DE BEERS
A DIAMOND IS FOREVER

Operating and Financial Review 2008

Living up to diamonds

From natural resources
to shared national wealth

Group at a glance

About us

De Beers was established in 1888 and is the world's leading diamond company with unrivalled expertise in the exploration, mining and marketing of diamonds. From its mining operations across Botswana, Namibia, South Africa and Canada, De Beers produces and markets approximately 40% of the world's supply of rough diamonds. For further information about De Beers visit www.debeersgroup.com

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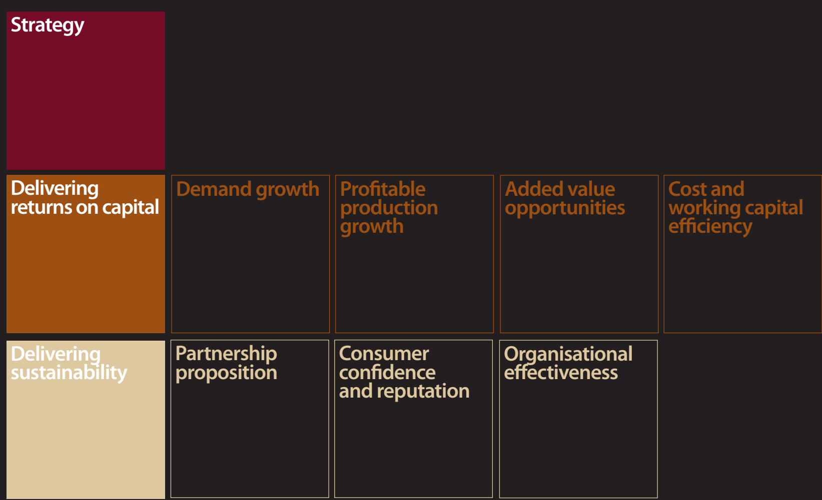
Strategy

At De Beers we are committed to *Living up to Diamonds* by making a lasting contribution to the communities in which we live and work. This means driving returns on capital, operating sustainably and working with our partner governments to transform natural resources into shared national wealth.



Front cover image: Sunset, Northwest Territories, Canada.

This report is designed to be read alongside our Report to Society 2008. These reports form part of our annual reporting cycle and together cover the financial and sustainability performance of the De Beers Family of Companies. Both reports adhere to Global Reporting Initiative G3 Sustainability Reporting Guidelines and form part of our Communication on Progress to the United Nations Global Compact.

Find out more

Please refer to www.debeersgroup.com

What we do

Exploration

Group Exploration is focused on projects in Angola, Botswana, Canada, the Democratic Republic of Congo, India, Namibia and South Africa. In conjunction with respective joint venture partners, these resources under observation are yielding promising results as projects move rapidly from early to advanced stages.

Business Unit	Kimberlites discovered in 2008
Group Exploration	37

Total kimberlites discovered 37

Find out more
On page 08

Mining

De Beers mines for diamonds in Botswana, Namibia, Canada and South Africa. In Botswana and Namibia the mines are owned in equal share by De Beers and the governments of those countries through joint ventures Debswana and Namdeb respectively. Our mines in Canada are wholly owned and in South Africa our operations are 26% owned by our Broad Based Black Economic Empowerment partner Ponahalo Holdings.

Operating Company	Carats recovered in 2008 **000s**
Debswana	32,276
Namdeb	2,122
De Beers Consolidated Mines Ltd	11,960
De Beers Canada	1,640
Williamson Diamonds Ltd	134

Total carats recovered 48,132

Find out more
On page 10

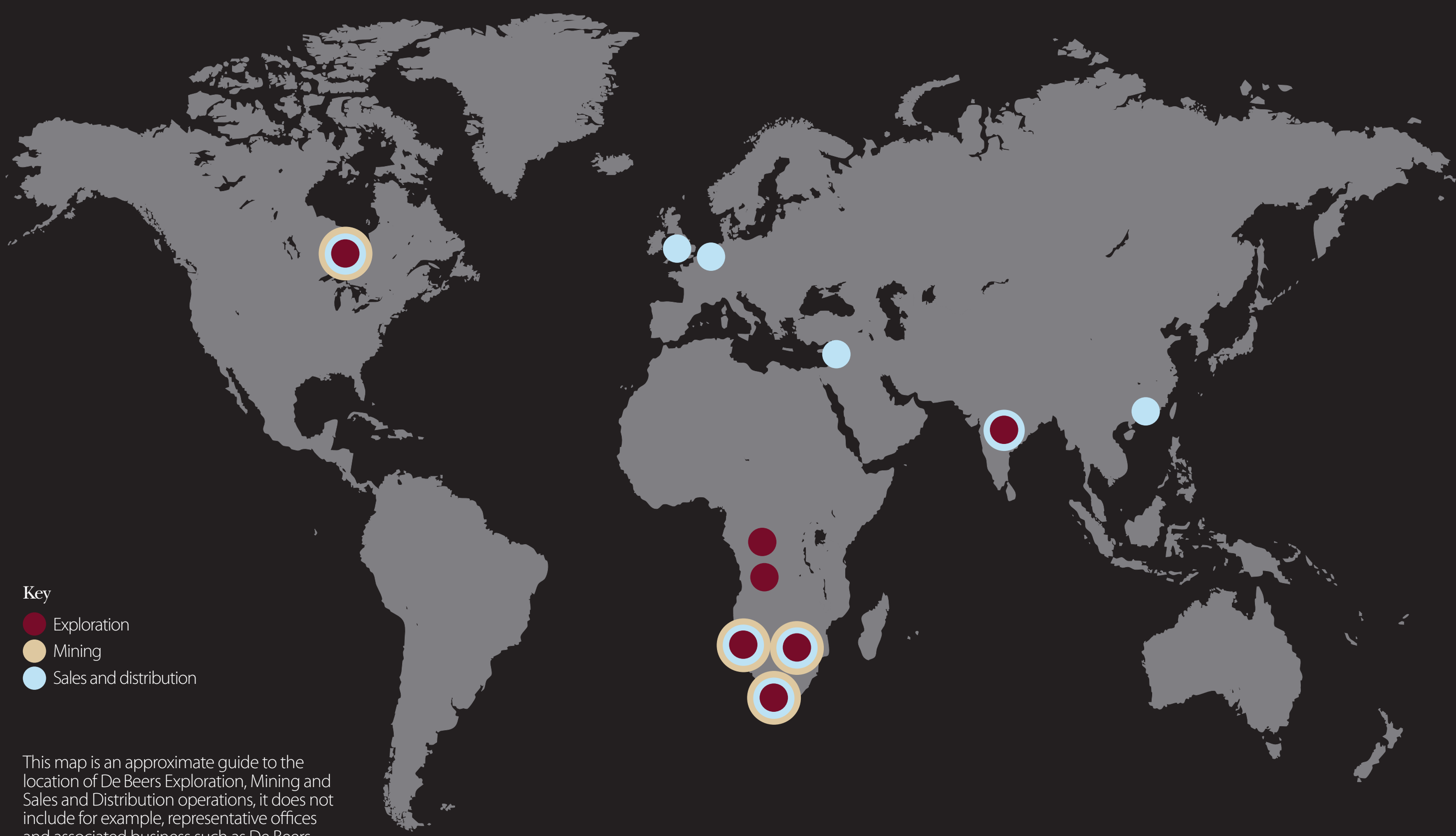
Sales, marketing & downstream businesses

De Beers, through the Diamond Trading Company (DTC) in London, DTC Botswana, Namibia DTC and the DTC in South Africa, supplies clients known as "Sightholders" with bespoke parcels of rough diamonds. The Diamdel group of companies focuses on sales of rough diamonds to non-Sightholders. Forevermark is De Beers brand that gives assurances of both quality and integrity. De Beers Diamond Jewellers is an independently managed retail joint venture with Moët Hennessy Louis Vuitton (LVMH). Element Six is an independently managed supplier of diamond and diamond-like super materials.

Operating Company	2008 sales US$ **millions**
DTC	5,930
DTC Botswana	360
Namibia DTC	172
DTC South Africa	574
Diamdel	444

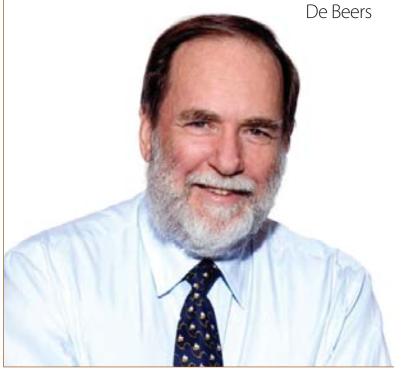
Total sales US$ 6.89 bn

Find out more
On page 17



This map is an approximate guide to the location of De Beers Exploration, Mining and Sales and Distribution operations, it does not include for example, representative offices and associated business such as De Beers Diamond Jewellers and Element Six.

Introduction from the Chairman



Nicky Oppenheimer
Chairman
De Beers

De Beers experienced mixed fortunes in 2008. The first nine months of the year were marked by strong sales and sustained price growth during which time we formally opened two new mines in Canada and a third in South Africa. The final quarter of 2008 was shaped by the onset of the global economic crisis. As a result, De Beers overall financial performance in 2008 was largely in line with the 2007 results.

Financial

Total sales in 2008 were US$6.89 billion compared with US$6.84 billion in 2007. Significant gains during a buoyant first half were offset by a slowdown in sales in the fourth quarter following the escalation of the global financial crisis. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) was level with 2007. The slow down in the 4th quarter also held back expected growth in EBITDA at US$1.2 billion (2007 – US$1.23 billion).

De Beers underlying earnings increased by 7% to US$515 million compared with 2007. This was primarily a reflection of the success of restructuring initiatives that commenced in 2007 which, in turn, served to reduce operating costs. We are confident that these efficiencies will hold us in good stead as we weather the global economic downturn.

Operations

De Beers celebrated its 120th anniversary in 2008. To have thrived as a business for so long speaks volumes not only about the product we sell, but also of our ability to adapt quickly to rapidly changing circumstances. De Beers has weathered numerous global crises in the past, emerging stronger and better equipped to make the most of the inevitable recovery in every instance. Our longevity is a reflection of both the long-term approach required to be successful in the diamond business and commensurately, the extent to which a sophisticated approach to sustainability lies at the heart of our business model as documented in our annual Report to Society.

Our longevity can also be credited in part to our willingness to embrace innovation and change. Our milestone achievements in 2008 – the opening of three remarkable new mines, the launch of the Diamond Trading Company Botswana and the launch of the Forevermark in Asia are all testament to this quality. As was the decision to sell a number of more marginal mines including Cullinan in South Africa and Williamson diamond mine in Tanzania.

New mines

Victor mine and the Snap Lake mine in Canada are De Beers first mining ventures outside of the African continent. Victor mine is located in the James Bay lowlands of northern Ontario, about 90km west of the First Nation community of Attawapiskat. It is so remote that it can only be accessed by air or seasonal ice road. The mine employs more than 400 local people and has channelled more than C$175 million of investment into local Aboriginal businesses.

Our Snap Lake mine lies 220 km northeast of Yellowknife and is Canada's first completely underground diamond mine. As with Victor mine, travel to Snap Lake is only possible by air for all but eight to ten weeks of the year during which time it is accessible by ice-road. It is also one of the most technically challenging diamond mines ever brought into production. Snap Lake mine is the only diamond mine in the North West territories that was ISO 14001 certified through advanced exploration, construction and pre-operational phases. Furthermore, an environmental agreement with the territorial and federal governments and Aboriginal communities near the mine provides for ongoing monitoring of the environmental stewardship of the company.

Voorspoed mine in the Free State Province of South Africa is an equally remarkable mine albeit for different reasons to our new Canadian ventures. All employees at Voorspoed have a minimum Grade 12 education – a unique achievement in South Africa. Perhaps even more extraordinary, Voorspoed is breaking new ground in women's empowerment by implementing plans to place women in 50% of technical positions by the close of 2009. Voorspoed is also the first De Beers mine to be opened in South Africa since De Beers Consolidated Mines (DBCM) entered into a Broad-Based Black Economic Empowerment (BBBEE) partnership with Ponahalo Holdings (proprietary) Limited in 2006. As part of this BBBEE commitment, Voorspoed has targets in place for the inclusion of historically disadvantaged South Africans into its management. More than 70% of the mine's employees will be recruited from the local Fezile Dabi region.

Jim Gowans, De Beers Canada Managing Director and David Noko, DBCM Managing Director, and their respective teams deserve great praise and recognition for their achievements in driving these projects to completion.

Downstream

It was with great pride that we launched the DTC Botswana (DTCB) in 2008, a 50/50 joint venture with the Government of Botswana. The DTCB is the jewel in the crown of our 'beneficiation' programme. This programme is aimed at empowering our producer country partners to generate greater benefits from their diamond resources through facilitating the development and promotion of a local downstream diamond industry. Our beneficiation activities are, of course, not confined to Botswana. We launched a similar joint venture with the Government of Namibia – the Namibia Diamond Trading Company in 2007 and have concluded local supply arrangements with both the Government of South Africa through the state diamond trader, to further support the long established cutting industry in that country, and with regional Governments in Canada.

The beneficiation programme is sure to be tested in the year ahead. The economic crisis is impacting on the new cutting and polishing factories in producer countries as in all centres. However through working creatively with our partners we are confident that beneficiation will serve as an effective catalyst for prosperity and sustainable economic growth in producer countries.

Financial Highlights

Full year (US$ millions)

Total sales (US$m)

$6,888m

2007: $6 836m
+1%

Underlying earnings (US$m)

$515m

2007: $483m
+7%

EBITDA (US$m)

$1,222m

2007: $1 216m
+0.5%

Cash available from operating activities (US$m)

$700m

2007: $844m
–17%

In 2008 we also celebrated the launch of Forevermark as a global diamond brand promising both quality and integrity. As diamond consumers now rightly equate provenance with quality we are confident that the Forevermark team will be able to deliver on the twin goals of establishing Forevermark as one of the world's leading diamond brands and installing it as the definitive point of reference for all diamonds.

Outlook

The long-term supply and demand trends of the diamond industry remain very promising. Markets are expanding, most notably in China and India, while known supplies are diminishing. This fact serves as a powerful beacon as we focus in the short term on ensuring that we are not only fit for purpose, but fit for circumstances. While it is impossible to predict the scale and depth of the current global economic crisis, the steps De Beers has taken in recent years in selling marginal mines and reducing costs, together with the rapid response we are implementing across our business to reduce production in line with prevailing and anticipated demand from our clients, capital expenditure and operating costs make us confident that we will be well placed to capitalise fully on the recovery when it happens.

The values and principles that underwrite all we do at De Beers and that are so eloquently captured in our commitment to "live up to diamonds" also serve as a beacon during difficult times. As detailed in our fourth annual Report to Society, "living up to diamonds" defines not only who we are and what we do but also provides a framework for ensuring that we emerge from this current downturn with our reputation and our commitment to sustainability enhanced.

Nicky Oppenheimer
Chairman
De Beers

Performance overview from the Managing Director

Gareth Penny
Managing Director
De Beers

Performance indicators

	08	07	+/–
LTIFR*	0.19	0.18	0.01
LTISR**	106.89	22.53	84.36
Exploration expenditure (US$ millions)	92	126	-27%
Tonnes treated (000's)	84 610	92 740	-9%
Carats produced (millions)	48.1	51.1	-6%
Total sales (US$ millions)	6 888	6 836	+1%

* Lost time injury frequency rate
** Lost time injury severity rate

Financial measures (US$ millions)

	08	07	+/–
EBITDA	1 222	1 216	+0.5%
ROACE	13.4	12.7	+6%
Cash available from operating activities	700	844	-17%
Stay-in-business (US$ millions)	204	383	-47%
Expansion (US$ millions)	199	1 120	-82%

Business strategy

Delivering returns on capital
- Demand growth
- Profitable production growth
- Added value opportunities
- Cost and working capital efficiency

Delivering sustainability
- Partnership proposition
- Consumer confidence and reputation
- Organisational effectiveness

Two clearly defined periods marked 2008: during the first nine months we saw heightened rough diamond demand, the opening of new DTCs in African producer countries, our first Canadian mines opened and strong financial performance in sales and earnings. During the final quarter of the year, in response to the rapidly emerging economic crisis, each constituent member of the De Beers Family of Companies re-evaluated growth plans in favour of right-sizing, cost reductions and cash conservation. The speed and impact of the global economic downturn proved as dramatic as it was unprecedented. Our response was fast, targeted and measured with strategies launched globally to conserve cash, reduce diamond production in line with client demand, stimulate consumer demand and ensure staffing levels remain commensurate with operational requirements.

In recent years we have taken significant steps to reshape the De Beers mining portfolio and marketing strategy. These steps have also improved our ability to weather the current global economic conditions. Specifically, we have sold a number of marginal mines, focused on profitable production growth at our core operations, streamlined overheads and improved efficiencies. In addition we have improved diamond sales and distribution systems and launched new strategies to drive consumer demand, including *Forevermark*, De Beers Diamond Jewellers, and compelling category marketing.

Safety in the workplace

It is with much sadness that we report the deaths of six people in operations in 2008 as a result of individual industrial accidents.

The De Beers Family of Companies has been at the forefront of the extractive industry in driving a culture of, and adherence to, the highest attainable safety standards. Whilst achieving a global Lost Time Injury Frequency Rate (LTIFR) of 0.19 (2007: 0.18 LTIFR), which in isolation is commendable, no diamond is so valuable as to warrant the loss of human life to recover it. I offer my personal assurance that every conceivable effort is being made to address those issues that have arisen as a result of accident investigations. For a full review of each incident and of those steps that have been, or are in the process of being taken to improve the safety of our operations, please refer to our Report to Society 2008.

Profitable production growth

During the year, De Beers produced 48.1 million carats. While a decline on the outstanding levels reached in 2007 (51.1 million carats) it must be noted firstly that De Beers divested a number of mines and secondly that De Beers Consolidated Mines (DBCM) in particular faced significant operational challenges in managing the effects of South African power shortages, consequently producing 12.0 million carats (2007: 15.0 million carats). Production from Debswana reached 32.3 million carats (2007: 33.6 million carats), Namdeb yielded 2.1 million carats (2007: 2.2 million carats), while output from new Canadian operations at Snap Lake and Victor produced 1.6 million carats (2007: 81,000 carats). Carat production was also impacted by the deliberate slowdown in production in response to the lower client demand in the last quarter of 2008.

Diamond sales

Diamond Trading Company (DTC) sales for 2008 at US$5.93 billion were marginally above the previous year (2007: US$5.92 billion), though below expectation owing to the impact of the global economic downturn. Over the first nine months of 2008, the DTC achieved record sales as buoyant demand for rough diamonds translated into increased prices. Fourth quarter sales slowed with the last two Sights significantly smaller than originally forecast as a result of the economic downturn and the consequent liquidity squeeze in the key global cutting centres. Wholesale prices for polished diamonds contracted only slightly over the year, with early gains being tempered by reductions during the second half. While we took steps to mitigate the effects of these events, it is clearly more important than ever that we ensure our cost base as a group is at a level that allows us to operate effectively against a significantly lower sales target in 2009.

Markets

While we know the unique and enduring nature of diamonds gives them a strong long-term future, as a luxury product they are not immune from the effects of the global economic crisis in the short-term. Most businesses are now experiencing a decline in sales as consumers spend less and liquidity constraints force wholesalers and retailers to buy less stock; the diamond industry is no exception.

Global retail sales showed steady growth through the first half of 2008 driven principally by the emerging markets of China, India and the Middle East. However, the all important 2008 holiday period took place amidst significant weakness in US economic sentiment, with American consumers, the world's major diamond purchasers, cutting back sharply on spending. The luxury goods sector appears to have been particularly impacted, with jewellery retailers in the US reporting double-digit year-on-year declines over the traditional key buying season between Thanksgiving and Christmas. As a result we estimate that global diamond retail sales were down, in the low single digits, for the year as a whole.

Investment in the future

For the first time in our history, De Beers opened three new mines in one year. In Canada, Victor Mine in northern Ontario was completed and commissioned eight months ahead of schedule, while Snap Lake Mine in the Northwest Territories began commercial production in early 2008. DBCM's Voorspoed Mine in the Free State Province, South Africa, was officially opened in November and is expected to produce 8.3 million carats over the next 12 to 16 years.

Associated companies

In 2008 the De Beers Family of Companies welcomed Cyrus Jilla as incoming CEO of Element Six (E6). As a non-Executive Director of E6 since 2003, Cyrus enters his new role with exciting ideas and an ambitious growth strategy. E6 recorded total annual sales of almost US$500 million for the year and growth of 25% as a result of the inclusion of a full year's trading in respect of E6 Hard Materials (Barat Carbide), acquired in 2007, as well as organic growth.

De Beers Diamond Jewellers (DBDJ) continued the expansion of its store network in 2008. The company traded very strongly in the first eight months of 2008. However, in line with most high-end jewellery retailers, DBDJ experienced a significant slowdown in the final quarter of the year, reducing the growth in revenue for the full year to some 6% ahead of 2007.

Outlook

We have achieved much in recent years in reshaping the business, seeking cost and capital efficiencies and driving profitability. We have taken tough decisions in the good times helping us to prepare our portfolio for less favourable trading conditions.

At the close of 2008 De Beers took bold action in response to the worsening economic climate. As we enter 2009 we will reduce production significantly in accordance with client demand and we will continue to substantially reduce capital expenditure and off-mine costs. Regretfully, with lower levels of production forecast some job losses will be unavoidable. Such decisions will be made in a measured fashion, with due consideration for medium and long-term impact and, at all times, in close consultation with those affected.

Few in the industry have experienced the tough trading conditions that we are currently seeing. I expect 2009, and perhaps 2010, to remain challenging for the industry. De Beers is fortunate to have a foundation built over 120 years that enables us to draw on our past, take bold action in the present, with a view to securing a bright future. Ultimately, fundamentals for the long-term are sound, as demand growth in emerging markets is expected to continue to outstrip a decreasing level of global diamond supply.

Our strategy to address the economic downturn will not only sustain the organisation in the short term, but will position our company for future growth once sales return to normal levels. In the medium- to long-term, our emergence from this period will render the De Beers Family of Companies stronger and more focused than at any time in our history.

Gareth Penny
Managing Director
De Beers

Marketplace

The global economic crisis is affecting most businesses in some way. While the luxury sector, and diamonds in particular, will not be immune from the downturn, De Beers is grounded by a solid foundation enabling it to withstand economic uncertainty and nurture future growth.

Past
Building a solid foundation

De Beers has taken extraordinary steps during the past few years to reshape its mining portfolio and marketing strategy, putting it in a strong position to weather the current global economic turmoil. These steps have included:

- Divesting from a number of projects and marginal mines
- Focusing on profitable production growth and those mining opportunities that offer superior returns on investment, represent an appropriate spread of geographical risk and are at the right stage of the life of mine cycle
- Driving accountability, reducing overheads, improving efficiency and focusing on reducing working capital by shortening the Company's diamond pipeline
- Creating improved diamond sales and distribution systems through innovative partnership agreements with producer nations
- Creating new strategies to drive consumer demand for diamond jewellery through optimising the value of the De Beers brand

Divestments

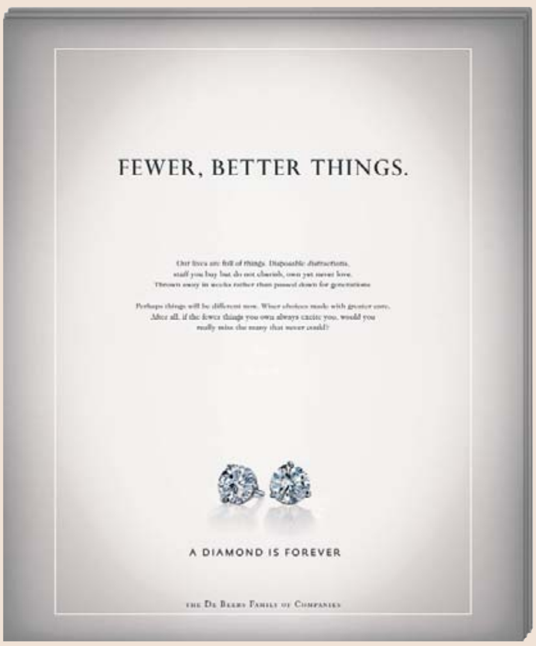
The Cullinan mine – sold to Petra Diamonds Limited.

Present
Bold response in 2008

De Beers is focused on maximising its potential during uncertain times by taking bold action to ensure its operations and activities continue to reflect and respond to the needs of its clients, by:

- Reducing production levels of new rough diamonds for the beginning of 2009, in line with client demand. Through production holidays and a renewed focus on essential housekeeping measures, each operation is using the opportunity to take necessary steps to ensure their long-term sustainability
- Monitoring demand from clients and working quickly to adjust future production levels – up or down – accordingly
- Reducing operating costs and capital expenditure in light of the economic conditions
- Driving consumer demand by investing in the Forevermark programme in the Far East and the highly regarded generic marketing campaign, focused on the enduring value of diamonds

Driving global demand

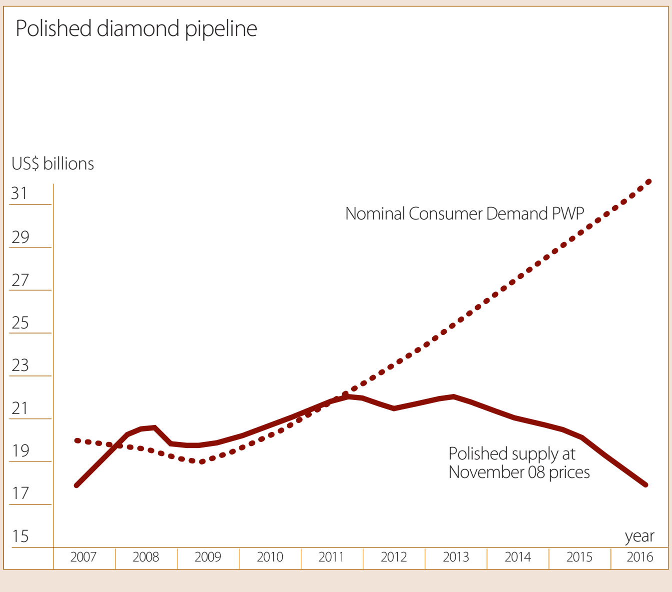


Future
Strong medium- and long-term fundamentals

While the economic crisis presents challenges for the luxury goods category as a whole, diamonds are uniquely positioned to withstand and emerge from the short-term uncertainty:

- Medium-term supply issues – the short-term reduction in diamond inventories and sales, coupled with a significantly lower level of industry investment in exploration and new mining projects, is likely to create a shortfall in previously forecast levels of diamond supply
- Base of demand – even in a recession people continue to get engaged, married and celebrate special anniversaries. Diamonds are inherently linked to the marriage tradition in the US and emerging economies
- Financial value – as the hardest material on Earth, diamonds represent a reliable hard asset for people migrating away from risk and the complexity of stock markets. Historically, there has been incremental growth and low volatility in the value of diamonds, making them attractive in the long term

Strong market fundamentals



Source: De Beers UK Ltd estimates.
Note: Supply figure excludes existing polished stock in pipeline
PWP: Polished wholesale price

Exploration review

Charles Skinner
Head of Group Exploration

Fact file

Delivering returns on capital

Performance indicators

	08	07	+/–
LTIFR	0.48	0.2	0.28
LTISR	1.86	1.1	0.76
Exploration expenditure	92	126	-27%

Ground holdings

	(km²) 08	(km²) 07	+/–
Angola	9 000	12 000	-25%
Botswana	10 000	28 800	-65%
Canada	2 100	148 000	-99%
DRC	12 000	18 800	-36%

Find out more

www.debeersgroup.com

Operating highlights

Introduction

De Beers Group Exploration spent US$92 million (2007: US$126 million) on a highly-focused global exploration programme that included both early and advanced stage operations during 2008. Throughout the course of the year, 37 new kimberlites were discovered by De Beers, most of which are in Angola. In 2007 45 kimberlites were discovered.

Over the past 24 months, Group Exploration has developed smaller, more effective teams to focus on smaller high priority target areas. With the completion of planned work programmes and reflecting the current economic environment, Group Exploration has reduced its ground holdings by some 70%. The division will remain flexible in its approach throughout the year ahead.

Angola

Angola further developed into the most prospective portfolio in Group Exploration during 2008. Three concession areas were relinquished and the work programmes are now focused on our concessions in Lunda NE and Dando-Kwanza. In the Lunda NE concession to date, 95 kimberlites have been discovered, of which 31 have been bulk sampled for macrodiamonds and over 60 for microdiamonds. The bulk sample results are encouraging and planning for subsequent assessment of these is currently underway.
In the Dando Kwanza concession, a high interest kimberlite cluster with 15 new discoveries is being sampled through drill core recovery for microdiamonds and large diameter drill sampling for macrodiamonds.

Democratic Republic of Congo (DRC)

The main areas of focus in the past four years have been the SKD joint venture with Société Minière de Bakwanga (MIBA) and the Bugeco option agreement. An assessment of the results for the 14 kimberlites discovered in these two projects, indicate that the current ground-holdings do not contain economically viable deposits. Consequently, Group Exploration is reviewing its activities in the DRC.

Canada

During 2008, ground-holdings were significantly reduced. Exploration activity is now focused in the Attawapiskat area around the De Beers Victor Mine to evaluate several prioritised kimberlites in the cluster and discover more pipes that could potentially contribute to the existing reserves of the Mine.

Botswana

In 2008, the work programmes continued to focus on the areas adjacent to the Debswana Mines at Orapa and Jwaneng. During 2009, work will focus on technical reviews and reconnaissance phase prospecting activities to target priority areas for discovery.

Other countries

Group Exploration is engaged in prioritised early stage work and technical reviews and collaborations in South Africa, India and Namibia.

ECOHS[1] overview

The combined Group Exploration lost time injury frequency rate (LTIFR) for 2008 was 0.49, compared to the 2007 LTIFR of 0.20. This increase can be partially accounted for by an improved incident and accident reporting methodology. This process, in turn, has enhanced both the risk assessment process and Group Exploration's ability to improve ECOHS performance. The Exploration ECOHS Guidelines were implemented in 2008 and, during 2009, will be further supported by Standards that will provide further guidance and set non-negotiable requirements across Group Exploration's operations.

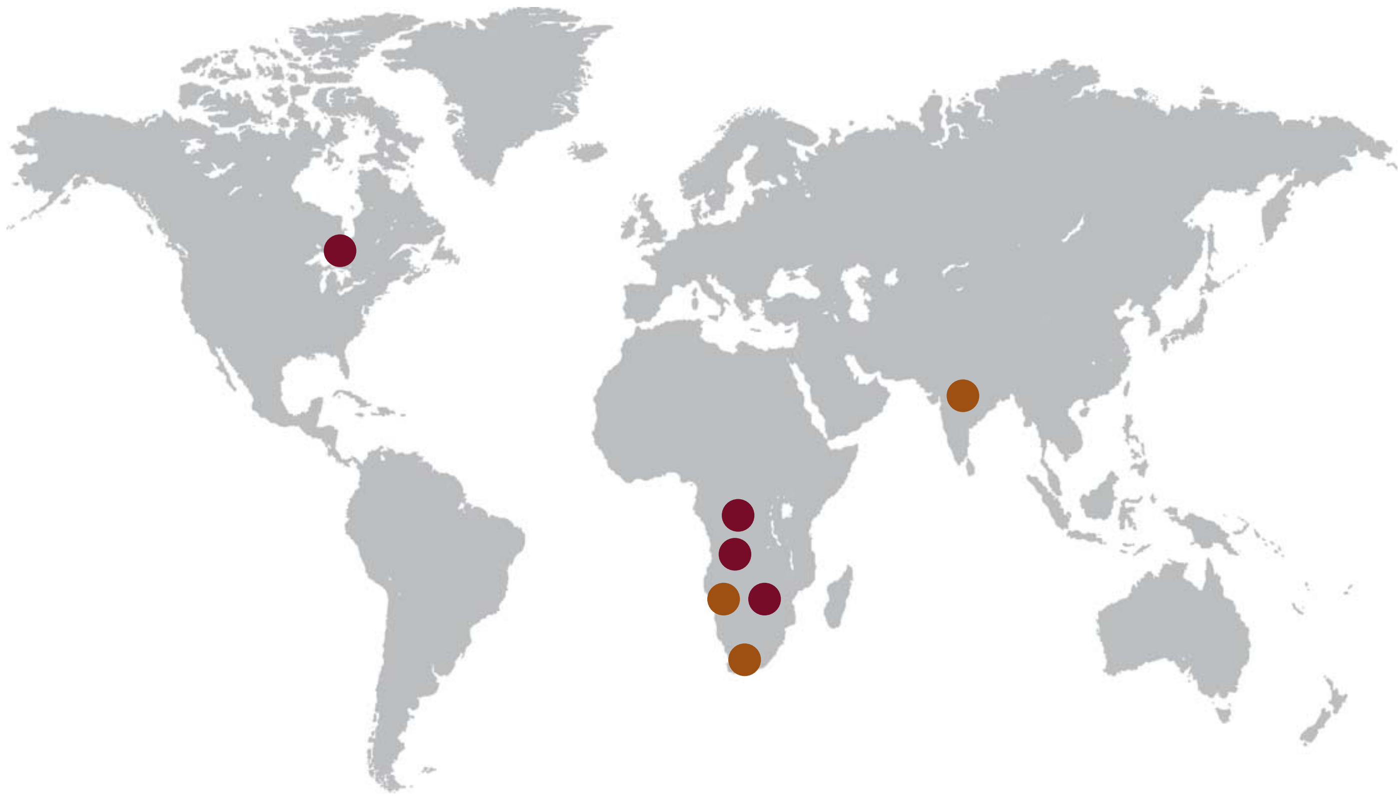
Outlook for 2009

Group Exploration strategic objectives and the impact of the worldwide economic downturn will force ever more commercially focused exploration activity in 2009. The outlook is challenging but very promising. Angola and the Victor target area in Canada will remain at the forefront of active prospecting and portfolio development. Focused prospecting activities and desktop work to identify and plan for future work in high priority target areas will form the core of the exploration programmes in southern Africa, Canada and India. Group Exploration, both strategically and commercially, is advantageously positioned to conserve cash, protect diamond equity through sound risk, ECOHS and reputation management, and continue to deliver high quality technical results in top priority projects.

[1] Environment, Community, Occupational Health and Safety.

Advancing exploration

Key
- Advanced exploration
- Early stage exploration



Case Study

Delivering sustainability

Malaria amongst exploration personnel in Angola

In 2008, we carried out a study of malaria prevalence and prevention with our exploration team in Angola. The study also sought to assess the value of using rapid diagnostic tests for the most dangerous form of malaria parasite, Plasmodium falciparum. The study was carried out in collaboration with volunteers from our exploration staff, health service personnel, the National Institute for Communicable Diseases (NICD) and the National Institute for Occupational Health (NIOH).

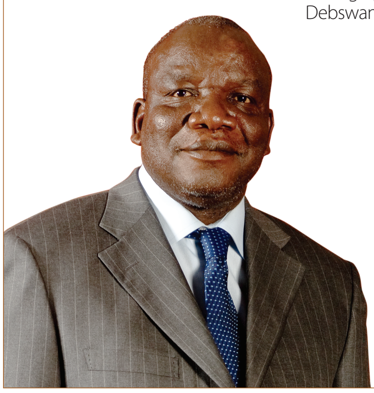
The study, which was designed with assistance from Professor John Frean, Director of Parasitology at the NICD, included questionnaires on malaria prevention, blood smears and rapid tests conducted on 176 people living in Angola. The rapid test kits identified two positive results, whilst the laboratory-analysed smear tests identified four. Two of these positive smear test results showed very low concentrations of the parasite below that likely to be picked up by rapid tests. All of the positive results came from our local Lucapa employees, who were not showing symptoms and who were not using any specific personal measures or chemoprophylaxis to prevent malaria.

The results of the burden of disease research suggested a relatively low infection rate of 2.3% in the workforce, and identified potential improvements for malaria prevention and diagnosis. There were no cases amongst expatriates indicating that the preventive medication used is effective. De Beers has introduced on-site rapid tests for P falciparum and initiated a quality review programme that refers locally diagnosed smear tests to external laboratories for validation.

Find out more

www.debeersgroup.com
www.nicd.ac.za
www.nioh.ac.za

DEBSWANA



Blackie Marole
Managing Director
Debswana

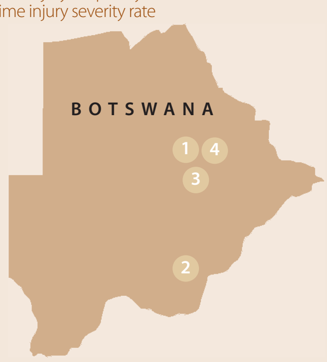
Fact file

– 50/50 joint venture with the Government of the Republic of Botswana
– Established 1968

Performance indicators

	08	07	+/–
LTIFR*	0.21	0.16	0.05
LTISR**	120.11	3.13	116.98
Mining licence area (ha)	37 714	37 714	0
Tonnes treated (000s)	41 012	35 612	+15%
Carats recovered (millions)	32.3	33.6	-4%

* Lost time injury frequency rate
** Lost time injury severity rate



Mining (open pit)	Production start
1 Damtshaa	2002
2 Jwaneng	1982
3 Letlhakane	1975
4 Orapa	1971

Find out more

www.debeersgroup.com
www.gov.bw
www.debswana.com
www.iso.org

Operating highlights

Debswana's performance for the first 10 months of 2008 was strong, with the company having exceeded the turnover and profit levels for 2007 by this time. The advent of the global financial crisis did however result in a significant reduction in the company's diamond sales, particularly in the last two months of the year, transforming what would have been a record performance.

In 2008, Debswana produced 32.3 million carats from 41 million tonnes treated. This was a drop from the 2007 production total of 33.6 million carats from 35.6 million tonnes treated. Total carat production and tonnes treated were therefore only 2% and 3% respectively below the targets set at the outset of the year – a remarkable achievement given the production halt we effected in December due to the global economic crisis.

Tonnage treated in 2008 fell 3% below forecast mainly as a result of the production halt in December as well as plant shutdowns and reduced plant utilisation. At Jwaneng our teams resolved issues including low feed from mining; reduced water pump pressure and breakdowns on conveyor belts, crushers, pumps, screens and motors. Conveyor belt breakdowns and blockages also impacted on the performance of Orapa No.1 and Orapa's No 2 plants.

Debswana's total operating costs for 2008 exceeded the budget for the year by around 20%. Higher costs for maintenance and global price increases in fuel, tyres and steel during most of the year accounted for this over-run. Subsequent drops in global commodity prices suggest that greater economies will be achieved in this area in 2010.

With regional power shortages presenting a significant challenge to the company's operational sustainability, Debswana's 100% ownership of the Morupule Colliery has provided an opportunity to consider more extensive exploitation of this coal resource.

ECOHS overview

Debswana regrettably suffered two fatalities in 2008. These occurred at the Orapa and Jwaneng mines. Details into the measures taken to ensure that Debswana and the De Beers Family of Companies learn from these tragic events can be found in the De Beers Report to Society 2008. The combined LTIFR for Debswana was 0.22, compared to 0.16 in 2007. The increase in LTIFR was attributable to eight lost time injuries at Jwaneng and 15 at Orapa.

Reflecting our focus on safety at Debswana 2008 also saw the implementation of the Incident Cause Analysis Method (ICAM) and Fatal Risk Protocols across our mining operations. In addition to this, mines came up with a series of safety interventions including the innovative "Safe Map" at Jwaneng.

All Debswana operations maintained their International Standards Organisation (ISO) 14001 environmental management standard certification in 2008.

Outlook for 2009

Following the advent of the global financial crisis, Debswana began a comprehensive review of the 2009 business plan. The aim: to curtail expenditure, conserve cash, and evaluate production in line with global rough diamond demand.

NAMDEB
On Diamonds We Build

Inge Zaamwani-Kamwi
Managing Director
Namdeb

Fact file

– 50/50 joint venture with the Government of the Republic of Namibia
– Established 1994

Performance indicators

	08	07	+/–
LTIFR*	0.2	0.17	0.03
LTISR**	5.59	6.83	1.24
Mining licence area (ha)	795 184	795 184	0
Tonnes treated (000s)	16 922	24 224	-30%
Carats recovered (millions)	2.1	2.2	-5%

* Lost time injury frequency rate
** Lost time injury severity rate

Mining (alluvial/marine)	Production start
1 Contractors	–
2 Elizabeth Bay	1990
3 Mining Area 1	1936
4 Orange River	1989
5 Namibian Sea Areas	1990

Find out more

www.debeersgroup.com
www.grnnet.gov.na
www.namdeb.com
www.ohsas.org
www.iso.org

Operating highlights

In 2008 Namdeb produced 2.1 million carats from 17.0 million tonnes treated – breaking the two million carat milestone for the third consecutive year. In 2007, Namdeb produced 2.2 million carats from 24.2 million tonnes treated.

Namdeb achieved such high rates of recovery despite flooding of both the Pocket Beach Mines in Zone 1 and other small mines in MA1 following adverse marine conditions.

Grade variations in the mineral resource and unachieved targets in bedrock cleaning and ore treatment hampered forecast production in the first half of the year. Performance improved in the second half with advances made in flood defences and a reduced variance in mineral resource grades.

Marine mining in the Atlantic 1 mining area exceeded plan. The *Coral Sea*, the *Grand Banks*, the *Atlantic*, the *Pacific* and the *Ya Toivo* vessels were all operational during the year.

The Elizabeth Bay/Plant No.3 fire in 2007 led to the refurbishment of the plant's control systems. Once this work was complete in 2008 the plant was ready for re-commissioning. Operations returned to normal during the year, with the exception of technical failures occurring on the primary and tertiary crushers. Remedial maintenance soon solved these problems.

Namdeb curtailed production during the latter part of 2008 in order to align with falling demand and the wider consequences of the global economic slowdown.

ECOHS overview

The combined LTIFR for all Namdeb operations was 0.20 in 2008; a slight rise from 2007's 0.17. There were no fatalities. By the end of the year Namdeb had recorded 7.1 million shifts without a fatality.

All Namdeb operations will be audited against OHSAS 18001 during February 2009.

In 2008 Namdeb retained ISO 14001 certification for all certified areas and its environmental management programme.

An AON risk audit of Namdeb's operations, conducted during April and October, reviewed the company's readiness to withstand disasters such as fire and flooding. An external certified body conducted the audit, in which Namdeb achieved its lowest ever risk index number.

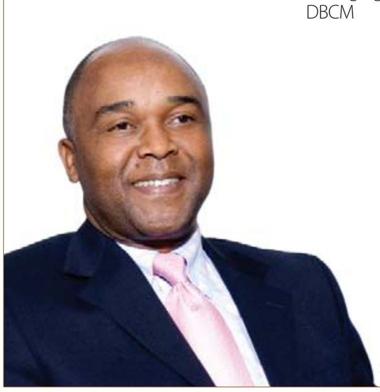
No irreversible occupational diseases were recorded in 2008.

Vehicle accidents in 2008 were down 42% compared to 2007 figures.

Namdeb's continued efforts to create a safe working environment through initiatives such as enforcement of a fatigue-management plan and an alcohol and drug abuse policy contribute to the positive results.

Outlook for 2009

Namdeb is responding to the reduction in global demand for rough diamonds, by reducing employee shift patterns in most of the traditional land-based operations and adapting forecasts for land and marine production accordingly.



David Noko
Managing Director
DBCM

Fact file

– 74/26 joint venture with Ponahalo Holdings
– Established 1888

Performance indicators

	08	07	+/–
LTIFR*	0.16	0.21	0.05
LTISR**	128.61	10.75	117.86
Mining licence area (ha)	101 819	114 535	-11%
Tonnes treated (000s)	21 832	29 585	-26%
Carats recovered (000s)	11 960	14 998	-20%

* Lost time injury frequency rate
** Lost time injury severity rate

Mining (open pit)	Production start
1 Venetia	1992
2 Voorspoed	2008
3 Namaqualand	1928
4 Oaks	1999
Mining (Underground)	
5 Finsch	1961
6 Cullinan	1904
Mining (tailings resource treatment)	
7 Kimberley	1980
Mining (marine)	
8 SASA	2007

Find out more

www.debeersgroup.com
www.ohsas.org
www.iso.org

De Beers Consolidated Mines Ltd

Operating highlights

In 2008, De Beers Consolidated Mines Ltd (DBCM) recovered 12.0 million carats from 21.8 million tonnes treated. This was a drop from the 2007 production total of 15 million carats from 29.6 million tonnes treated. What had begun as a promising year for DBCM proved challenging due to a range of contributing factors most notably the global economic slowdown. These factors included the national electricity supply crises that took place in the first quarter, suspension of mining activities from the Buffels Marine Complex (BMC) mining area in Namaqualand, legislative issues in South Africa that temporarily blocked diamond exports and the downscaling of operations towards the end of the year to align with reduced global demand for rough diamonds.

In November, DBCM officially opened its Voorspoed mine in the Free State Province. It is expected to produce 8.3 million carats at an average value of US$120 per carat for the next 12 to 16 years. Voorspoed is unique: a model mine that not only employs candidates with a minimum grade 12 education but also has a high proportion of women in its ranks: 25% of technical positions as opposed to the 10% required by legislation in South Africa. By the end of 2009 women are expected to make up half the mine's technical positions.

In July 2008, the Finsch Mine Treatment Plant Upgrade (FMTPU) was completed. The purpose of the upgrade was to improve the overall diamond recovery efficiency levels and increase the treatment plant throughput capacity by 1.4 million tonnes. An important part of this effort will be to enhance the value of diamonds recovered by liberating them from the kimberlite host rock in a carefully designed "diamond friendly" process.

The Oaks mine of Limpopo province ceased production in August 2008 after more than ten years in operation. After a far-reaching social and environmental closure plan was implemented, the mine is now in the final stages of closure, with provision for further rehabilitation and monitoring in 2009.

DBCM concluded a strategic review of operations with the sale of Kimberley tailings Resource, Kimberley Underground, Kimberley Sampling Plant and the New Treatment Plant Dense Media Separation Unit. Following a decision to divest, DBCM commenced discussions with Transhek Group Limited in relation to a possible sale of Namaqualand Mines, and such discussions continue. In July 2008 the transaction for the sale of the Cullinan Mine to Cullinan Diamond Mine (proprietary) Limited (owned by a consortium led by Petra Diamonds Limited) was completed.

With the exception of South African Seas Areas (SASA) and Samsonbak area in Namaqualand, 2008 saw almost all DBCM's mining rights converted to new mining rights.

ECOHS review

DBCM regrettably suffered two fatalities in 2008. These occurred at the Cullinan Diamond Mine and Finsch mine. Details into the measures taken to ensure that DBCM and the De Beers Family of Companies learns from these tragic events can be found in the De Beer Report to Society 2008.

In 2008, DBCM recorded an all-time low LTIFR of 0.17, compared to 0.21 incurred in 2007. The Oaks mine worked 94 months without incurring a lost time injury until the end of production.

All DBCM mines are International Standards Organisation (ISO) 14001 and Occupational Health and Safety Management System (OSHAS) 18001 certified. The newly commissioned Voorspoed mine aims for certification in 2009.

Outlook for 2009

In line with reduced demand due to the global economic crisis, DBCM will reduce production, focus on cost reduction and cash conservation and safety in 2009. In addition, by the end of the third quarter in 2008, Venetia mine had incurred a backlog of 40 million tonnes in waste stripped. With the reduced production forecast for 2009, significant efforts will be channelled into improving efficiencies in waste stripping.

De Beers Canada

Jim Gowans
Managing Director
De Beers Canada

Fact file

– 100% owned
– Established 1998

Performance indicators

	08	07	+/–
LTIFR*	0.25	0.17	0.08
LTISR**	8.95	11.7	3.52
Mining licence area (ha)	7 236	10 387	-30%
Tonnes treated (000s)	2 690	113	-26%
Carats recovered (millions)	1.6	0.08	+1900%

* Lost time injury frequency rate
** Lost time injury severity rate

Mining (underground)	Production start
1 Snap Lake	2007

Mining (open pit)	
2 Victor	2008

Find out more

www.debeersgroup.com
www.debeerscanada.com
www.ohsas.org
www.iso.org

De Beers Canada

Operating highlights

De Beers Canada opened two new diamond mines in 2008, completing the company's transition from an exploration and mineral processing company to a fully integrated exploration and mining operation. Snap Lake, the first De Beers mine outside Africa, officially opened on 25 July. Victor, the first diamond mine in the province of Ontario, opened the next day, concluding a weekend of celebrations that incorporated local aboriginal customs and entertainment. Attendees included representatives from the media, government, local communities and De Beers senior leadership from around the globe.

During the course of the year, Snap Lake produced 926,000 carats from 903,000 tonnes treated. During the previous year's commissioning phase, the mine had produced 81,000 carats mined from 113,000 tonnes treated. In 2008, first production from Victor totalled 714,000 carats from 1.8 million tonnes treated.

The Gahcho Kué Project, a joint venture with Mountain Province Diamonds Inc. in the Northwest Territories, released Tuzo drill results and work continues on the Environmental Impact Statement (EIS) for filing with the Mackenzie Valley Environmental Impact Review Board (MVEIRB).

While De Beers took an impairment on its Canadian assets in 2007 due to a strengthening Canadian dollar and higher fuel, labour and capital costs, the Canadian management team has focused in 2008 on improving the long-term economics of the operations.

De Beers Canada completed negotiations for an Impact Benefit Agreement (IBA) with the Fort Albany and Kasheschewan First Nations and is awaiting ratification by the communities in the first quarter of 2009. Upon ratification, this IBA will become the sixth completed in the implementation phase. An IBA identifies how the company and the community will work together to provide employment opportunities, education and training, and start fully owned or joint venture businesses to provide goods and services to the company's operations.

De Beers Canada continues to seek out and evaluate joint venture opportunities with junior exploration companies throughout Canada.

ECOHS overview

The combined LTIFR for De Beers Canada was 0.25 in 2008, compared to LTIFR of 0.17 in 2007.

De Beers Canada Exploration logged 375,455 hours without a lost workday incident, achieving the highest health and safety performance in Canada for two years in a row. De Beers Canada has been recognised by the Association for Mineral Exploration British Columbia (AME BC) and the Prospectors and Developers Association of Canada (PDAC) for this achievement.

On site, the Snap Lake and Victor mines retained their ISO 14001 certification through the construction phase and were successfully recertified for their environmental management systems. By year-end, Snap Lake had reached 1.4 million hours without a lost time injury, and Victor had reached 615,000 hours after hitting a record high of over 3 million hours during construction.

Outlook for 2009

In the short to medium term, emphasis will be on imposing tighter cost controls and managing rough diamond production in accordance with global demand.

Exploration activities in 2009 will focus on the area in the vicinity of the Victor Mine as part of a plan to expand the resource.

Growing internationally and operating inventively

C$175 million
Invested

– More than C$175 million has been spent in joint ventures with the James Bay coast Aboriginal communities.

5,000
Hectares impact area

– Research is being completed with the Natural Sciences and Engineering Research Council of Canada on groundwater dewatering and potential related effects on the muskeg ecology, plant communities, etc.
– An extensive Caribou monitoring programme is in place tracking their return to their historic calving grounds.

400
Permanent positions created during operations

– An anticipated C$11 million will be spent on training programme over a three-year period.
– The James Bay Employment and Training Board set up by De Beers and Government to establish a training plan to prepare local people for employment at the Victor Mine.

1.8 million
Tonnes of kimberlite per year

– Average diamond value US$419 per carat.
– Estimated production up to 714,000 carats annually.

Victor Mine

The Victor Mine, Ontario's first diamond mine, officially opened in July 2008 and is the second mine in Canada for De Beers. It is an open-pit mine and located in the James Bay lowlands of northern Ontario, about 90km west of the First Nation community of Attawapiskat. The mine is in a remote area that is only accessible by air or seasonal winter road when weather permits.

	2008
Employees	375
Mine area	5,000 hectares
Total tonnes treated	1.8 million
Diamonds recovered	714,000 carats

1,100

Person years of employment during construction

- During construction, tenders were evaluated on commitments to local employment and training. Performance was verified and tracked against commitments.
- Workshops were held to encourage community members to become entrepreneurial and start their own businesses.
- More than 3,200 positions have been created (full and part-time, contract, temporary and permanent) from feasibility through to operations. More than 950 positions filled by First Nations members of Attawapiskat, Kasheschewan, Fort Albany, Moose Cree and Taykwa Tagamou communities.

18

Kimberlite pipes discovered on property

- Victor is one of 18 kimberlite pipes, of which 16 are diamondiferous, discovered on the property. All diamond-bearing kimberlites are within a 15km radius of the process plant and main camp.

1st Diamond

Mine in Ontario

- 10% of diamonds, by value, to be made available to local Ontario manufacturers to encourage development of the local cutting and polishing diamond industry.

Winter

Road access for transportation of equipment

- 2008 saw a challenging winter road season due to inconsistent weather, although 100% of the planned materials were transported successfully to site. In 2009 along with the annual re-supply of the mine, construction equipment will be removed from the site.

Williamson Diamonds Ltd.

Tony Guthrie
Executive Director
WDL

Fact file

– 75/25 joint venture with the Government of the United Republic of Tanzania
– Joint venture between Willcroft Company and the government of the United republic of Tanzania established 1958

Performance indicators

	08	07	+/–
LTIFR*	0.27	0.27	0
LTISR**	402.53	333.73	68.8
Mining licence area (ha)	2 973	2 973	0
Tonnes treated (000s)	2 154	3 205	-33%
Carats recovered (000s)	134	220	-41%

* Lost time injury frequency rate
** Lost time injury severity rate

Mining (open pit)	Production start
1 Williamson	1940

Find out more

www.debeersgroup.com
www.tanzania.go.tz
www.petradiamonds.com
www.ohsas.org
www.iso.org
www.ddi.org

Williamson Diamonds Limited

Operating highlights

It was a challenging year for Williamson Diamonds Limited (WDL), culminating in an agreement in September for the sale of the 75% De Beers share in the company to Petra Diamonds Limited. The sale was consistent with De Beers' ongoing strategy to divest from operations that do not fit with the company's long-term production portfolio. Throughout the negotiations, De Beers and Petra management were in regular contact with ministers and officials of the United Republic of Tanzania. The effective date of the sale was 10 November 2008.

Petra is a committed long-term player in the diamond industry, with a well-earned reputation for responsible mining and good corporate citizenship, as well as proven diamond mining expertise. In recent years, Petra has acquired a number of other mines from De Beers Consolidated Mines in South Africa.

During the ten months in 2008 of De Beers operation, the Williamson diamond mine produced a total of 134,000 carats from 2.2 million tonnes treated. This was a drop from 2007 when the mine produced 220,000 carats from 3.2 million tonnes treated.

Project work continued through the year on evaluating the feasibility of an expansion option for the mine, which would more than double throughput rates to 7.5 million tonnes per annum and take advantage of the economies of scale that the large and shallow ore body offers.

ECOHS overview

There was, regrettably, one fatality during the reporting period. Details of this incident are available in the De Beers Report to Society 2008. Insights into the cause of the accident will help prevent similar incidents from occurring elsewhere within the De Beers Family of Companies.

WDL's combined LTIFR through October 2008 (after which point the company was operated by Petra) was 0.27, compared to 0.27 in 2007.

Following the completion of an audit in the fourth quarter of 2007, WDL received confirmation of the International Standards Organisation (ISO) 14001 and Occupational Health & Safety Management System (OHSAS) 18001 compliance certificates during the first quarter of 2008.

Gareth Penny, De Beers Group Managing Director

"The sale of our shareholding in Williamson Diamonds is part of our ongoing drive to position De Beers for long term growth by reviewing our portfolio of mining assets and focusing on those with the best strategic fit. As we build the De Beers of the future we are also creating new opportunities for other players in an increasingly diversified and competitive global diamond industry."

Sales and distribution

DTC
A DE BEERS GROUP COMPANY

Varda Shine
Managing Director
DTC

NDTC
Namibia Diamond Trading Company

DTC Botswana

Diamond Trading Company

Operating highlights

The Diamond Trading Company (DTC)* sales for 2008 at US$5.93 billion were marginally above the previous year's US$5.92 billion, though below expectation due to the impact of the global economic downturn.

The DTC achieved record sales in the first half of 2008, as a buoyant rough diamond market led to increased demand and prices. However, this trend was very rapidly reversed towards the end of the second half of the year as the credit crunch led to a severe liquidity squeeze in the key global cutting centres.

With rough diamond trading activities reduced in the last quarter of 2008, the final two Sights of the year, in November and December, were notably small. Reports indicated a marginally negative impact on polished prices as de-stocking and discounting initiatives took hold in the US retail sector over the key sales period starting with Thanksgiving and running through the festive period.

Developments in the DTC network included completion by the partner DTCs – i.e. Diamond Trading Company Botswana (DTCB) and Namibia Diamond Trading Company (NDTC) – of their first full year of operations in 2008. As a key element of the De Beers beneficiation strategy, each of these operations, and also those of Diamond Trading Company South Africa (DTC SA) sells rough diamonds purely to Sightholders with locally-based cutting and polishing businesses.

Sales from DTCB and NDTC (50/50 partnerships with the governments of those countries) were US$367 million and US$172 million respectively.

DTC SA (a subsidiary of De Beers Group Services) achieved sales of US$574 million.**

In 2008, the DTC in London began selling rough diamonds from De Beers Canada's Snap Lake and Victor mines. In line with De Beers' commitment to diamond beneficiation, 10% by value of the production from the Snap Lake operation was offered for sale to local cutting and polishing businesses in the North West Territories.

De Beers has made similar arrangements with the Government of Ontario to make 10% by value of the production from the Victor mine available for sale in the province.

March 2008 saw the start of a new three-year Supplier of Choice contract period with 78 Sightholders (DTC clients) receiving rough diamond supply from the DTC network in 2008.

The DTC developed the Sightholder list using a fair and objective process to identify those businesses that could demonstrate the best ability to drive demand for diamonds for the category of rough diamonds for which they applied. Each Sightholder is subject to a comprehensive third party verification process, and must comply with the De Beers Diamond Best Practice Principles.

Those Sightholders qualifying for supply from producer country DTCs & DTC SA were asked to demonstrate their ability to add economic value to the diamond producing country in which they operate.

At the close of 2008, the DTC ended its longstanding trading relationship with the Russian diamond mining company, Alrosa. The DTC also ceased purchasing Tanzanian diamonds from Williamson Diamonds Limited following De Beers' sale of its share in the company.

Outlook for 2009

A combination of high inventory levels in the cutting centres and a forecast for a further marginal contraction in 2009 consumer demand is expected to impact global rough sales significantly.

The outlook for trading in southern Africa in 2009 also remains challenging, given the weak polished market and working capital constraints.

The key operational focus for the DTC in 2009 will be to achieve further cost efficiencies in a pressured trading environment, while maintaining quality of service to Sightholder and producer partners. With its unique depth of talent and experience, the DTC is well placed to find flexible and innovative ways to support its Sightholders through a challenging year.

*On 1 August 2008, Diamond Trading Company, the De Beers rough diamond sales division based in London became a division of De Beers UK Ltd.

**The DTC sales figure quoted (US$5.93 billion) is inclusive of DTCB, NDTC and DTC SA sales.

Beneficiation: working to ensure a successful and sustainable downstream industry in producer countries

In the diamond industry the term beneficiation refers to local downstream activities that add value to locally-mined rough diamonds. It includes the process of sorting and valuing rough diamonds, their subsequent cutting and polishing, and the manufacture of diamond jewellery.

Beyond Botswana, the focus on beneficiation by De Beers extends to Namibia through Namibia Diamond Trading Company, to South Africa through our Diamond Trading Company South Africa and the State Diamond Trader, and to Canada through local supply agreements reached with the Governments of Ontario and the Northwest Territories respectively. All initiatives seek to create an enabling environment through which each country's valuable diamond resources can be further transformed into a source of national wealth, pride and development.

3,000 new local manufacturing jobs have been created in Botswana

US$360m of rough diamonds supplied for local manufacturing through DTCB in 2008

Case Study: Botswana

Mines

Sorting, valuations, sales and distribution

Cutting and polishing

		Production start
1	Damtshaa	2002
2	Jwaneng	1982
3	Letlhakane	1975
4	Orapa	1971

Government joint ventures

DTC joint venture partnerships are driving diamond beneficiation across southern Africa. DTC Botswana was established in 2007 as a 50/50 partnership between De Beers and the Government of Botswana.

Sorting and valuing

Housed in a state-of-the-art sorting and valuing facility built by De Beers at a cost of US$83 million, DTC Botswana sorts and values over 30 million carats of diamond production per annum.

Cutting and polishing

DTC Botswana already has 16 clients, 15 of which have operating factories. Each client has committed to manufacturing their supply of diamonds in the country. It is anticipated that around 3,300 jobs will be created by the end of the decade as a direct result of the establishment of DTC Botswana.

“

Stephen Lussier, Executive Director De Beers Group, Chairman De Beers Botswana and De Beers Namibia

“ Beneficiation is about helping citizens to add value to, and derive value from, their most treasured natural resource.”

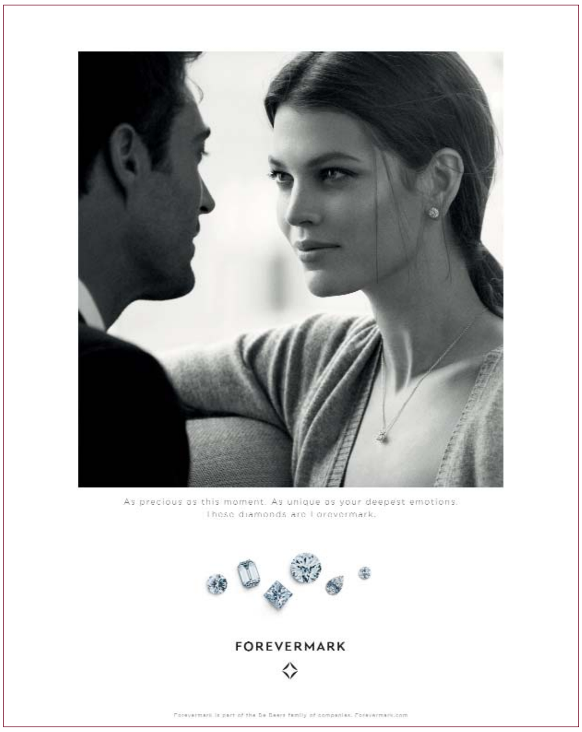
Strategy	Delivering returns on capital	Demand growth	Profitable production growth	Added value opportunities	Cost and working capital efficiency

Unleashing brilliance

Forevermark

Forevermark is a diamond brand from the De Beers Family of Companies that aims to redefine the diamond industry. For the first time De Beers is creating a consumer diamond brand with a promise over and above the traditional "4Cs" of cut, clarity, colour and carat weight – a promise that not only gives assurances of quality, but also of integrity. Every Forevermark diamond has been responsibly sourced and has been nurtured at every step of its journey from mine to finger.

Forevermark launch

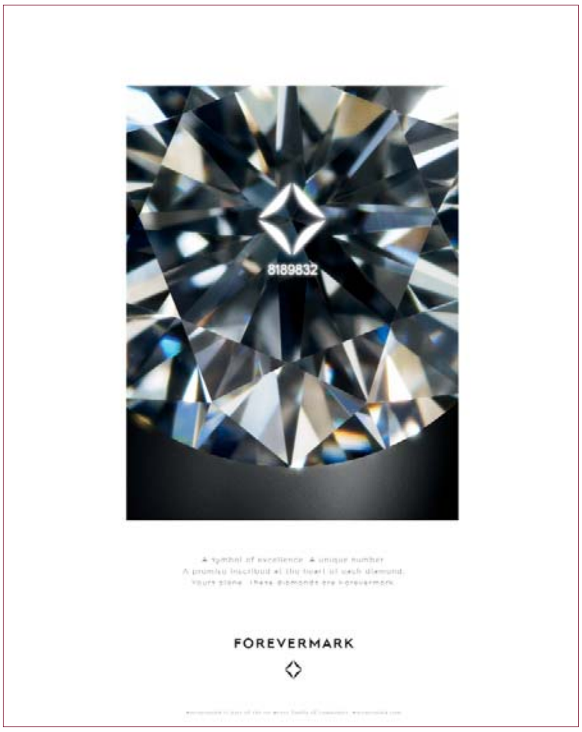


120 years

The age of De Beers, the world's leading diamond company

In 2008 De Beers celebrated its 120th year with the launch of Forevermark as a global diamond brand promising both quality and integrity. Forevermark diamonds are one of nature's truly stunning creations. Only coming from sources committed to environmental and ethical standards, each is chosen for its exceptional qualities.

Forevermark inscription



1/20th

The depth, in microns, of the Forevermark inscription on a diamond

Every Forevermark diamond is inscribed with the Forevermark icon and a unique identification number, using patented technology designed by the De Beers group. Invisible to the naked eye, the actual inscription is only 1/20th of a micron deep and can only be seen using a special Forevermark viewer.

The inscription proves that this diamond has met Forevermark standards; standards of quality and integrity; the individual number identifies it always to be uniquely yours.

Forevermark Diamantaires and Forevermark Authorised Jewellers

Russell Simmons
Co-creator of Diamond Empowerment Fund with Ugandan model, Kiara Kabukuru

102 carats

The size of the world's largest Forevermark diamond – the Ponahalo by Steinmetz, sold at Christies New York in October 2008

Only a select few, the finest, master craftsmen in the world are chosen to cut and polish Forevermark diamonds. Using skill and artistry learnt through generations, they are able to unleash a Forevermark diamond's true brilliance. Similarly, Forevermark diamonds can only be found in a few, highly skilled exclusive jewellers; each passionate about creating the finest designs inspired by these exceptional diamonds.

DIAMDEL™
A DE BEERS GROUP COMPANY

DE BEERS

Neil Ventura
Managing Director
Diamdel

Guy Leymarie
Chief Executive Officer
De Beers Diamond Jewellers

Diamdel Group

Operating highlights

The Diamdel Group of companies forms the rough diamond subsidiary of De Beers focusing on sales to non-Sightholders. In 2008 Diamdel (including Hindustan Diamond Company) achieved sales of US$444 million, a drop from US$536 million in 2007.

On 28 January 2008, Diamdel made its first sale of rough diamonds online through an e-auction. This innovation was a major step in Diamdel's mission to make rough diamonds available to more customers, more frequently. Another six Diamdel e-auctions followed during the course of the year. In total, in 2008 Diamdel sold more than 300 lots of rough diamonds through e-auctions, offering buyers a full range of shapes, sizes, colours and qualities. More than 80 different companies based in Hong Kong, Tel Aviv, Antwerp and Mumbai bought lots at these events.

Although these auctions had a positive impact on revenues and profitability, the rapid deterioration of market conditions seen throughout the industry in the fourth quarter did affect full-year results. Diamdel responded by implementing a cash conservation strategy that called for limiting purchases, reducing operating costs, and ensuring tighter management of inventory and trade receivable positions.

Outlook for 2009

Diamdel faces a challenging year as reduced demand for rough diamonds will have an impact on sales. Prudent cash conservation and the competitive advantage derived from investment in e-auctioneering has helped position Diamdel to maximise sales opportunities in the future.

www.diamdel.com

De Beers Diamond Jewellers

Operating highlights

De Beers Diamond Jewellers (DBDJ) is an independently managed retail joint venture with Moët Hennessy Louis Vuitton (LVMH). In 2008 DBDJ continuing a global expansion programme added 10 wholly owned stores, principally in the second half of 2008, taking the global network to 44 stores at year end. These include five stores in the US, a Japanese flagship store in Ginza and a new format store in the Westfield development in London.

DBDJ traded well in the first six months of 2008 with first half revenues well ahead of 2007 figures. In line with other retail jewellery, a significant slowdown was experienced in the second half of the year reducing the annual increase in sales through the network to 14% and revenue to 6% versus 2007.

Bridal sales were particularly resilient throughout the period, increasing 46% in December and 51% for the full year. Contributing to this strong performance was DBDJ's extension of the Forever range of bridal jewellery to Japan and Europe in 2008 following a successful launch in the US.

Outlook for 2009

2009 is likely to remain challenging for the entire luxury goods retail sector. DBDJ's primary focus will be on maximising cash and returns from its existing assets and network. Close attention to inventory and overall working capital levels will continue throughout 2009. Development and marketing in 2009 will focus on core bridal and classic lines, on which demand is expected to be maintained.

www.debeers.com

elementsix™

Cyrus Jilla
Chief Executive Officer
Element Six

Element Six

Operating highlights

During 2008, Element Six (Esix) consolidated its position as the leading supplier of diamond and diamond-like supermaterials – materials whose exceptional properties are unique or outperform others in their class.

Total sales for 2008 approached US$500 million. Sales growth for the year was 20%, which included a full year's contribution from Barat Carbide (now Esix Hard Materials) and organic growth of 1%.

On 1 October 2008, Cyrus Jilla succeeded Christian Hultner as CEO. In addition to having served on the group's Board since 2003, Cyrus brings with him considerable experience in business strategy, operations and organisational development.

During 2008, Esix continued to gain market share in its most important sectors. The oil and gas business drove a further year of strong growth. However, margins in the traditional diamond abrasive businesses of stone and wood cutting remain under pressure from Asian competition.

During the year Esix reorganised into four business units – Oil & Gas, Advanced Materials, Hard Materials, and Technologies. Each business unit serves global markets while focusing on specific customer and product segments. Hard Materials represents the business of Barat Carbide, which Esix acquired towards the end of 2007 and integrated successfully in 2008.

Esix continued to invest in innovative new materials, products and applications engineering. Breakthroughs included the development and launch of a new long edge length (6-8 mm) single crystal Chemical Vapour Deposition (CVD) diamond product by Technologies. Manufacturers of surgical blades have welcomed the high quality of this product. Advanced Materials developed new signature Polycrystalline Cubic Boron Nitride (PCBN) products for the global machine tool leaders, continuing to strengthen the company's competitive edge. This has contributed to the development of further strategic alliances.

The company opened a Houston office for Oil & Gas and a Frankfurt office for Advanced Materials to address Europe's industrial heartland.

In 2008, Esix began to reap benefits from prior systems and process developments to further reduce inventory. The company also invested in essential projects such as a new customer service centre and sales force systems to support ambitions to build stronger customer partnerships.

As a business exposed to the broad global industrial economy, serving the oil and gas, mining, construction, automotive, aerospace, defence, semi-conductor, and general engineering sectors, Esix experienced a very challenging trading environment in the final quarter of 2008. Previously, the company was trading ahead of forecasted plans. At year-end, Esix took rapid and prudent action to reduce operating costs and restructure manufacturing costs through headcount reductions and short-time working.

In 2008, Esix further developed its Ventures unit, which invests in companies with innovative ideas and applications related to diamond supermaterials. This will help drive new uses for diamond, enhancing Esix's strong leadership position in manufacturing high quality CVD diamond for optical, electronic and thermal applications.

Esix Ventures made several key investments in existing and start-up companies, and by the end of 2009 had a total of five investments within its portfolio. In November 2008, Esix secured a 50% investment from BAE Systems, the global defence and aerospace company, for one of its portfolio companies, Diamond Detectors Ltd. This company was established by Esix to manufacture diamond detectors and sensors for radiation monitoring applications.

ECOHS overview

Esix maintained an excellent safety record with no fatalities in 2008. The LTIFR was 0.4 hours per 200,000 hours worked.

The company began the approvals process for meeting the IS0 18001 standard. Full accreditation is intended across the business in 2009.

Outlook for 2009

Despite the tough economic environment, improved capabilities and very tight management of costs and capital, Esix will continue to pursue growth prospects in 2009. This will be in parallel with driving profitability through an enhanced strategic focus, improved capabilities and tight management of costs and capital.

www.e6.com

Governance and risk

De Beers s.a. (the company) was formally incorporated in Luxembourg in November 2000. It is the holding company of what is regarded as the De Beers group. The company is managed and controlled from its head office in Luxembourg where the Board meets to attend to the business of the group. Its commercial activities are carried out by a number of subsidiaries, investments and joint ventures which it finances in different parts of the world. Together these subsidiaries and investments in joint ventures constitute the Family of Companies.

Taxes and royalties to governments are paid by each of the different subsidiaries and investments in a manner consistent with the requirements of the jurisdiction in which they operate. De Beers submits annual and independently audited statutory accounts of both the company and the group in accordance with International Financial Reporting Standards. These are lodged with the Registre du Commerce and other authorities in Luxembourg as well as being sent to each of the shareholders directly. These accounts are submitted to the Annual General Meeting of shareholders of the company held in March each year.

Find out more
www.debeersgroup.com
– Appointment procedures
– Composition and independence
– Expertise of Board directors

Appointment of Board directors

The appointment of De Beers directors is governed by three legally binding documents: the Shareholders Agreement, a Management Contract and the Company's Articles of Incorporation.

Ethics and the Board

The Board supports the principles of openness, integrity, responsibility and accountability. It also endeavours to ensure the company's governance processes and policies meet best practice standards. De Beers complies with Luxembourg company law as well as applicable principles and recommendations set out in the King Report on Corporate Governance for South Africa.

Find out more
www.debeersgroup.com
– Ethics and the Board

Structures under the Board

The Board is responsible for the group's system of governance and is ultimately accountable for the strategic direction of the business and all activities across the Family of Companies. This includes setting risk management policy, reviewing the effectiveness of risk management processes, recommending enhancements and ensuring effective succession planning. It also provides oversight of and consultation to the different business entities across the Family of Companies. This includes on governance structures and on the identification, appointment and training of directors. The Board also reviews sustainability performance and risks on at least an annual basis in line with the formal risks review process. Further detail on these risks is presented in the introductory statement of the Chairman and performance overview of the Managing Director, as well as in our Report to Society 2008.
The De Beers Board is supported in its decision-making by five committees: the Executive Committee, the Audit Committee, the ECOHS Committee, the Investment Committee and the Remuneration Committee. Although not an official committee under the Board, the Principles Committee provides further review and scrutiny on the extent to which the Family of Companies contributes to sustainable development and operates in conformance with its Principles.

In 2008 the Board adopted a Board Charter which, *inter alia*, sets out the mandate of the Board and those powers reserved to it.

Executive Committee

The Executive Committee is chaired by Gareth Penny as the Managing Director. It meets at least six times a year in Luxembourg and is responsible to the Board for implementing the principles, policies and strategies of De Beers. The Executive Committee deals with all executive business not specifically reserved for the Board or shareholders. It prioritises the allocation of capital, technical and human resources and is also responsible for the biannual review of business and reputational risks for each business unit. The Executive Committee also provides strategic oversight on sustainability performance and management.

Audit Committee

The Board has appointed an Audit Committee consisting of directors who do not hold executive office in De Beers, its subsidiaries or investments. The Audit Committee meets three times a year. It monitors the adequacy of internal controls, accounting policies and financial reporting to shareholders. It also monitors and supervises the effective functioning of the Internal Audit department and the ethical conduct of the company. The Audit Committee provides a forum for communication between the Board and the external and internal auditors. It reviews the half-year and full-year results and the annual financial statements prior to their submission to the Board. It also receives annual appraisals from the business units and the internal auditors with regard to the adequacy of risk management and the status of the control environment across the Family of Companies. This includes sustainability risks and associated performance. An overview of these risks is presented to the Executive Committee biannually and to the Board on at least an annual basis. A summary of the proceedings from each Audit Committee meeting is submitted at the subsequent Board meeting for review. Each Board meeting includes an opportunity for the Audit Committee chairperson to report orally on matters of significance.

ECOHS Committee

The Environment, Community, Occupational Hygiene, Health and Safety (ECOHS) Committee monitors and reviews associated policies, guidelines, operational practices and the performance of the Family of Companies. It provides strategic oversight of the ECOHS disciplines and their respective peer groups. Further information on the peer groups and work completed during the reporting period is provided in our Report to Society 2008. The ECOHS Committee attains assurance regarding the adherence of the Family of Companies to our common ECOHS policies, guidelines and operational practices as well as appropriate local and international standards and relevant legislation. The ECOHS Committee meets at least four times each year as well as undertaking visits to and inspections of the operations. It acts in an advisory capacity and does not perform management functions directly. A summary of matters of key significance is submitted at relevant Board meetings for review. When required the chairperson of the ECOHS Committee is afforded the opportunity to report orally on key risks.

Investment Committee

The Investment Committee manages the process of investment capital approval and allocation within the group. Its key aim is to ensure that investments, divestments and financing proposals increase shareholder value and meet De Beers financial and business strategy criteria. The Investment Committee draws on the De Beers Risk Management Policy and guidelines to assist in its risk analysis. It also invites discipline experts and heads of departments from across the Family of Companies to provide further insight in advance of making any recommendation to the Board. This includes recommendations on political, economic, social and environmental risks and alignment with the Principles as well as the Code of Conduct and Business Ethics. The Investment Committee includes representatives of the three shareholder groups.

Remuneration Committee

The Remuneration Committee comprises a majority of directors who do not hold executive office in De Beers, its subsidiaries or investments. It approves remuneration for executive directors on the Board and other senior managers including those on the Executive Committee. The Remuneration Committee ensures that rewards are linked to both group and individual performance and are commensurate with market rates. Both group and individual performance include social and environmental criteria. The exact remuneration structures of senior managers and other employees at subsidiaries and investments is informed by group policy and performance, but determined separately by the respective boards, committees and finance and human resource functions of each company.

Principles Committee

The Executive Committee, Audit Committee and ECOHS Committee are further supported in developing their input to the Board by the Principles Committee. The Principles Committee is not a formal Board committee.

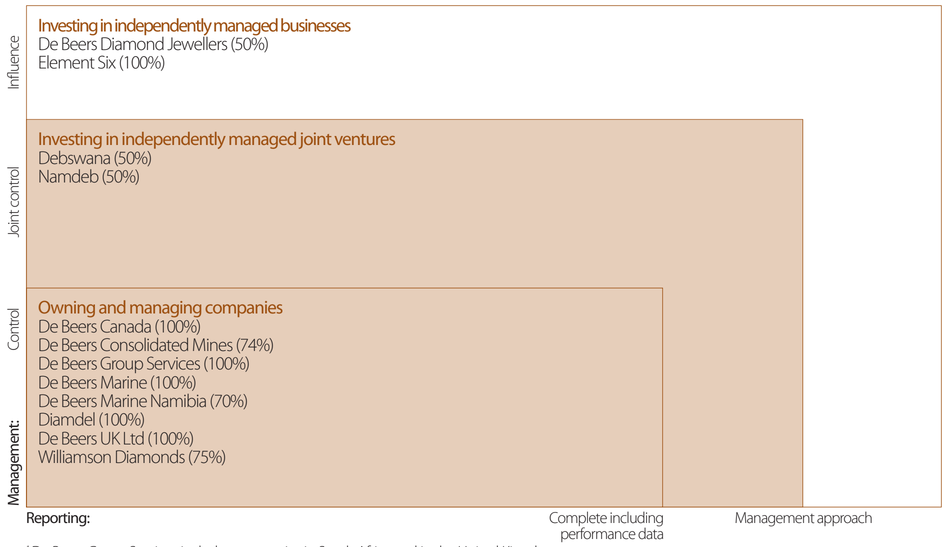
The Principles Committee, established in 2007, addresses all sustainable development issues contained in the Report to Society including those that fall outside the scope of the current ECOHS Committee. It is composed of senior managers from across the Family of Companies as well as discipline experts and De Beers Internal Audit (DBIA). The Principles Committee produces a quarterly update of reputational and sustainability risks and presents a quarterly summary of progress to the De Beers Executive Committee.

Risk Management

The shareholders and Board recognise that engaging risk is at the core of the business. De Beers is governed by a risk framework through which risks are proactively identified, engaged and managed. This includes taking advantage of opportunities and protecting capital, income and assets by mitigating the adverse impacts of risk.

Find out more
www.debeersgroup.com
– Policy and procedure
– Treasury Risk Management Committee

The De Beers Family of Companies and reporting boundaries[1]



[1] De Beers Group Services includes companies in South Africa and in the United Kingdom

Board and Board committee composition

Board

Nicky Oppenheimer
Chairman

Gareth Penny
Managing Director

Dr Mark Berry

Stuart Brown

Cynthia Carroll

Bruce Cleaver

Baron David de Rothschild

Gabaake Gabaake

Joseph Iita

Sir Chips Keswick

René Medori

Robin Mills

Anthony Oppenheimer

Jonathan Oppenheimer

Barend Petersen

James Teeger

Serwalo Tumelo

Board[1]

Nicky Oppenheimer (Chairman)⊳
Gareth Penny (Managing Director)•
Mark Berry°
Stuart Brown•
Cynthia Carroll‡
Bruce Cleaver•
Baron David de Rothschild°
Gabaake Gabaake*
Joseph Iita°
Sir Chips Keswick⊳
René Medori‡
Robin Mills•
Anthony Oppenheimer•
Jonathan Oppenheimer•
Barend Petersen°
James Teeger•
Serwalo Tumelo*

‡ Appointed by Anglo American shareholder
⊳ Appointed by Central Holdings shareholder
* Appointed by Government of the Republic of Botswana shareholders
• Appointed by CMSL, the Management Company
° Elected by majority consent of shareholders at the AGM

[1] Julian Ogilvie Thompson and Robin Crawford retired from the Board in February 2008 and have been replaced by Barend Petersen, a director of DBCM and Ponahalo and James Teeger, CEO of E Oppenheimer and Son.

Executive Committee


Jim Gowans


Cyrus Jilla


Stephen Lussier


Blackie Marole


David Noko


Varda Shine


Inge Zaamwani-Kamwi

Executive Committee

Gareth Penny (Chairman)
Stuart Brown
Bruce Cleaver
Jim Gowans
Stephen Lussier
Blackie Marole
Robin Mills
David Noko
Nicky Oppenheimer
Jonathan Oppenheimer
Varda Shine
Cyrus Jilla
Inge Zaamwani-Kamwi

Other Committee Members


Alex Hathorn


Peter Whitcutt

ECOHS Committee

Barend Petersen (Chairman)
Dr Mark Berry
Gabaake Gabaake
Alex Hathorn (Co-opted)
Anthony Oppenheimer

Remuneration Committee

Sir Chips Keswick (Chairman)
Cynthia Carroll
Nicky Oppenheimer
James Teeger

Investment Committee

Gareth Penny (Chairman)
Stuart Brown
Robin Mills
Jonathan Oppenheimer
(alternate James Teeger)
James Teeger
Serwalo Tumelo
Peter Whitcutt
Jonathan Oppenheimer

Audit Committee

Sir Chips Keswick (Chairman)
René Medori
Barend Petersen
James Teeger

Consolidated income statement

For the year ended 31 December (abridged)	31 December 2008 US$m	31 December 2007 US$m
Total sales (Note 1)	6 888	6 836
Less: cost of sales	5 525	5 461
Gross profit	1 363	1 375
Less: operating costs (Note 2)	817	1 035
Operating profit	546	340
Add:		
Trade investment income	583	579
Foreign exchange (losses) gains	(306)	29
Income before finance charges and taxation	823	948
Less: net finance charges (Note 3)	240	154
Income before taxation	583	794
Less: taxation	304	308
Income after taxation	279	486
Less: interests of outside shareholder in subsidiaries	55	92
Own earnings	224	394
Add: share of retained income joint ventures	70	42
Net earnings before once-off items	294	436
Once-off items (Note 4)	(204)	(957)
Net earnings	90	(521)
Underlying earnings (Note 5)	515	483
EBITDA	1 222	1 216

Consolidated balance sheet

31 December (abridged)	31 December 2008 US$m	31 December 2007 US$m
Share capital and reserves	2 408	3 013
Interests of outside shareholders	220	379
Total shareholders' equity	2 628	3 392
Shareholders' loans	248	
Other net interest bearing debt*	3 552	4 057
Other non-current liabilities	665	932
	7 093	8 381
Fixed assets	3 100	3 884
Other non-current assets and investments	2 933	3 333
Net current assets	1 060	1 164
	7 093	8 381

*Other net interest bearing debt includes short-term borrowings and is net of cash.

Summary of cash flows

For the year ended 31 December (abridged)	31 December 2008 US$m	31 December 2007 US$m
Cash available from operating activities	700	844
Less: investing activities		
Fixed assets – stay-in-business	204	383
– expansion	199	1 120
Investments	39	109
	442	1 612
Less: financing activities		
Debt acquired on acquisition of subsidiaries		54
Ordinary dividends (including payments to outside shareholders)	358	125
Cash flow	(100)	(947)
Add (Deduct):		
Shareholder advances	248	
Movements attributable to changes in exchange rates	357	(166)
Decrease (Increase) in net interest bearing debt	505	(1 113)

Notes

	31 December 2008 US$m	31 December 2007 US$m
1. Total sales of natural rough diamonds (including joint ventures)	5 930	5 920
2. Operating costs include:		
– Exploration, research and development	232	288
– Sorting and marketing	266	339
– Group technical services and corporate overheads	319	408
	817	1 035
3. Net finance charges include preference dividends amounting to	16	21
4. Once-off items comprise:		
Costs in respect of a class action settlement agreement	7	10
Net costs in respect of restructuring	21	(18)
Non cash impairment charges made in accordance with International Accounting Standard 36 "Impairment of assets":		
– Goodwill as a consequence of the current economic environment	176	
– Canadian mining assets		965
	204	957
5. Underlying earnings* are calculated as follows:		
Net earnings before once-off items	294	436
Adjusted for special items and remeasurements:		
Impairment charges net of asset disposals	1	30
Remeasurement gains on financial instruments	220	17
Underlying earnings	515	483

*Underlying earnings comprise net earnings attributable to shareholders adjusted for the effect of any once-off or special items and remeasurements, less any tax and minority interests. Special items include closure costs, exceptional legal provisions and profits and losses on the disposal of or impairments of assets. Special items which are considered to be significant relative to the results are categorised as being once-off. Remeasurements are recorded in underlying earnings in the same period as the underlying transaction against which these instruments provide an economic, but not formally designated, hedge.

Other information

	31 December 2008 US$m	31 December 2007 US$m
Exchange rates		
US$/ZAR average	7.75	7.02
US$/ZAR period end	9.28	6.76
US$/C$ average	1.08	1.08
US$/C$ period end	1.23	0.98
Ordinary dividends paid		
2007 – Interim		39
– Final		100
2008 – Interim	77	
– Special Interim	88	
– Final	53	

Production statistics

Actual	December 2008 Tonnes '000	December 2007 Tonnes '000
Total tonnes treated	84 610	92 740
South African Mines	21 832	29 586
Kimberley and Contractors	5 875	10 070
Finsch Mine	6 377	6 018
Namaqualand Mines and Contractors	1 509	4 701
Cullinan Diamond Mine	1 178	2 277
Venetia Mine	5 975	6 267
The Oaks Mine	149	253
Voorspoed	769	–
Namdeb	16 922	24 224
Land	16 922	23 669
Sea	–	555
Botswana	41 012	35 612
Orapa Mine	18 569	18 755
Letlhakane Mine	3 794	3 753
Damtshaa Mine	2 883	2 804
Jwaneng Mine	15 766	10 300
Williamson Diamonds Ltd	2 154	3 205
Canada Mines	2 690	113
Snap Lake	903	113
Victor	1 787	–

	31 December 2008 Carats '000	31 December 2007 Carats Carats '000
Diamonds recovered	48 132	51 113
South African Mines	11 960	14 998
Kimberley and Contractors	913	1 638
Finsch Mine	2 317	2 334
Namaqualand Mines and Contractors	310	767
Cullinan Diamond Mine	540	964
Venetia Mine	7 500	9 080
The Oaks Mine	61	94
SASA	191	121
Voorspoed	128	–
Namdeb	2 122	2 176
Land	1 067	999
Sea	1 055	1 177
Botswana	32 276	33 638
Orapa Mine	16 869	18 708
Letlhakane Mine	1 200	1 113
Damtshaa Mine	533	341
Jwaneng Mine	13 674	13 476
Williamson Diamonds Ltd	134	220
Canada Mines	1 640	81
Snap Lake	926	81
Victor	714	–

Our Principles

Three guiding Principles define the way we do business, inform our understanding of what is right and wrong, and describe what is important to us. These are supported by an extended set of specific Principles that cover the economic, ethics, employees, community and environment aspects of our activities.

Sustainable development through partnership

The Family of Companies is committed to operating in accordance with national legislation and towards the goal of sustainable development. This means ensuring that we consider and take responsibility for the longer term economic, social and environmental implications of the decisions we make today – not only for our own business but also for the broader societies in which we operate. We will work with our partners in government to ensure that diamonds, a finite resource, are transformed into economic wealth and improved quality of life and wellbeing for all those stakeholders touched by our business along the diamond pipeline.

Diamond dreams and development

We will work to address the poverty and socio-economic deprivation that affects many of the communities where we operate. We will work with African governments to help realise their long-term visions and, through education, training and shared decision making, to ensure the success of programmes that help build the capabilities of their citizens. In particular, we will partner with our stakeholders to address the priority of HIV/AIDS. We will also work meticulously through the Kimberley Process, the industry's system of warranties, and our Principles to ensure conflict diamonds are eliminated from world diamond flows.

Accountability and "living up to diamonds"

The Principles Assurance Programme translates our Principles into practice and provides a framework for measuring continuous improvement in performance over time. Through peer review across the Family of Companies, we will help each other achieve this goal. The implementation, monitoring and reporting of these Principles through the Assurance Programme, including a willingness to open up our performance to third party scrutiny, will ensure that our stakeholders are able to rely on our high standards and know that we are "living up to diamonds".

Economics

– Long-term wealth creation through investment in economic development and delivery of enhanced shareholder value
– Transparency in financial payments to governments and relevant and meaningful reporting
– Local procurement and capacity building that contributes to local and national development goals
– Strong relationships with government and constructive participation in policy dialogue relating to mineral development plans
– No political donations to individuals but legitimate support for the democratic process in emerging multi-party democracies in Africa, guided by policy criteria that, on the basis of disclosure, allow exceptional political donations to eligible registered political parties
– Impact assessment, monitoring and management strategies that are comprehensive, involve those affected by our activities and are regularly undertaken, including prior to new projects and mine closure.

Ethics

– Good corporate governance and high ethical standards in compliance with legislation and relevant codes of practice, including the UN Global Compact and other UN, OECD and industry agreements
– Free and fair competition and compliance with national and regional competition/antitrust legislation
– Disclosure of transactions and relationships that could reasonably be expected to give rise to illegalities or conflicts of interest
– Anti-corruption programmes that reject giving or accepting bribes and that require the disclosure of facilitation payments
– Zero tolerance for money laundering plus an active commitment to combat the financing of terrorism
– Compliance with privacy and data protection legislation relating to employees, partners, Sightholders and customers
– Risk mitigation relating to consumer confidence in the diamond pipeline through audited adherence to the De Beers Diamond Best Practice Principles and the "system of warranties", as well as audited adherence to, and support for, the Kimberley Process to prevent conflict diamonds
– Transparent relationships with consumers based on adherence by the DTC and its Sightholders to the accurate description of diamonds, the full disclosure of any treatments to diamonds and full disclosure in respect of synthetics and simulants
– Respecting the fundamental rights of all peoples as outlined in the Universal Declaration of Human Rights, ensuring there is no complicity if others infringe the rights of our employees or local communities
– Recognising and respecting the legal authority of governments in the countries in which we operate, we believe that we have the right and the responsibility to make our position known to them on any matters that affect our employees, shareholders, Sightholders, customers or local communities.

Employees

– Compliance with the core labour standards of the International Labour Organisation including freedom of association, the right to collective bargaining, non-discrimination and the responsible prevention of child labour and forced labour within our sphere of influence
– The highest security and human rights standards for employees at our operations and in our exploration activities, ensuring our security services, or those subcontracted by us, do not violate the human rights of our employees or local communities
– The integration of best practice safety and occupational hygiene standards into planning and management systems to enable a supportive and accident-free safety culture
– Employee health and wellbeing rooted in the moral obligation to "do no harm" and help prevent ill health
– Comprehensive HIV/AIDS management programmes in our principal operations where the need exists, and can be provided for in a responsible and sustainable manner, for employees and their life partners based on the principles of education and prevention, care, confidential treatment and support

- The promotion of diversity and inclusiveness; and, in line with our Values, developing the human potential of employees, promoting respect and reciprocity in working relationships and harnessing the richness of different ideas, cultures and perspectives to enable us to better serve the markets and producer countries in which we operate.

Community

- Lasting positive contributions to local community livelihoods during and beyond the lifetime of our mines
- Respecting the cultural integrity of all peoples, their spiritual and religious beliefs, their traditions and their traditional knowledge systems
- Respecting community governance and a community's rights to consultation with a view to securing their free, prior and informed consent for any significant operations that have substantial impact on on their interests and livelihoods
- Treating neighbours with understanding and dignity, taking seriously the issues that concern them to ensure that our operations neither prejudice nor infringe on their rights or interests
- Sensitive to the difficulties encountered by some indigenous or tribal minorities and other vulnerable populations in the areas in which we operate, we aim to be responsive to their needs and concerns
- Stakeholder dialogue to ensure that concerns are treated with respect, actions are taken to address concerns, and that meaningful reporting is undertaken in the public domain
- Social investment programmes to alleviate poverty and address socioeconomic deprivation through capacity building and enterprise development, harnessing the passion of employees to "show we care"
- Partnering with relevant stakeholders where we can to deliver or support comprehensive community health management programmes and facilities, such as those for HIV/AIDS, including a focus on prevention and access to treatment as well as on vulnerable groups such as women and children
- Partnerships to help transform small-scale informal diamond digging activities, where feasible, into flourishing sustainable businesses that benefit diggers and their families by alleviating poverty and accelerating sustainable socioeconomic development around diamond mining areas.

Environment

- Proficient and responsible environmental management integrated into all aspects of the business and supported by management systems, impact assessments and risk management programmes
- Responding proactively to emerging societal concerns by developing systematic ways to prevent or minimise the negative impacts of our operations
- Efficient use and management of energy resources and emissions that contribute to climate change, and the use of market based emission reduction mechanisms where appropriate
- Stewardship of terrestrial and aquatic ecosystems, and of resources on land that we own, lease or manage
- Programmes to conserve biodiversity, protect endangered fauna and flora and promote sustainable use of the ecosystems that we manage in partnership with, and for the shared benefit of, our stakeholders.

Environmental information

Printed on Revive 50:50 made from 25% de-inked post consumer waste, 25% preconsumer waste and 50% virgin fibre. All pulps are Elemental Chlorine Free and the manufacturing mill is ISO 14001 certified. Use of the Forest Stewardship Council (FSC) logo identifies products that contain wood from well-managed forests certified in accordance with FSC rules.

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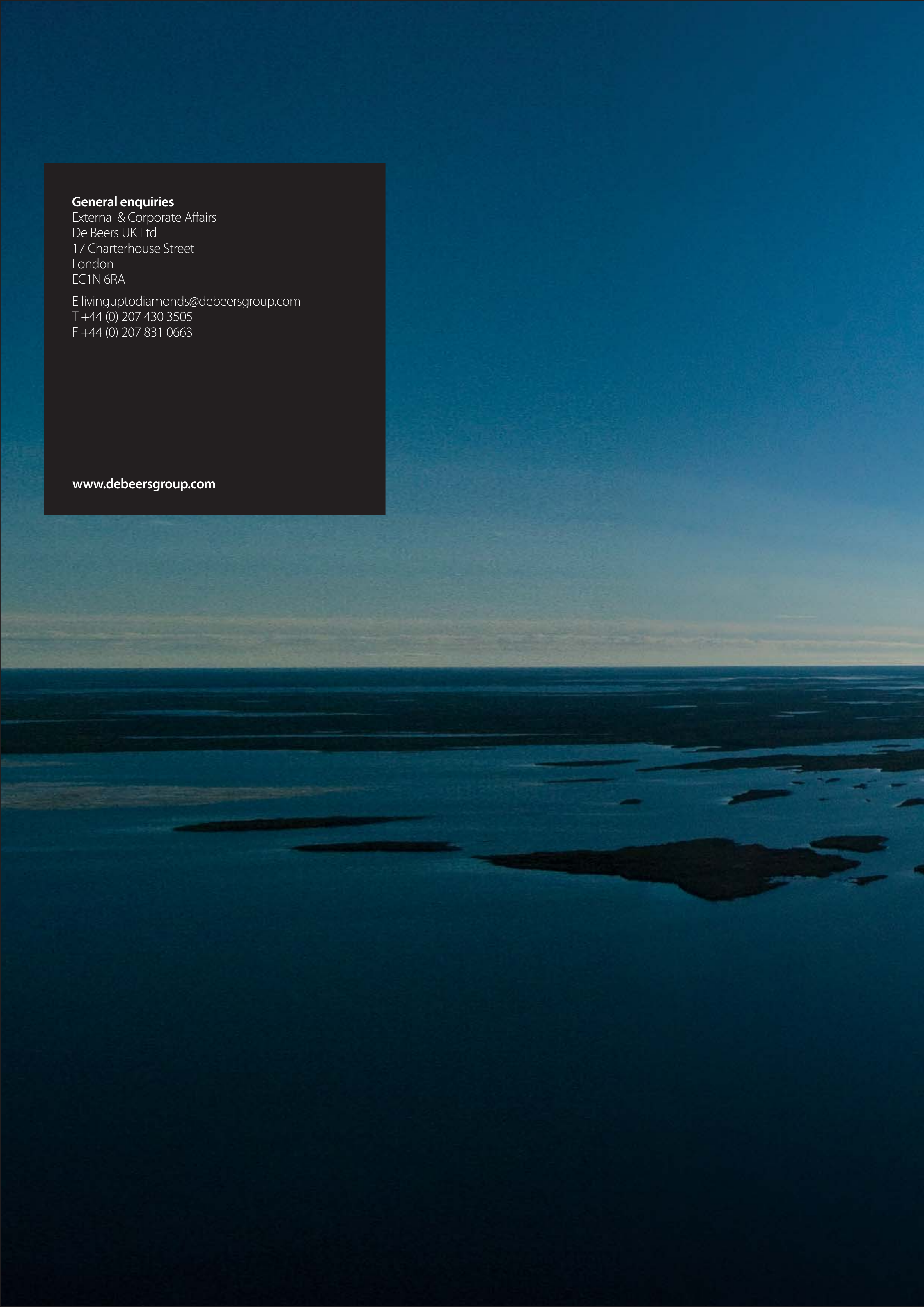

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