The Report to Stakeholders is an annual report providing an overview of Debswana’s business operations. It presents a holistic view of company operations, challenges and business activities during the 2015 financial year, along with information on the company’s economic, social and environmental impacts.

Use of “our” and “we” relate to the Debswana Diamond Company (Pty) Ltd, a collective term used for both wholly owned business entities and subsidiaries ©Debswana 2015. All rights reserved.

www.debswana.com
## 2015 IN NUMBERS

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Recordable Injury Frequency Rate (TRIFR)</td>
<td>0.38</td>
<td>0.46</td>
</tr>
<tr>
<td>Loss of Life Incidents</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tonnnes Treated (’000)</td>
<td>20,532</td>
<td>23,371</td>
</tr>
<tr>
<td>Carats Recovered (’000)</td>
<td>20,368</td>
<td>24,236</td>
</tr>
<tr>
<td>Local Spend as a Proportion of Total Spend</td>
<td>79%</td>
<td>83%</td>
</tr>
<tr>
<td>Debswana Employees</td>
<td>5,432</td>
<td>5,390</td>
</tr>
<tr>
<td>Percentage of Debswana Workforce That Is Female</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Sustainability Assurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Employee Registrations in the HIV Programme</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Community Members Who Made Use of the Mine Hospitals</td>
<td>70,863</td>
<td>68,072</td>
</tr>
<tr>
<td>Water Consumption (Mining Operations)</td>
<td>23.04m m³</td>
<td>25.4m m³</td>
</tr>
<tr>
<td>Energy Consumption (Mining Operations)</td>
<td>445.35 GWh</td>
<td>506.75 GWh</td>
</tr>
</tbody>
</table>

We are the world’s leading diamond producer by value, and we rise to the responsibility of our position. We use our leadership position and close partnerships to drive enduring change across our industry and within the communities where we operate. We are committed to creating a lasting, positive legacy. Put plainly, it means beginning with the end in mind. It’s an idea that sits at the heart of our business and guides our success.

This annual report to stakeholders highlights our performance against important operational, social and environmental issues. And, despite the year’s significant market challenges, it shows that our resolve is as firm as ever.
DEBSWANA, AN OVERVIEW

Debswana is integral to Botswana society. The company is committed to aligning its policies and operating practices to enhance its competitiveness while simultaneously advancing the economic and social conditions of the communities in which it operates, and the nation at large.

PROFILE

Debswana Diamond Company (Pty) Limited is a unique partnership between the Government of the Republic of Botswana and the De Beers Group of Companies, the world’s leading diamond company with activities across the diamond value chain.

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

Debswana is the world’s leading diamond producer by value and one of the largest private sector employers in Botswana, with 5,366 employees and about 5,000 contractors.

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

SUBSIDIARIES

Debswana owns two subsidiary companies:

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

The Sesiro Insurance Company (Pty) Limited (Sesiro) is an in-house short-term insurance company.
THE DIAMOND VALUE CHAIN COMPRISSES PROCESSES THAT PROGRESSIVELY ADD VALUE TO THE DIAMOND RESOURCE, FROM MINING TO SALES. AS THE DIAMOND RESOURCE PASSES THROUGH EACH INTERVENTION PHASE, ADDITIONAL VALUE IS ADDED.
A CHALLENGING YEAR
2015 was undoubtedly a challenging year for the diamond sector. As polished diamond inventories built up at the beginning of the year, indigestion resulted in the midstream, which weakened demand for rough diamonds. This had a direct impact on Debswana, reducing revenue 34 per cent to BWP23.2 billion.

In the face of these challenges, we responded swiftly and decisively, flexing production to demand, improving efficiency and reducing total operating expenditure. This meant maximising production at our core assets of Jwaneng and Orapa Plant Two, while cutting production at our lower value assets, by putting Damtshaa on care and maintenance and scaling down production at Orapa Plant One.

These decisions are never taken lightly, but are made in the long-term interests of the business.

SOLID OPERATIONAL PERFORMANCE
Despite the market volatility, I am proud of the operational performance we achieved. Safety remains our top priority, so I am delighted we had another fatality-free year and recorded 17 per cent fewer injuries. We also made good progress on our health programmes, with a renewed focus on employee wellness, noise reduction and HIV/AIDS. Our environmental efforts were considerable: we operated without any serious incidents and reduced the amount of energy we used by 1.4 per cent, as well as seeing a 5.2 per cent fall in CO2 emissions.

STAKEHOLDER PARTNERSHIPS
Partnerships with stakeholders are the cornerstone of the business and we continued to invest and develop the communities that we operate within, spending BWP82.8 million on social investment in Botswana.

PROJECT INVESTMENT
We also continued to invest in our upstream projects, with Jwaneng Cut 8 still on track for first production in 2018.

CAUTIOUSLY OPTIMISTIC
Taken together, the actions we took in 2015 have positioned Debswana well for 2016 and we are already seeing the benefits, with sales cycles in the first half of the year showing a positive trend. With healthy consumer demand and midstream conditions improving, we are cautiously optimistic for the year ahead.

I would like to thank each and every employee, the Debswana management team and my fellow board members for their continued contribution and commitment. It is because of this that, despite the challenges we faced in 2015, we continue to report a solid performance.
**MANAGING DIRECTOR’S MESSAGE**

There is no doubt that 2015 was one of the most difficult and challenging years that we have had to face as a company, as an industry and as a nation. However, as I reflect on it, I believe that we have effectively used this challenge to think, to learn and make changes that will see Debswana emerge stronger and more resilient to address the volatility of the global markets.

I am also pleased to report that these pressures did not sway our focus from our core values. Our progress was measured and guided by four important principles: these were: no compromise on our commitment to Zero Harm; robust employee engagement; preserving jobs and maintaining readiness for a market upturn.

**CONTINUED SAFETY IMPROVEMENT**

As we continue relentlessly in our pursuit of Zero Harm, we were able to conclude another year without a fatality. This achievement was even more remarkable because it was supported by a decline in serious injuries. Our total recordable injury frequency rate (TRIR) has shown a steady improvement year on year, moving from 0.46 in 2014 to 0.26 in 2015.

This is largely as a result of our focus on a behaviour change to instil a safety culture that appeals to the hearts and minds of each and every employee. Each operation has a culture change intervention in place to drive this approach. As a positive offshoot from this, employees have taken the initiative to ensure that safety does not only live at the mines but is extended to our host communities as well. Also important is the significant increase in the number of Near-Hits reported in 2015. As a lead indicator of potential risks in the workplace, we take Near Misses very seriously and it is encouraging to see that employees are reporting these incidents in an effort to improve our safety performance.

**RESPONDING TO MARKET CHALLENGES**

We began 2015 on a positive note, following on the remarkable operational performance of our business in 2014 and we were confident that we could carry that momentum into the new year. Unfortunately, trading conditions in the global diamond industry got progressively worse throughout the year and Debswana had to act decisively to respond to these challenges.

From the end of 2014 we saw constrained consumer demand for diamond jewellery due to weaknesses in the global economic environment. This resulted in higher than desired retailer stock levels and excess inventory of polished diamonds that resulted in a bloated diamond pipeline. Sightholders responding by reducing their purchases of rough diamonds and, in turn, we were left with unacceptably high stock levels.

In the face of the resultant revenue shortfall, cash preservation became critical. We, therefore, focused our efforts on improved operational efficiencies and deliberately reduced expenditure by implementing various initiatives, such as those to conserve fuel and tyres, two of the company’s largest operational costs.

We also reviewed capital expenditure, deferring projects that were not immediately business critical. However, projects that will ensure the long term sustainability of the company – such as Cut 8 waste mining at Jwaneng Mine and the Tanking Treatment Plant at Letlhakane – continued uninterrupted as did the studies on Post Cut 8 at Jwaneng and Post Cut 2 at Orapa, which is essential to understanding the future of Debswana.

**ALIGNING PRODUCTION TO DEMAND**

In December 2015, the Board approved a revised business plan which maintains diamond output at 20 million carats per annum to match expected levels of demand for rough diamonds.

At this level of production, we had to closely consider the contributions of each operation to Debswana’s overall output. We decided to maximise production at Jwaneng, where we can expect higher revenue at lower cost, and to reduce production from Orapa, Letlhakane and Damtshaa Mines (CLUDM). To achieve the lower production at CLUDM, Damtshaa Mine was placed on care and maintenance and the output from Orapa No 1 Plant has been significantly reduced while still maintaining plant readiness in the event of an upturn in the market. Taking operations offline will reduce operational expenditure, and give us the opportunity to improve the reliability of our equipment and optimize production efficiencies, ensuring that we are ready to take advantage of better trading conditions.

These operational changes impacted around 250 employees at the CLUDM operations but the company made a conscious decision not to retrench any employees. Instead, all were redeployed by the end of January 2016.

**OUTLOOK FOR 2016**

The start of the year has been more positive, with some stability in polished sales and prices. However, it is too early to tell whether the underlying consumer demand will be strong enough to sustain the improved prices. Given the signals, however, we remain cautiously optimistic for a better year in 2016. We are ever cognisant of our responsibility as a key contributor to the Botswana economy and a significant employer in the country. We will continue to do everything possible to ensure that we keep our people safe, preserve jobs, enhance profitability for our shareholders and make a meaningful and lasting contribution to the communities that host our operations. We are confident that our responses in 2015 have strongly positioned Debswana to continue turning diamond dreams into lasting reality.

In conclusion I want to thank all Debswana employees for their efforts in pulling together during these difficult times. Doing more than is expected of us, correctly the first time, is fundamental to what we are about as a company. If we keep on this path we will ensure that our positive legacy continues well into the future.

**MANAGING DIRECTOR**

BaliSI BonYOnGO

*MANAGING DIRECTOR*
Our diamond promise goes beyond that of an efficient, safe and high performing organisation that delivers value to shareholders. We must also create long-term value for all stakeholders by operating ethically and balancing long-term profitability with employee welfare, our responsibility to the communities in which we operate and our environmental obligations. To deliver on this promise, our strategy must identify and respond to risks and opportunities.

DEBSWANA’S STRATEGY

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

DEBSWANA STRATEGY IN CONTEXT

DEBSWANA’S SIX STRATEGIC LEVERAGE AREAS

AGILITY AND FLEXIBILITY
- Robust, resilient and responsive producer of rough diamonds
- Operational capability to respond on time and effectively to market volatility without compromising commercial attractiveness and social licence to operate
- Transactional turnaround times reduced significantly for all business units

DEEP MARKET UNDERSTANDING
- Anticipating and understanding market dynamics, ranging from demand to substitutes and consumer preferences
- Planning processes aligned between marketing and production
- Medium to long-term demand and supply trends known

TECHNOLOGICAL EDGE
- Being an innovator and partner with input into technology roadmaps of key suppliers
- Technology leveraged to change the way we do business company-wide to improve productivity

SOCIAL LICENSE TO OPERATE
- A trusted partner and active contributor to communities and our national stakeholders, with sound environmental management
- Strong brand synonymous with national development
- Strong partnership to the communities in which we operate
- Sustainable environmental legacy

SUPERIORITY IN HR
- A superior employer attracting training and retaining talent and facilitating world-class performance
- Teams and develop own talent to a level where we compete with global top-tier companies
- Provide an environment where performance enables individual growth

GREATER COMMERCIAL ATTRACTIVENESS
- A commercially driven player growing the value of the business continually
- Being an influencer and partner with input into technology roadmaps of key suppliers
- Planning processes aligned between marketing and production
- Medium to long-term demand and supply trends known
Challenging market conditions in 2015 meant that Debswana had to make tough choices to better position the company in the global market. There was a need to carefully analyse the contribution of each of its operations and develop an informed response aligned with strategy.

It was decided that business goals would best be achieved by producing more from Jwaneng Mine, which has the highest revenue and the lowest cost per tonne, while reducing production from OLDM over the next three years.

As the Setswana saying goes, “Mosele wa pula o epiwa go sale gale”, meaning you need to prepare your fields before it rains so the water knows where to go, it is necessary to prepare Jwaneng Mine to sustainably and consistently deliver at its maximum capacity in the future. This necessitates taking in several projects in addition to the normal Cut 6, 7 and 8 operations which will see Jwaneng Mine production move from 122 million tonnes of earth moved in 2015 to 124 million tonnes in 2016. These projects include Cut 8 North East Corner.

The shift in production focus also necessitated the placing of Daramba Mine on care and maintenance. Fortunately, through a carefully coordinated programme of redeployment, we were able to avoid any job losses associated with this process.

Our activities, aimed at reducing costs and increasing operational efficiencies, have included improving fuel efficiency, and dramatically improving tyre life from 4,500 hours per tyre to 6,500 hours per tyre.

Debswana statistics 2015

<table>
<thead>
<tr>
<th>Tonnage</th>
<th>Carats Recovered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonnage</td>
<td>Carats Recovered</td>
</tr>
<tr>
<td>Ore Mined</td>
<td>Waste Mined</td>
</tr>
</tbody>
</table>

**Saving Tired Tyres**

Jwaneng Mine’s Tyre My Life initiative is expected to save tyres and reduce operating costs on the mine, an imperative that is in line with the operational strategy of 2018 High Performance Organisation (HPO).

Senior Mining Manager at OLDM, Mogakolodi Maoketsa, described how, in the mining environment, consumables such as tyres are an area where significant cost saving can be achieved. “We have noted that the lack of appropriate site-based tyre management, inadequate organisational structure to effectively manage tyres, challenges with tyre performance information and high premature tyre failures have led to extensive rubber loss.”

The launch of this initiative also gives an insight into tyre management and the safer usage of working with tyres. Debswana Head of Mining, Len Dimbungu, explained that tyres play a crucial role in the mining environment. Good tyre management, he said, results in high productivity and cost savings.

OLDM has also set itself impressive tyre-saving targets through its Diamond on Wheels initiative, aimed at reducing the expenditure on tyres as well as improving tyre safety by focusing on best practices, process and standards.
OPERATIONAL OVERVIEW CONTINUED

JWANENG MINE OVERVIEW

Jwaneng Mine moved a total of 122 million tonnes of material in 2015 compared to 130 million tonnes in 2014 (including Cut 8).

Ore mined consisted of a blend from the three pipes, as well as some stockpile material. Total ore treated at the Main Treatment Plant (MTP) amounted to 6.8 million tonnes in 2015 compared to 8.4 million tonnes in 2014. The total ore treated volumes were adjusted to align with demand.

Successes during the production year included:

- Successful overhaul of Shovel 208 and Drill 323 to improve reliability
- Cut 8 waste mining on budget
- Cut 6/7 achieving cost budget

Total waste stripped amounted to 109.8 million tonnes in 2015 compared to 115.2 million tonnes in 2014. This was largely due to the lower budgeted tonnes for 2015 compared to 2014 targets.

ORAPA, LETLHAKANE AND DAMTSHAA MINES (OLDM) OVERVIEW

Orapa Mine moved a total of 30.3 million tonnes of material during the year compared to 31.6 million tonnes in 2014. Waste mined dropped from a total of 11.0 million tonnes in 2014 to 10.2 million tonnes in 2015.

Ore mined in 2015 was only slightly lower than 2014 (14.9 million tonnes vs 15.0 million tonnes).

Ore treated through both of Orapa Mine’s plants amounted to 9.9 million tonnes in 2015 compared to 11.8 million tonnes in 2014.

At Letlhakane Mine, 0.9 million tonnes of waste was stripped in 2015 compared to 1.1 million tonnes in 2014. Ore mined in 2015 was 1.2 million tonnes compared to 2.1 million tonnes in 2014. The plant treated 1.8 million tonnes in 2015, which was the same as 2014.

At Damtshaa Mine waste stripped was higher in 2015 at 3.9 million tonnes compared to 2.7 million tonnes in 2014, while ore mined was lower at 0.8 million tonnes versus 1.1 million tonnes in 2014.

Total tonnes moved were higher at 5.9 million tonnes in 2015 compared to 4.8 million tonnes in 2014.

The Damtshaa Plant treated 1.2 million tonnes of ore in 2015 compared to 1.5 million tonnes in 2014 while 0.22 million carats were recovered compared to 0.3 million carats in 2014.
SEVERAL MAJOR PROJECTS IMPACTING THE COMPANY’S EFFICIENCY AND ITS SUSTAINABILITY WERE UNDERTAKEN DURING THE YEAR UNDER REVIEW

ORAPA EARTHMOVING WORKSHOP PROJECT
The Orapa Earthmoving Workshop Project was 98 per cent complete at the end of 2015. The project maintained a good safety record with no lost time injuries (LTIs) recorded in 2015, and a significant safety milestone of over 2.5 million man-hours worked without a single LTI.

The project was due to be handed over during the first quarter of 2016.

INTEGRATED SECURITY MANAGEMENT SYSTEM AND SCANNEX IMPLEMENTATION PROJECT
Implementation of the security management systems portion of the project was completed with new access control, surveillance monitoring system, Situator system and identity management system installed at all Debswana mines.

The centralised control system managed via radio tower signals was completed during 2015.

The Scannex aspect of the project was again delayed in 2015 as the Department of Environmental Affairs (DEA) is yet to grant regulatory approval.

DIAMOND DEEP CLEANING FACILITY PROJECT
The Diamond Cleaning Facility Project is a replacement of the Central Acidising Centre at Jwaneng Mine.

Construction was completed during 2014 and commissioning began in the first quarter of 2015.

LETlhAKANE TAILINGS TREATMENT PLANT PROJECT
The project made positive progress in 2015 with most of the earthworks completed while civil works and structural installation are in progress. All the major contracts were placed, and a large percentage of major and long-lead equipment was delivered to site.

The treatment of Letlhakane’s tailings resource will extend its life of mine by over 20 years.
SUBSIDIARY COMPANY OPERATIONS

DEBSWANA’S SUBSIDIARY COMPANIES INCLUDE MORUPULE COAL MINE LIMITED (MCM) AND SESIRO INSURANCE COMPANY (PTY) LTD.

FOCUS ON LOCAL AND REGIONAL OPPORTUNITIES

The global seaborne coal market remained depressed throughout the year. Therefore, MCM’s strategy to focus on local and regional opportunities remained unchanged.

SAFETY, HEALTH AND ENVIRONMENT

During the year, the mine recorded three recordable injuries, two restricted work injuries and two medical treatment injuries (TRIFR: 0.31 in 2015 vs 0.09 in 2014). MCM maintained its ISO 14001 and CHAS 18001 certifications during the year.

PRODUCTION

The run-of-mine (RoM) production amounted to 2.1 million tonnes and was 22 per cent higher than 2014 output. This was the highest annual RoM tonnage ever recorded by the mine. However, as in 2014, this was unfavourable to the annual projections mainly due to inconsistent off-take by the major customer, Botswana Power Corporation (BPC)Off-take by the mine’s other customers, particularly those in the mining sector, was also below target, reflective of the impact of subdued commodity markets.

COAL PROCESSING

Throughout the crushing and screening plant was 2.1 million tonnes in 2015 compared to 1.7 million tonnes in 2014. Washed coal production amounted to 0.30 million tonnes compared to 0.26 million tonnes in 2014.

HUMAN RESOURCES

During the year, MCM focused on embedding the human resources plan into its governance environment. The plan continued to support strategic imperatives relating to training, employee engagement, workforce planning, information systems, wellness, talent management, succession planning and localisation initiatives.

BUSINESS DEVELOPMENT

The Resource Development Plan was finalised in the first quarter of 2015. The report highlighted the key areas that MCM should focus on over varying horizons to effectively and efficiently monetise its coal resource.

MCM continued with preparations to supply coal to an independent power producer (IPP), which will build, operate and maintain Units 5 and 6 at the Morupule B Power Station. Following the conclusion of pre-feasibility studies in September 2015, bankable feasibility works commenced in the fourth quarter and are expected to be concluded during the third quarter of 2016.

Negotiations to finalise a coal supply contract with the Government of the Republic of Botswana’s preferred IPP bidder were scheduled to take place during the first half of 2016.

Work started during the year to align MCM’s long-standing community programme with Anglo American’s Social Way standards and the implementation of the best practice Socio-Economic Assessment Toolbox (SEAT), aimed at improving MCM’s social license to operate.

The resettlement of the affected people for the planned expansion project is being conducted in line with the International Finance Corporation’s Performance Standard 5 on Land Acquisition and Involuntary Resettlement. MCM is expected to complete the development of the required Reconciliation Action Plan and LiveWell Restoration Plan during the first half of 2016.

CORPORATE STRUCTURE

During the year, the Government of the Republic of Botswana (GRB), through the Ministry of Minerals Energy and Water Resources (MMEWR), explored the possible acquisition by the government of De Beers’ indirect 19.2 per cent interest in MCM.

These negotiations were expected to be successfully concluded during the first quarter of 2016. The GRB will then transfer its acquired interest to the Minerals Development Company of Botswana, a new wholly-owned vehicle that will hold the GRB’s mining interests in Botswana.

MARKETING

Total RoM coal sales were 1.7 million tonnes compared to 1.6 million tonnes in 2014.

Washed coal sales improved significantly with 0.32 million tonnes sold relative to 0.28 million tonnes in 2014. Demand continued to strengthen throughout 2015 resulting in MCM selling all of its fine coal output. The PPC contract and the supply of coal to NamEnergy improved revenues although the increase was negatively impacted by significant reduction in output by Zimaco, a firms-chrome mining and smelting company in Zimbabwe.

The favourable variance was mainly due to MCM’s three-year contract with Pretoria Portland Cement South Africa for the supply of fine coal which began in April 2014, and a once-off contract to supply 25,000 tonnes to NamEnergy Resource (Proprietary) Limited of Namibia during the fourth quarter of 2015.

The favourable variance was mainly due to MCM’s three-year contract with Pretoria Portland Cement South Africa for the supply of fine coal which began in April 2014, and a once-off contract to supply 25,000 tonnes to NamEnergy Resource (Proprietary) Limited of Namibia during the fourth quarter of 2015.

Total RoM coal sales were 1.7 million tonnes compared to 1.6 million tonnes in 2014.

Washed coal sales improved significantly with 0.32 million tonnes sold relative to 0.28 million tonnes in 2014. Demand continued to strengthen throughout 2015 resulting in MCM selling all of its fine coal output. The PPC contract and the supply of coal to NamEnergy improved revenues although the increase was negatively impacted by significant reduction in output by Zimaco, a firms-chrome mining and smelting company in Zimbabwe.

The favourable variance was mainly due to MCM’s three-year contract with Pretoria Portland Cement South Africa for the supply of fine coal which began in April 2014, and a once-off contract to supply 25,000 tonnes to NamEnergy Resource (Proprietary) Limited of Namibia during the fourth quarter of 2015.

Total RoM coal sales were 1.7 million tonnes compared to 1.6 million tonnes in 2014.

Washed coal sales improved significantly with 0.32 million tonnes sold relative to 0.28 million tonnes in 2014. Demand continued to strengthen throughout 2015 resulting in MCM selling all of its fine coal output. The PPC contract and the supply of coal to NamEnergy improved revenues although the increase was negatively impacted by significant reduction in output by Zimaco, a firms-chrome mining and smelting company in Zimbabwe.

The favourable variance was mainly due to MCM’s three-year contract with Pretoria Portland Cement South Africa for the supply of fine coal which began in April 2014, and a once-off contract to supply 25,000 tonnes to NamEnergy Resource (Proprietary) Limited of Namibia during the fourth quarter of 2015.

Total RoM coal sales were 1.7 million tonnes compared to 1.6 million tonnes in 2014.

Washed coal sales improved significantly with 0.32 million tonnes sold relative to 0.28 million tonnes in 2014. Demand continued to strengthen throughout 2015 resulting in MCM selling all of its fine coal output. The PPC contract and the supply of coal to NamEnergy improved revenues although the increase was negatively impacted by significant reduction in output by Zimaco, a firms-chrome mining and smelting company in Zimbabwe.

The favourable variance was mainly due to MCM’s three-year contract with Pretoria Portland Cement South Africa for the supply of fine coal which began in April 2014, and a once-off contract to supply 25,000 tonnes to NamEnergy Resource (Proprietary) Limited of Namibia during the fourth quarter of 2015.

Total RoM coal sales were 1.7 million tonnes compared to 1.6 million tonnes in 2014.

Washed coal sales improved significantly with 0.32 million tonnes sold relative to 0.28 million tonnes in 2014. Demand continued to strengthen throughout 2015 resulting in MCM selling all of its fine coal output. The PPC contract and the supply of coal to NamEnergy improved revenues although the increase was negatively impacted by significant reduction in output by Zimaco, a firms-chrome mining and smelting company in Zimbabwe.

The favourable variance was mainly due to MCM’s three-year contract with Pretoria Portland Cement South Africa for the supply of fine coal which began in April 2014, and a once-off contract to supply 25,000 tonnes to NamEnergy Resource (Proprietary) Limited of Namibia during the fourth quarter of 2015.

Total RoM coal sales were 1.7 million tonnes compared to 1.6 million tonnes in 2014.

Washed coal sales improved significantly with 0.32 million tonnes sold relative to 0.28 million tonnes in 2014. Demand continued to strengthen throughout 2015 resulting in MCM selling all of its fine coal output. The PPC contract and the supply of coal to NamEnergy improved revenues although the increase was negatively impacted by significant reduction in output by Zimaco, a firms-chrome mining and smelting company in Zimbabwe.

The favourable variance was mainly due to MCM’s three-year contract with Pretoria Portland Cement South Africa for the supply of fine coal which began in April 2014, and a once-off contract to supply 25,000 tonnes to NamEnergy Resource (Proprietary) Limited of Namibia during the fourth quarter of 2015.

Total RoM coal sales were 1.7 million tonnes compared to 1.6 million tonnes in 2014.

Washed coal sales improved significantly with 0.32 million tonnes sold relative to 0.28 million tonnes in 2014. Demand continued to strengthen throughout 2015 resulting in MCM selling all of its fine coal output. The PPC contract and the supply of coal to NamEnergy improved revenues although the increase was negatively impacted by significant reduction in output by Zimaco, a firms-chrome mining and smelting company in Zimbabwe.

The favourable variance was mainly due to MCM’s three-year contract with Pretoria Portland Cement South Africa for the supply of fine coal which began in April 2014, and a once-off contract to supply 25,000 tonnes to NamEnergy Resource (Proprietary) Limited of Namibia during the fourth quarter of 2015.

Total RoM coal sales were 1.7 million tonnes compared to 1.6 million tonnes in 2014.

Washed coal sales improved significantly with 0.32 million tonnes sold relative to 0.28 million tonnes in 2014. Demand continued to strengthen throughout 2015 resulting in MCM selling all of its fine coal output. The PPC contract and the supply of coal to NamEnergy improved revenues although the increase was negatively impacted by significant reduction in output by Zimaco, a firms-chrome mining and smelting company in Zimbabwe.

The favourable variance was mainly due to MCM’s three-year contract with Pretoria Portland Cement South Africa for the supply of fine coal which began in April 2014, and a once-off contract to supply 25,000 tonnes to NamEnergy Resource (Proprietary) Limited of Namibia during the fourth quarter of 2015.
APPROACH TO SUSTAINABILITY

Diamonds play a special role in the lives of both consumers and those who depend on them. As a major global diamond producer, Debswana is acutely aware of the obligations that such standing places on the company. Although sustainability has long been a priority area for Debswana, the 2018 HPO Always Ahead strategy marks the first time that sustainability has been explicitly identified as one of the key pillars (alongside revenue improvement, cost performance, organisational capability, and the Horizon 1 and 2 projects), through which Debswana will derive value for its shareholders.

Debswana’s commitment to operating in a responsible and sustainable manner is at the heart of our business strategy. Managing a sustainable business means keeping the future in mind at all times. It is about improving our own performance while not losing sight of the needs of our stakeholders, now and in the future.

Since its inception, Debswana has been lauded as an example of where the development of a country’s mineral wealth has made a significant contribution to the prosperity of a nation.

SUSTAINABILITY ASSURANCE

All the mines maintained their ISO 14001:2004 and OHSAS 18001:2007 certifications in 2015. The ISO 14001:2004 Environment Management Systems (EMS) standard and the OHSAS 18001:2007 Occupational Health and Safety Systems standard guide the identification of SHE risks, as well as the development and management of our SHE plans. All Debswana operations have appropriate structures and forums in place that drive the implementation of the management systems.

In 2012, Debswana adopted the Towards Sustainable Mining (TSM) process, developed by the Mining Association of Canada, as a tool to monitor sustainability performance against six protocols, namely Energy Management, Tailings Management, Community Management, Crisis Management, Safety Management and Biodiversity Management.

Debswana scored a total cumulative of 80 A ratings in 2015 which exceeded the threshold and stretch targets, which were set at 75 A and 79 A ratings respectively.

In the social performance space, Debswana has embraced the Social Way framework to manage social risks and impacts. The framework has a five-level maturity model ranging from basic, reactive, compliant, proactive and resilient. Debswana is currently at the reactive level and aims to be compliant at the end of 2016.

SUSTAINABILITY GOVERNANCE

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

The Corporate Sustainability Committee is made up of our General Managers and our Technical Services Director. The Board Sustainability Committee comprises our Managing Director and two Directors who each represent De Beers and the Government of the Republic of Botswana.

The main purpose of these committees is to review the sustainability strategies, policies and significant activities.

The aim is to ensure that Debswana’s sustainability strategy and associated objectives deliver shared value to the business. This is achieved by effectively integrating sustainability objectives into the business through delivery of the strategies under the Safety and Sustainable Development and Corporate Affairs departments.

STAKEHOLDER ENGAGEMENT

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

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

Relocating an African python from the town to the safety of Jwana Park, a green belt surrounding the mine.

Educational and youth initiatives remain a crucial funding category in uplifting communities in which our mines operate.
Our Contribution to Economics

Supply Chain Management and Supplier Development

Debswana recognises the contribution of small, micro and medium enterprises (SMMEs) to strengthening its supply base and the economy of Botswana in general. These are shared organisational desires that can be achieved through doing business with SMMEs. Due to their short reporting lines and risk tolerance SMMEs are flexible and free to innovate.

Debswana is developing a Citizen Economic Empowerment Policy (CEEP) to take its socio-economic contribution to the next level and align its first and second-tier suppliers/contractors to do the same.

The CEEP seeks to open up and provide supply chain opportunities to citizen-owned SMMEs through goods reservations and procurement price preferential (PPP) margins under the local-procurement pillar, encourage foreign suppliers for long-term contracts to set up locally to create employment and enhance their contribution to the economy of Botswana under the enterprise-development pillar.

The supplier-development pillar calls for concerted efforts by all role players to develop and capacitate citizen SMMEs to empower them to take-up emerging procurement opportunities across all sectors of the economy of Botswana and grow to become global players.

The CEEP demonstrates Debswana’s commitment to support the aspirations of its shareholders, and recognises citizens of Botswana as legitimate stakeholders with legitimate expectations of socio-economic development.

It enables Debswana to integrate societal issues into its business strategy to build a sustainable business model and earn its social license to operate.

Citizen and Local Spend Across Debswana

<table>
<thead>
<tr>
<th>Category</th>
<th>YTD Actuals (BWP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total citizen spend</td>
<td>935 873 791</td>
</tr>
<tr>
<td>Total local spend (Botswana-based but foreign-owned)</td>
<td>5 120 626 855</td>
</tr>
<tr>
<td>Total foreign-based spend</td>
<td>1 389 224 380</td>
</tr>
</tbody>
</table>

Debswana has taken its contribution to the socio-economic development of Botswana a step further by rethinking its sourcing practices and policies for goods, services and works.

Debswana is working with the Local Enterprise Authority to develop a range of locally produced products – like these drum covers by the Gaborone Leather Incubator – to be used on the mines.

Building national capacity through training. Each year the Orapa Training Centre trains dozens of artisans in a range of skills, some of whom are then absorbed into industries supported by Debswana’s procurement strategy.
By integrating mine closure planning into the strategic business plan, this can be avoided. Our Zero Harm aspiration extends to ensuring that our operations have minimal environmental footprint and as little impact as possible on the physical environment, the host communities and the local economy.

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

Debswana’s commitment is to run our operations with closure in mind, which is in line with the requirements of Section 65 of the Mines and Minerals Act. Debswana has initiated a framework to define the closure criteria for the management of the closure liability of its operations and sets out plans to guide concurrent rehabilitation. The objective is to actively integrate closure requirements into operational processes with the view to reduce final closure liability while the mines are still operating. It also gives the opportunity to assess and monitor rehabilitation successes during life of mine. A significant leap was made in 2015 towards integrating mine closure considerations into business planning. Debswana is building a philosophy that says we should not sacrifice long-term imperatives on the altar of short-term concerns.

Debswana’s overall mine closure performance in 2015 was ranked amongst the top five compared to 47 operations in the Anglo America Group. This ranking was based on compliance with Anglo America’s Mine Closure Standard. Debswana has adopted the Anglo America Mine Closure Toolbox as a best-practice standard for closure planning and reporting.

OLDM is currently reviewing its mine closure plans, and this exercise is expected to be complete by the end of 2016. Jwaneng Mine will commence rehabilitation trials at its slimes dam during 2016. In order to accelerate the integration of closure requirements into the business processes, Debswana rolled out the Anglo American Mine Closure Toolbox training for staff to enable them to actively participate in the review of the closure plans.

Based on the good performance in mine closure planning, Jwaneng mine was nominated to implement a pilot project called the “Integrated Closure Planning System” (ICPS). The ICPS is a tool that is designed to use the smooth integration of closure requirements into operational plans. The key objective behind this process is to manage and reduce the company’s closure liability and incorporate progressive rehabilitation by identifying opportunities and risks during the life of the operations.

However, the intention is to look beyond rehabilitation to include sustainability considerations such as the socio-economic development necessary to sustain alternative livelihoods for the local economy beyond life of mine. The key alternative livelihood areas that have potential to be self-sustaining beyond life of mine, and which are supported by the natural environmental conditions and national economic diversifications process, are agriculture in the Jwaneng area and tourism development in the OLDM areas.

Both of these require proactive and constructive stakeholder engagement with the intention of raising awareness around environmental issues, finding solutions to shared concerns, and seeking opportunities to work in partnership with communities, NGOs and government towards a better future for all.

The development of the socio-economic closure plans provide baseline information about possible non-mining dependent, alternative livelihoods post mining. The process to develop these plans includes extensive engagement with key stakeholders and an assessment of the options suggested for post-mining economic activity.

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

The involvement of all affected stakeholders is crucial as planning for mine closure no longer focuses only on financial provisioning for the rehabilitation of land disturbed by mining, but extends to include complex sustainability considerations.

FOR FURTHER READING

Debswana’s Board approved the company’s participation in Tokafala, a three-year partnership between the GRB, Debswana and Anglo American. Almost 100 businesses enrolled in the Tokafala mentoring programme in 2015. These businesses have a combined revenue of BWP100 million, employ more than 800 people and 34% are owned (or co-owned) by women.

In Setswana, one of the official languages of Botswana, the words “tokafala” means “improve”, as it was chosen as the name for the business development programme for small, micro and medium-sized enterprises. In time, the aim is to help almost 1 000 businesses and in turn support up to 5 000 jobs, boosting local communities and supporting the country’s economy. It also helps individuals and businesses gain access to useful government programmes such as the Poverty Eradication Programme.

The Tokafala website allows stakes to participate in the programme, and provides helpful advice on entrepreneurship and building public-private partnerships in Botswana

The Tokafala website allows stakeholders to participate in the programme, and provides helpful advice on entrepreneurship and building public-private partnerships.
An employee awareness campaign focused on ethics in the workplace has been launched throughout the company.
ETHICS CONTINUED

BEST PRACTICE PRINCIPLES ASSURANCE PROGRAMME

The De Beers Group of Companies subscribes to the Best Practice Principles (BPPs), which are a set of ethical guidelines that provide a mandatory framework for business conduct within the diamond sector. They apply to all De Beers Group operations, De Beers Joint Ventures, De Beers Sightholders as well as major contractors, and cover issues such as health and safety, human rights, child labour, corruption and environmental management.

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

All rough diamonds exported from Botswana receive Kimberley Process certificates, providing assurance to the end consumer that they are not contributing in any way to conflict, violence or devastation in any country.

The Kimberley Process has been lauded for the significant role it has played in stemming the flow of conflict diamonds and supporting the development of people and countries who are dependent on the legal trade in diamonds. Participating countries, industry and civil society observers gather twice a year at intersessional and plenary meetings, as well as in working groups and committees that meet on a regular basis. Implementation is monitored through ‘review visits’ and annual reports as well as by regular exchange and analysis of statistical data.

ETHICAL BEHAVIOUR

The company’s values emerged among the top two factors that were most effective at promoting ethical conduct, which is a sound and desired result. The effectiveness of the company’s values was further confirmed by the extent to which values are taken into account at an operational level in terms of decisions, strategy and change.

The most effective factor in reducing misconduct was the company’s policies and procedures. Other internal factors such as rules, regulations and disciplinary measures are equally effective.

EXAMPLES OF UNETHICAL CONDUCT TO REPORT VIA THE ETHICS HOTLINE

- Health and Safety
- Bribery
- Misuse of Assets
- Conflict of Interest
- Legal Obligations

ETHICAL BOUNDARY

The degree to which the company’s values were considered to apply to its stakeholder groups was good, with the strongest result being relative to shareholders. As regards the company’s social and environmental responsibilities, these scores were excellent, illustrating that employees have a sound knowledge and understanding of what the company is doing in these areas.

All rough diamonds exported from Botswana receive Kimberley Process certificates.
SECURITY CULTURE AND RELATIONSHIPS

Into the second decade of the 21st century, keeping an organisation and its assets secure relies as much on information management, gathering and analysis as it does on physical security. It also involves a more outward-looking approach.

Debswana’s security services have become much more collaborative in order to properly identify risks to the business as well as value-adding activities. In 2015, the security function adopted a value-ranking service approach. Engagement sessions with stakeholders – employees, contractors, organised labour and visitors – were used to ensure that a service-based culture was prevalent in the security department.

Instead of having a one-size-fits-all security approach, the focus is now on providing a bespoke service to different disciplines within the organisation. For instance, HR would be assisted with security clearance and vetting services, with a focus on rigour and good turnaround time to ensure employees are able to get to and start their work in the required time.

The emphasis is on security acting as a trusted, approachable, reliable and value-adding business partner. Being rule-driven is insufficient without having a full understanding of the context of those rules. Anything done for security reasons must be interrogated to ensure it plays a part in the wider business value chain and management of business risks. Simply saying “no” to behaviour that might have positive side-effects simply because it makes the job of securing areas or processes easier is ultimately destructive to wider business interests.

Security, like safety, must be integrated into the business and made understandable to all employees. Stakeholders on the mine should also be encouraged to adopt a degree of security ownership, just as they have done with safety. Being cognisant of security issues and drawing attention to risks should be internalised, which is a mindset which started gaining traction in 2015.

The business strategy calls for a knowledgeable security presence, which implies not only awareness, but understanding.
SECURITY CONTINUED

BUSINESS PARTNERS
Debswana cannot operate as an oasis of diamond security in the diamond landscape. Shared resources and shared thinking lead to shared benefit. Debswana, the Botswana Police Service and smaller diamond mines comprise a diamond liaison group which meets quarterly and holds monthly working sessions. This has resulted in a common approach which renders the national context clearly intelligible.

PEOPLE
An integrated effective security system requires the right people in the right positions, making the right strategic and tactical decisions. The implementation of the security strategy formulated in 2014 saw a comprehensive restructuring of the security department. A major change saw staff move away from a 24-hour shift at management level to a normal working hours/day shift. The restructuring to achieve a more focused departmental approach was accompanied by an extensive programme of consultation, engagement and counseling across the entire department.

SECURITY TECHNICAL SOLUTIONS AND PROJECTS
Debswana made progress in 2015 towards fully implementing an integrated security management system. This involved the establishment of a coordinating structure to ensure that all sub-security systems are integrated and working to make a powerful and efficient system to achieve maximum control and monitoring.

It also required the installation of new access control, surveillance monitoring system, Snutator system and identity management system at all the mines. The centralised control system via radio tower signals was completed during 2015. The system also involves close coordination with the Botswana Police Service. This partnership allows data to be streamed from all areas of Debswana operations into a central termination hub, where it can be processed and acted upon.

DIAMOND CONTROL
Any theft of rough diamonds from our operations weakens our financial performance and reduces the revenues available to the shareholders and denies support to development in local communities. Debswana continues to invest in initiatives aimed at preventing the theft of diamonds and protecting the integrity and honesty of employees. This includes the enhancement of security systems, processes and controls to achieve increased effectiveness and efficiency in diamond security.

In 2015, the diamond control awareness teams at Orapa and Jwaneng were merged into a single unit which includes representatives from law enforcement and other industry actors. Debswana has taken the lead in sensitising the nation on the importance of diamonds, operating a toll-free line that is open to all members of the company and public.

Scannex, the low-dose x-ray technology, is yet to be implemented at our operations. A final decision on its implementation is expected in 2016.

RISK MANAGEMENT
An important process began in 2015 in terms of adopting the ISO 31000 Risk Management Standard as the flagbearer for security and risk management standard at Debswana. The standard provides principles, framework and a process for managing risk. It increases the likelihood of achieving objectives, improves the identification of opportunities and threats, and allows for the effective allocation and use of resources for risk treatment.

A three-year scaled implementation plan will culminate in an ISO-audit. Since the security function is driven by the same principles and language as the rest of the business, it will mean seamless integration with other enterprise-level ISO standards.
SAFETY

Improving safety performance, and achieving the goal of Zero Harm, are foremost Debswana’s priorities. The focus in 2015 was primarily on avoiding any impact on safety performance as the business adapted to a challenging market.

Another focus area was the implementation of Total and major risk standards, one aspect of which was the definition of clear lines of accountability in respect of these standards.

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

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

Debswana maintained a good safety performance in 2015. There were no fatalities and only 10 lost time injuries (LTIs) were recorded, four at Jwaneng Mine and six at OLDM. In addition, seven restricted work injuries and 39 medical treatment injuries were recorded.

The Total Recordable Injury Frequency Rate (TRIFR) achieved for the year was 0.38 against a target of 0.50 and a stretch target of 0.42.

OCCUPATIONAL HYGIENE

Occupational hygiene involves the management of very specific stresses or energies that might impact on your health, but not immediately. These can involve physical stresses such as noise, sunlight or cold; biological stresses such as fungi; chemical stresses, etc. The main health hazards that Debswana employees are exposed to are noise, dust, musculo-skeletal disorders and welding fumes.

Two level 4 occupational health incidents (resulting in re-deployment) were recorded during the year: one a noise-induced hearing loss (NIHL) case at Jwaneng Mine and one a lumbar spine injury at OLDM. In addition, two level 3 cases were recorded: one being a tuberculosis case at OLDM and one a NIHL case at Monopule Coal Mine.

Most occupational health incidents were the result of historic exposures. The focus is on reducing exposures to prevent future cases of occupational health illnesses and managing cases that potentially can deteriorate to recordable occupational health illnesses.

In order to safeguard Debswana’s efforts for the future, we need to ensure a robust future supply of trained hygienists. To this end, three students, currently studying A-levels, will in 2016 begin to study occupational hygiene as part of our scholarship programme.
FOCUS POINT

REMMOGO WORKING TOGETHER
The Remmogo SHE programme aims to insulate behavioural change relating to safety at Jwaneng Mine. Its main focus is to encourage employees to adhere to the Debswana safety aspiration of Zero Harm. It will ensure that the mine’s SHE performance and operating model are in line with the Debswana 2018 HPO Always Ahead strategic intent.

The launch of the programme is testament to Jwaneng Mine’s commitment to eradicating all forms of safety, health and environmental incidents. The new programme will leverage existing processes and systems to include pillars such as housekeeping, near-hit reporting, investigation and closure, inspections, visible leadership and risk management.

SAFETY MILESTONE
Debswana’s commitment to Zero Harm was demonstrated more clearly by Jwaneng Mine’s Red Area team, who completed a staggering 15 years without a lost time injury at their plant. Such a milestone is testament to the efforts that management, staff and contractors have put in over the years.

FOCUS POINT

HOW TO BECOME A MILLIONAIRE
The Jwaneng Resource Extension Project (JREP) has achieved and celebrated one milestone: to provide the business with an indicated mineral resource between the depths of 400 and 800 metres. The achievement is made even more remarkable when one considers the extreme energies associated with their work, particularly drilling.

JREP’s objective is to provide the business with an indicated mineral resource between the depths of 400 and 800 metres. The achievement is made even more remarkable when one considers the extreme energies associated with their work, particularly drilling.

FOCUS POINT

NEW RESCUE TEAM LAUNCHED
Jwaneng Mine recently introduced its newly formed Paramedics and Rescue Team. This is part of the mine’s commitment to achieve and sustain the Zero Harm vision. The Paramedics and Rescue Team are part of mine rescue, a specialised job for rescuing miners injured in mining-related incidents.

DEBSWANA PEOPLE IN NUMBERS

<table>
<thead>
<tr>
<th>Permanent Employees</th>
<th>Fixed-Term Employees</th>
<th>Trainees</th>
<th>Temporary Employees</th>
<th>Graduate Students</th>
<th>Secondees in</th>
<th>Secondees Out</th>
<th>Learnerships</th>
<th>Total Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,666</td>
<td>463</td>
<td>135</td>
<td>70</td>
<td>12</td>
<td>10</td>
<td>7</td>
<td>3</td>
<td>5,366</td>
</tr>
</tbody>
</table>

EMPLOYEE ENGAGEMENT
Improved employee engagement levels continued to be a key focus for management in 2015. At the end of December 2015, the employees engagement improvement areas identified in the 2014 employee engagement survey were closed. New areas of improvement were identified for implementation and monitoring throughout 2016 until another employee engagement survey is conducted in the fourth quarter of 2016 to test if there has been a real shift in the employee engagement index.

TRAINING AND DEVELOPMENT, AND SUCCESSION MANAGEMENT
The company continued to perform exceptionally well in the area of training, leadership development and succession management. Key leadership roles that became vacant in 2015 were internally resourced with superior performers. The localisation rate has been maintained with less than five per cent of the workforce being non-citizens.

Training and development plans are being implemented within stringent budgets to build robust succession pools across all levels. A leadership and supervisory development model is in place to ensure that employees are equipped with the right leadership and management skills as they ascend to new roles in the organisation. In-house training centres at both Orapa and Jwaneng continue to provide technical and non-technical training ranging from apprenticeship, supervisory development, Seven Active Management Behaviours, SAP training and many other relevant short courses.

EARLY EXPOSURE
Nine Debswana-sponsored students from Legae Academy visited Jwaneng Mine to gain insight into the mining methods and challenges of the mining industry. It was an opportunity to interact with various experts who gave them first-hand experience of the operations; a tremendous benefit for students to prepare them for a career in mining.
WELLNESS

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

The Debswana Wellness Programme has four main focus areas:
• HIV and Disease Management Programme (focusing on an HIV treatment)
• Wellness Promotion, which is the preventative aspect of health, focuses on awareness creation and behaviour change, chronic illness prevention, including physical fitness and healthy eating
• Employee Assistance Programme for psychosocial impact mitigation and other psychosocial issues affecting productivity
• Employee Financial Wellbeing Programme, which provides advice for financial planning needs and debt management

INTERMINE GAMES

The principal aim of the highly competitive Intermine Games is to encourage interaction among employees across the sites and promote wellness through a sporting culture as well as to have some fun. The games also encourage long-lasting relationships between Debswana employees and their strategic business partners. Competition for the Intermine Shield is normally tight between Jwaneng Mine and OLD M, and this year was no different. OLD M had to wrestle the trophy from their opposition, but it was not to be – Jwaneng won by a margin of only a few points.

UNION MANAGEMENT RELATIONS

The difficult market conditions resulted in the redeployment of some employees due to the planned reduction in production at OLD M and the placement of Damtshaa Mine under care and maintenance for the period 2016 to 2018.

The strong and cordial relations between management and the union resulted in an amicable solution with minimal impact to the business and employees.

MINING VISIONARY HANGS UP HIS HARD HAT

Jwaneng Mine recently bid farewell to renowned mining engineer Batshedi Mosu (above right with Jwaneng General Manager Albert Milton) after 32 years of committed service to Debswana. Mosu was described as a passionate and visionary miner who has been in the mining industry for more than three decades, during which time he mentored and shaped the future of many a young mining engineer, some of whom, including MD Balisi Bonyongo and Jwaneng Mine’s General Manager Albert Milton, are currently at the helm of the Debswana Diamond Company.

Mosu said that when he came to Jwaneng he had two key focus areas: to manage the water in the pit and to mine the slope failure area. He was happy to report that within six months in Jwaneng he had managed to control the water issue through the construction of what was to later be known as a world-class sump.

“Today I look back with pride,” he said at his farewell ceremony. “I achieved a number of things in my time, including the stable final walls and improved shovel digging rates. I also introduced new ways of working, such as broad ramping and I have put in place a number of drilling and blasting systems that are used in the mining industry.”
SUSTAINABLE PEOPLE DEVELOPMENT

In order for the HR department to support the aspirations of the 2018 HPO Always Ahead strategy, it needs to add value as a business enabler, and to address aspects such as strategic workforce planning; scholarships; artisan development and training; succession management; leadership development and behavioural change programmes.

FOCUS POINT

DEBSWANA REINTRODUCES SCHOLARSHIP PROGRAMME

Debswana reintroduced its scholarship programme to meet the mining industry’s future skills demand. The scholarship programme supports the Botswana Government’s efforts to promote the development of skills that are critically needed for the growth of the country’s economy.

The programme is tailored to the projected future employment needs of the company. Fifty students have been recruited for higher study in scarce-skill areas and Debswana’s core technical disciplines, including all the engineering fields, as well as support functions such as supply chain, sustainability, and occupational hygiene.

Thirty-six students were placed in Botswana, with 13 of them admitted to Maru-a-Pula School and 12 at Legacy Academy for A-level studies, and 11 enrolled at the University of Botswana. Fourteen are studying in the UK at Chelsea Independent College and Duff Miller College.

After they have completed their current studies they will enter into graduate programmes in universities in the United Kingdom, Austraila and Canada, which have been identified as leading institutions in the provision of the identified areas of study.

The scholarship programme is administrated by the British Council.

The relaunch of the scholarship programme in March 2015 and the selection of the top 50 students, Debswana representatives have held briefing sessions with the scholarship winners to clarify expectations and deliverables.

FOCUS POINT

CREATING LEADERSHIP WITHIN

The 2015 graduates of the High Performance Organisations’ 7 Active Management Behaviours (7 AMB) programme were awarded their completion certificates at the Gaborone International Conference Centre.

The programme is designed to help transform the company through its people, to become a High Performance Organisation. One of the needs identified with the development of the 2018 HPO Always Ahead strategy was the need for a set of behaviours that would actively promote and embed a new way of leading or being led.

FOCUS POINT

WORKFORCE PLANNING

Debswana prepares for the future using strategic workforce planning based on our resource development plan. The skills we are sponsoring are those we know we will require in the future.

Workforce planning allows Debswana to identify projected shortfalls, and then plan training to close those gaps. Those currently enrolled in A-levels will be available to take up positions at Debswana in 2021/2022.

ARTISAN TRAINING

Debswana’s successful artisan development programme was ramped up in 2015 with an increased intake in Orapa, where our technical training school is situated.

A crucial element of our design of the school is that it is not run for the exclusive benefit of Debswana. It also trains artisans of sister mining companies, as well as large independent partners such as Komatsu, P&H and Barkwalr, in industry-specific, strategically useful skills such as electricians and boilermakers.
DEBSWANA IN THE
COMMUNITY

SUSTAINABLE DEVELOPMENT
Sustainable community development programmes are those which contribute to the long-term strengthening of community viability.

Often, the most sustainable beneficial legacies left by community development programmes around a mining operation are in the skills and capacities brought about through training, education and employment for local people.

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

SOCIAL PERFORMANCE
During 2015, Debswana embarked on a rigorous programme to institutionalise social performance as an integrated approach to, and management of, social risks, social investment, re-settlement and community impact.

This was done through the implementation of the Social Way as a good practice framework based on a five-point maturity model ranging through basic, reactive, compliance, proactive and resilient maturity levels.

The main objectives of this programme are:
- To minimise any negative social impacts of Debswana’s business activities on host communities
- To maximise the host communities’ socio-economic benefit in order to secure Debswana’s social license to operate
- To be a development partner of choice for local communities
- To uphold diamond equity and preserve the reputation of diamonds

The Social Way has 10 main requirements, namely social risk management; social performance strategy and social management plans; stakeholder engagement; socio-economic development; social commitments; social incidents; community health; safety, security and human rights; contractor management; social performance resourcing and content specific requirements (re-settlement, cultural heritage, indigenous peoples and benefit-sharing).

Debswana aims to attain level 3 (compliance) in all 10 requirements at all its sites by the end of 2016.

FOCUS POINT
Stakeholder engagement is vital in addressing complex community needs

Debswana’s social license to operate

SUPPORTING AGRICULTURE
Debswana is committed to supporting the agricultural sector as a key growth sector in Botswana.

To further this aim, Jwaneng Mine donated BWP10 000 to the Kgalagadi South Agricultural Show in Tsabong. The company also handed over a cattle judging facility called the Diamond Arena to the Ministry of Agriculture at the National Agricultural Show in Sebele. The event was attended by the President of Botswana Lt. Gen. Seretse Khama Ian Khama, who officially opened the facility, and the Minister of Agriculture, Hon. Patrick Pule Rakatsi. The BWP2.7 million Diamond Arena is a modern structure that is expected to help with the showcasing and auctioning of livestock in a manner that is in line with international standards. The arena will also be leased to the public as a venue for various activities in order to generate funds for its upkeep and maintenance.

Debswana is committed to supporting the agricultural sector as a key growth sector in Botswana.

To further this aim, Jwaneng Mine donated BWP10 000 to the Kgalagadi South Agricultural Show in Tsabong. The company also handed over a cattle judging facility called the Diamond Arena to the Ministry of Agriculture at the National Agricultural Show in Sebele. The event was attended by the President of Botswana Lt. Gen. Seretse Khama Ian Khama, who officially opened the facility, and the Minister of Agriculture, Hon. Patrick Pule Rakatsi. The BWP2.7 million Diamond Arena is a modern structure that is expected to help with the showcasing and auctioning of livestock in a manner that is in line with international standards. The arena will also be leased to the public as a venue for various activities in order to generate funds for its upkeep and maintenance. 
CORPORATE SOCIAL INVESTMENT
As a good corporate citizen, Debswana subscribes to the philosophy that its entrepreneurial success should be underpinned by social and economic responsibility.

With the purpose of securing our social license to operate and preserving diamond equity, Debswana has adopted the Social Way framework to minimise the negative social impacts of our business activities and to maximise socio-economic benefit to our host communities.

Under the company’s Corporate Social Investment (CSI) programme, a number of projects were funded during the year in the categories of community development, sports development, education, arts and culture, agriculture and environmental management.

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

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

CSI FUNDING HIGHLIGHTS FOR 2015
BWP2.3 million for community development projects, which included the upgrading of the main water and electrical systems in Mahalapye Village, Gaborone Phase II Community Park renovation and the construction of kgotla offices in Tsanye and Mahalapye Villages.

BWP3.9 million for sports development projects, which included the financing of the Botswana First Division Football League, Special Olympics Team Botswana, Botswana National Sports Commission’s Grassroots Sports Development Programme and a Botswana Chess Federation sponsorship.

BWP1.4 million funding for the annual National Agricultural Show and construction of a cattle judging ring at the new National Agricultural Showgrounds.

A BWP948 thousand contribution for 2015 to the second phase of the Tsodilo Hills World Heritage Site project through the Diamond Trust, a Debswana and De Beers partnership.

HEALTHCARE
Besides the money spent each year on wellness and HIV/AIDS programmes in host communities, Jwaneng Mine and OLOM fund and operate two state-of-the-art hospitals that offer world-class health services to local communities. Jwaneng Mine Hospital caters for a resident population of about 12 000 and a regional catchment area of over 54 000 people. The 65-bed Gaborone Hospital serves all the villages in the sub district. Services offered by the hospital include a pharmacy, a laboratory, X-Ray, theatre, dental and emergency services. The hospital has 11 doctors and 76 nurses. Jwaneng Hospital covers a 200 km radius and boasts 55 beds and 12 doctors, including dentists, and over 50 nurses. Support units include a laboratory, pharmacy, radiography and physiotherapy departments.

The two CDH5AR accredited hospitals continue to serve as District referral hospitals that offer world-class health services to local communities, Jwaneng Mine and OLOM.

The project’s impact is a vibrant school that positions Mokobaxane Primary School, highlighting the company’s commitment to education and the future of Botswana children. The BWP2.4 million investment was used to develop infrastructure, including classrooms and an administration block. OLOM also invested about BWP546 000 in the renovation of the Serowe SOS Children’s Village Facility and the Debswana House at the village.

ECONOMIC DIVERSIFICATION
Debswana subscribes to the philosophy that its entrepreneurial success should be underpinned by social and economic responsibility. Debswana’s CSI programme seeks to create, build and maintain sustainable partnerships that are aligned to the national objectives of economic diversification, job creation and poverty alleviation.

In pursuit of this, the company continues to contribute towards local enterprise development. A significant portion of the total budget in 2015 targeted agriculture development and environmental projects that would enhance tourism opportunities.
LEGACY PROJECTS
Debswana’s legacy projects are intended to leave communities better off than they were before the start of any significant capital project, and their design is informed by social impact assessments undertaken as part of the project decision-making. Working with a closure in mind, a legacy project is intended to benefit as many people as possible and to have a lasting impact.

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

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

The process of identifying and securing contractors involves considerations that extend beyond simply securing a service. Contractors are evaluated in terms of their track record of environmental conservation, and the goal is to have a system of skills transfer put in place. If a foreign national is employed, then a necessary adjunct to that decision is to put in place a method of closing that skills gap. There needs to be an investment in terms of training and development, to make the idea of legacy meaningful and sustainable.

In 2015, a project associated with the Letlhakane Mine-Tailing Pond took a significant step towards realisation. Debswana identified the local resource-constrained Seisa Se Primary School that had to teach seven classes outdoors because of a lack of facilities. The mine resolved to provide sufficient facilities that no children would have to be taught outside classrooms. Debswana is about to award a tender to begin construction at an estimated cost of BWP6 million.

FULLY FURNISHED BLOCKS OF CLASSROOMS WILL BE PUT IN PLACE
Every contractor needs to understand that safety is a priority and core value at Debswana. In addition, if Debswana requires skills that are not present locally, then there also needs to be a system of skills transfer put in place. If a foreign national is employed, then a necessary adjunct to that decision is to put in place a method of closing that skills gap. There needs to be an investment in terms of training and development, to make the idea of legacy meaningful and sustainable.

The school has a vibrant environmental club that seeks to make students and other stakeholders aware of the importance of conservation. Debswana’s Wildlife Warden, John Kepaletswe, praised the school and OLDIM for designing the project, because it boosted awareness of sustainable land management and helped students appreciate that land was a valuable asset.

The school hall to be used for the school assembly and other activities.

DIAMOND TRUST RECEIVES WORLD HERITAGE AWARD
Debswana and De Beers’ value of Shape the Future. The heritage site has, on its own, considerable input from the private sector and civil society from inception to conclusion. The Botswana Police Services, Debswana Diamond Company, Department of Road Transport and Safety, G4 Consulting Engineers, the Motor Vehicle Accident Fund, Premiere, SSI Botswana, the UN and the World Health Organization joined the Botswana Ministry of Transport and Communication as partners in the event.

The convergence of stakeholders meant that all delegates pledged action and commitment towards finding solutions to the problems of road accidents in Botswana, thus ensuring full compliance to the effective implementation of the UN global plan by 2020.

The keynote speaker was Russell White, CEO of the Australian Road Safety Foundation, who drew parallels between Botswana and Australia in the 70s, when it too had exceptionally high fatalities. The UN Decade of Action for Road Safety 5 Pillars formed the framework for the event.

The country’s total annual road accidents in 2014 stood at 16 641. Though this was a slight decrease on previous years, the figures showed a growth in accidents resulting from drugs or alcohol and an increase in unlicensed drivers.

Since the majority of accidents are the result of unsafe behaviours, concerted efforts to change those behaviours ought to see significant results. It was with this in mind that Debswana staff and the company’s partners in the Orapa Workshop Project formulated the idea of a Road Safety Symposium. The purpose of the symposium was to bring together the private sector and government to explore how partnerships could be formulated to address road safety in Botswana.

The two-day event, which Debswana sponsored to an amount of BWP2 million, took place in October 2015 at the Gaborone International Convention Centre. Key to the success of the conference was that this was not solely a government conference but saw considerable input from the private sector and civil society from inception to conclusion.

The Botswana Police Services, Debswana Diamond Company, Department of Road Transport and Safety, G4 Consulting Engineers, the Motor Vehicle Accident Fund, Premiere, SSI Botswana, the UN and the World Health Organization joined the Botswana Ministry of Transport and Communication as partners in the event.

This convergence of stakeholders meant that all delegates pledged action and commitment towards finding solutions to the problems of road accidents in Botswana, thus ensuring full compliance to the effective implementation of the UN global plan by 2020.

The keynote speaker was Russell White, CEO of the Australian Road Safety Foundation, who drew parallels between Botswana and Australia in the 70s, when it too had exceptionally high fatalities. The UN Decade of Action for Road Safety 5 Pillars formed the framework for the event.

The country’s total annual road accidents in 2014 stood at 16 641. Though this was a slight decrease on previous years, the figures showed a growth in accidents resulting from drugs or alcohol and an increase in unlicensed drivers.

Since the majority of accidents are the result of unsafe behaviours, concerted efforts to change those behaviours ought to see significant results. It was with this in mind that Debswana staff and the company’s partners in the Orapa Workshop Project formulated the idea of a Road Safety Symposium. The purpose of the symposium was to bring together the private sector and government to explore how partnerships could be formulated to address road safety in Botswana.

The two-day event, which Debswana sponsored to an amount of BWP2 million, took place in October 2015 at the Gaborone International Convention Centre. Key to the success of the conference was that this was not solely a government conference but saw considerable input from the private sector and civil society from inception to conclusion.

The Botswana Police Services, Debswana Diamond Company, Department of Road Transport and Safety, G4 Consulting Engineers, the Motor Vehicle Accident Fund, Premiere, SSI Botswana, the UN and the World Health Organization joined the Botswana Ministry of Transport and Communication as partners in the event.

This convergence of stakeholders meant that all delegates pledged action and commitment towards finding solutions to the problems of road accidents in Botswana, thus ensuring full compliance to the effective implementation of the UN global plan by 2020.

The keynote speaker was Russell White, CEO of the Australian Road Safety Foundation, who drew parallels between Botswana and Australia in the 70s, when it too had exceptionally high fatalities. The UN Decade of Action for Road Safety 5 Pillars formed the framework for the event.

The country’s total annual road accidents in 2014 stood at 16 641. Though this was a slight decrease on previous years, the figures showed a growth in accidents resulting from drugs or alcohol and an increase in unlicensed drivers.

Since the majority of accidents are the result of unsafe behaviours, concerted efforts to change those behaviours ought to see significant results. It was with this in mind that Debswana staff and the company’s partners in the Orapa Workshop Project formulated the idea of a Road Safety Symposium. The purpose of the symposium was to bring together the private sector and government to explore how partnerships could be formulated to address road safety in Botswana.

The two-day event, which Debswana sponsored to an amount of BWP2 million, took place in October 2015 at the Gaborone International Convention Centre. Key to the success of the conference was that this was not solely a government conference but saw considerable input from the private sector and civil society from inception to conclusion.

The Botswana Police Services, Debswana Diamond Company, Department of Road Transport and Safety, G4 Consulting Engineers, the Motor Vehicle Accident Fund, Premiere, SSI Botswana, the UN and the World Health Organization joined the Botswana Ministry of Transport and Communication as partners in the event.

This convergence of stakeholders meant that all delegates pledged action and commitment towards finding solutions to the problems of road accidents in Botswana, thus ensuring full compliance to the effective implementation of the UN global plan by 2020.

The keynote speaker was Russell White, CEO of the Australian Road Safety Foundation, who drew parallels between Botswana and Australia in the 70s, when it too had exceptionally high fatalities. The UN Decade of Action for Road Safety 5 Pillars formed the framework for the event.

The country’s total annual road accidents in 2014 stood at 16 641. Though this was a slight decrease on previous years, the figures showed a growth in accidents resulting from drugs or alcohol and an increase in unlicensed drivers.

Since the majority of accidents are the result of unsafe behaviours, concerted efforts to change those behaviours ought to see significant results. It was with this in mind that Debswana staff and the company’s partners in the Orapa Workshop Project formulated the idea of a Road Safety Symposium. The purpose of the symposium was to bring together the private sector and government to explore how partnerships could be formulated to address road safety in Botswana.

The two-day event, which Debswana sponsored to an amount of BWP2 million, took place in October 2015 at the Gaborone International Convention Centre. Key to the success of the conference was that this was not solely a government conference but saw considerable input from the private sector and civil society from inception to conclusion.

The Botswana Police Services, Debswana Diamond Company, Department of Road Transport and Safety, G4 Consulting Engineers, the Motor Vehicle Accident Fund, Premiere, SSI Botswana, the UN and the World Health Organization joined the Botswana Ministry of Transport and Communication as partners in the event.

This convergence of stakeholders meant that all delegates pledged action and commitment towards finding solutions to the problems of road accidents in Botswana, thus ensuring full compliance to the effective implementation of the UN global plan by 2020.

The keynote speaker was Russell White, CEO of the Australian Road Safety Foundation, who drew parallels between Botswana and Australia in the 70s, when it too had exceptionally high fatalities. The UN Decade of Action for Road Safety 5 Pillars formed the framework for the event.
A NEW GENERATION OF ENVIRONMENTAL STEWARDSHIP

OLDM has, over the last few years, actively invested in conservation education outreach programmes directed at primary school children in and around the Boteti Sub-District. Several environmental clubs have been established to provide school children with appropriate skills and resources to look after their natural inheritance. The Conservation Education Team of Orapa Game Park is just one example, having worked to identify and tag indigenous trees during their regular visits to the Boteti schools. The platform presents them with the opportunity to educate learners on the importance of indigenous trees and environmental conservation. OLDM is also involved in a three-year study of a globally threatened migratory bird species (found in the Orapa Game Park: the Lappet-faced vulture). This project is conducted in partnership with the NGO Birdlife Botswana.

DEBSWANA AND THE ENVIRONMENT

ENVIRONMENT

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

Sound environmental management is an irrefutable objective of Debswana’s new Sustainability Strategy Framework and the company has in recent years proceded in the roll-out of its environmental management programmes.

Debswana’s six environmental standards, covering life-cycle planning, biodiversity, water, climate change, hazardous substances, waste and emissions, and environmental reporting are the foundation of our environmental management programme.

Along with our environmental policy, the standards are mandatory for all operations and detailed self-assessment assurance tools are used by each operation to assess compliance against these standards.

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

All the mining operations maintained their ISO14001 certifications in 2015, with no major findings recorded.

One medium-consequence environmental incident was recorded at OLDM where a monitoring borehole was polluted with hydrocarbons. Appropriate steps were undertaken to mitigate the environmental impact.

BIODIVERSITY MANAGEMENT

Debswana continued to maintain its Biodiversity Management Programme to offset the environmental impacts linked to mining activities.

Both Jwaneng Mine and OLDM have proactively implemented endangered wildlife management programmes.

A total of 800 minor incidents were recorded in 2015 compared to 649 in 2014. The increase in the number of environmental incidents reported is attributed to the rigorous environmental awareness campaigns carried out at the operations.

FOCUS POINT

Both the Orapa Game Park and the Jwaneng Game Park act as a green belt around their respective mining operations.
In order to contain costs, mitigate environmental impact, and ensure a constant, high-quality supply of water for the company and for Botswana, it is critical that Debswana carefully matches resource development plans to water sources, and develops strategies to address shortfalls, considering primary sources (such as wellfields) as well as secondary sources (such as water from treatment plants and slimes returns). Our challenge is to provide water security for our operations, without compromising water resources for others. In 2015, Debswana’s water strategy continued to focus on alignment of water processes around the operations and further integration with the broader, long-term business strategy. This is a steady evolution requiring continued consultation with all relevant stakeholders. As well as building on the existing strategy, new elements were introduced or saw a renewed focus. One of these was a consideration of issues around the risks of slope stability and how we manage water around our pits.

That focus encouraged us to look at the resources in terms of our capabilities to manage those areas. Since slope stability is an important risk in our business, we needed to look at ways of containing that risk, including storm water design, and the capture of all water from dumps, precipitation and storms around our pits.

Resource concerns are not merely restricted to the volumes of water used. Maintaining good water quality is equally important. Water quality, if not well managed, is an area where we will see increasing costs due to the need for more frequent maintenance. For example, if you’re using poor-quality water you need to pump continuously to avoid mineral build-up.

We embarked on extensive consultation with all those affected by or affecting issues of water quality before integrating an approach into the water strategy. Simply sensitising the organisation to the need for more frequent maintenance is not enough. We had to look at the volumes of water used. Maintaining good water quality is equally important. Water-use efficiency is one of the most important parts of Debswana’s water strategy. Implementation of Anglo American’s Water Efficiency Target Tool (WETT) system was a big step towards overall water-use reduction in 2015.

Using WETT, the company is able to forecast the business-as-usual demand for individual operations; set targets to reduce predicted consumption; and maintain a register of water-saving projects to help it meet its targets. The system is designed to be comprehensive, and is applied to all water-related processes, including aquifers, in the plants, slimes dams, evaporations, water we use for roads, dust suppression and so forth.

With the update and integration of all our groundwater models into our primary resource development plans, the repercussions of potential increased water usage in one area are now much more apparent.

In terms of forward planning, Debswana considered Wellfield 7 development, as well as the potential for use of saline water sources.

Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

In terms of forward planning, Debswana considered Wellfield 7 development, as well as the potential for use of saline water sources. Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

Increasing the use of non-potable water in the mining sector was also a target of the 2013 Botswana Integrated Water Resources Management and Water Efficiency (WARMWE) Plan prepared by the GBF’s Ministry of Mines, Energy and Water Resources. Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

In terms of forward planning, Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

With the update and integration of all our groundwater models into our primary resource development plans, the repercussions of potential increased water usage in one area are now much more apparent.

In terms of forward planning, Debswana considered Wellfield 7 development, as well as the potential for use of saline water sources. Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

Increasing the use of non-potable water in the mining sector was also a target of the 2013 Botswana Integrated Water Resources Management and Water Efficiency (WARMWE) Plan prepared by the GBF’s Ministry of Mines, Energy and Water Resources. Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

Increasing the use of non-potable water in the mining sector was also a target of the 2013 Botswana Integrated Water Resources Management and Water Efficiency (WARMWE) Plan prepared by the GBF’s Ministry of Mines, Energy and Water Resources. Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

Increasing the use of non-potable water in the mining sector was also a target of the 2013 Botswana Integrated Water Resources Management and Water Efficiency (WARMWE) Plan prepared by the GBF’s Ministry of Mines, Energy and Water Resources. Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

Increasing the use of non-potable water in the mining sector was also a target of the 2013 Botswana Integrated Water Resources Management and Water Efficiency (WARMWE) Plan prepared by the GBF’s Ministry of Mines, Energy and Water Resources. Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

Increasing the use of non-potable water in the mining sector was also a target of the 2013 Botswana Integrated Water Resources Management and Water Efficiency (WARMWE) Plan prepared by the GBF’s Ministry of Mines, Energy and Water Resources. Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.

Increasing the use of non-potable water in the mining sector was also a target of the 2013 Botswana Integrated Water Resources Management and Water Efficiency (WARMWE) Plan prepared by the GBF’s Ministry of Mines, Energy and Water Resources. Debswana has a clear interest in using more raw and/or non-potable water by increasing the use of non-potable water competition with domestic users and economic sectors that need potable water is reduced and overall development opportunities for the country are increased.
GOVERNANCE AND RISK MANAGEMENT

BOARD OF DIRECTORS

The Board is ultimately accountable for the company’s activities and deals with all business of the company not specifically delegated to management or committees, and monitors the use of resources to achieve the aims of the company and the Debswana Group (“the group”).

The Board meets four times a year and has various sub-committees to support the discharge of its functions, namely Technical Committee, Audit Committee, Remuneration and Nominations Committee, and Sustainability Committee, each with specific terms of reference.

The Board needs to contain, amongst its members, a diverse and appropriate range of skills to ensure that it is capable of tackling any issue or decision that comes to its table.

There was no change in Directors’ remuneration which are still fixed at a Board fee of BWP10 000 annually and an additional fee of BWP10 000 annually for Board Committee appointments. These remuneration are paid in arrears and prorated in respect of Directors appointed during the course of the financial year.

COMPOSITION

Debswana is an equal-share joint venture between the Government of the Republic of Botswana (GRB) and De Beers. The Board of Directors consists of 13 members with equal representation from both partners, six nominated by GRB and six by De Beers, as well as the Managing Director as an ex-officio member.

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

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

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

A register of Directors’ interests is kept at the registered office of the company and remains available for inspection by the Board at any given time. General declarations of interests are submitted by Directors at the beginning of each year and updated whenever changes occur.

AUDIT COMMITTEE

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

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

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

The Audit Committee meets the external and internal auditors and executive management regularly to consider risk management, review audit plans, review accounting, auditing and financial reporting, corporate governance and compliance matters. In particular, it reviews the annual financial statements ahead of submission to the Board and considers any matters raised by the auditors.

Both the Audit Committee and the Board are satisfied that the independence of the external and internal auditors is not in any way impaired or compromised.

An external auditor independence policy exists in terms of which any non-audit work performed by an entity having some association or relationship with the company’s external auditors requires prior approval by the Audit Committee.

Audit Committee membership as at 31 December 2015:

Mr S M Sekwakwa (Chairman)
Mr K Ako
Mr G Mostyn
Mr D N Mokela
Mr B M Bonyongo (Ex-officio member)

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee’s (Remco) primary mandate is to make recommendations on the compensation, incentivisation and performance targets of any member of the Executive committee, as well as salary scales for executive management. In addition, Remco’s remit is to review and recommend for approval by the Board the structure and funding levels of any executive bonus and incentive schemes.

The Committee also recommends proposals for Directors’ fees to the shareholders, recommends for approval by the Board proposals for senior executive management appointments, and endorses, prior to action being taken, decisions by the Managing Director to dismiss senior executive management and provide assurance, if necessary, to the Board on disciplinary processes followed.

In the year under review, the Committee’s terms of reference were amended to include oversight of succession planning for the roles of Managing Director, the Group Executive Committee and the Group Internal Audit Manager, as well as development programmes to prepare identified succession candidates for future executive positions.
CORPORATE GOVERNANCE CONTINUED

Remuneration and Nominations Committee membership as at 31 December 2015:
Mrs C K Mohoho (Chairperson)
Mr D N Mankia
Mr G Matyn
Mr K Abi
Mr B M Bonyongo (Secretary)

Mr B M Bonyongo (Chairman and ex-officio member)

Mr B M Bonyongo (Chairman, Non-board member)
Mr K Abi
Mrs E V Kanaimba-Senai – (Non-voting member)
Mr T Molawiwa – (Non-voting member)

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

Technical Committee membership as at 31 December 2015:
Mr B M Bonyongo (Chairman and ex-officio member)
Mr S H Bennun
Mr P A Lowery
Mr N C Mmalowa (Non-board member)
Mr K Smith (Non-board member) resigned on 23 June 2015.
Co-opted members:
Mr O Diale (Non-board member)

SUSTAINABILITY COMMITTEE
The Sustainability Committee monitors and evaluates all aspects of the company’s sustainability activities including social performance. The Committee reviews, provides assurance and makes recommendations for approval by the Board of Directors on key sustainability issues.

Sustainability Committee membership as at 31 December 2015:
Mr B M Bonyengo (Chairman)
Mr K Abi
Mr D N Mankia
Mrs E V Kanaimba-Senai – (Non-voting member)
Mr T Molawiwa – (Non-voting member)

INTERNAL CONTROLS
The Directors are responsible for the company’s system of internal controls and for regularly reviewing its effectiveness. The principal aim of the system of internal controls is the management of business risks that are significant to the fulfilment of the company’s business objectives. The intention is to enhance the value of the shareholders’ investments and safeguard the group’s assets.

The company has a formal Code of Conduct and Business Ethics, which conforms to the company to the highest standard of compliance with laws, regulations, integrity and ethics in dealing with all its stakeholders.

An Ethics Hotline has been in operation since August 2007 to act as both a deterrent and detection mechanism against wrongdoings by employees and parties that transact business with the company.

Although no system of internal controls can provide absolute assurance that business risks will be fully mitigated, the company’s internal controls have been designed to meet its particular needs and the risks to which it is exposed.

In order to enable the Directors to meet their responsibilities, management sets standards and implements systems of internal controls that are designed to provide reasonable assurance regarding the achievement of objectives and to reduce the risk of error or loss in a cost-effective manner.

These controls, which are monitored throughout the company and the group, include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. The Directors are of the opinion, based on the information and explanations given by management and the internal auditors, that the key internal controls are adequate, so that the records may be reasonably relied on for preparing the annual financial statements and for maintaining accountability for assets and liabilities.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Supported by reasonable and prudent judgements and estimates, the financial statements have been prepared in accordance with International Financial Reporting Standards.

The Directors are of the opinion that the financial statements fairly present, in all material respects, the financial position of the company and the group as at 31 December 2015 and the results of the operations and cashflows for the year then ended.

GOING CONCERN
The Directors have taken cognisance of the global economic conditions which existed at the financial position date and have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

RISK MANAGEMENT
Debswana and its operations are governed by a risk-management framework through which risks are engaged in an informed manner and proactively identified and managed. These include taking advantage of identified opportunities, as well as protecting intellectual capital, income and assets by mitigating the adverse impacts of risks.

Debswana is fully committed to effective risk management to ensure that business objectives are met and that sustained growth and profitability are achieved.

Debswana’s risk management policy addresses risks in areas of strategy, operations, finance and compliance.

All significant risks identified are reported to the relevant Board Committees, as well as the Board on an ongoing basis.

Awareness and a proper understanding of Debswana’s risk management framework exist at the appropriate levels across the organisation. A process of identifying significant risks with reference to strategic, business or process objectives has been established. Management is responsible for identifying evaluating and managing these risks.

The shift in emphasis from purely operational risk management to enterprise or integrated risk management was advanced in 2015. Debswana’s risk management department is the overall facilitator in the management of risk in the organisation.

As part of the goal of optimising the Risk Management Department’s function, the department’s priority is to ensure that it develops a strategy that will guide its operation and align with the organisation’s strategic objectives. The aim of this strategy is to develop risk management awareness within the organisation and integrate it into the business so that it is considered in decision-making and everyday process execution.

RISK REPORTING
Risk management is about proactively identifying, assessing and prioritising risks.

RISK FUNCTION TRANSFORMATION PROCESS

| Governance | • Review risk management policies and procedures against best practice  
• Develop and implement risk appetite and tolerance limits  
• Review and restructure risk management governance and reporting structure |
| Risk resources | • Training delivery – based on competency profile and risk gap  
• Ensure consistent application of ISO 31000 risk management framework  
• Ensure quality, completeness and timeliness of information in Cura (risk reporting platform)  
• Undertake an ongoing risk management awareness campaign and stakeholder engagement |
| Integration | • Improve quality of risk assessments and subsequent reviews  
• Integrate risk management into governance, business processes and performance management  
• Provide line of assurance in Combined Assurance Model |
understanding the factors and events that may impact the achievement of strategic and business objectives, and then managing, monitoring and reporting on these risks. The risk report developed by the risk management department highlights the concept of viewing risk as an uncertainty in achieving objectives. It further provides both a top-down and bottom-up view, by reporting on business risks and the operational risks that drive them. The risk profile presents short, medium and long-term views.

The Resource Development Plan (RDP), the 2018 HPO Always Ahead strategy, the Strategic Business Plan and the Balanced Scorecard Objectives are considered in order to determine the corporate level risks impacting the business objectives. The risk report is reviewed at least once annually through a risk assessment process, with the intention of aligning the risks with the changing internal and external context; testing the adequacy and effectiveness of controls in place; and reviewing the risk ratings in light of any changes.

RISK APPETITE AND TOLERANCE

Significant progress in the process of integrating risk management within the core business strategy was achieved in 2015 when statements of risk appetite and risk tolerance were signed into effect by the Board.

RISK APPETITE

Debswana has a zero tolerance approach to risks that could adversely affect the wellbeing of its employees, its corporate reputation, the environment and its compliance with legislation. The company has a low risk appetite for risks within its control which threaten the continuity of its operations and the completion of projects within budget and on time. It accepts that this downside can be introduced by uncontrollable external factors like economic contractions; therefore in response to this eventuality, plans will be put in place to mitigate the threat in line with the risk appetite level. Conversely, the company has a high appetite for the upside, being opportunities of these uncontrollable factors and for any activity or decision which improves its ability to respond to market opportunities in the short, medium and long term.

RISK MANAGEMENT STANDARDS

Debswana has adopted the ISO 31000 methodology, with some enhancements. The methodology represents the global standard and is used by many international companies. Debswana also subscribes and adheres to the following standards:

- Anglo-American Operational Risk Management – AA RD_02_24

Board of Directors as at 31 December 2015

Mr P J C Mellier – Chairman
Mr C N Morupisi – Deputy Chairman
Mr K Abi
Mr S H Brennan
Mr B A Cleaver
Mr A P Hewett
Mr P A J Lowery
Mrs L K Mohohlo
Dr A L Molokomme
Mr D N Moroka
Mr G Mostyn
Mr S M Sekwakwa
Mr B M Bonyongo – Managing Director
Mrs L Armstrong – Chief Financial Officer
Mr A Breen – General Manager, Orapa, Letlhakane and Damathao Mines
Mr D S Kgoboko – General Manager, Marapla Coal Mine
Mrs N Maestro – Head of Human Resources
Mr L B Bebatoa – Head of Strategy and Business Improvement

*Mr B von der Meulen’s tenure of contract as Chief Financial Officer ended on 30 November 2015 and Mrs L Armstrong assumed this role with effect from 1 December 2015.

Group Executive Committee

Mr B Bonyongo – Managing Director
Mrs L Armstrong – Chief Financial Officer
Mr K Blanchard – Head of Technical Services
Mr A Milton – General Manager, Juvaeng Mine
Mr A Breen – General Manager, Orapa, Letlhakane and Damathao Mines
Mr D S Kgoboko – General Manager, Marapla Coal Mine
Mrs N Maestro – Head of Human Resources
Mr L B Bebatoa – Head of Strategy and Business Improvement

DEBSWANA BOARD OF DIRECTORS 2015

Phillippe Mellier
Chairman of the Board (De Beers)

Bruce Cleaver
Member (De Beers)

Arthur Hewett
Member (De Beers)

Neo Moreka
Member (De Beers)

Kgomotsa Abi
Member (Botswana Government)

Linah Mohohlo
Member (Botswana Government)

Athaliah Molokomme
Member (Botswana Government)

Carter Morupisi
Deputy Chairman (Botswana Government)

Gareth Mostyn
Member (Botswana Government)

Sean Brennan
Member (Botswana Government)

Solomon Sekwakwa
Member (Botswana Government)

Balisi Bonyongo
Managing Director