

Company profile

Management and Governance

De Beers Canada subscribes to the De Beers Family of Companies' "Purpose, Vision and Values". For details visit 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 & 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."



The main pumping station underground at Snap Lake Mine

Who we are

De Beers Canada 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, based in Toronto, provides financial and other centralized services.

The exploration division, also based in Toronto, has a processing facility in Sudbury, Ontario (ON). The exploration division is responsible for exploring, discovering or locating and testing new diamond deposits. There are a number of exploration projects in different parts of Canada. Currently exploration work is focused on exploration in Ontario. There is one joint venture, the Gahcho Kué Project in the Northwest Territories, in the feasibility stage. The Gahcho Kué Project entered the Environmental Assessment phase at 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 office and the Toronto office, and moved to the mining division during 2010.

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 sightholders in the NWT. There is a similar agreement with the government of Ontario whereby 10 per cent of the production by value is made available for sale by the Diamond Trading Company to sightholders in Ontario. All sightholders are approved by the province or territory and the Diamond Trading Company. For more on the DTC and a listing of DTC Sightholders, please click the links provided. Those diamonds that are not sold under the above two agreements are sold by the DTC to sightholders from around the world.

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). There

were no significant changes regarding size, structure or ownership during the period.

De Beers began formally working in Canada in the early 1960s, with its activities dedicated to the exploration for diamonds. More recently, activities focus on the exploration and mining of diamonds. From an initial staff of four people in Canada, the company has grown to its current staff level of 1,087 employees including full-time, part-time and seasonal workers of which 75 were part-time and contract workers at the end of December 2010.

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. ("MPV"; MPV 49 per cent).

All mining operations undertaken by De Beers Canada have undergone environmental assessments in accordance with the applicable Canadian legislation prior to the commencement 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 commencement of commercial production for both the Snap Lake and Victor Mines. Towards Sustainable Mining (TSM) is an initiative developed by the Mining Association of Canada (MAC) to improve the industry's performance by aligning its actions with the priorities and values of Canadians.

This report is based on the Global Reporting Initiative (GRI) Mining and Metals Sector Supplement and the 2006 version of the Reporting Guidelines (v3.0). 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 A.

For more information:

www.mining.ca

www.mountainprovince.com

www.dtc.sightholderdirectory.com

www.dtc.com



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

GRI	Principle or protocol description	Reason why not included
EN30	Environmental protection expenditures and investment by types.	Environmental expenditures are grouped with safety and health, and are not available as a separate discrete number.

Based on a self-assessment, this report is in general conformance with GRI, and is also in general conformance with the ISO26000 2010 guidance document. Exceptions are noted below in Table 1-2. A full concordance table for the ISO26000 guidance is attached as Appendix B.

Table 1-2: Exceptions ISO26000 2010 requirements

Requirement	Reason excluded
7.8.2 Voluntary nature of participation	Insufficient data.
7.8.3 Considerations	Insufficient data.

The Glossary (see page 89) contains the definitions and criteria used in economic, environmental and social benefit descriptions.



exempli gratia

Environmental monitoring

Divers were below the ice of Snap Lake in mid January to install temperature loggers on an artificial reef created on the lake bottom and to identify and locate old drill holes that could result in lake water getting into the mine. Pictured here, one diver remains on the surface while the others are below. The artificial reefs were constructed by De Beers Canada as part of an impact reduction program under the Department of Fisheries and Oceans.

Target audience

This report is aimed at the company's main groups of stakeholders which we refer to as Communities of Interest (COI). These are summarised in Table 1-3.

Table 1-3: Main stakeholder groups

Priority	Communities of Interest	Stakeholder	Type of engagement	Rationale
1	Communities of interest	Snap Lake Mine	Tlcho Government; Yellowknives Dene First Nation; Lutsel K'e and Kache Dene First Nation; North Slave Métis Alliance.	Through IBA consultation. <ul style="list-style-type: none"> Communities most impacted Source for bulk of labour
		Victor Mine	Attawapiskat First Nation; Fort Albany First Nation; Kashechewan First Nation; Moose Cree First Nation.	Through IBA consultation and communications through meetings and the media. <ul style="list-style-type: none"> 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	De Beers Canada Exploration	Attawapiskat First Nation; Kitchenuhmaykoosib Inninuwug; Bearskin Lake First Nation; Wapekeka First Nation.	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 Mine	Federal government departments; Government of the NWT; City of Yellowknife.	Through dialogue and general communications. Regulators and governments with whom we work.
		Victor Mine	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 organizations; Non-governmental organizations.	Through direct communications and meetings. Parties with whom we work.
3	Communities of interest for both mines	Snap Lake Mine Victor Mine	Other communities; General public.	Through direct communications or posting of public information. Interested parties.

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 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 Canadian Business for Social Responsibility. 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), the Global Reporting Initiative and the UN Global Compact.

Feedback from Stakeholders

The first Report to Society for Canada was released for the year 2008 in mid-2009 and 155 printed copies and 198 digital copies were sent to our external stakeholders. No formal feedback mechanism was included in the report although details were provided on how to obtain additional information. No comments or feedback were received from any of these external stakeholders, and none was received from our internal stakeholders.

The second Report to Society was released for 2009 in mid-2010 and we sent out 239 printed copies to our external stakeholders. Readers were invited to submit comments by completing a reader’s survey card, or by submitting comments on line. No comments or feedback were received from any of these. We did receive four comments from our employees which are summarised below.

Interestingly, the employees were evenly split into those who preferred a digital report to a printed report (labelled Digital below). However, the sample was really too small to be meaningful.

Table 1-4: Summary of feedback on Canadian Report to Society

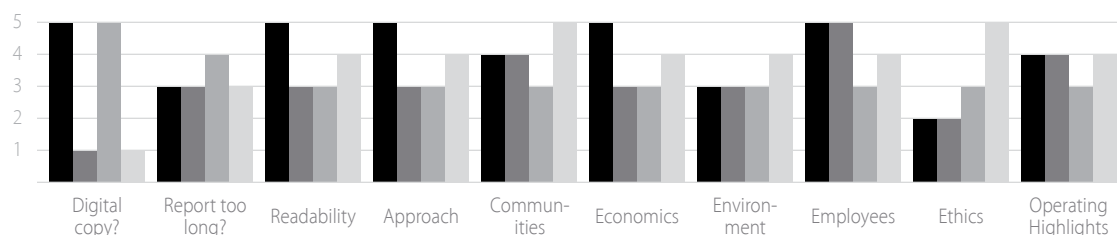
Year	Comment	Action
2008	None	Not applicable
2009	None	Not applicable
2010	4 individuals submitted comments: 2 from Toronto office and one each from Snap Lake and Victor. See chart for details. Respondents 3 out of 4 felt there was enough information, 1 individual wanted more. One felt the report was a bit long, the other 3 thought the length was about right. Respondents were divided equally between those who would prefer a print copy and those who prefer a digital copy.	<ul style="list-style-type: none"> • Format changed to provide an in depth version on line and a shorter overview report • Materials re-organized to simplify the flow of information and group like materials • Environment section restructured • Ethics section expanded

Feedback summary

Respondents ranked their opinion of the following from 1 to 5 (low to high).

Legend:

Respondent 1 2 3 4



Governance and transparency through policies and practices

Management Approach

Our approach is to operate in a legally compliant manner, using consistently good management and sound governance.

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 economic, ethical, environmental, human resources 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 2011. 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. For further details, please see the 'Ethics' section.

The BPP Assurance Program is a self-assessment that is then subject to the company's Internal Audit department, and later externally assessed by an independent third party, currently SGS. De Beers Canada had been undergoing external assessment since 2006. In 2010, a physical third party independent assessment was undertaken of the Victor Mine site. There were four major non-conformances, two minor non-conformances and one opportunity for improvement. No other non-conformances or non-compliances were reported during 2010 for the previous year (2009) by any of the other entities within De Beers Canada.

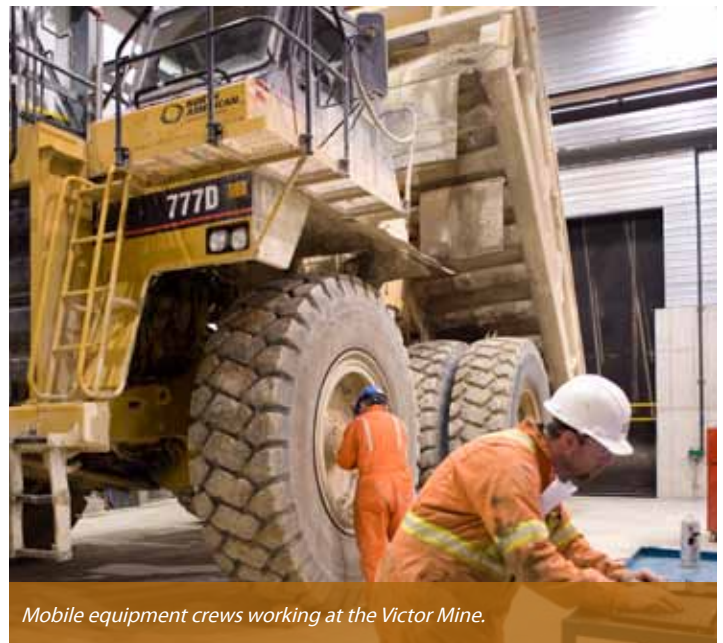
Policy statements for anti-money laundering and combating terrorist financing, human resources, social investment, sustainable development (including environment, occupational health and safety, economic and social aspects) and working with Aboriginal communities can be found on our website. Many other 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.

De Beers Canada is aligned with the following codes and standards that the De Beers Family of Companies also voluntarily complies:

- The De Beers Family of Companies Best Practice Principles
- Global Reporting Initiative (GRI Mining supplement)
- Millennium Goals
- EITI - Extraction Industries Transparency Initiative
- PACI - Partnering Against Corruption Initiative
- Voluntary Principles on Security and Human Rights
- UN Global Compact
- Universal Declaration of Human Rights

In addition, the ISO26000 guidelines (2010) were used in the preparation of this report for Canada.



Mobile equipment crews working at the Victor Mine.

For more information:
www.responsiblejewellery.com
www.canadiandiamondcodeofconduct.com
www.debeerscanada.com



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:



Jonathan Oppenheimer*,
Chairman, De Beers
Canada Inc.



Robert L. Shirriff**,
Q.C., Fasken Martineau LLP
(also senior legal counsel for
De Beers Canada)



James K. Gowans*,
President De Beers Canada
Inc. and Chief Operating &
Technical Officer, De Beers
Family of Companies



Steven J. Thomas*,
Chief Financial Officer,
De Beers Canada Inc.



Chantal Lavoie*,
Chief Operating Officer,
& Acting Chief Executive
Officer, De Beers Canada Inc.

* Executive member

** Independent, non-Executive member.

An independent member is considered to be an individual that has no financial interest or other potential interest that could constitute a conflict of interest. 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 member 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. Mr. James Gowans

stepped down as president of De Beers Canada at the end of 2010 to take up other duties within the De Beers Family of Companies. We thank him for his guidance and contributions to the success of De Beers Canada. Mr. Robin Mills resigned as a Board member on 23 April 2010, and Mr. Chantal Lavoie was appointed to the Board with effect from 23 April 2010. 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. Beside 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.

The Board of De Beers Canada is comprised of the President, CEO and CFO of De Beers Canada Inc, plus one non-executive Director; the non-executive Director is a senior partner of a premier Toronto legal firm. The Board composition has changed several times during the last four years and throughout has been reconsidered by the Board members to ensure it retains the right combination of extensive business experience, industry specific experience and technical skills covering De Beers Group practices, mining specific in-depth technical knowledge, and financial and legal expertise based on global and Canadian experience. The Directors are familiar with the specific governance requirements issued by De Beers Société Anonyme, to which all De Beers Group companies are expected to comply and as experienced personnel are expected to bring that knowledge and experience to bear in their duties. Several key governance documents with which Board members are familiar and expected to comply include, the BPP, Code of Business Conduct and Ethics, Declaration of Interests, and Criminal History Self Declaration Form.

The executive Directors are specifically involved in the formation, endorsement and communication of the sustainable development policy, including Safety, Health and Environmental elements, guidelines and practices. The company has invested heavily in these fundamental aspects of business practice and this is evident in the maintenance of internationally recognized standards such as ISO 14001, OHSAS18001 and the commitment to producing a Report to Society document in respect of De Beers Canada in addition to contributing to the production of the Family of Companies' report. The company has also committed to meeting

the requirements of the Mining Association of Canada's drive Towards Sustainable Mining, which has required the support of the Board and senior executive management across De Beers Canada to devote the time and resources necessary to meet this challenge.

The Board endorsed the formation of an audit committee, with defined Terms of Reference in order to separate the duties specific to that body from the Board in keeping with best practice principles in Canada and to match practice elsewhere throughout the Group. The Board also considered the adoption of a comprehensive Board Charter and at that time did not feel the formality of such a document was necessary but will revisit the benefit of such a document being formally adopted, in light of the increasing focus on the role of the Board as a key aspect of the demonstrating commitment to good governance.

The Board of De Beers Canada has specific duties to approve the Financial Statements of the Corporation, approving the Budget for the next Fiscal Year prior to presentation to Group and approving the internal audit plan and appointment of the External auditors, as recommended by the Audit Committee. In doing this the Board is then subject to scrutiny by the parent through its subsequent consideration and approval of these documents.

The Board members have been selected to provide a considerable mix of professional and technical skills allied with extensive experience of the mining industry and operation of De Beers' global business. Mr Oppenheimer has extensive knowledge and experience of the De Beers Family of Companies, together with a holistic view of the diamond industry. Mr Lavoie is a registered professional engineer in the Northwest Territories, Ontario and Quebec, who brings technical skills and a first-hand knowledge of the incorporation of sustainability, social and environmental matters into operations. Mr Thomas is a Chartered Accountant and provides strong financial and commercial skills from both the mining and sales and marketing operations within De Beers. Mr Shirriff practices corporate/commercial law, with emphasis on mining, corporate finance and securities law. He has over 45 years' experience in the field of commercial, corporate and mining law and is experienced in the negotiation of all manner of commercial arrangements and in the implementation of major corporate acquisitions, restructurings, mergers and financings and brings a deep understanding of the legal and corporate governance area. All of Messrs Oppenheimer, Lavoie and Thomas have first-hand management in the safety and health realms.

Our analysis of the inherent level of risk that the Corporation has with regards to staff being exposed to incidents of unacceptable and undesirable business interactions, over and above the avoidance of prohibited transactions, is assessed as low. Operating procedures require the settlement of all business being transacted with third parties or vendors to pass through the centralized accounting and administration function, which manages the establishment of vendors to whom settlement can be made and the sign-off by independent senior management of all payments to these external parties. Training was conducted in 2006, and in 2008 specialist auditors were engaged to consider whether the landscape had changed and whether this warranted further across the board training from external trainers. This was deemed unnecessary and training continued through internal leadership by management and revised practices following the implementation of a fully integrated enterprise resource planning system requiring financial, and supply chain procedures to be updated and specific roles and segregation of duties redefined. Furthermore, a new anti-corruption policy and procedure is being launched across the whole De Beers Family of Companies to coincide with new legislation in the United Kingdom. While the entire business in Canada was analyzed for risks including corruption, no specific analysis only for corruption was undertaken. Similarly, training of employees has been deferred until 2011 to coincide with the launch of the new policy and procedures.

The Total Rewards Package for the Executive consists of an annual base salary, perquisites, benefits and pension provisions, in addition to a Short-term Incentive Plan which is made payable upon achievement of company, departmental and personal objectives. The company objectives comprise financial and non-financial metrics.

Performance in 2010 was evaluated against the Short-term Incentive Plan measures and where achieved, payments were calculated and will be issued in 2011 subject to the approval of the Chairman and CEO of De Beers Family of Companies.

There is no Long-term Incentive Plan in place at present, however, plan design is underway through Group Executive Compensation.

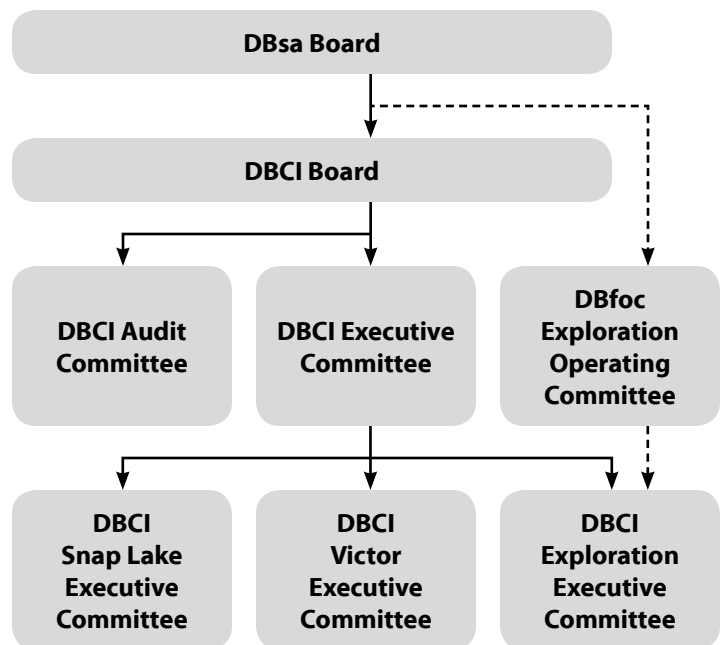
Integral to the internal governance and management of the company, there is an internal 'Code of Business Conduct and Ethics' (revised in April 2008), which is available upon request, which all employees review during the hiring process. All employees are required to read and sign this as part of their 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 recommendations 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, President of De Beers Canada, sat on this Board on behalf of De Beers Canada in 2010.

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; and
- Decisions only deliver when implemented. It is important to deliver/ implement decisions and hold the decision-makers accountable.

The relationship between our board, our parent and the various committees with Canada is summarized in the following chart:



DBfoc = De Beers Family of Companies

DBCI = De Beers Canada Inc.

DBsa = De Beers Société Anonyme



Students from the Mineral Process Operator Trainee program offered by Aurora College in Fort Smith, NWT, tour the process plant at Snap Lake Mine.

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.

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 for other related companies within the De Beers Family of Companies. These directors provide a direct conduit for information from related companies to flow 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.