

Approach

Performance Indicators

De Beers Canada is a wholly-owned subsidiary of De Beers Société Anonyme which in turn has three shareholders: Anglo American plc (45 per cent), the Central Holdings Group, representing the Oppenheimer family (40 per cent), and the Government of Botswana (15 per cent).

Company Profile

De Beers Canada Inc. is a diamond exploration and mining company operating in Canada only, and it is the Canadian arm of the De Beers Family of Companies. De Beers Canada consists of three divisions: corporate, exploration and mining.

The corporate division is based in Toronto and provides financial and other centralized services.

The exploration division is also based in Toronto and has a processing facility in Sudbury, Ontario. The exploration division is responsible for exploring, discovering or locating and testing new diamond deposits. Our exploration projects are currently focused on exploration in Ontario. There is one joint venture, the Gahcho Kué Project in the Northwest Territories, which is in the feasibility stage, but is likely to enter the Environmental Assessment phase before the end of 2010.

The mining division consists of the two mines, the Snap Lake Mine in the Northwest Territories (NWT) and the Victor Mine in Ontario. Snap Lake is an underground mine, while Victor is an open pit mine. While De Beers Canada has its head office in Toronto, there are offices in Yellowknife (NWT) supporting the Snap Lake Mine, in Timmins (ON) supporting the Victor Mine, and in Sudbury (ON) supporting the exploration activities. The Gahcho Kué project is supported by both the Yellowknife and the Toronto offices.

All De Beers' Canadian production is sold under contract to the Diamond Trading Company (DTC) in the United Kingdom. Through an undertaking with the Government of the Northwest Territories, up to 10 per cent of the production by value from Snap Lake is made available for purchase by DTC Sightholders in the NWT. There is a similar agreement with the Government of Ontario covering our Ontario production. All Sightholders are approved by the province or territory and the Diamond Trading Company. For a list of all DTC sightholders, please visit www.dtc.sightholderdirectory.com. For more information on the DTC, please visit www.dtc.com. Diamonds that are not sold under the above two agreements are sold by the DTC to Sightholders from around the world.

ⓘ A member of a blasting crew loads a face underground at Snap Lake Mine. Blasting occurs twice a day, at the end of each shift once all personnel have returned to the surface.



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De Beers began formally working in Canada in the early 1960s. Those activities were dedicated to the exploration for diamonds. More recently, activities focus on exploration and the mining of diamonds. From an initial staff of four people in Canada, the company had grown to 832 employees (including full-time, part-time and seasonal workers) and 385 contract workers by the end of December 2009.

The Gahcho Kué Project, formerly known as Kennady Lake, is a joint venture between De Beers Canada (51 per cent) and Mountain Province Diamonds Inc. (49 per cent). See also www.mountainprovince.com.

All mining operations undertaken by De Beers Canada have undergone environmental

assessments in accordance with the applicable Canadian legislation before the start of construction and operations.

In addition, De Beers Canada also is moving to compliance with the Mining Association of Canada's 'Towards Sustainable Mining' initiative within three years of the start of commercial production (by the end of 2010) for both the Snap Lake and Victor mines.

This report is based on the Global Reporting Initiative (GRI) Mining and Metals Sector Supplement (draft Sector Supplement for Public Comment version 6.0 of 12 January 2009) and the 2006 version of the Reporting Guidelines. The following GRI sections are not included, and the reasons are summarised in Table 1-1. A full GRI concordance table is attached as Appendix B.

Performance Indicators Continued

Table 1-1 GRI principles or protocols that are not included

GRI §	Principle or Protocol description	Reason why not included
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics.	This is in the process of being defined and will be reported in a future Report to Society.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	This is in the process of being determined and aligned with the rest of the De Beers Family of Companies and with Canadian practices and will be reported in a future report to society.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operations	This information is currently not available and will be included in the Report to Society for the calendar year 2010.
EC7	Procedures for local hiring and proportion of senior management hired from the local community.	These procedures are being formalized and will be reported in the report to society for the calendar year 2010.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	There have been no infrastructure investments and services provided for public benefit prior to the end of 2009.
EN4	Indirect energy consumption by primary source.	Information systems evolving; data not currently available. It is hoped that this information will be available for the report for 2010.
EN5	Energy saved due to conservation and efficiency improvements	Both mines commenced operations in 2008, and there has been insufficient elapsed time to quantify this to date. With the resumption of more normal operating conditions, and the implementation of energy efficiency programs, there should be something to report for the year 2010 in the next Report to Society.
EN9	Water sources significantly affected by withdrawal of water	Observations to date have not indicated whether or not there are any significant effects to date. Monitoring for effects is continuing.
EN17	Other relevant indirect greenhouse gas emissions by weight	This data is not available.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats affected by the reporting organization's discharges of water and runoff	Biodiversity plans are in the process of being drafted. These will relate to the biodiversity values.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	The product sold is not packed individually. Product is shipped in reusable sealed metal containers. 100% of the metal containers are returned to sender for re-use. The fate of other packaging materials within the containers is being determined.
EN29	Significant environmental impacts for transporting products and other goods and materials	Both mines are remote, and have complex transport paths for personnel and materials. The company has opted to report to the World Resource Institute "Scope 1" parameters for greenhouse gases. These exclude impacts outside the site.
EN30	Environmental protection expenditures and investment by types.	These are not segregated and are not readily available.
LA3	Benefits provided to full time employees that are not provided to temporary or part-time employees, by major operations.	These are not currently tabulated.
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Not available currently: there are no agreements with trade unions at present
LA9	Health and safety topics covered in formal agreements with trade unions	Not applicable: there are no agreements with trade unions at present.
LA14	Ratio of basic salary of men to women by category	Not calculated to date.
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Data not available.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Data not available. Suppliers and contractors are required to abide by Best Practice Principles that include adherence to legislated human rights law.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	No incidents involving rights of indigenous peoples reported.

SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Methods to observe, measure and monitor these periodically are being examined. Both mines commenced commercial operations in mid-2008. It is intended to report on this area in 2011 in the Report to Society for 2010.
S03	Percentage of employees trained in organization's anti-corruption policies and practices	The perceived risk for corruption in most of the organization is low. This area is being reviewed and revised. Data not available.
SO4	Actions taken in response to incidents of corruption	No data available.
PR1	Life cycle stages in which health and safety impacts of products/services are assessed for improvement	No data available.
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information	Not applicable. 100% of product is sold to a single purchaser that is a related company.
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	This is currently being determined.
MM3	Total amounts of overburden, rock, tailings, and sludges presenting potential hazards	This data is not currently available.
MM11	Number and description of incidents affecting employees, communities, or the environment in which emergency preparedness procedures were activated	Information systems to track this data are still evolving.

Based on a self assessment, this report is in general conformance with GRI with a C+ assessment level, and is also in general conformance with the draft ISO 26000 guidance document. Exceptions are noted below in Table 1-2. A full concordance table for the draft ISO 26000 guidance is attached as Appendix C.

Table 1-2 Exceptions to draft ISO 26000 requirements

Requirement	Reason excluded
6.8.6. Technology Development	Not applicable in 2009. No technology transferred. Economic slowdown reduced opportunities.

Performance Indicators Continued

Target audience

This report is aimed at the company's main groups of stakeholders. These are summarised in Table 1-3.

Table 1-3 Main stakeholder groups

Priority	Target stakeholder groups	Stakeholder	Type of engagement	Rationale
1	Communities of interest	Snap Lake Tlicho Government Yellowknives Dene First Nation Lutsel K'e and Kache Dene First Nation North Slave Métis Alliance	Through IBA consultation	• Communities most impacted • Source for bulk of labour
1		Victor Attawapiskat First Nation Fort Albany First Nation Kashechewan First Nation Moose Cree First Nation	Through IBA consultation and communications through meetings and the media	• Communities most impacted • Source for bulk of labour
1	Communities of interest	De Beers Canada De Beers family of Companies De Beers Canada employees Shareholders	Through internal communications	Employees, parent company and shareholders
1	Communities of interest	Exploration division Attawapiskat First Nation Kitchenuhmaykoosib Inninuwug Bearskin Lake First Nation Hamlet of Ulukhaktok	Through meetings with community leadership and community members	Communities where we are working or where we wish to work
2	Communities of interest	Snap Lake Federal government departments Government of the NWT City of Yellowknife	Through dialogue and general communications	
2		Victor Federal government departments Ontario provincial government City of Timmins	Through dialogue and general communications	Regulators and governments with whom we work
2	Communities of interest	De Beers Canada Contractors Suppliers Regional Aboriginal organisations Non-governmental organisations	Through direct communications and meetings	Parties with whom we work
3	Communities of interest for both mines	Snap Lake Victor Other communities General public	Through direct communications	Interested parties

Table 1-3 lists the main community risks and opportunities for De Beers Canada.

All of De Beers Canada's exploration and mine operations have environmental management systems (EMS). One of the basic tenets of the EMS used by De Beers Canada is inclusion of both the precautionary approach, and of adaptive management. Wherever practical, traditional ecological knowledge is also combined with 'western science' to ensure that an optimal work

plan can be derived. The same basic approach is also followed for social issues.

De Beers Canada maintains membership in a number of key industry and community associations, including the Mining Association of Canada, the NWT/Nunavut Chamber of Mines, the Ontario Mining Association and the

Prospector's and Developers Association of Canada. Through its parent company, De Beers is a signatory to the Millennium Goals, the Extractive Industries Transparency Initiative (EITI), the Partnership Against Corruption Initiative (PACI), and the Global Reporting Initiative and the UN Global Compact.

Principles

De Beers Canada subscribes to the De Beers Family of Companies' "Purpose, Vision and Values". For details see our web site at www.debeersgroup.com

De Beers Canada also subscribes to the principles of accountability, transparency, ethical behaviour, respect for the rule of law, respect for international norms of behaviour and respect for human rights.

Purpose, Vision and Values

With input from across the entire De Beers Family of Companies, a Purpose, Vision and Values (PVV) was created in 2005. The intent on an economic and business level is to define the parameters of our goals and strategies as they change over time - what things we will pursue in our strategy and why we will pursue them. The PVV also assists us in our decision making by providing boundaries for our choices and a common organizational focus worldwide on what we need to do to achieve our goals and strategies. The PVV is not about achieving performance levels but about achieving personal value in our accomplishments - pride in the company and pride in what we do. Simply put, it gives us a higher purpose beyond financial goals.

Purpose

The purpose of the company is to implement the De Beers Family of Companies' activities for exploration and mining in Canada.

Vision

Using the Family of Companies' PVVs as a foundation, De Beers Canada has a corporate vision of "Delivering value growth through diamonds: We will be the premier diamond company in Canada by setting new standards for growth, shareholder value, employee commitment, social responsibility and reputation".

Values

Be Passionate

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

Pull Together

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

Build Trust

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

Show We Care

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

Shape the Future

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

Strategy

The strategy regarding its contribution to sustainable development is:

"To operate in accordance with the principles of sustainable development. This means ensuring that activities undertaken today meet the needs of the present without compromising the ability of future generations to meet their own needs. This requires all employees and contractors to take account of the longer term economic, social and environmental implications of their decision making and actions - not just for business but for society at large."

Governance & transparency through policies & practices

De Beers Canada, as a member of the De Beers Family of Companies, participates in the Diamond Trading Company Best Practice Principles (BPP) Assurance Program. This monitors the economic, ethical, environmental and human resource (including health and safety) aspects of De Beers Canada's activities in Canada, and also incorporates corporate governance, code of business conduct, anti-bribery and corruption, anti-money laundering, combating terrorist financing, and human rights, as well as compliance with the 'Kimberley Process Certification Scheme' for rough diamonds, and the World Diamond Council's 'System of Warranties'. Work is in progress to merge these with the Responsible Jewellery Practices before the end of 2010 (www.responsiblejewellery.com). In addition, De Beers Canada is a member of the Canadian Diamond Code of Conduct, a non-profit volunteer industry body that administers the Code establishing the minimum standard required to authenticate a claim of Canadian origin of a diamond through a chain of warranties (www.canadiandiamondcodeofconduct.com).

The BPP Assurance Program is a self-assessment that is subject to the company's Internal Audit department, and later externally assessed by an independent third party, currently SGS. De Beers Canada has been undergoing external assessment since 2006. In 2009, a physical third party independent assessment was undertaken in the Yellowknife office for the Snap Lake Mine. There were no material non-conformances or non-compliances reported during 2009 for the previous year (2008).

Policy statements for anti-money laundering and combating terrorist financing, environment, human resources, occupational health and safety, social investment, sustainable development and working with Aboriginal communities can be found at www.debeerscanada.com. Many other policies are in place and are hosted on the company intranet. Specific policies are also in place at each mine to address unique aspects of

that particular mine that are not addressed by the corporate policies or to accommodate specific provincial or territorial requirements.

Governance structure and management systems

De Beers Canada has a Board of Directors consisting of five members. As at December 31, 2009, the Directors were:

- Mr. Jonathan Oppenheimer, Chairman, De Beers Canada Inc.
- Mr. Robert L. Shirriff*, Q.C., Fasken Martineau LLP (also senior legal counsel for De Beers Canada)
- Mr. James K. Gowans, CEO, De Beers Canada Inc.
- Mr. Steven J. Thomas, CFO, De Beers Canada Inc.
- Mr. Robin Mills, Technical Director, De Beers Consolidated Mines Ltd

* Independent, non-executive member

An independent member is considered to be an individual that has no financial or other potential interest that could constitute a conflict of interests. An Executive member is considered to be an individual that is a Director of the company and who holds an Executive Management position within De Beers Canada or within the De Beers Family of Companies. A non-Executive Director is an individual who is a Director but is not an Executive of either De Beers Canada or any of the De Beers Family of Companies.

The Chairman, Jonathan Oppenheimer is the Chair of the De Beers Canada Board: he is not employed by De Beers Canada, but he is an employee of the parent company De Beers Société Anonyme where he is the Head of Chairman's Office De Beers Group. There is an Executive Committee that reports to the Board of Directors for De Beers Canada, and in addition, each of the Snap Lake and Victor Mines has its own Executive Committee that reports to the main corporate Executive Committee. There is an Internal Audit function across the entire De Beers Family of Companies, and De Beers Canada has its own Internal Audit function and an Audit

Committee (appointed 23 November 2008) that reports to the De Beers Société Anonyme Audit Committee and to the De Beers Société Anonyme Board. Other than an Audit Committee, De Beers Canada does not have any other committees under the Board of Directors that are responsible for setting strategy or for oversight of the organization. Currently all of the De Beers Canada Board Members also serve on the Audit Committee.

Executive compensation consists of a base salary and a performance-related bonus. This bonus is linked to the achievement of key performance indicators. There is also a long-term incentive plan relating to the achievement of the company's long term objectives. Because of the economic situation, there were no salary increases or bonus payments during 2009.

Integral to the internal governance and management of the company, there is an internal 'Code of Business Conduct and Ethics' (revised in April 2008), which is available upon request, which all employees review during the hiring process. Beginning in 2010, all employees will now be required to read and sign this as part of their annual performance appraisal at the year end.

Each of the De Beers subsidiary companies is represented on the main De Beers Société Anonyme Board so that they may provide recommendation or direction to the Board of Directors. The De Beers Société Anonyme Board provides overall direction and recommendations to all parts of the De Beers Family of Companies, including De Beers Canada. Jim Gowans, CEO of De Beers Canada, sits on this Board.



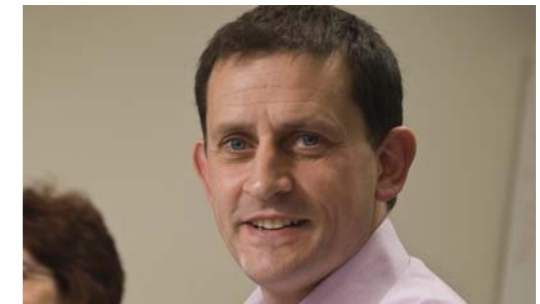
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CFO, De Beers Canada Inc.



Mr. Robin Mills,
Technical Director,
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The following includes a summary of the decision-making principles that guide how we delegate decision rights:

- Final accountability for performance, and therefore full authority for decisions is delegated to individuals (not committees) to give single-point accountability
- Committees can approve, provide input or recommend. The De Beers Société Anonyme Board and the De Beers Société Anonyme ExCo (executive committee) retain decision rights.
- Decision-makers should seek input and recommendations from key individuals and only convene committees when absolutely necessary.
- Recommendations should include an evaluation of several alternative options but should always include the preferred option. If individuals wish to consider or decide on an option not included in the recommendation, they should ask the recommender to evaluate it first.
- Decisions are final. Individuals and committees must commit fully and visibly to supporting decisions once decision makers have made them.
- Decisions only deliver when implemented. It is important to deliver/implement decisions and hold the decision-makers accountable.

The above, coupled with regular risk assessments for all areas of our business, are used to ensure that a high standard of corporate governance is achieved and maintained so that we can provide confidence to our clients and communities of interest that we work with, that we work to high ethical and effective governance standards, and that these various elements are integrated.

Full risk assessments are undertaken by De Beers Canada; each mine and each department undertakes risk assessments at least twice a year and in most instances, these are updated quarterly. A common risk assessment template and set of risk assessment

criteria are used across the company. All risk assessments are reported to the De Beers Canada Board and to the main Board of Directors for De Beers Société Anonyme. Risk analyses are used to highlight areas of concern that could materially affect the operations of the mines or the exploration projects, our employees and the communities in which we operate. The risk assessment findings help us identify mitigation steps to reduce the risk to our activities, and to provide alternatives for different risk scenarios.

In the environmental area, for example, risk assessments are used to highlight priority areas for management plans and controls to reduce or eliminate the likelihood of minor, moderate or major environmental incidents. The risk assessments also assist in identifying opportunities for continuous improvement regarding responsible environmental behaviour. Examples of such behaviour include the reduction and re-use of material consumption, reduction of energy consumption and related emissions that could negatively affect climate change. Similarly, risk assessments of our communities of interest are used to identify potential areas where proactive or remedial action is required to increase two-way communication and understanding of our operations in order to reduce any misunderstandings or perceptions of on-going or future business plans.

Risk assessments are also in the process of being linked to our crisis management plans and protocols, in accordance with De Beers Canada's goal to meet the crisis management criteria under the Mining Association of Canada's 'Towards Sustainable Mining' initiative.

De Beers Canada is a private company, with one shareholder, De Beers Société Anonyme. There are no minority shareholders. Several of the board members for De Beers Canada also sit on the boards of other related companies within the De Beers Family of Companies. These directors provide a direct conduit for information from related companies to De Beers Canada. Information on the De Beers Family of Companies is available at www.debeersgroup.com. Employees are encouraged to provide feedback through their departmental managers or through the various mechanisms for continuous improvement and for suggestions.



● The inside of the scrubber at Victor Mine is inspected before liner installation