

DE BEERS PENSION FUND

PENSION INCREASE POLICY

Taking into account the requirements of the Pension Funds Act and subject to the affordability thereof as determined by the Trustees acting on the advice of the Fund Actuary, the Fund aims to grant pension increases to existing pensioners and on deferred pensions. These are usually effective from 1 January of each year, but may be effective from such other date that the Trustees may decide. Increases to paid-up pensions are regulated by Ruling 36.

The Fund Actuary will be required to certify:

- that any proposed pension increase to be made in accordance with the pension increase policy, which forms the basis of the reasonable benefit expectations of pensioners, is affordable; and
- that on a best estimate basis, the proposed pension increase will not have the effect of putting the Fund into deficit or of negatively impacting on the long term viability of the Fund.

If the Fund Actuary certifies that any proposed pension increase is not affordable, the Trustees shall not grant that increase.

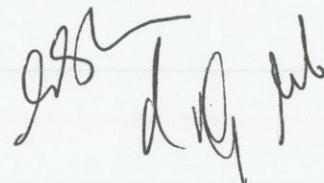
If the Fund Actuary certifies that future pension increases in line with the policy are not affordable, the Trustees, acting on the advice of the Fund Actuary, will be required to amend the increase policy in order to appropriately reduce the reasonable benefit expectations of pensioners.

Any changes to this policy must be formally approved by the Board of Trustees and the Principal Employer, in consultation with the Fund Actuary.

The annual pension increase, usually considered for implementation annually on 1 January, is targeted, but not guaranteed, to be equal to the year-on-year increase in the "Headline" Consumer Price Index (as published by the South African Department of Statistics) up to 30 September of the preceding year. Should any annual increase that the Trustees wish to grant be in excess of the year-on-year increase in the "Headline" Consumer Price Index and be certified by the Fund Actuary to be affordable, the approval of the Principal Employer will need to be obtained before the increase is implemented.

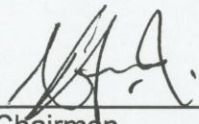
Pensioners who became entitled to receive a pension increase fewer than 12 months before the pension increase date will receive an increase pro-rated in accordance with the period from (and including) the date on which the member first became entitled to a pension increase. The pro-rated basis means that, if 100 days have elapsed from (and including) the date on which the member first became entitled to a pension increase and until the date of the first increase in his or her pension, he or she will receive an increase equal to $100/365^{\text{ths}}$ of the full pension increase granted from the increase date.

For Defined Benefit pensioner members who retire before the age of 55 (in terms of retrenchment conditions) and between the ages of 55 and 60 (standard early retirement conditions) and who elect to receive no pension increase up to age 55 or age 60 (whichever is applicable), the first pension increase received after he or she turns 55 or 60 (whichever is applicable) will be pro-rated in accordance with the period from (and including) the day after the date on which the



member attained age 55 or age 60 (whichever is applicable) and until the applicable pension increase date. The pro-rated basis means that, if 100 days have elapsed from (and including) the day after the date on which the member attained age 55 or age 60 (whichever is applicable) and the date of the first increase in his or her pension, he or she will receive an increase equal to $100/365^{\text{ths}}$ of the full pension increase granted from the increase date.

Approved by the Board of Trustees of the De Beers Pension Fund and by the Principal Employer and signed on their behalf by:



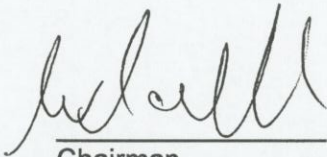
Chairman
for De Beers Pension Fund



Trustee

Date: 21 APRIL 2011

Place: JOHANNESBURG



Chairman
for De Beers Group Services (Pty) Ltd



Director

Date: 21 April 2011

Place: JOHANNESBURG