

Product responsibility

Management Approach - Product responsibility

From a Diamond Liaison and product responsibility perspective, we ensure De Beers Canada's product, rough diamonds, are valued appropriately to sell to the Diamond Trading Company (DTC) in order to realize the maximum value for the diamonds and De Beers Canada.

Our approach is to ensure the cleaning, sizing, breakage analysis, royalty valuation and export processes of the rough diamonds are conducted safely, effectively and professionally. All data relating to these tasks is reported and stored on appropriate systems. No shortcomings were noted in 2010.

De Beers Canada has a single customer, the DTC, which is a related company. No product information or labelling is required as the raw materials produced (i.e. rough diamonds) are considered non-hazardous, non-toxic and inert. There are no initiatives to mitigate environmental impacts of the product because these are not required and no services are provided. During the exploration, development and operations phases, our activities are governed by environmental, health and safety management systems that are registered to ISO14001 and compliant with OHSAS 18001. This helps us to provide some assurance that diamonds are explored for and recovered in a responsible manner. All the product sold to the DTC is sold to sightholders and all the packaging materials are recycled in accordance with the DTC recycling program. There were no infringements of environmental laws or non-compliance related to products or services and no fines.

De Beers Canada has one single major customer that purchases all of its production from each mine. Up to 10 per cent of the production, by value, from each mine is then sold by this purchaser to government-approved sightholders in the NWT (Snap Lake Mine) and Ontario (Victor



Mine). A similar agreement is also in place with the Government of the Northwest Territories and will become effective if and when the Gahcho Kué Project begins production.

De Beers Canada's customer is a related company. It is the practice not to disclose any information about customers without their prior consent, unless instructed to do so by a court of law. There were no complaints related to breaches of customer privacy or losses of customer data, nor were there any fines for non-compliance with laws and regulations concerning the provision and use of our product or services.

Table 9-1: 2010 product and responsibility goals and objectives

Goal	Degree achieved	Successes	Shortcomings	Additional remarks
Monitor uses and properties of diamonds to detect any negative emerging issues related to the physical properties of diamonds.	Work on this is carried out by the various laboratories and research facilities of the De Beers Family of Companies around the world.	No adverse properties were noted in 2010.	No shortcomings were noted in 2010.	

exempli gratia

2010 CEO Safety, Health and Environment Award

2010 was the second year for the De Beers Canada CEO Safety Health and Environment Award program. Three awards are made in recognition of an individual, or group of individuals who have achieved outstanding contributions or performance in the area of Safety, Health or Environment within any of the De Beers Canada mines, projects, exploration, or offices.

This initiative is aimed at:

- Building SHE awareness among employees,
- Building a friendly competition within the organization,
- Recognizing those who go above and beyond the call of SHE duties, and
- Recognizing SHE excellence in our employees.

There were 13 nominations company-wide in 2009, with our three winners being:

Dwayne Thompson, Manager Sudbury Treatment Plant

for consistently demonstrating his dedication, passion and leadership of SHE. He does this through a caring attitude, personally reinforcing safety as the top priority and ensuring his staff have the training and knowledge required to work safely and protect the environment. Dwayne also achieved a high level of performance as confirmed by internal and external audit results.

Kevin Oberkirch, John Rafasz and Mike Penkala, Snap Lake Mine Underground Mine Trainers

implemented the "Why We Work Safely" campaign. This campaign used the site-based TV network to display pictures of family and loved ones waiting for employees to return home to reinforce the importance of working safely. The initiative was very successful and involved encouraging employees to bring in photos and working with IT to display the photos on the TV network.

Don Larivee, Victor Mine Electrical Supervisor and Rick Doiron, Victor Mine Instrument Technician

jointly won the award in 2010 recognizing a significant potential eye injury hazard involved in realigning laser in a piece of recovery equipment. Existing practices required the technician to look at the laser during alignment while wearing protective glasses. During a realignment Rick inadvertently forgot to switch glasses and put on the laser protective glasses on and reported it as a near miss incident. Don and Rick worked together to share this information with their counterparts at Snap Lake and the technical team at Deb Tech in South Africa. They also worked on developing an innovative solution involving the use of video cameras for aligning the laser eliminating the need for the technician to look directly at the laser. Much of the initial background work on finding a solution was completed by Rick and Don while they were off-rotation. The camera solution will be incorporated by Deb Tech at mines across the Family of Companies. The nominees demonstrated leadership, individual initiative and a caring attitude which will benefit their counterparts across the Family of Companies.

During the year, no instances occurred of non-compliance with regulations concerning customer health and safety in relation to our product, and no penalties or fines were levied for any such breaches. No complaints were upheld by any of the regulatory or similar bodies that oversee health and safety of product and services. Both the Snap Lake and Victor Mines and the Exploration division are certified to the ISO14001:2004 standard. Similarly, there were no legal actions for anti-competitive behaviour, antitrust or monopoly practices against De Beers Canada in 2010.

There have been no instances of non-compliance with regulations concerning product information or labelling during the year and thus no fines or penalties were assessed. All diamonds produced were exported in accordance with the Kimberley Certification process and World Diamond Council system of warranties and in compliance with applicable legislation.

De Beers Canada has a single major customer. No complaints were received from this customer, and there was regular and frequent dialogue to ensure that the customer was satisfied.

De Beers Canada does not have policies regarding anti-competitive behaviour and is not in a position to exert undue influence in any commercial setting in this regard because it has a single customer, which is a related company, for its product.

De Beers Canada does not engage in advertising or marketing activities for the retail or consumer markets. Thus, there were no breaches of advertising or marketing regulations during 2010.

Product lifecycle management is controlled by the end user of the product.

Status of certification

All the exploration programs and the mining operations are registered to the ISO14001:2004 Environmental Standard. The exploration programs are also compliant with the OHSAS 18001 Occupational Health and Safety standard through an integrated SHE (Safety, Health and Environment) Management system. Unfortunately, we were unable to complete the process for registration to OHSAS18001 during 2010. Both Snap Lake and Victor Mines are working to be compliant and achieve certification with OHSAS 18001 in 2011, and both mines are currently working in accordance with the requirements of OHSAS 18001.



International
Organization for
Standardization

Table 10-1: 2010 product and responsibility goals and objectives

Goal	Degree achieved	Successes	Shortcomings	Additional remarks
Complete registration to OHSAS18001 by the end of 2010.	Gap analyses were completed by year-end. Corrective actions to address gaps were well advanced.		Registration was not completed by the end of 2010, mainly due to a lack of resources..	Revised schedule is for Exploration and for Victor to be registered by end of Q2 2011, and Snap Lake by the end of Q3 2011.



Summer time in the exploration camp at Gahcho Kué Project.

Assurance

Management Approach - Assurance

Assurance for De Beers Canada is provided by internal audit as well as by external assurance providers that take the form of numerous verifications, reviews and audits throughout the year. Included in this is the verification under the Mining Association of Canada's Towards Sustainable Mining initiative. De Beers self-declared under this initiative in the latter part of 2010 and both mines will however undergo an external verification assessment in 2011. In addition, there are separate assurance programs to ensure that the requirements are met for the Kimberley Process Certification Scheme and the World Diamond Council System of Warranties.

Towards Sustainable Mining Initiative

"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. TSM provides a way of finding common ground with communities of interest in order to build a better mining industry, today and in the future. TSM is based on a set of guiding principles that in turn are supported by performance elements and indicators."

TSM currently covers four key performance elements, namely Mine Closure, Energy and Greenhouse Gases, Tailings Management and External and Aboriginal Outreach. These four performance elements in turn contain 18 specific indicators. One of these performance elements, Crisis Management has "Yes/No" answers for its three specific indicators, while all the other three remaining performance elements have a number of specific indicators. The criteria follow a five-level performance rating scale from level 1 (low) to level 5 (high). All of these specific indicators have to be in place and functioning to satisfy the requirements of a specific indicator rating level. If they are not, then criteria for a specific indicator rating level are not eligible to be considered as part of a score, and the score drops to the next level for which all the specific indicators are complete.

Additional performance elements are in preparation by MAC for biodiversity, safety and health, and mine closure.

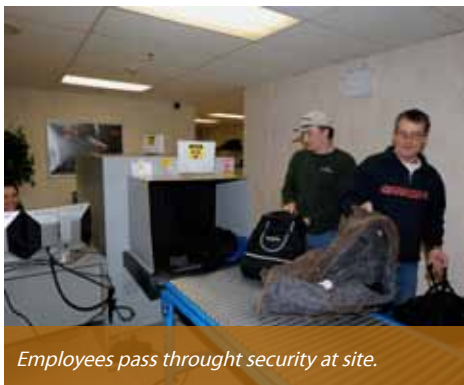
See the full TSM guidelines at:



www.mining.ca

Table 11-1: 2010 assurance goals and objectives

Goal	Degree achieved	Successes	Shortcomings	Additional remarks
Achieve a Level 3 across the board for TSM by end 2010.	Partially met. See Table 11--2.	See Table 11-2.	Energy and greenhouse gas section requires a lot of work. Some work to be done on other criteria.	Some additional work required to get Crisis Management and Tailings Management to an acceptable level 3. Longer term goal is to raise performance in all areas higher.



Employees pass through security at site.



The transfer tower at Victor Mine feed coarse kimberlite into the process plant.

Table 11-2: 2010 TSM ranking summary

	Corporate		Snap Lake Mine		Victor Mine	
	Self ¹	BSi ²	Self	BSi	Self	BSi
Crisis Management						
Preparedness – Crisis Management plan in place	Y	Y	N	N	Y	Y
Review – Updated, Appropriate to risks and best practices	Y	Y	N	N	Y	Y
Training – Annual training, including simulation	Y	Y	N	Y	Y	Y
Energy and Greenhouse Gases						
Energy use management systems			3 ³	2 ³	2 ³	2 ³
Energy use reporting systems			2	2	2	2
Energy intensity performance targets			2	1	1	1
GHG emissions management system			2	2	2	2
GHG emissions reporting systems			2	2	2	2
GHG intensity performance target			2	1	1	1
Tailings Management						
Tailings Management Policy and Commitment			3	3	3	3
Tailings Management System			3	3	3	3
Assigned Accountability and Responsibility			3	3	3	3
Annual Tailings Management Review			3	3	2	3
Operations Management System Manual			2	2	3	3
External Outreach						
Communities of Interest (COI) Identification			4	4	3	3
Effective COI Engagement and Dialogue			5	3	3	3
COI Response Mechanism			5	5	3	3
Reporting			4	4	4	4

Notes:

- 1 De Beers Canada ranking itself.
- 2 Verification assessment carried out by BSi, an independent assessor.
- 3 Level 1 (low) through 5 (high) indicate the performance rating. For details see MAC web site section for TSM.

Internal audit was not required to conduct the Best Practice Principles (BPP) Assurance Review (see below), but the completed questionnaires were reviewed by the external assessor, currently SGS and a physical verification/assessment was conducted at the Victor Mine.

The BPP program was amended for the 2010 Review to facilitate the transition to reporting under the Responsible Jewellery Council program. The number of questions asked in the questionnaire was increased, and at the same time, the questionnaires were tailored for the individual business units so that only relevant questions were asked in 2010. Further improvements are likely to be made in 2011.

A questionnaire was completed for each operation, office and exploration project at De Beers Canada. The physical assessment at Victor Mine site however produced four major and two minor non-conformances or non-compliances as well as one opportunity to improvement (see Table 11-3). Corrective Action Plans have been prepared to address the identified findings and are being implemented. None of the findings were closed out by the end of 2010.



An environmental consultant prepares to cast out a minnow trap as part of environmental baseline studies.

Diamond exports

All diamonds produced were exported to the Diamond Trading Company in compliance with the Kimberley Process Certification Scheme and the World Diamond Council System of Warranties. The export and import Kimberley Process certificates were reviewed by Deloitte and Touche to ensure compliance with the Kimberley Process Certification Scheme and World Diamond Council System of Warranties and there were no significant non-compliances.

Internal Audit at De Beers Canada

The Internal Audit department at De Beers Canada is part of De Beers Internal Audit (DBIA) which operates throughout the Family of Companies. DBIA is an independent, objective assurance and consulting activity designed to add value and improve the operations of the De Beers Family of Companies that has been mandated by the Board Audit Committee, a sub-committee of the Board of De Beers Société Anonyme.

All DBIA reviews are performed in accordance with the International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (IIA). Our Quality Assurance and Improvement Programme (introduced in accordance with IIA Standard 1300) found De Beers Canada Internal Audit to be “generally compliant” with the IIA Standards, the highest rating on the degree of conformity scale.

DBIA follows a prescriptive, documented risk based audit methodology that culminates in its annual report on risk management, the internal control environment and governance to the Audit Committee.

Audit work conducted includes a thorough review of internal systems, procedures and programmes of work for each audit unit included on the annual audit coverage plan.

Table 11-3: BPP third party audit findings - Victor Mine

Audit finding	Severity
Lodging conditions, in temporary trailers used by contractors and newly hired De Beers employees pose a high safety risk due to frost heaves moving foundations.	Major
Appearance of mould in the temporary trailers living accommodation onsite at the mine.	Major
Inadequate change room locker facilities in the Dry process area.	Major
Issue over hours worked resulting from no formal flight cut off time for flights that are delayed because of weather or mechanical issues.	Major
Inconsistent repetitive Non-Conformances indicating inadequate implementation of High security Area General Rules.	Minor
Inadequate lockers for employees leaving high security area.	Minor
The company's business practice does not conform to the policies/provisions communicated to employees.	Opportunity for Improvement

Verification of this report

Global Reporting Initiative assessment

No formal verification of the content of this report has been undertaken. Our self-assessment of this report suggests that it meets the criteria for a level of “A” under the GRI system.

Canadian Business for Social Responsibility (CBSR) supported our reporting process by helping us identify the actions required in order to move from a ‘C’ to ‘A’ GRI Application Level report. In pursuit of reaching the ‘A’ Application Level and reflecting future reporting trends, CBSR developed recommendations to meet Standard Disclosures as required by GRI, including:

- Strategy and profile
- Management approach, and
- Performance indicators.

This work was performed using the Mining and Metals Sector Supplement. In addition to identifying reporting gaps against the requirements of the GRI Sustainability Reporting Guidelines, CBSR reviewed the reporting practices of peers, in order to reinforce recommendations on improving the De Beers Canada Report to Society.

Responsibilities and Independence

De Beers Canada was responsible for preparation of its Report to Society.

CBSR was paid by De Beers Canada to conduct the gap analysis and make the above recommendations. In addition, De Beers Canada is a member of CBSR and had commissioned CBSR with an assessment of De Beers Canada's draft Report to Society based on the GRI Reporting Principles. Other than these payments, the assurance team declares itself independent in relation to De Beers Canada and its stakeholders.