OVERVIEW

FOCUS AREA

DEBSWANA PROFILE AND CORE VALUES

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 in the communities in which it operates, and Botswana as a whole.

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 company was incorporated on 25th 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 the largest private sector employer in Botswana, with more than 5,000 employees and 6,000 contractors.

Debswana operates four diamond mines: Orapa, Letlhakane, Damtshaa and Jwaneng.

SUBSIDIARIES

Transfer of Morupule Coal Mine Limited (MCM)
In 2016, MCM was transferred from Debswana to an agreement between the Company’s Shareholders. Consequently, all of MCM’s issued share capital was transferred to the Minerals Development Company Botswana (Pty) Limited and the former ceased to be a subsidiary of Debswana.

Sesiro Insurance Company (Proprietary) Limited
Sesiro is a wholly owned subsidiary which offers Debswana and its associated companies an optimised insurance programme through a continuous process improvement and general insurance awareness. During the year, Sesiro underwent a restructuring process as part of its requirements to achieve updated regulatory compliance. Consequently, Sesiro was awarded a normal risk rating by the Non-Bank Financial Institutions Regulatory Authority.

DEBSWANA

DIAMOND COMPANY
(PTY) LIMITED

Orapa, Letlhakane, Damtshaa and Jwaneng Mines

100%

DE BEERS

50%

GOVERNMENT OF BOTSWANA

50%

SESIRO INSURANCE COMPANY
(PTY) LIMITED
100%

BE PASSIONATE

We are exhilarated by the product we mine and sell, the challenges we face and the opportunities we create. We will always be ahead in everything we do.

BUILD TRUST

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

PULL TOGETHER

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

SHOW WE CARE

We care deeply about each other and the people whose lives we touch, our communities and the environment we share. We will always think through the consequences of what we do so that our contribution to the world is real, lasting and makes us proud.

SHAPE THE FUTURE

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

For more information, go online www.debswana.com

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 2016 financial year, along with information on the company’s economic, social and environmental impacts.

Use of ‘our’ and ‘we’ relates to the Debswana Diamond Company (Pty) Ltd, a collective term used for both wholly owned business entities. © Debswana 2016. All rights reserved.
DEBSWANA’S DIAMOND VALUE CHAIN

MINING PROCESS

1. MINING
Drilling and blasting is used to break up millions of tonnes of rock and assist in the loading and transportation of ore and waste rock. Kimberlite and waste rock are then loaded into massive trucks by large shovels and taken to the primary crusher and waste dumps respectively.

2. COMMINUTION
Crushing, scrubbing and recrush processes are used to break and fracture the ore, liberate diamonds and reduce particles to a manageable size. Comminution is from the Latin word comminutus, meaning to lessen. In mining terms, comminute means to reduce to minute particles.

3. CONCENTRATION
Diamonds have a higher density than the rock that hosts them. Once the ore has been crushed to a manageable size, it is mixed into a slurry of ferrosilicon and water in a process known as Dense Media Separation (DMS). The heavier diamonds sink in the slurry while the rest of the lighter material floats. The concentrate that contains diamonds (sink) is transported to the recovery plant and the material that floats (tailings) is transported to the recrush plant for further comminution.

SORTING AND SALES

4. RECOVERY
Diamonds have several remarkable properties that are exploited to recover them from the stream of prepared concentrate. Diamonds fluoresce when irradiated with x-rays. They also repel water and are attracted to grease. When the concentrate is mixed and passed over a grease belt, the diamonds adhere to the grease. Diamonds also emit a unique signature under laser light.

5. SORTING AND SALES
Diamond sorting, cleaning, packaging and weighing takes place in the Fully Integrated Sorthouse (FISH), part of the Aquarium facility. FISH maximises diamond security while optimising diamond sorting through the use of laser technology. Debswana diamonds are then sorted and valued by the Diamond Trading Company Botswana (DTCB) in Gaborone. Here they are sorted before being sold to De Beers and the Okavango Diamond Company. Thereafter, rough diamonds find their way to cutting and polishing centres around the world, including Botswana, where they are sold to manufacturers who produce diamond jewellery destined for consumer markets.

6. RESIDUE DISPOSAL
The tailings (waste or residue) from concentration, recovery and sorting, are disposed of in mineral residue dumps.
The story of diamonds is interwoven with the economic success story of Botswana. Political stability, good governance and the prudent management of diamond revenues have helped transform Botswana from one of the poorest countries in Africa to a middle-income nation.

It pleases me tremendously to see Debswana successfully delivering the aspirations of both its shareholders, the Government of the Republic of Botswana and The De Beers Group of Companies. This innovative joint venture, conceived so many decades ago, continues to create value for its shareholders by balancing long-term profitability with employee welfare, social responsibility and environmental protection.

Despite being part of a volatile, uncertain, complex and ambiguous (VUCA) world, Debswana developed and implemented a strategy that enabled the company to deliver strong financial and operational performance in 2016, which resulted in the normalisation of its rough inventories and improved shareholder dividends.

We expect that the diamond industry will continue to face considerable volatility and this requires an ability to quickly adapt and respond to market changes, an attribute that I am pleased to report that we are developing satisfactorily.

We have set ourselves demanding targets and commendation must go to the management and employees of Debswana for their hard work as well as dedication towards ensuring that we continue to deliver on our high-performance promise and remain “Always Ahead”.

LEADING DEBSWANA INTO THE FUTURE

Carter N Morupisi
Chairman
WE CONTINUE TO MINE DIAMONDS FOR DEVELOPMENT

In 2016, Debswana posted very positive headline business results. These were however overshadowed by a tragic loss of life incident at Jwaneng Mine in October 2016.

The passing of our colleague Mr Onkabetse Ramooki left us deeply saddened. No diamond is worth a life and this incident prompted a redoubling of all our efforts to ensure that employees and contractors remain firmly focused on our Zero Harm goal.

While the global economy remained largely stagnant, Debswana was able to deliver strong financial and operational performance in 2016, thanks to the decisive actions we took in 2015 to align production to demand.

We also continued to invest in the future of Debswana through major projects, such as the Letlhakane Mine Tailings Resource Treatment Project as well as technical studies for the next mining extension projects.

To ensure that we are able to withstand any challenges, we must remain focused on a few key areas: an uncompromising approach to safety; enhancing employee engagement and building morale; driving operational efficiencies; managing costs; preserving jobs in readiness for an upturn; capital investment in projects that will ensure long-term sustainability and competitiveness; leaving a lasting legacy in terms of both social and economic development of local communities, as well as environmental stewardship.

We implemented a number of initiatives to enhance employee engagement as well as to raise morale across the organisation and this has undoubtedly been a key driver in our improved operational performance. We also continue to play a pivotal role in the economic empowerment of citizens and it is pleasing to note that, as a company, our citizen procurement spend has grown by 84% over the last four years.

It goes without saying that the health and wellness of the nation has to be a priority for both the public and private sector. Debswana continues to provide world-class healthcare services for its employees and the communities in which we operate. Over 84, 000 members of the public received healthcare services at our hospitals in 2016.

The macro-economic conditions underpinning consumer demand for diamonds in 2017 remain broadly stable and rough diamond demand is expected to normalise.

However, in line with our 2018 High Performance Organisation “Always Ahead” strategy, we will maintain operational flexibility, continue to manage costs and improve operational efficiencies, planning and forecasting even further to ensure our continued success.

It is only by ensuring that Debswana remains a successful and sustainable company that we can continue to turn diamond dreams into lasting reality for the shareholders and the people of Botswana.
DEBSWANA MILESTONES
1967 – 2016

1967
1 March: De Beers geologists discover Botswana’s first diamondiferous kimberlite (2125 B/K1) in the Orapa/Letlhakane area.

1969
Lethakane D/K1 and D/K2 discovered in June, to become Letlhakane Mine in 1977.

1969
Letlhakane D/K1 and D/K2 discovered in June, to become Lethakane Mine in 1977. 23 April: The same team discovers Kimberlite 2125 A/K1 at Orapa, later to become Orapa Diamond Mine.

1969
1977
Jwaneng Recrush plant commissioned.

1971
March: Discovery of diamondiferous kimberlite pipes D/K2 and D/K7 at Jwaneng.

23 June: De Beers Botswana Mining Company (Pty) Limited formed.

2000
Commissioning of Jwaneng Mine’s Aquarium as the world’s first fully automated recovery and sorting plant.

2014
Debswana celebrates 45 years of existence.

1972
14 August: Jwaneng Mine is officially opened by President, Ketumile Masire.

1972
The BDVC sorting facility, Orapa House, opens in Gaborone.

1973
Main Mall Head Office (Debswana House) constructed.

1973
March: Discovery of diamondiferous kimberlite pipes J/K2 and J/K3 at Jwaneng.

1976
Orapa Mine officially opened by President Sir Seretse Khama.

1992
25 March: The De Beers Botswana Diamond Company is renamed “Debswana Diamond Company”.

1992
March: The De Beers Botswana Diamond Company is renamed “Debswana Diamond Company”.

1994
24-hour continuous mining operations (Contops) commence at Debswana operations.

1996
Diamond demand: Debswana agrees to double production at Orapa.

1997
Commencing of Jwaneng Mine’s Aquarium as the world’s first fully automated recovery and sorting plant.

1998
Jwaneng Mine commissioned.

2000
25 October: Damtshaa Mine officially opened by President, Festus Mogae.

2001
Botswana Government increases its global stake in De Beers from 5% to 15%.

2001
Debswana becomes the first company in the world to provide free anti-retroviral treatment to employees.

2002
Damtshaa Mine commissioned.

2010
16 December: Launch of Jwaneng Mine’s Cut 8 Project by President Seretse Khama Ian Khama.

2014
Debswana celebrates 45 years of existence.

2016
Botswana 50 years of independence celebrations.

1982
17 December: Launch of Jwaneng Mine’s Cut 8 Project by President Seretse Khama.

1982
Debswana celebrates 47 years of Debswana along with the jubilations of Botswana’s own 50th Independence anniversary.

1982
Jwaneng Mine is officially opened by President, Ketumile Masire.

1982
17 December: Launch of Jwaneng Mine’s Cut 8 Project by President Seretse Khama.

1987
Government of production at Letlhakane Mine.

1987
25 March: The De Beers Botswana Diamond Company is renamed “Debswana Diamond Company”.

2003
25 October: Damtshaa Mine officially opened by President, Festus Mogae.

2008
Debswana Diamond Mine officially opens by President, Feastus Mogae.

2010
Debswana celebrates 47 years of Debswana along with the jubilations of Botswana’s own 50th Independence anniversary.

2014
14 August: Jwaneng Mine is officially opened by President, Ketumile Masire.

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25 March: The De Beers Botswana Diamond Company is renamed “Debswana Diamond Company”.

2003
25 October: Damtshaa Mine officially opened by President, Festus Mogae.
Revenues from diamonds have significantly contributed to Botswana’s socio-economic development.

This includes investing in roads, water and electricity supply, telecommunications infrastructure, health facilities, schools and human capital development.

In 2016, Debswana employees across all three sites joined in the commemoration of Botswana’s 50 years of independence.
OPERATIONAL OVERVIEW

By maximising production at its core assets and scaling down at its lower value, lower margin assets, Debswana produced 20.5 million carats in 2016.

ORAPA, LETHLAKANE AND DAMTSHAA MINES (OLDM)

OLDM’s overall production output for the year was lower than that for 2015, in line with Debswana’s 2016-2018 business plan.

Orapa Mine moved a total of 22.9 million tonnes of material, compared to 30.3 million tonnes in 2015. Waste mined reduced from 10.2 million tonnes in 2015 to 6.2 million tonnes.

A total of 12.8 million tonnes of ore were mined, compared to 14.9 million tonnes in 2015. Total ore treated by the two Orapa plants amounted to 8.1 million tonnes, compared to 9.9 million tonnes in 2015. Diamond production amounted to 7.9 million carats, compared with 9.9 million carats in 2015.

At Letlhakane Mine, 1.1 million tonnes of waste was stripped, compared to 0.9 million tonnes in 2015, and 1.6 million tonnes of ore was mined, compared to 1.2 million tonnes in 2015. Ore treated amounted to 2.5 million tonnes, compared to 1.8 million tonnes in 2015. Diamond production amounted to 0.6 million carats, compared with 0.5 million carats in 2015.

Damtshaa Mine remained on care and maintenance and most of its employees were reassigned to other roles in the business.
Jwaneng Mine

Jwaneng Mine moved a total of 128 million tonnes of material during the year, compared to 122 million tonnes in 2015 (including Cut 8).

Ore mined consisted of a blend from the three pipes, as well as some stockpile material. The north pipe contributed 6%, the centre pipe 83%, and the south pipe 6%. The remainder was sourced from stockpiles.

Total ore treated at the Main Treatment Plant (MTP) amounted to 6.8 million tonnes compared to 6.7 million tonnes in 2015. Total ore treated at the Jwaneng Modular Plant (JMP) amounted to 1.2 million tonnes compared to 0.9 million tonnes in 2015. This was achieved through a combination of good ore supply, higher equipment availability and good utilization of the MTP and the Recrush plant respectively.

Total ore mined from the pit amounted to 9.5 million tonnes compared to 7.7 million tonnes in 2015. Recovered carats through the Main Treatment Plant amounted to 11.5 million carats compared to 9.4 million carats in 2015. Recovered carats through JMP amounted to 0.45 million carats in 2016 compared to 0.36 million carats in 2015. Total waste stripped amounted to 109.4 million tonnes compared to 109.8 million tonnes in 2015. This was largely due to the lower waste budget for 2016 relative to 2015.

The Recrush Plant treated 3.6 million tonnes compared to 3.5 million tonnes in 2015. Diamond production amounted to 11.97 million carats compared to 9.8 million carats in 2015.

Debswana has invested in several projects in order to sustain its future. One of the biggest is the Letlhakane Mine Tailings Resource Treatment Project – scheduled to be commissioned in 2017.

**Major Projects**

- A total of P2.1 billion worth of CAPEX will be incurred in the development of the plant
- Construction started in Q1 2015 and will be commissioned by end of Q3 2017
- Capacity of up to 800,000 carats per annum
- Extends the life of the mine by at least 20 years

**Key Statistics**

- The Fully Automated Sort House (Aquarium plant) processed all the Debswana output, amounting to 20.5 million carats in 2016 compared to 20.4 million carats in 2015.
Our commitment to operating in a responsible and sustainable manner is at the heart of Debswana’s business strategy. We believe that this approach creates a competitive advantage for our company and social and economic value for Botswana.

Debswana Sustainability Strategy

Harnessing diamonds for development means we put sustainability at the centre of everything we do.

We implement our sustainability strategy through safety management, occupational health, environmental management (including water and energy), and Social Performance programmes.

Our overall strategy objective is to improve Debswana’s sustainability performance and ultimately achieve Zero Harm, financial success and resource security, while maintaining our company reputation and building resilient community relationships.

Sustainability Commitment

For Debswana to be recognised for its lasting contribution to the success of Botswana through world class sustainability performance in the mining industry.
SAFETY
An unfortunate loss-of-life incident occurred at Jwaneng Mine on 5th October 2016 when Mr Onkabetse Ramooki, who worked as a Rigger Operative for Shoba Steel, a contractor at the mine, was struck by a heavy pipe section while undertaking maintenance work at the Recrush plant.

This incident further spurred a deepening of our commitment to safe work environments for our employees, contractors and business partners. As we continue to implement our programmes, we resolve to increase the rigour of our risk assessment, critical control management plans and behaviour based programmes.

Despite this tragic loss of life, our safety performance continued to improve and our safety record is comparable to the best in the world. Debswana maintained a good total recordable injury frequency rate (TRIFR) of 0.22 for the year against a threshold target of 0.38 and a stretch of 0.36. The total injury classifications consisted of two lost time injuries, six restricted work injuries, and twenty-four medical treatment injuries.

SUSTAINABILITY ASSURANCE
Debswana maintained an overall good performance in key risk areas for which assurance reviews were conducted during the year. Our mines retained their ISO 14001:2004 and OHSAS 18001:2007 management system standard certifications.

For the Fatal Risk Control Standards audit, Debswana achieved its stretch target of 95%.

The Social Performance programme conducted a Social Way self-assessment, which achieved 3.32 against a target of 3. This is an improvement from 2.14 in 2015.

Our two hospitals in Orapa and Jwaneng have been accredited by the Council for Health Services Accreditation of Southern Africa (COHSASA).

ENVIRONMENT
We remain committed to zero net loss of significant biodiversity at our mining operations.

Debswana is committed to ensuring that we conduct our business in such a way that we minimise any impact on the environment.

Consequently we proactively preserve the fauna and flora that originally existed in the areas where we operate. We work in partnership with the communities around our mines, which provide very valuable input into our environmental management programmes.

CONSERVATION AND BIODIVERSITY
15,453 HA of land set aside for conservation at Jwaneng (Jwana Game Park).

48,964 HA of land set aside for conservation at Orapa (Orapa Game Park).

SUSTAINABLE WATER MANAGEMENT SOLUTION FOR JWANENG MINE

In 2016, we conducted a study to ascertain the feasibility of using treated effluent as an alternative source of water for use in the Jwaneng Mine Main Treatment Plant. The objective of the project is to reduce the use of groundwater in the treatment plants. Groundwater is currently abstracted from a wellfield 55 km away.

It is projected that the plant would use about 600,000 cubic metres of wastewater per annum, steadily increasing to 1,500,000 cubic metres in 15 years. The project is due to commence construction in 2017 and will ensure that we conserve potable quality water for use by future generations.

“No diamond is worth a life and this incident prompted a redoubling of all our efforts to ensure that employees and contractors remain firmly focused on our Zero Harm goal.”

Balisi Bonyongo, Managing Director
OUR EMPLOYEES

We are building a culture where employees are empowered and take a shared responsibility for delivering on business objectives.

Our employees are building a culture where they are empowered and take a shared responsibility for delivering on business objectives.

At Debswana, we go beyond ensuring functional excellence in human resources that enables us to provide the business of today and tomorrow with the best people, the right leaders and the information needed to make effective operational, tactical and strategic decisions.

Our commitment to our employees includes substantial efforts to keep them engaged with Debswana, to promote their health and wellness.

EMPLOYEE ENGAGEMENT

Debswana leadership continued to keep employees updated on business performance and volatility in the external trading environment. As a result, our employees continue to appreciate the need for expenditure control. Their commitment to this shows in significantly higher operational cost savings across the business.

We conducted a follow-up employee engagement survey in November and the overall score moved from 66% in 2014 to 69%. Debswana is moving closer to the global mining benchmark index of 73%.
LEVERAGING THE TRADITIONAL KGOTLA CONCEPT FOR TRANSFORMATION

Employees at Orapa, Letlhakane and Damtshaa Mines have introduced the traditional kgotla system to resolve welfare issues at the lowest level, where they are better understood. The kgotla system drives accountability and ownership in the workplace and eliminates premature escalation of matters that can be resolved at the shop floor level.

UNION RELATIONS

Management and the Botswana Mine Workers Union continued to enjoy cordial relations. A new wage agreement for the period 2017-2019 was successfully concluded during the year. This agreement was concluded within a relatively short period of negotiations, despite a very tight wage increase mandate.

As a result, a stable environment has been created, in which employee productivity and engagement can be leveraged over the next three years, while managing labour cost escalations.

EMPLOYEE WELLNESS

At the end of 2016, 806 employees and 348 employee-dependents were registered on the Company’s disease management programme. The HIV/AIDS mortality rate has reduced from 0.8% in 2015 to 0.3% in 2016.

During the year, management introduced the Sedimosa Financial Wellbeing programme, which seeks to improve the ability of employees to avoid or manage indebtedness. Sedimosa provides financial counselling, financial awareness training and debt restructuring advice. Debswana provides the programme in partnership with an independent service provider.

Debswana encourages employee volunteerism to enable employees to live the company values. Time spent with co-workers away from the office also improves teamwork which results in improved productivity. Most importantly, volunteering can make a major difference to those in need.

EMPLOYEES GIVING BACK

Orapa Mining employees generously supported by Komatsu and Executive Catering employees donated back-packs, mathematical instruments, pencils, pens and hats to 105 orphaned school children in Rakops. Botswana Mine Workers Union (BMWU) executives and shop stewards at the Orapa, Letlhakane and Damtshaa Mines donated food, clothes, shoes and blankets to the families of Mmadinoka Jipi and Patina Taboe, underprivileged members of the community in Letlhakane Phase 1. The Orapa, Letlhakane and Damtshaa Mines Support Services Peer Educators donated bedding sets to Mokubilo Primary School boarding pupils.

"We at Debswana encourage our employees to volunteer in their communities to make a difference and to be positive role models."
SOCIAL PERFORMANCE

Debswana’s Social Performance programme aims to minimise negative social impacts and to maximise socio-economic benefits to communities in our mining areas in order to secure our social licence to operate.

Our programme is implemented through the Social Way, a good practice governing framework or social management system based on a five-point maturity model, ranging from basic through to resilient.

Debswana exceeded its Level 3 compliance target for its social performance programme.

STAKEHOLDER ENGAGEMENT

Strong relationships and understanding between Debswana and its stakeholders, especially communities around our mines, is essential in building a sustainable external operating environment.

Throughout 2016, we continued to engage with a wide range of external stakeholders, not only to inform them about our operations, but to gain vital input on the way we run our business.

All our sites have a complaints and grievance mechanism that is used to record, handle and resolve stakeholder concerns. This mechanism provides a transparent approach for handling complaints and grievances to develop trust and build good relations between Debswana and its stakeholders.

Minimising negative social impacts and maximising socio-economic benefits is core to Debswana’s Social Performance programme.
SOCIO-ECONOMIC DEVELOPMENT

In 2016, we focused our efforts on collating the social and economic data required to prepare an appropriate Debswana Socio-Economic Development (SED) strategy that will be implemented in 2017. The SED requirement in the Social Way framework consists of seven pillars: enterprise development, employee volunteerism, corporate social investment (CSI), local procurement, local employment, external capacity building and synergies with mine infrastructure.

Debswana is a major contributor to the economy of Botswana and its entrepreneurial success is underpinned by social and economic responsibility. We continue to contribute towards local enterprise and supplier development through our Citizens Economic Empowerment policy, the overarching objective of which is to enhance access to Debswana’s procurement by citizen suppliers. The total spend on citizen owned companies has improved from P300 million in 2013 to P1.2 billion in 2016.

SHAPING THE FUTURE THROUGH BUSINESS DEVELOPMENT

Tokafala Enterprise Development Programme (Tokafala) Tokafala, a partnership between the Government of the Republic of Botswana, Anglo American, The De Beers Group of Companies and Debswana, was launched in 2013. It offers comprehensive support to entrepreneurs through business mentoring, business management and business plan development advice, selective loan financing and market access advice.

Tokafala therefore complements Debswana’s Citizen Economic Empowerment policy objectives.

By the end of 2016, Tokafala had exceeded its phase 1 enrolment target, reaching more than 260 enterprises and supporting in excess of 2,000 jobs.

The participants’ total revenue grew by 39% and 45% of the enrolled entities were women-owned. The second phase of Tokafala begins in January 2017 and ends at the end of December 2018.

A TOKAFALA SUCCESS STORY

Tokafala enabled Matshego Business Concept (MBC), a drilling citizen contractor at Jwaneng Mine, to become a profitable business in 2016.

MBC was experiencing poor performance relating to sub-optimal maintenance practices, a poor safety culture and significant operational business challenges. This led to their suspension from drilling in the pit.

A turn-around strategy was developed, which included intervention to rectify and improve their business management skills and maintenance practices.

Today, MBC continues to deliver superior performance in all key performance indicators.
OVERVIEW

2016 CORPORATE SOCIAL INVESTMENT PROJECTS

The CSI programme is an integral part of our SED strategy. Debswana has funded a number of projects in the following categories in 2016:

<table>
<thead>
<tr>
<th>CSI SPEND (BWP)</th>
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<tr>
<td>COMMUNITY DEVELOPMENT</td>
<td>SPORTS DEVELOPMENT</td>
<td>EDUCATION</td>
</tr>
<tr>
<td>7.9 m</td>
<td>3.2 m</td>
<td>2.6 m</td>
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<tr>
<td>ARTS AND CULTURE</td>
<td>AGRICULTURE</td>
<td>HEALTH</td>
</tr>
<tr>
<td>1.3 m</td>
<td>1.1 m</td>
<td>1.7 m</td>
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<tr>
<td>TOTAL 17.8 MILLION</td>
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FOCUS AREAS

THE TSODILO COMMUNITY DEVELOPMENT PROJECT

The Tsodilo Hills, in a remote part of the Okavango Sub-District, was declared a UNESCO world heritage site in 2001. Since 2010, the Tsodilo community has received funding of more than P14 million and technical support from Debswana Diamond Company and The De Beers Group of Companies, through the Diamond Trust, to enhance the tourism potential of the area. Environmental impact studies have been conducted, community capacity building has taken place, water has been provided and tourist facilities, including camp sites and an arts and crafts centre have been constructed. The first phase of the project delivered office and staff accommodation, camp sites and two boreholes.

In addition to this assistance, some Tsodilo village residents have received training to provide guiding services to tourists who visit the area, mainly for rock art appreciation. The second phase focuses mainly on hospitality skills training for the Tsodilo village residents and on developing a trail to enhance access to the rock paintings.
DEBSWANA HOSPITALS

The Debswana hospitals at Jwaneng and Orapa provide an essential service to their communities. They serve as district referral health centres, receiving some 84,000 community outpatients. The hospitals also manage the Botswana Government’s HIV/AIDS masa programme, distributing anti-retroviral drugs in the Boteti and Mabutsane sub-districts. In total, 30,960 people are enrolled at both sites. Both hospitals are COHSASA accredited.

ADOPT A SCHOOL PROGRAMME

MOKOBOXANE PRIMARY

In line with the Ministry of Basic Education ‘Adopt A School’ initiative, whose main aim is to facilitate long-term private sector participation in the delivery of quality education and training, Orapa, Letlhakane Damtshaa Mine (OLDM) adopted the Mokoboxane Primary School and built a classroom block worth P2.4 million. Assistant Minister of Basic Education, Hon. Moiseraela Goya, commended Debswana for its contribution in developing the people of Boteti Sub District. He said this partnership will bring positive influence on the school’s culture, improve teachers’ and learners’ performance, improve learners’ connection to life outside the school, and learners’ life skills will be developed and sharpened.

HISTORY NOTE:
DEBSWANA CONTINUES TO EMPOWER THE NATION THROUGH EDUCATION

When Botswana achieved independence in 1966, there were no more than three secondary schools in the country, run by either churches or local communities. In 1969, the same year in which Debswana was incorporated, the company sponsored the first four students to obtain technical skills appropriate to the mining industry. At that time, Botswana relied heavily on expatriate labour.

The sponsorship programme resulted in rapid localisation of some positions in the early 1980’s. Initially, this programme focused primarily on core diamond mining and recovery disciplines. It later expanded into other disciplines. Debswana reintroduced these scholarships in 2015 and 50 scholars are expected to complete their A Levels in 2017.

EDUCATION AND TRAINING

The Orapa Technical College provides technical training for artisans for Debswana and other mining companies in Botswana.

Over 1 000 graduates since inception in 1978

Debswana spends more than P150 million each year running the two hospitals
OVERVIEW

DEBSWANA GOVERNMENT SCHOOLS
DEVELOPMENT PROGRAMME

Debswana continues to contribute a sizeable portion of its annual CSI budget to projects that seek to extend the reach and enhance the impact of a functional education system.

The Debswana Government Schools Development Programme (DGSDP) was started in 2002 and continues to support key initiatives aimed at enhancing the quality of teaching and learning in government schools within and around our operations. The programme concentrates on the core subjects of Mathematics, Science and English.

WHERE OUR FUNDING GOES

Debswana’s CSI programme aims to ensure the carefully considered, consistent and equitable distribution of support to deserving communities and organisations. The photographs below show the range of this support through our various funding categories that include community development, education and youth, sports development, arts and culture, agriculture, environment and health.
OVERVIEW

CORPORATE GOVERNANCE AND RISK MANAGEMENT

FOCUS AREA

GOVERNANCE AND RISK MANAGEMENT

BOARD OF DIRECTORS

The Board meets four times a year. Various sub-committees support it in discharging its functions, each with its own specific terms of reference.

DEBSWANA BOARD SUB-COMMITTEES

<table>
<thead>
<tr>
<th>TECHNICAL COMMITTEE</th>
<th>AUDIT COMMITTEE</th>
<th>REMUNERATION AND NOMINATIONS COMMITTEE</th>
<th>SUSTAINABILITY COMMITTEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>The primary focus of the Technical Committee (Techco) is to consider 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.</td>
<td>The Audit Committee is an important element of the Board’s system of monitoring and control. 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 annually 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.</td>
<td>The primary mandate of the Remuneration and Nominations Committee (Remco) is to make recommendations on the compensation, incentivisation and performance targets, 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.</td>
<td>The Sustainability Committee monitors and evaluates all aspects of the Company’s sustainability activities, including Social Performance, safety, the environment and occupational health. The committee reviews, provides assurance and makes recommendations to the Board of Directors on key sustainability issues.</td>
</tr>
</tbody>
</table>

Membership as at 31 December 2016
- Mr B M Bonyongo (Chairman and ex-officio member)

Full members
- Mr S H Brennan
- Mr P A J Lowery
- Mr N C Mmolawa (non-Board member)
- Mr C Coltman (non-Board member)

Co-opted member:
- Mr O Ditsele (non-Board member)

Membership as at 31 December 2016
- Mr N R Papi (Chairman)
- Mr S M Sechelato
- Mr K Abi
- Mr D N Moresa
- Mr B M Bonyongo (ex-officio member)

Membership as at 31 December 2016
- Mr A P Hewett (Chairperson)
- Mrs L K Mohohlo
- Mr D N Moroka
- Mr K Abi
- Mr B M Bonyongo (Secretary)

Membership as at 31 December 2016
- Mr B M Bonyongo (Chairman)
- Mr K Abi
- Mr D N Moresa
- Mrs E V Kanambe/Senai (non-voting member)
- Mr T Molosiwa (non-voting member)
OVERVIEW FOCUS AREA

DIRECTORS’ INTERESTS
A register of directors’ interests is kept at the registered office of the Company and remains available for inspection by the Board at any time. Directors submit general declarations of interests annually, at the beginning of each year. These are updated whenever changes occur.

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 to manage business risks that are significant to the fulfilment of the Company’s business objectives, with the objective of enhancing, over time, the value of the Shareholders’ investment and safeguarding the Group’s assets.

The Company has a formal code of business conduct and ethics, which commits 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, both to act as a deterrent against and to provide a detection mechanism for wrongful acts 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 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 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.

These controls, which are monitored throughout the Company, 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.

RISK MANAGEMENT
The Board recognises that managing risk lies at the core of the Company’s business and that risk-taking is a choice in the pursuit of objectives.

The Company and its operations are governed by a risk management framework, through which risks are engaged in an informed manner and pro-actively identified and managed. The way in which risks are engaged includes identifying and taking advantage of opportunities as well as protecting intellectual capital, income and assets by mitigating the adverse impacts of risks.

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

The Company’s risk management policy addresses risks in the areas of strategy, operations, finance and compliance. All significant risks that are identified are reported to the Technical and Audit committees, as well as the Board.

Awareness and understanding of the Group’s risk management framework is established at all the appropriate levels of 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 focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the Company. Management is involved in a continuous process of developing and enhancing its comprehensive risk and control procedures to improve the mechanisms for identifying and monitoring risks.

These risks encompass various areas. Debswana’s primary risk areas are depicted on the next page, but this is not an exhaustive list.
DEBSWANA BOARD OF DIRECTORS 2016

CARTER MORUPISI
Chairman

BRUCE CLEAVER
Deputy Chairman

NGOMOTSO ABI
Member (Botswana Government)

SEAN BRENNAN
Member (Botswana Government)

ARTHUR HEMETT
Member (De Beers)

PAT LOWERY
Member (De Beers)

LINAH MOHOLO
Member (Botswana Government)

ATIMALI MOLOMGOMME
Member (Botswana Government)

NEO MOKOBA
Member (De Beers)

GARETH MOSTEYN
Member (De Beers)

NIMESH PATEL
Member (De Beers)

SOLOMON SEXMAKMA
Member (Botswana Government)

BALISI BONYONGO
Managing Director

NTOTI MOSETLHE
Head, Human Resources

BONNY THEBENYANE
Company Secretary

DEBSWANA EXECUTIVE MANAGEMENT 2016

BALISI BONYONGO
Managing Director

LYNETTE ARMSTRONG
Chief Financial Officer

ALBERT MILTON
General Manager, Jwaneng Mine

ALAN BREEN
General Manager, Orapa, Letlhakane and Damtshaa Mines

KEITH BLANCHARD
Head, Technical and Sustainability

ARTUR HEWETT
Member (De Beers)

NIMESH PATEL
Member (De Beers)

GARETH MOSTEYN
Member (De Beers)

SOLOMON SEXMAKMA
Member (Botswana Government)

BALISI BONYONGO
Managing Director

BONNY THEBENYANE
Company Secretary
ACRONYMS

<table>
<thead>
<tr>
<th>ART</th>
<th>Anti-Retroviral Treatment</th>
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<tbody>
<tr>
<td>BMWU</td>
<td>Botswana Mine Workers Union</td>
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<tr>
<td>BWP</td>
<td>Botswana Pula</td>
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<tr>
<td>COHSASA</td>
<td>The Council for Health Services Accreditation of Southern Africa</td>
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<tr>
<td>CONTOPS</td>
<td>Continuous mining operations</td>
</tr>
<tr>
<td>CSI</td>
<td>Corporate Social Investment</td>
</tr>
<tr>
<td>DGSDP</td>
<td>Debswana Government Schools Development Programme</td>
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<tr>
<td>DMS</td>
<td>Dense Media Separation</td>
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<tr>
<td>DTCB</td>
<td>Diamond Trading Company of Botswana</td>
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<tr>
<td>ECOHS</td>
<td>Environment Community Occupational Health and Safety</td>
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<tr>
<td>FISH</td>
<td>Fully Integrated Sorthouse</td>
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<tr>
<td>GRB</td>
<td>Government of the Republic of Botswana</td>
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<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<tr>
<td>HPO</td>
<td>High Performance Organisation</td>
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<tr>
<td>ISO</td>
<td>International Organisation for Standardisation</td>
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<tr>
<td>JWP</td>
<td>Jwaneng Modular Plant</td>
</tr>
<tr>
<td>LTI</td>
<td>Lost Time Injury</td>
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<tr>
<td>LTIFR</td>
<td>Lost Time Injury Frequency Rate</td>
</tr>
<tr>
<td>MBC</td>
<td>Matshego Business Concept</td>
</tr>
<tr>
<td>MCM</td>
<td>Morupule Coal Mine</td>
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<tr>
<td>MTP</td>
<td>Main Treatment Plant</td>
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<tr>
<td>MTTP</td>
<td>Modular Tailings Treatment Plant</td>
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<tr>
<td>NH</td>
<td>Near Hit</td>
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<tr>
<td>OHSAS</td>
<td>Occupational Health and Safety Advisory Services</td>
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<tr>
<td>OLDM</td>
<td>Orapa, Letlhakane and Damtshaa Mines</td>
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<tr>
<td>OREP</td>
<td>Orapa Resource Extension Project</td>
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<tr>
<td>Remco</td>
<td>Remuneration and Nominations Committee</td>
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<tr>
<td>RWI</td>
<td>Restricted Work Injury</td>
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<td>Sesiro</td>
<td>Sesiro Insurance Company (Pty) Limited</td>
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<td>Safety, Health and Environment</td>
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<td>Safety Risk Management Programme</td>
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<td>Techco</td>
<td>Technical Committee</td>
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<td>Tokafala Enterprise Development Programme</td>
</tr>
<tr>
<td>TRIFR</td>
<td>Total Recordable Injury Frequency Rate</td>
</tr>
</tbody>
</table>

CONTACT

DEBSWANA CORPORATE CENTRE
Plot 64288, Airport Road, Block 8, Gaborone, Botswana
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Website: www.debswana.com