT is intended to guide operations in their engagement with local communities; enhancing the understanding of the impacts – both positive and negative – of mining operations on local stakeholders; identifying opportunities to support local social-economic development; and fostering greater accountability and transparency.

This is further strengthened by Debswana's Public Complaints and Grievance Procedure which provides a defined process to receive, assess and respond to complaints from communities.

PLANNING FOR MINE CLOSURE

It is Debswana's intention to leave an enduring and positive legacy in the communities in which we operate and to ensure that we achieve this, mine closure planning is integrated into our business plans from the very earliest stages of our mining lifecycle.

Planning for mine closure no longer focuses only on financial provisioning for the rehabilitation of land disturbed by mining but extends to include complex sustainability considerations, such as the socio-economic systems necessary to sustain the community when the mines stop operating.

Provisional plans are developed as part of the impact assessment process for all new operations and are progressively reviewed throughout the lifetime of the mine in cooperation with employees and stakeholders and using Anglo American's Mine Closure Toolkit. Together with SEAT, which provides the framework for stakeholder engagement, this strategic planning ensures that the value we create through our mining activities contributes to the livelihoods of employees and communities post mining.

Debswana openly shares its mine closure vision and plans with stakeholders and local communities. We provide updates on the ongoing mine closure studies and solicit input on key issues from a variety of stakeholders, including government, local communities and relevant civil society organisations.

Mine closure planning readiness is at the appropriate level across Debswana, with all mines at preliminary closure readiness level and Letlhakane mine at final closure readiness level.

PLANNING FOR MINE CLOSURE NO LONGER FOCUSES ONLY ON FINANCIAL PROVISIONING FOR THE REHABILITATION OF LAND DISTURBED BY MINING BUT EXTENDS TO INCLUDE COMPLEX SUSTAINABILITY CONSIDERATIONS.

DEBSWANA IN THE ENVIRONMENT

Long term business viability goes hand-in-hand with ecological sustainability. It goes without saying, therefore, that environmental stewardship is a business imperative.

A rigorous regulatory framework, competing demands for natural resources and the fundamental business risk inherent in ineffective environmental management underpin Debswana's commitment to achieving benchmark standards in environmental stewardship.

Sound environmental management is an irrefutable objective of Debswana's new Sustainability Strategy Framework and Debswana has in recent years evolved in the roll-out of its environmental management programmes. In 2013-14, Debswana aligned the structure and skills of the environmental management team with the new business approach and drive to coordinate and lead the implementation of the environmental management programmes.

SETTING THE STANDARDS

Debswana's six environmental standards, covering life-cycle planning, biodiversity, water, climate change, hazardous substances, waste and emissions, and environmental reporting, are the foundation of our environmental management programme. Along with our environmental policy, the standards are mandatory for all operations and detailed self-assessment assurance tools are used by each operation to assess compliance against these standards.

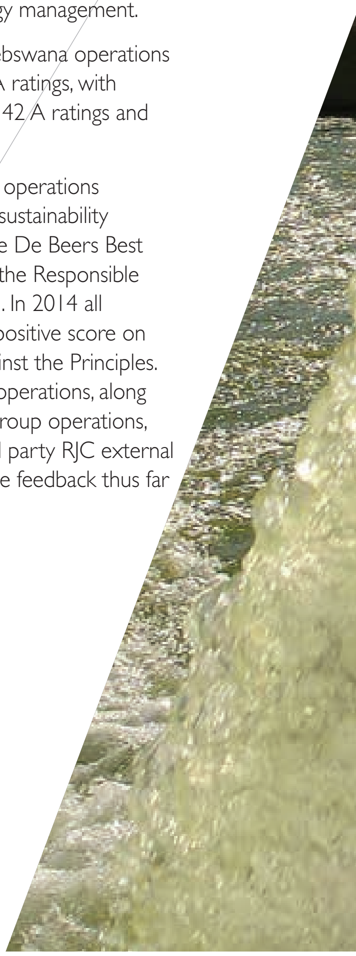
As part of our journey to achieve Zero Harm to the environment and our host communities, Debswana has made a decision, where applicable, to align to the Anglo Environment Way which sets demanding performance requirements for sound environmental management.

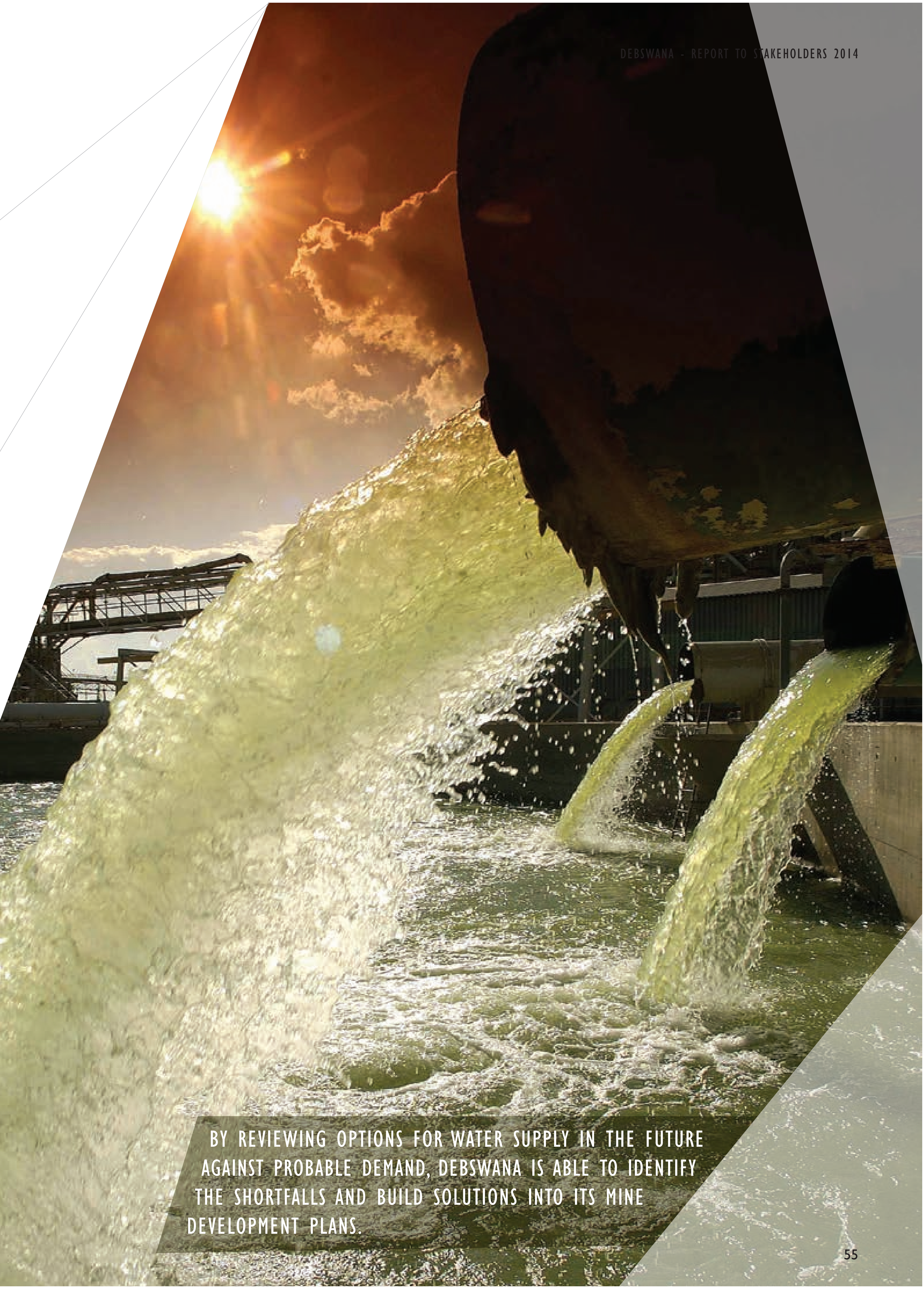
All Debswana operations are implementing the Towards Sustainable Mining (TSM) protocols as industry best practice standards to effectively assess and report on sustainability performance. The TSM protocols originated from the Canadian Mining Association to ensure that mining industry performance is consistently assessed against internationally recognised and agreed sustainability performance standards. There are six TSM protocols against which we measure our sustainability programmes namely: biodiversity management, safety management, community management, tailings management and energy management.

At the end of 2014, Debswana operations achieved a total of 80 A ratings, with Jwaneng mine reaching 42 A ratings and OLDM 38 A ratings.

Additionally Debswana operations continually assess their sustainability performance against the De Beers Best Practice Principles and the Responsible Jewellery Council (RJC). In 2014 all operations achieved a positive score on the self-assessment against the Principles. In addition, Debswana operations, along with other De Beers Group operations, were subjected to third party RJC external assurance audits and the feedback thus far has been positive.

Both the Orapa Game Park (pictured here) and the Jwana Game Park act as a green belt around their respective mining operations





BY REVIEWING OPTIONS FOR WATER SUPPLY IN THE FUTURE AGAINST PROBABLE DEMAND, DEBSWANA IS ABLE TO IDENTIFY THE SHORTFALLS AND BUILD SOLUTIONS INTO ITS MINE DEVELOPMENT PLANS.

DEBSWANA IN THE ENVIRONMENT (CONTINUED)

ENVIRONMENTAL INCIDENTS

All the mining operations maintained their ISO14001 certifications in 2014, with no major findings recorded. There were no significant (level 3-5) environmental incidents recorded in 2014. A total of 683 minor (level 1-2) incidents were recorded for the year. There is an ongoing effort to improve the level of environmental reporting across the company. Incident reporting classification was revised in 2014 to conform to the new Anglo and De Beers reporting classifications. Previously there were only four levels of severity and there are now five to allow for more in-depth scrutiny to determine classification of the less severe incidents.

ENERGY AND GREEN HOUSE GAS (GHG) EMISSIONS MANAGEMENT

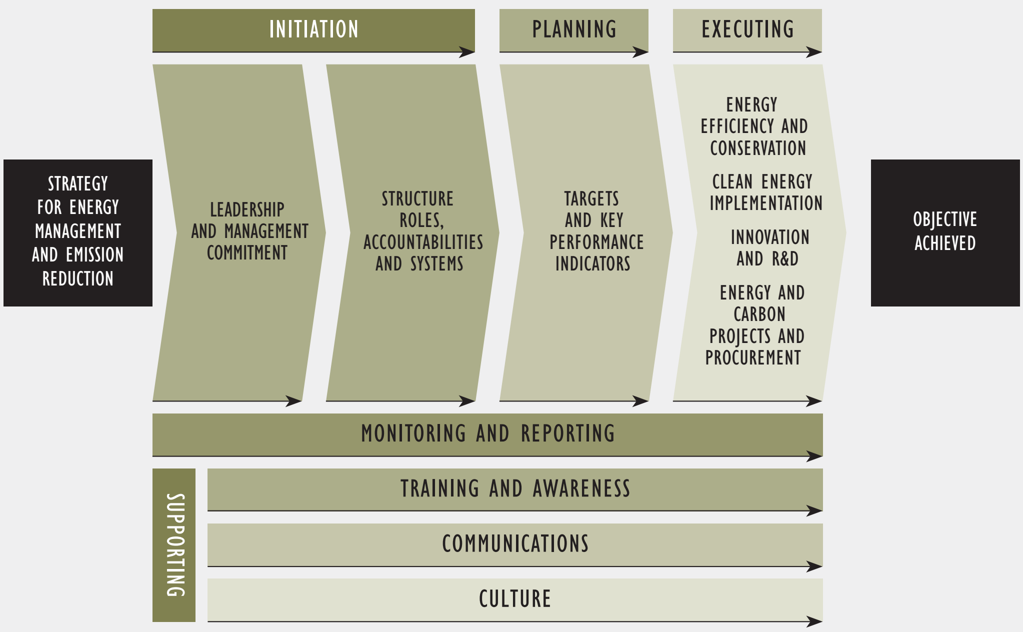
It goes without saying that energy management and reduction of our carbon footprint plays a critical role in both economic and social development; however, it remains a challenge for Botswana and for the African continent as a whole. Botswana's growing energy consumption and rising costs are placing increasing pressure on Debswana to manage its energy use and reduce GHG emissions.

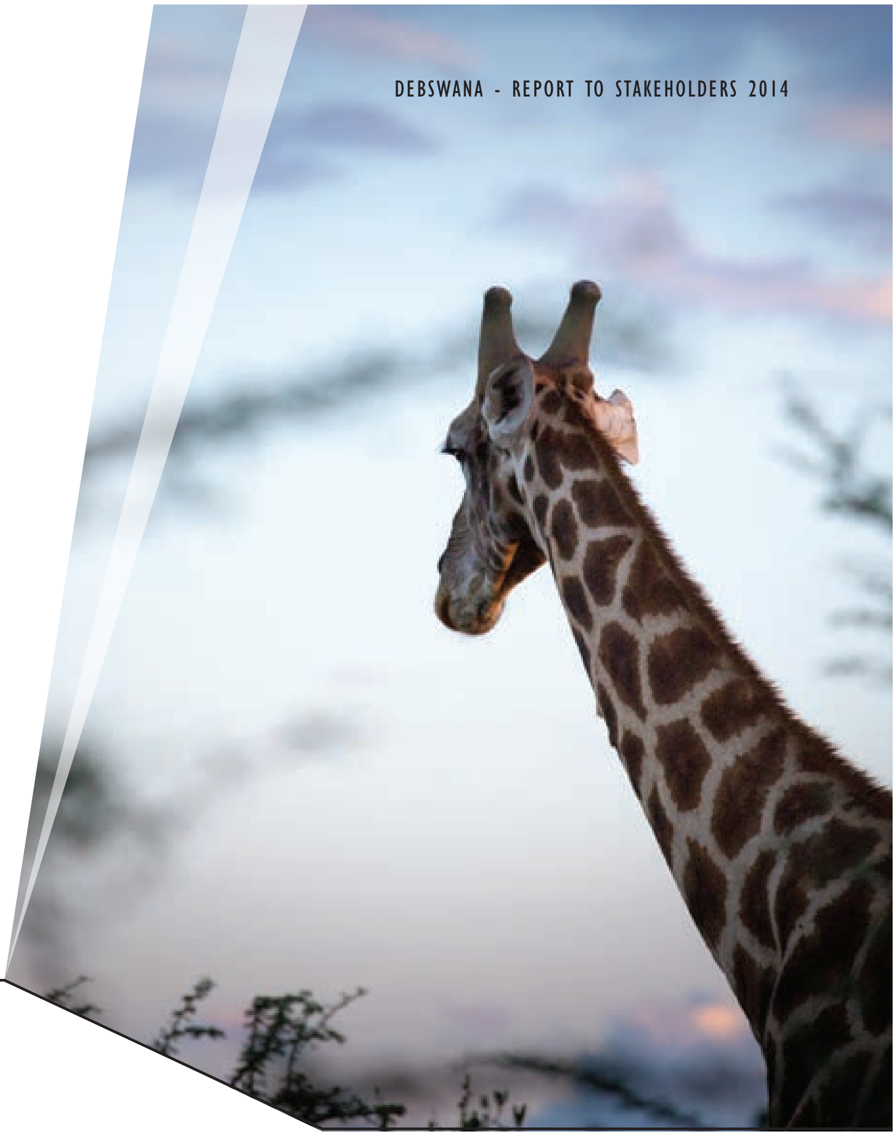
While the energy requirements of the business are anticipated to grow as a result of deepening open pits, planned expansions and future underground operations, Debswana also appreciates the short and medium term risk of sustainability and cost of energy supply to meet production needs. This necessitates a strategic and disciplined approach by the company to its energy consumption.

Based on the guiding principle of 'use only what is needed, in the amount needed', we are in the process of reviewing our energy management and GHG emissions strategy, aimed at enhancing operational excellence through responsible and efficient energy use. In 2014, Debswana piloted the industry-leading energy and carbon management programme, ECO2MAN, at Jwaneng mine to identify opportunities for energy efficiency and energy savings. This programme will be rolled out to other operations to inform the finalisation of the energy performance targets at each site.

Total power consumption for Debswana in 2014 amounted to 506.75 GWh, an increase year on year when compared to the 443 GWh in 2013. This increase was due to an increase in production and the inclusion of the Jwaneng Modular Treatment Plant into the production stream. Jwaneng mine consumed 234 GWh in 2014, compared to 216 GWh in 2013, while OLDM increased from 227 GWh to 272.75 GWh.

THE PROCESS FLOW FOR THE DEVELOPMENT OF THE ENERGY AND GHG EMISSION STANDARD





DEBSWANA IS COMMITTED TO ZERO NET LOSS OF BIODIVERSITY AT ITS MINING OPERATIONS.

CONSERVING A LIMITED RESOURCE

Debswana has both a business imperative and a moral obligation to be a responsible water consumer. Diamond mining requires significant volumes of water for production and processing yet we operate in a water-stressed country where predictions for water sources in the future remain bleak. It is for this reason that our water strategy is focused on reducing our demand on fresh water sources and exploring innovative ways of reusing and recycling water.

In 2014, Debswana intensified the review of its Water Management Strategy to align with the business needs, as defined in the Resource Development Plan (RDP), and the newly introduced legislative requirements.

Our multi-pronged approach to efficient water management involves setting water targets for each operation, monitoring and reporting on water use, implementing site-specific action plans and engaging with stakeholders, not only to raise awareness around the value of water but also to find ways to collaborate on important water saving initiatives. Debswana's experience around water management is highly regarded and we are often called upon to contribute to different forums and to deliberate on key water issues at a national level, such as a review of legislation and Wealth Accounting and Valuation of Ecosystem Services (WAVES), a global partnership led by the World Bank that aims to promote sustainable development by mainstreaming natural capital in development planning and national economic accounting systems.

Debswana rolled out Anglo American's water efficiency target tool (WETT) at Jwaneng in 2014 to assess and evaluate water demand and efficiencies at operational level. This process establishes what the business-as-usual demand is at each operation and builds a register of projects which will result in tangible water savings. The recommendations of the pilot project are being implemented to allow for the achievement of continual improvement in our processes.

Total water consumed by the mining operations in 2014 amounted to 25.4 million m^3 compared to 21 million m^3 in 2013. Jwaneng mine consumed 12 million m^3 of the total while OLDM used 13.4 million m^3, both higher than their respective consumption levels of 9.55 million and 11.54 million m^3 in 2013. The increase was due in part to the additional Jwaneng Modular Treatment Plant specifically reprocessing No 1 Plant tailings.

Debswana continues to invest in projects and technologies that will help us to reduce our consumption of fresh water and significantly increase the percentage of water that is recycled.

Possible new water projects for the future include a pre-feasibility study which will analyse the technical and economic feasibility of desalinating extremely salty groundwater drawn from the Orapa saline aquifer discovered in 2010 for use at the Orapa processing plants.

DEBSWANA IN THE ENVIRONMENT (CONTINUED)

UNDERSTANDING FUTURE WATER NEEDS

Ensuring that we have the right strategies in place to efficiently manage and conserve water now requires a keen understanding of our water needs throughout the mining lifecycle. Debswana's hydrogeology team determines water requirements in the future based on the Resource Development Plans (RDP), and then aligns these to current supplies and potential new sources. By reviewing options for water supply in the future against probable demand, we are able to identify the shortfalls and build solutions into our mine development plans.

Key projects on the go in 2014 –2016: •

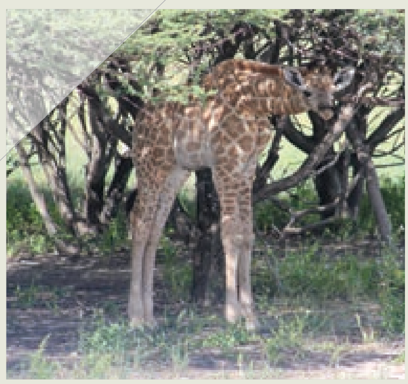
- A benchmarking exercise on best practice for dealing with surface water around the pits and water drainage systems
- A review of stormwater designs around the pits at all mines to prevent water from going into pit areas when it rains. By capturing stormwater, we can also augment water supplies and reduce extractions from primary water sources
- The development of pit groundwater models to support stability
- A study to explore ways of softening the water so that corrosion is reduced and systems are less impacted
- Mine water balancing at each operation to measure points of input and output to review reticulation and identify problem areas and efficiencies - this information forms the basis of the agenda of the mine water forums that meet regularly at each mine
- Development of Wellfield 7 at Orapa.

CASE STUDY

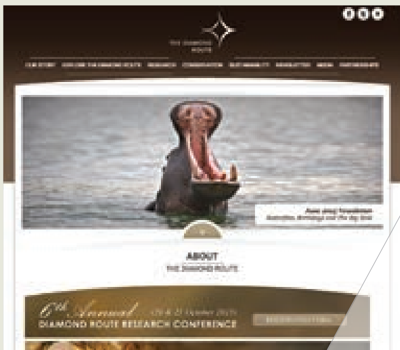
ORAPA GAME PARK BECOMES PART OF DIAMOND ROUTE

Speaking at the official opening of the Diamond Route Centre in the Orapa Game Park in 2014, Diamond Route Trustee, Nicky Oppenheimer, said the event marked another 'diamonds for development' milestone for Debswana.

The Orapa Game Park was signed into the Diamond Route in 2012. The Diamond Route is a conservation initiative of E Oppenheimer & Son, De Beers and Ponahalo Holdings which aims to bring a lasting contribution to conservation and raise environmental awareness in local communities.



The Diamond Route links nine conservation sites in southern Africa, covering 250 000 hectares and stretching from the semi-desert of Namaqualand on South Africa's west coast to the Venetia Limpopo Nature Reserve on the country's northern border. Oppenheimer expressed his gratitude that the Diamond Route now springs right up to the edge of the Makgadikgadi Pans in Botswana with the inclusion of the Orapa Game Park.



www.diamondroute.com

Although the Diamond Route grew out of the mining business driven by passionate people wanting to demonstrate the good that diamonds do, its broader development intentions extend beyond the mines that host its sites. The Diamond Route initiative has formed development partnerships with numerous local communities and a range of organisations.

The objectives of this far-reaching conservation initiative include the promotion of biodiversity, embedding sound cultural and heritage conservation practices, facilitating scientific research, undertaking training and education for employees and communities, and developing tourism opportunities which can contribute to broader developmental goals.

CONSERVATION AND BIODIVERSITY

Given the potential of mining to disrupt ecosystems through land disturbance, Debswana is committed to zero net loss of biodiversity at its mining operations. Biodiversity management is a key part of our environmental management systems and one of the six Towards Sustainable Mining (TSM) protocols against which our performance is measured. The first step in managing biodiversity is understanding the impact of our operations and the associated risks and opportunities.

In 2014-15 all Debswana operations conducted biodiversity value assessments, with the aim being to "have no net loss of significant biodiversity through responsible planning and stewardship of biodiversity, from current operations through to the closure of operations and making a contribution to biodiversity conservation in the regions within which we operate".

As a company we consciously set aside land for conservation, research and pioneering the establishment of the alternative livelihood options as defined in the socio-economic closure plans for our mines. The 48 964ha Orapa Game Park and the 15 669ha Jwana Game Park both offer a safe and secure environment for a range of wildlife and a number of protected animal, bird and even plant species can be found at the parks.

The parks are also home to a host of research projects.

One such project involves rhino breeding to ensure the survival of the species. The parks also work with Botswana Defence Force and the local police to ensure the security and safety of the resident rhino population.

Both parks have biodiversity action plans, which are aligned to the national biodiversity action plan and both have established game park management plans.

The Orapa Game Park has recently become part of the Makgadikgadi Tourism Trail and the Diamond Route tourism and conservation initiative.

CASE STUDY

JWANA PARK: A BIODIVERSITY GEM

Established in 1994, the Jwana Game Park's contribution to conservation over the years has been varied and impactful. Comprising 15 669 hectares, the park boasts a diverse population of zebra and antelope species and plays an important role in the national efforts to conserve the white rhino.

It has also become a nesting place for a number of threatened bird species, including the Cape, Lappet-face and White-basked vultures and is currently working with Birdlife Botswana to conserve the Kori Bustard.

Through its partnership with Cheetah Conservation Botswana, Jwana Park helps to educate the surrounding neighbouring farmers on the need to conserve the cheetah and other predators found in the region.

The mine also plays a vital role in conservation awareness and education by offering members of the community and school groups free access to the Jwana Park.

Jwana Game Park is working with Birdlife Botswana to conserve the Kori Bustard and is partnered with Cheetah Conservation Botswana to preserve cheetah and other predators

DEBSWANA IN THE ENVIRONMENT (CONTINUED)

OUR COMMITMENT IS TO RUN OUR OPERATIONS WITH CLOSURE IN MIND.

MINE CLOSURE

Our Zero Harm goal extends to ensuring that our operations have as little impact as possible on the physical environment, the host communities and the local economy.

The objective of making closure planning one of the central planning philosophies of Debswana, is reflected in the Strategic Business Plans (SBPs) for each Debswana operation which indicate life of mine (LOM) and include an action plan to responsibly and effectively manage rehabilitation and closure.

The commitment is to run our operations with closure in mind. Debswana has initiated a framework for the management of concurrent rehabilitation, the objective of which is to actively reduce final closure liability during life of mine. It also gives the opportunity to assess and monitor rehabilitation successes during life of mine.

Jwaneng and OLDM have started rehabilitation trials which will inform the development of rehabilitation requirements for the operations. The trials are being focused on slimes dams at Jwaneng mine and the waste rock dumps at Letlhakane mine.

However, the intention is to look beyond rehabilitation to include sustainability considerations, such as the socio-economic systems necessary to sustain the community when the mines stop operating.

CASE STUDY

ORAPA TODAY, BOTETI TOMORROW

In 2013, Debswana - through its Orapa, Letlhakane and Damtshaa mines (OLDM) - proposed a project dubbed 'Orapa Today, Boteti Tomorrow' which sought to diversify the economic base of the region from diamonds.

The vision for OLDM is two-fold: "Orapa Today" is about making Orapa a great place to live and work while "Boteti Tomorrow" is to position Orapa as the business hub/capital of Boteti - the gateway to the Makgadikgadi. The intention is to open the town as a model town in the region: well designed, safe and a show piece of planning, and to do this now while, there are many more years of mining, so that it achieves its rightful place in the district.

The aim is to showcase Orapa as the home of the first great diamond mine in Botswana with a museum to conserve the artefacts and anecdotes of this critical period in the history of the nation. The museum will include Damtshaa mine which will host tours.

The following initiatives are proposed as part of "Boteti Tomorrow": Orapa Park extension, creating a corridor linking Orapa and Makgadikgadi Pans and expansion of the game park area; Business Park Development on the south east of the main town to serve as a hub for both heavy/light industrial and commercial development; and any other activity that would bring vibrancy to the area.

Lastly, the project will see the conversion of the Orapa Training Centre into an internationally accredited technical college which will service OLD mines, Debswana and the wider area.

Members of the Boteti leadership appreciating some of the displays at the Orapa Museum

Debswana's mine closure socio-economic development programmes are designed to serve as the catalyst for non-mining dependent economic development around our mining operations. This means that we have to take into account the long term implications of the economic, social and environmental decisions we make today.

Debswana has adopted the Anglo American Mine Closure Toolbox as a best practice standard for closure planning and reporting. Preliminary assessments which were followed up by feasibility studies in Jwaneng showed that economic development in the Jwaneng mine zone of influence, post mining, is more skewed to agriculture and tourism development.

STAKEHOLDER ENGAGEMENT

A cornerstone of our environmental strategy is proactive and constructive stakeholder engagement with the intention of raising awareness around environmental issues, finding solutions to shared concerns; and seeking opportunities to work in partnership with communities, NGOs and government towards a better future for all.

CASE STUDY

JWANENG AGRICULTURE SUPPORT SERVICE CENTRE

Jwaneng mine recently sponsored the Mosisedi Commercial Farmers Association with BWP 50 000. The support is aimed at promoting economic diversification in the country. The delegation at the function included President Seretse Khama Ian Khama, former President Sir Ketumile Masire and Minister Christian De Graaf

The development of the socio-economic closure plans provide baseline information about possible non-mining dependent, alternative livelihoods post mining. The process to develop these plans includes extensive engagement with key stakeholders and an assessment of the options suggested for post mining economic activity. The study revealed that the area around Jwaneng mine is suitable for agriculture and tourism development.

Jwaneng mine commissioned feasibility studies to identify and prioritise high impact socio-economic development projects that will allow the local community to actively participate and thrive post mining.

Three main options were identified, which included attracting secondary agricultural businesses to set up in Jwaneng, expansion of the Jwaneng abattoir and associated secondary businesses and the improvement of grain production through introduction of farm mechanisation. This was largely informed by the prevailing environmental conditions that have positioned Ngwaketse and Kweneng west - classified as part of the Jwaneng area - to be the third largest grain producers in the country.

As a result, Jwaneng mine worked in partnership with the Ministry of Agriculture (Crop Production Department) and the International Fund for Agriculture Development (IFAD) to develop one of the 15 pilot Agriculture Support Service Centres in this area. Jwaneng mine funded the development of the operation and management plan for this facility while the government – through funding from IFAD – contributed to infrastructural development.

The objective of developing and operating this facility is to create a one-stop-shop for farmers, where they can source technical support and expert advice in terms of farm mechanisation, the latest agricultural methods and challenges facing the local farmer, as well as providing a platform for farmers to network and exchange information. It will also serve as a distribution centre where farmers can buy their raw materials as well as sell their produce.

DEBSWANA GOVERNANCE AND RISK

Debswana recognises that a strong governance framework is the bedrock of a high performing organisation that delivers real and sustainable value to all stakeholders.

GOVERNANCE

The Board of Directors owns the strategy, empowers management to execute it, and holds them accountable for delivery. Decisions that could have a material effect on the business, including the company's financial and operational results, major acquisitions and disposals and major capital expenditure, are considered by the Board. Overall responsibility for actively reviewing and enhancing the company's system of internal controls and governance rests with the Board. Thus, the Board needs to be fit for purpose, with the right range of skill sets to be capable of tackling any issue that comes to their table.

COMPOSITION

Debswana is an equal-share joint venture between the Government of the Republic of Botswana (GRB) and De Beers. The Board of Directors consists of 12 members with equal representation from both partners, six nominated by the GRB and six by De Beers.

The Chairmanship of the Board is rotated between the GRB and De Beers every two years. On 1 January 2014, Mr P J C Mellier was nominated by De Beers as Chairman for the 2014/2015 calendar years. He replaced Mr E M Molale, who was nominated as Deputy Chairman by the GRB. However, Mr Molale resigned from the Board following his appointment to a ministerial position in the Botswana Cabinet and he was replaced by Mr C N Morupisi who was nominated as Director and Deputy Chairman by the GRB.

In addition, Mr B Bonyongo assumed the role of Managing Director of Debswana from 1 January 2014, succeeding Mr J K Gowans whose contract ended on 31 December 2013.

There is a clear division of roles between the Chairman and the Managing Director. The Chairman provides overall leadership to the Board, ensuring effective corporate governance practices without limiting the principle of collective responsibility for all Board decisions.

The Managing Director is responsible for formulating and recommending strategies to the Board and leading their implementation to ensure operational success.

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.

Debswana's Board of Directors comprises the Chairman, Mr PJ C Mellier; Deputy Chairman, Mr CN Morupisi; Mr S H Brennan; Mr B A Cleaver; Mr A Hewett; Mr P A J Lowery; Mrs L K Mohohlo; Dr A L Molokomme; Mr D N Moroka; Mr G Mostyn; Mr K Abi; Mr S M Sekwakwa; Managing Director, Mr B Bonyongo.

The Company Secretary is Mr B Thebenyane.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DEBSWANA GOVERNANCE AND RISK (CONTINUED)

BOARD COMMITTEES

The Board meets no fewer than three times a year and has subcommittees to support the discharge of its functions. These committees in no way diminish the accountability of the Board and their effectiveness remains a Board responsibility. These subcommittees are the Audit Committee, Remuneration and Nominations Committee, Technical Committee and Sustainability Committee, each with specific terms of reference.

RISK MANAGEMENT APPROACH

The Board recognises that effectively managing risk lies at the core of business sustainability and seeks to implement a robust risk management approach that considers both business and sustainable development risks. The Board provides the necessary guidance to ensure that Debswana's risk management approach is aligned to best practice standards.

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

Work was started in the last quarter of 2014 to define the Company's risk appetite and tolerance philosophy as well as to review the risk management policy. At the same time, preparations began to refresh existing risk identification, assessment and mitigation approaches in 2015, with the aim being to raise the level of risk intelligence in the company. The former has been completed and approved by the Board, whilst the latter is being implemented through a structured risk management plan.

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 and managing significant risks with reference to strategic, business or process objectives is well established across the organisation and Debswana's management team is involved in a continuous process of developing and enhancing the already comprehensive control procedures.

The company's significant risks encompass areas such as consumer markets, skills and people risks, technology, stakeholder engagement, commercial, social, environmental, corporate reputation, compliance with relevant legislation, professional liability and general operating, financial and treasury 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 significant business risks towards fulfilment of Debswana's business objectives, while enhancing the value of the shareholders' investments and safeguarding the company's assets.

Debswana has a formal Code of Business Conduct and Ethics, which commits the company to the highest standard of compliance with laws, regulations, integrity and ethics in dealing with all its stakeholders. This is supported by an Ethics Hotline which acts as both a deterrent to and detection mechanism for wrongful acts by employees and parties that transact business with the company.

Although no system of internal controls can provide absolute assurance that business risks will be fully mitigated, the company's internal controls have been designed to provide reasonable assurance regarding the achievement of objectives and to reduce the risk of error or loss in a cost-effective manner.

In order to enable the Directors to meet their responsibilities, management sets standards and implements systems of internal controls that are designed to provide reasonable assurance. These controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Directors are of the opinion, based on the information and explanations given by management and the internal auditors, that the key internal controls are adequate. Nothing has come to the attention of the Directors to indicate any material breakdown in the functioning of these controls, procedures and systems during the year under review.

ORGANISATION

DEBSWANA BOARD

AUDIT COMMITTEE

The Audit Committee is an important element of the Board system of monitoring and control and with the exception of the Managing Director, who is an ex-officio member, it comprises Directors who do not hold executive office in Debswana.

The committee meets at least three times a year to structure the adequacy of financial information reported to the shareholders to meet internal controls, accounting policies and financial reporting and to provide a forum of communication between Board, external and internal auditors.

The committee also considers risk management, corporate governance and compliance issues.

TECHNICAL COMMITTEE

The main focus of the Technical Committee is to consider, inter alia, technical issues, mining plans and proposals, capital expenditure and company budgets, in addition to providing overall technical assurance to the Board and making appropriate recommendations for approval by the Board.

REMUNERATION AND NOMINATIONS COMMITTEE (REMCO)

The primary task of Remco is to make recommendations on compensation, incentives and performance targets of executive managers and Directors, as well as salary scales, bonus and incentive schemes for executive management.

The committee proposes Directors' fees for approval by shareholders.

Its terms of reference also include making proposals to the Board of senior executive management appointments and succession planning for the roles of Managing Director, the Group Executive Committee and the Group Internal Audit Manager.

SUSTAINABILITY COMMITTEE

The role of the Sustainability Board Committee is to consider and approve funding for community projects, as well as to recommend funding for larger, national level projects to the Board for approval.

Committee members may consult with the community representatives whenever deemed appropriate to ensure that projects take their view into account and to foster buy-in from communities.

DEBSWANA BOARD OF DIRECTORS

Phillipe Mellier
Chairman of the Board (De Beers)

Carter Morupisi
Deputy Chairman (Botswana Government)

Linah Mohohlo
Member (Botswana Government)

Bruce Cleaver
Member (De Beers)

Ataliah Molokomme
Member (Botswana Government)

Kgomotso Abi
Member (Botswana Government)

Gareth Mosteyn
Member (De Beers)

Neo Moroka
Member (De Beers)

Sean Brennan
Member (Botswana Government)

Arthur Hewett
Member (De Beers)

Pat Lowery
Member (De Beers)

Solomon Sekwakwa
Member (Botswana Government)

Balisi Bonyongo
Managing Director

Balisi Bonyongo
Managing Director

Barend van der Merwe
Chief Financial Officer

Dr Adrian Gale
General Manager, Orapa, Letlhakane & Damtshaa Mines

David Kgoboko
General Manager, Morupule Coal Mine

Albert Milton
General Manager, Jwaneng Mine

Bonny Thebenyane
Head: Company Secretarial, Legal and Corporate Centre

Ntoti Mosetlhe
Head: Human Resources

Keith Blanchard
Head: Technical and Sustainability

Lephimotswe Sebetela
Head: Strategy & Business Improvement

DEBSWANA GROUP EXECUTIVE COMMITTEE

ACRONYMS

ART	Anti-Retroviral Treatment
BBS	Behavioural Based Safety programme
BPC	Botswana Power Corporation
BPP	Best Practice Principles
BWP	Botswana Pula
CEO	Chief Executive Officer
COHSASA	The Council for Health Services Accreditation of Southern Africa
CSI	Corporate Social Investment
DMS	Dense Media Separation
DTCB	Diamond Trading Company of Botswana
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECOHS	Environment Community Occupational Health and Safety
EIA	Environmental Impact Assessment
EMS	Environment Management Systems
FAI	First Aid Injury
FISH	Fully Integrated Sorthouse
FRCG	Fatal Risk Control Guidelines
GDP	Gross Domestic Product
GRB	Government of the Republic of Botswana
HIV	Human immunodeficiency virus
HPO	High Performance Organisation
ICAM	Incident Cause and Analysis Method
ISO	International Organisation for Standardisation
JPSL	Jwaneng Mine Premier SHE League
JREP	Jwaneng Resource Extension Project
KPCS	Kimberley Process Certification Scheme
LEAP	Leadership Accelerator Action Programme
LOM	Life of Mine
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
MCM	Morupule Coal Mine
MOS	Management Operating Systems
MRM	Mineral Resources Management
MTI	Medical Treatment Injuries
MTTP	Modular Tailings Treatment Plant

NGO	Non-Governmental Organisation
NH	Near Hits
OHSAS	Occupational Health and Safety Advisory Services
OLDM	Orapa, Letlhakane and Damtshaa Mines
OREP	Orapa Resource Extension Project
PEO	Peo Venture Capital Proprietary Limited
PDM	Participatory Development Methodologies
RCR	Resource Carats Ratio
RDP	Resource Development Plan
RWI	Restricted Work Injury
SABS	The South African Bureau of Standards
SEAT	Socio Economic Assessment Toolkit
Sesiro	Sesiro Insurance Company (Pty) Limited
SHE	Safety, Health and Environment
SLAM	Stop-Look-Assess-Manage
SRMP	Safety Risk Management Programme
SSR	Slope Stability Radar
SBP	Strategic Business Plans
TRIFR	Total Recordable Injury Frequency Rate
TSM	Towards Sustainable Mining
TUV	Technischer Überwachungs-Verein (Technical Inspection Association)
WAVES	Wealth Accounting and Valuation of Ecosystem Services
WETT	Water Efficiency Target Tool

DEBSWANA CORPORATE CENTRE

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DEBSWANA

Mining diamonds, enriching the nation

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