



PetraDiamonds

# Strength and Resilience

Petra Diamonds Limited  
ESG and Sustainability Report 2021

## About Petra

Petra Diamonds Limited (“Petra” or the “Company” or the “Group”) is a leading independent diamond mining group and a supplier of gem-quality rough diamonds to the international market from its portfolio of mines in South Africa and Tanzania.

Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker ‘PDL’. The Company also has US\$337 million loan notes due in 2026 listed on the Global Exchange Market of the Irish Stock Exchange.

Petra has undergone significant change over the last number of years. The Company has completed a major capital investment cycle to develop new mining areas at its operations and upgrade the infrastructure required to support these projects. In addition, it has had a change of leadership, with a new Chief Executive appointed in April 2019 and a new Non-Executive Chairman appointed in March 2020, together with a number of other Board and Senior Management changes. In FY 2021, Petra completed a capital restructuring that fundamentally improved the Company’s balance sheet, providing a more sustainable level of debt going forward. The COVID-19 epidemic added to the pressure on the Company and its people and required significant changes to the way we work and interact. Furthermore, the Williamson mine in Tanzania remained on care and maintenance for the year.

### FY 2021 Environmental, Social, Governance (“ESG”) and sustainability highlights<sup>1,2</sup>

KPI	Unit	FY 2021	FY 2020	Variance
Lost time injuries	Number	<b>25</b>	19	+32%
Total injuries	Number	<b>42</b>	45	-7%
Fatalities	Number	<b>0</b>	0	N/A
Total number of people employed	Number	<b>4,895</b>	5,019	-2%
Employee training spend	US\$m	<b>5.8</b>	5.8	N/A
Women in the workforce	%	<b>20</b>	19	+5%
Female leadership development candidates	%	<b>33</b>	38	-13%
Historically disadvantaged South African leadership development candidates	%	<b>83</b>	85	-2%
Major environmental incidents	Number	<b>0</b>	0	N/A
Volume of waste generated	Tonnes	<b>6,335</b>	5,483	+15%
Total water consumption	Million m <sup>3</sup>	<b>2.0</b>	9.2	-78%
Percentage of recycled water used on mine	%	<b>82</b>	81	+1%
Total energy consumption	Million gigajoules	<b>1.5</b>	1.9 <sup>1</sup>	-21%
Total carbon footprint	tCO <sub>2</sub> -e	<b>406,059</b>	483,431	-16%
Social investment and community training spend	US\$m	<b>1.0</b>	1.9	-47%
Percentage of procurement spend with local suppliers in South Africa	%	<b>63</b>	60	+5%

**Note:**

1. Certain environmental figures for FY 2020 relating to Petra’s energy usage, carbon emissions and water consumption have been restated further to the independent verification of the Company’s 2020 GHG Inventory by TikoTech; these restatements are not considered to be material. The verification statement is available in ‘Supplementary Information’ on page 87.
2. All figures include Williamson.

### About this ESG and Sustainability Report

This report sets out the Company’s holistic approach to developing a sustainable business to the benefit of each of its stakeholders.

This report has been prepared in accordance with the GRI Standards: Core option. The report covers the period 1 July 2020 to 30 June 2021 (“FY 2021”) and provides a review of our approach and commitment to ESG, sustainability and responsible business practices. It aims to give a transparent overview of the Company’s most material sustainability matters, how these are strategically managed over the long term and our performance in FY 2021. It should be read in conjunction with our 2021 Annual Report.

This report covers the Group’s operations for the Year, being the Cullinan, Finsch, Koffiefontein and Williamson mines. The Board of Petra has reviewed its strategic options at Williamson and as at 30 June 2021, the mine was reclassified as an asset held for sale. However, unless stated otherwise, the data used in this report includes Williamson for the Year.

Our ESG and Sustainability Report has been partially assured, with the greenhouse gas inventory figures for FY 2020 and before having been subject to assurance by TikoTech (Pty) Ltd (“TikoTech”), a consulting company specialising in external verification of carbon data (page 87). The staff turnover rate (page 10), women in the workforce (page 10), amounts invested in staff training and development (page 10) and social investment spend (page 10) KPIs for FY 2021 have been subject to specific agreed upon procedures performed by BDO LLP, the Company’s external auditors, under the International Standard on Related Services 4400 as issued by the International Auditing and Assurance Standards Board. Such procedures by BDO LLP did not constitute an audit or review opinion under International Standards on Auditing (“ISAs”) (UK) or the International Standard on Review Engagements (“ISREs”).

The contents of this report have been reviewed by the Company’s HSE and SED Committees and subsequently approved by the Petra Board.

This report has been renamed the ‘ESG and Sustainability Report’ to reflect the growing importance of ESG reporting to our financial stakeholders.

Any queries regarding this report and its contents should be directed to [investorrelations@petradiamonds.com](mailto:investorrelations@petradiamonds.com).

## About Petra continued

### **About our ESG and sustainability standards**

Our ESG and sustainability policies and reporting processes are aligned with various international standards and voluntary initiatives, which are listed in each chapter under 'Standards we follow'.

There are also external organisations and benchmarking agencies to which we provide disclosure, which assess and rate our performance, including the Carbon Disclosure Project ("CDP"), MSCI, Refinitiv, Sustainalytics, Trucost, Urgentem and Vigeo Eiris.

### **Cover photo**

The 2021 ESG and Sustainability Report cover features Dr Mpho Moloi, an Occupational Health Practitioner at Finsch who was recognised as a 'Women in Mining COVID-19 Hero' by the Minerals Council South Africa ("Minerals Council SA") for her dedication to helping her community withstand the pandemic – read more about her fantastic work on page 46.

### About our Values

Our values are the guiding principles by which Petra aims to conduct each part of its business:

Let's do no harm

- We consider the health and safety of our employees, and care for the environment, as our top priorities. Management's focus on a zero harm environment requires a zero tolerance approach for any action that results in potential injury to employees.

Let's make a difference

- Petra strives to make a real contribution to the "triple bottom line" (people, profit and planet). This includes enhancing its local environment to the benefit of employees and communities. The Company aims to achieve this through various initiatives to stimulate local socio-economic development.

Let's do it right

- Petra places a high priority on ethical conduct. The Company believes in the responsible mining and sale of its diamonds and only operates in countries which are members of the Kimberley Process.

Let's take control

- Petra believes that employees who are empowered and accountable for their actions work to the best of their ability and the Company has fostered a culture whereby innovation and creativity in the workplace are encouraged and rewarded.

Let's do it better

- Petra strives to generate efficiencies at its operations and applies a 'back-to-basics' approach in order to review and assess areas for improvement at all times. We promote a culture of continuous improvement, in which change is embraced and seen as an opportunity.

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## Q&A with the Chief Executive and Non-Executive Chairman

# Realigning with our Values

“Cultural change has been necessary in order to realign the business with our values, thereby ensuring a sustainable foundation for the Company, which aims to be a premium producer of high-quality, responsibly produced diamonds over the long-term.”

**Richard Duffy**  
Chief Executive

*Our Chief Executive Richard Duffy and Non-Executive Chairman Peter Hill share their views around the key ESG highlights and challenges that affected Petra's business in FY 2021, as well as the importance of sustainability to the Company and its strategy for the management of ESG related matters.*

### **What is Petra's vision and strategy for the management of ESG and the Company's impacts, both positive and negative?**

RD: ESG management is not a separate corporate activity, rather it is part and parcel of how we manage the business on a daily basis, as well as being central to a sustainable future for the Company. Our vision is to build a world-class diamond group and ESG management and performance is therefore central to this. It is also incredibly important that we live up to the emotional value placed upon our product, which represents love and joy and is used to celebrate life's most special moments.

The Company has gone through considerable change in the last few years, including refreshed leadership both at Board and Senior Management level. This has given us the opportunity to revisit our Company culture and apply fresh thinking to both our assets and our way of operating. While there are commendable aspects of the existing Petra culture, including the 'can-do' attitude, this process nevertheless determined that change was necessary in order to realign the business with our values – read more about our cultural change initiatives on pages 38 to 39. Change is never an easy process, but our focus on leadership alignment, accountability, business improvement and ensuring the ethics of each part of our business, are necessary in order to build a sustainable foundation for the Company over the long-term.

When considering the Company's impacts, alignment on the most material key performance indicators (“KPIs”) and then the accurate and consistent measurement of these KPIs across all operations is key. This is an area that has improved significantly, so that it is easier than ever before for Management to gain an accurate view of how we are performing at any given point in time. However, further work is required, notably in the recording and follow-through on stakeholder engagement, and this is an area receiving much focus currently – read more on pages 72 to 75.

### **What were the key governance changes in FY 2021 and how will they benefit the Company?**

PH: As Richard has noted, the Company's leadership has seen significant changes over the last couple of years. Most recently at Board-level, Ms Deborah Gudgeon was appointed as an independent Non-Executive Director (“iNED”) and as the designate Chair of the Audit and Risk Committee, upon the departure of Mr Gordon Hamilton from the Board in November 2021. This important committee is involved in monitoring the material risks and opportunities for the business, alongside our HSE and SED Committees.

The Board appointed Ms Octavia Matloa, Chair of the Social, Ethics and Diversity (“SED”) Committee, as the designated iNED to engage with the workforce during FY 2021. The aim of the role is to help ensure the views and concerns of the workforce are brought to the Board and taken into account in the Board's deliberations and decisions, helping the Board to understand if employees are aligned to, and able to respond to, the Company's business priorities. A formal document outlining the key principles and parameters of the role has been approved by the Board.

Further to the successful completion of the Group's financial restructuring (the “Restructuring”) in March 2021, three new non-independent Non-Executive Directors (“NEDs”) have been appointed to the Board, in accordance with the nomination rights awarded to equity-holders of a certain size in the Restructuring, being Mr Matthew Glowasky and Mr Johannes Bhatt (nominated by Monarch Master Funding 2 (Luxembourg) S.à.r.l. (“Monarch”)) and Ms Alexandra Watson (nominated by Franklin Templeton). Monarch has also nominated Mr Marius Kraemer to act as its Board Observer, also as permitted under the nomination rights.

Furthermore, the Company has formed an advisory Investment Committee, which was a prerequisite of the Restructuring, in order to monitor significant capital and other investments and recommend their adoption to the Board. Petra will therefore have enhanced oversight of its capital allocation plans, with the aim of optimising our asset base and maximising value for our stakeholders.

These changes have expanded and further diversified the Board and provide even greater alignment with stakeholders, as well as further strengthening our governance.

Below Board-level, there have been a number of changes to both the structure and make-up of our Senior Management team, as driven by the findings of our Organisational Design Review which is outlined on page 39. The finessing of our structure is ongoing, but the changes made to date have improved inter-Company communications, accountability and efficiency, though there is more work to be done.

The findings of the external investigation into the human rights abuse allegations at the Williamson mine in Tanzania have been very important in terms of providing learnings for the whole Group. While the investigation did not uncover any abuses carried out by Williamson Diamonds Limited (“WDL”- the operator of the Williamson mine) personnel, it did uncover failings in local Management's response and in reporting and escalation of incidents to the Board. This should not happen again and new procedures have been implemented Group-wide to help prevent similar failings.

In June 2021, Petra appointed Mr Rupert Rowland-Clark as Group General Counsel and Company Secretary to oversee governance, compliance and ethics in the business, providing further oversight of PDL's activities and operations.

## Q&A with the Chief Executive and Non-Executive Chairman continued

### **Safety performance is mixed for the Year; how is Management addressing this?**

RD: Workplace safety remains our overriding priority and is enshrined in our most important value: 'Let's do no harm'. Yes, performance was mixed. The number of injuries experienced during the Year reduced 7% from 45 to 42, but the number of lost-time injuries ("LTIs") increased from 19 to 25, which led our lost time injury frequency rate ("LTIFR") to increase from 0.29 in FY 2020 to 0.44 in FY 2021. An evaluation of the incidents has determined that the majority of these were of low severity and behavioural related, and our approach is therefore to use initiatives to drive a change in people's mindsets and to foster greater awareness and attention on how to achieve an accident-free work environment.

We do believe that an underlying issue behind the deterioration in safety performance is the impact of COVID-19 on the emotional wellbeing of our workforce, as well as other interrelated matters such as increasing community hardships and rising cost inflation. This has been borne out by an increase in accidents and fatalities across the South African mining sector as a whole since the outbreak of the COVID-19 pandemic, as measured by the Minerals Council SA.

PH: The safety of our people remains an absolute priority for the Board and will remain a major focus during FY 2022.

We recognise that there is increased employee anxiety at this point in time. We have a counselling service available to our workforce, which saw a significant increase in uptake in FY 2021, though this was partially due to our drive to raise awareness of the service amongst employees – read more on page 32.

### **What are your strategic priorities in the short- to medium-term?**

RD: Developing and creating opportunities for our people remains key. I am proud that we have put an educational pipeline in place whereby talented and motivated employees can continue personal and professional development throughout their career with Petra. For some that might initially mean improving their literacy levels, for others it could be study leave to further their qualifications or to explore new areas, and for others it might mean gaining skills outside the workplace that improve quality of life and equip them for other roles in the future. We believe this leads to a happier and more engaged workforce, thereby enhancing productivity and encouraging staff retention. Read more about how we develop our employees on pages 38 to 44.

However, in order to maintain and develop our skills-base, we need a steady stream of new recruits, preferably from our local communities. That is why improving maths and science standards is a key part of our strategy and we were once again very active in supporting education in our local schools during FY 2021, as set out on page 79.

PH: Environmental management is not only part of day-to-day mining operations but has also become an important strategic driver for the Company, both because stakeholders now expect companies to put a plan in place to manage their carbon emissions and because limiting global warming is undoubtedly the right thing for businesses to do. The first step, of course, is knowing your impact and it takes time to have the systems in place to accurately measure your carbon footprint. This is something I believe our team has achieved already to a high standard and our annual GHG emissions report is now independently verified, which allows for even greater confidence in our data.

Looking ahead, our Group Climate Change Adaptation Policy supports Petra in meeting international obligations and investor expectations by defining the Company's process to identify its vulnerabilities, plans to reduce these vulnerabilities and maximise any potential opportunities, such as the positive implications of better energy efficiency. Good progress was made in FY 2021 with the initial implementation of this policy as set out on pages 60 and 61.

In terms of our environmental disclosure and reporting, I believe Petra continues to aim for excellence, having already reached an A- ('leadership' band) level of disclosure to CDP for the climate questionnaire and having met all the requirements of the Task Force on Climate-related Financial Disclosures ("TCFD") for the first time this year. I think this demonstrates our commitment to environmental responsibility to all of our stakeholders. Our inaugural TCFD Report can be found in our 2021 Annual Report on pages 212 to 213.

Encouraging diversity also remains a strategic priority, given the benefits of avoiding 'group-think' via diverse teams that benefit from a variety of different backgrounds and skill-sets. We continued to make progress with gender diversity in FY 2021, with the percentage of women in the workforce increasing from 19% to 20%, and our employee development programmes once again focused on the advancement of women and historically disadvantaged South Africans ("HDSAs").

### **What have been the biggest challenges of the Year?**

PH: I would say that it has been the human rights abuse allegations in Tanzania, which have been deeply concerning and saddening for the Petra Board and I expect all our employees. While we cannot change the past, we can do everything possible to try and prevent issues like these arising in the future. This has required us to take an honest look at where there were failings, as identified by the findings of the external investigation commissioned by the Board Sub-Committee, the Tunajali Committee, and remedial actions have been put in place. Importantly, we are supporting the establishment of a non-judicial independent grievance mechanism ("IGM") to investigate and resolve allegations of human rights breaches which we believe will be in the interest of all parties. The findings of the Tunajali Committee and the steps we have taken and are taking are set out on pages 21 and 22. Our two other major challenges were the financial Restructuring and COVID-19.

RD: The allegations have highlighted how vital community relations and support are to long-term operations. While WDL has always had an active community development programme, clearly the mine needs to do more to foster relationships with its local stakeholders based on mutual trust. As part of the remedy provided for by PDL, funds in excess of £1 million have been placed into an escrow account to provide funding for various projects that will provide sustainable benefits, including through income-generating projects, to the communities around the mine. These are described in more detail on page 78.

The ongoing COVID-19 pandemic remains challenging and we have very sadly lost 14 colleagues as a result. Our sincere condolences go to the families and friends of the deceased and we will continue to offer support to those affected. Our focus now is to ensure the largest uptake of our vaccination programmes in South Africa and Tanzania amongst our workforce as possible in order to protect our people and to help control the spread of the virus – as set out on page 34.

## Q&A with the Chief Executive and Non-Executive Chairman continued

### **And what are the opportunities?**

PH: The fact remains that our diamonds are unique in terms of their billions of years old provenance, their authenticity, their outstanding beauty, their sustained value and how they are used to forge deeper human connections. The COVID-19 pandemic has only served to reinforce the value we place on our relationships and natural diamonds offer the perfect way to celebrate the people and moments that matter.

The diamond market's strong performance over the Year, despite the ongoing restrictions and impacts on the high street, has demonstrated that our product remains highly desirable. Our work with the Natural Diamond Council ("NDC"), via generic marketing campaigns and educating consumers on the overall positive socio-economic impacts of the diamond mining sector, aims to ensure that diamonds remain relevant to future generations – read more on pages 23 to 24.

RD: I agree that the medium- to long-term outlook for our market and for our business remains positive. The completion of the Company's Restructuring in FY 2021 demonstrated that we retain significant support from the investment market and has provided enhanced stability for the Company to deliver on its operational plans.

I believe that Petra has high-quality assets, a skilled and motivated workforce, a refreshed company culture, ongoing optimisation plans and support from our stakeholders. This, set against an improving diamond market, positions the Company well for the years to come.



**Richard Duffy**  
Chief Executive  
12 October 2021



**Peter Hill**  
Non-Executive Chairman  
12 October 2021

## Our Operations and Social Environment

### Our operations

We employ 4,895 people in four countries: South Africa, Tanzania, Belgium and the United Kingdom.

	<b>Cullinan</b>	<b>Finsch</b>	<b>Koffiefontein</b>	<b>Williamson</b>
Country	South Africa	South Africa	South Africa	Tanzania
Employees	1,260	1,003	576	501
Contractors	297	579	113	388
Local operating environment	Well-connected in terms of urban amenities and infrastructure	The primary economic contributor to the region	The primary economic contributor to the region	The primary economic contributor to the district
Opportunities	Diamond heritage tourism, raise maths and science education standards and support local economic development	Raise maths and science education standards and support local economic development	Raise maths and science education standards and support local economic development	Well-educated and skilled local workforce and protected forest reserve totalling ca. 906 ha of the mining licence area
Challenges	High youth unemployment and limited procurement opportunities for small businesses; COVID-19 and the knock-on impacts on economic output	Fairly isolated location, high youth unemployment and poverty and water scarcity; COVID-19 and the knock-on impacts on economic output	Remote location, water scarcity, illegal mining and community unrest; COVID-19 and the knock-on impacts on economic output	Women in the workforce, security of power and water supplies, illegal mining and malaria; COVID-19 and the knock-on impacts on economic output

Petra has diamond marketing operations in South Africa (Johannesburg and Kimberley) and Antwerp (Belgium), as well as corporate offices in London and Johannesburg, which together account for 175 employees.

Petra's client base comprises predominantly international traders and manufacturers, based in key diamond centres including Antwerp, India, Israel, Hong Kong and the US. However, it also occasionally sells directly to vertically integrated retailers, who have their own manufacturing capabilities.

Petra's mines produce the full range of diamonds, from low quality to mid-range goods, ideal for the mass consumer market, all the way to the very highest-end, rare coloured diamonds, which are akin to great works of art and are often purchased for investment pieces or as collector's items.

### Our social operating environment

	<b>South Africa</b>	<b>Tanzania</b>
Ethnic groups	Black African: 81% Colored <sup>1</sup> : 9% White: 8% Indian/Asian: 2%	Black African: 99% Other: 1%
Life expectancy	Male: 64 Female: 66	Male: 68 Female: 72
Urbanisation (% of total population)	68%	36%
Literacy rate	87%	78%
Unemployment rate	27%	10%
HIV/AIDS adult prevalence rate	20%	5%
2020 value of diamond production	US\$0.96 billion	US\$24.5 million
2020 GDP	US\$302.11 billion	US\$62.4 billion
GDP growth rate in 2020	-7%	+2%

1. 'Colored' is a term used in South Africa, including on the national census, for persons of mixed-race ancestry who developed a distinct cultural identity over several hundred years.

Sources: The World Factbook – CIA, The World Bank, Kimberley Process Statistics, Statista, Trading Economics, UNAIDS.

# Assessing Materiality

## How we define our material topics

### 1. Define

Petra defines a material topic as an ESG issue that could significantly impact the delivery of the Company's strategy and future performance, and/or could have a material impact on individuals, groups or communities that are impacted by Petra's operations. In the sustainability sphere, materiality encompasses a company's impacts on the outside world and our definition therefore takes into account any issues which are deemed to have a significant economic, environmental or social impact on our stakeholders, as well as those which may significantly impact the Company.

### 2. Engage

A formal stakeholder engagement process was conducted in FY 2020 to identify our material issues, alongside a Sustainability Strategy review. This consisted of a survey that was conducted with both internal and external stakeholder groups and could be completed either in hard copy or electronically. Internal stakeholder groups included the Board, the Executive Committee ("Exco") and employees, while external stakeholder groups consisted of shareholders, noteholders and analysts, as well as key external stakeholders local to Petra's operations, including contractors, suppliers, local municipalities and NGOs. For a list of the Company's key stakeholders, information on how we engage with them and examples of how we incorporate their concerns into our strategy, see the 'Stakeholder engagement' section of the Company's 2021 Annual Report on pages 14 to 17.

### 3. Determine

Petra identified its material topics in accordance with the GRI Standards process and guidelines. Following analysis of the results from the materiality survey, weighting was applied to the respective stakeholder groups with regards to specific material topics. The aggregated scores were therefore used to identify the issues most material to the Company, as confirmed by our internal and external stakeholders. In addition to the stakeholder views, consideration was also given to a combination of other internal and external factors, including broader societal expectations, the main topics prioritised by our sector, ongoing legal and regulatory developments relevant to Petra and key organisational values, goals and targets. The final list of material topics was then deliberated on by the Exco before being presented to the Board for consideration and approval.

While a formal materiality process was not carried out in FY 2021, the Group's material topics were again considered during the compiling of the 2021 ESG and Sustainability Report in the context of the key stakeholder concerns or interests raised during the Year, as well as consideration of the other internal and external factors noted above. Taking these aspects into account, the SED and Health, Safety and Environment ("HSE") Committees recommended to the Board that no changes were required to the Company's list of material topics for FY 2021.

### 4. Align

Material topics identified are aligned with internal governance processes and operational imperatives and are therefore managed as part of internal processes that answer to both regulatory requirements and internal KPIs. Petra is also considering how it can align its strategic management of ESG topics with the UN Sustainable Development Goals ("SDGs") and this will form part of the Group's Sustainability Framework, which was significantly progressed during FY 2021. However, its finalisation was impacted by the disruption to business of the COVID-19 pandemic and it is therefore now expected to be finalised in H1 FY 2022.

## Assessing Materiality continued

### Our top material topics

These material topics form the basis of our sustainability reporting and are grouped into five key chapters, namely 'Responsible Business', 'Safety and Occupational Health', 'People', 'Environment' and 'Positive Impacts'.

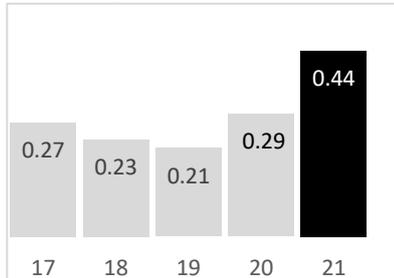
There have been no changes compared to last year's material topics:

<b>Material topic (in order of importance as confirmed by our materiality process)</b>	<b>Stakeholders concerned</b>	<b>GRI Standards</b>	<b>Topic boundary</b>	<b>Read more</b>
1. Workplace safety	All stakeholders	403	Applies to the Company and its local communities	page 28
2. Ethical behaviour	All stakeholders	205 408 409 411	Applies to Petra's business as a whole	page 19
3. Employee health and wellness	Employees, contractors, trade unions; local communities; host Governments, regulators, NGOs	403	Applies to the Company and its local communities	page 32
4. Water management	Employees, contractors, trade unions; financial stakeholders; local communities; host Governments, regulators, NGOs	303	Applies to the Company and its local communities	page 57
5. Corporate governance	All stakeholders	102	Applies to Petra's business as a whole	page 15
6. Environmental management	Employees, contractors, trade unions; local communities; host Governments, regulators, NGOs	300	Applies to the Company and its local communities	page 51
7. Stakeholder engagement and management	Employees, contractors, trade unions; financial stakeholders; local communities; host Governments, regulators, NGOs; suppliers	102	Applies to the Company and its local communities	page 72
8. Diversity	Employees, contractors, trade unions; financial stakeholders; local communities; host Governments, regulators, NGOs	405 406	Applies to Petra's business as a whole	page 45
9. Community relations and development	Employees, contractors, trade unions; financial stakeholders; local communities; host Governments, regulators, NGOs	413 201 204	Applies to the Company and its local communities	page 76
10. Employee development	Employees, contractors, trade unions; local communities; host Governments, regulators, NGOs	404	Applies to Petra's business as a whole	page 38
11. Climate change and energy usage	Employees, contractors, trade unions; financial stakeholders; local communities; host Governments, regulators, NGOs	305	Applies to the Company and its local communities	page 59

## Key Performance Indicators

The following non-financial KPIs are considered by management to be the most appropriate in terms of tracking Petra's sustainability performance year-on-year. ESG measures comprised 30% of the KPIs used to determine the Company's performance for the purposes of awarding FY 2021 Executive bonuses.

### SAFETY<sup>1</sup> (GROUP LTIFR) 0.44 (+52%)



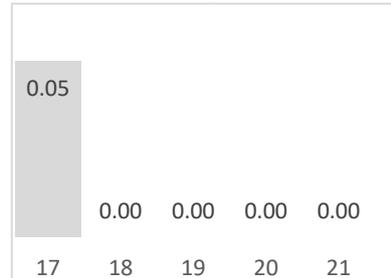
#### Performance and targets

Group LTIFR for the Year increased to 0.44, which was not in line with our target to achieve a minimum 10% improvement in LTIFR annually. 25 LTIs were recorded in FY 2021 as opposed to 19 in FY 2020, with the majority of accidents found to be behavioural in nature and of low severity. Considerable focus continues to be placed on changing these behaviours, as set out on page 31. The LTIFR calculation was also impacted by a reduction of 1.7 million risk work hours during the Year (15% impact). Total injuries, including those that did not result in a lost shift, reduced by 7%. We continue to target a zero harm working environment.

#### Risk management

In addition to appropriate risk management processes, Petra has strategies, systems, effective risk-based mitigating controls and training in place to promote a safe working environment.

### FATALITIES<sup>1</sup> (GROUP FIFR) 0.00 (+0%)



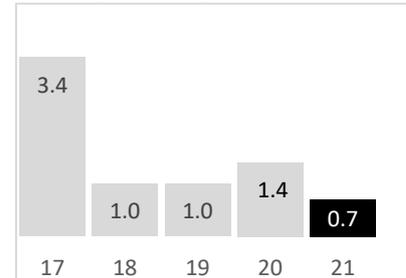
#### Performance and targets

The Group recorded a fatality-free year for the fourth year running. Fatalities are unacceptable and we target a FIFR of zero. Whilst Petra's mining methods are inherently safe, accidents can happen and therefore this remains a constant area of focus.

#### Risk management

In addition to appropriate risk management processes, Petra analyses and investigates all significant incidents and accidents in detail through a root cause analysis technique to review and align controls in mitigation of reoccurrences.

### SOCIAL SPEND<sup>1</sup> (US\$ MILLION) 0.7 (-50%)



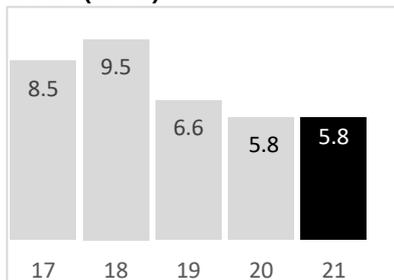
#### Performance and targets

Social spend decreased 50%, with only ca. 44% of budgeted spend in South Africa committed due to the continued challenge to get stakeholders to align on suitable community projects, as well as due to the disruptive impact of the COVID-19 pandemic. Spend in Tanzania remained curtailed to a minimum due to the mine's liquidity constraints and it being on care and maintenance. Petra targets base case spend of 1% of net profit after tax ("NPAT") at asset level, which was not achieved in FY 2021 due to these challenges.

#### Risk management

Petra maintains compliance with the regulatory framework and continues to evaluate the evolving Mining Charter legislation in South Africa. Petra also continually liaises and cooperates with social and institutional stakeholders.

### TRAINING SPEND<sup>1</sup> (US\$ MILLION) 5.8 (0%)



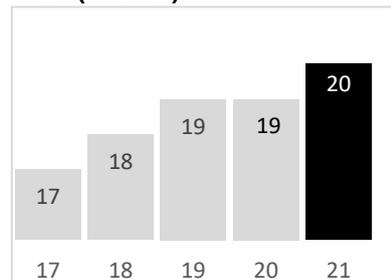
#### Performance and targets

Our investment in employee training and development decreased 6% in Rand terms but remained flat in Dollar terms at US\$5.8 million as a result of the stronger Rand during the Year. The decrease in training spend at the South African operations was due to a smaller workforce and the continued disruption caused by COVID-19 to our training programmes. Petra aims to achieve a training spend target of 5% of annual payroll and this was achieved at the South African operations in FY 2021, though Williamson's performance was impeded by remaining on care and maintenance.

#### Risk management

Petra maintains compliance with the regulatory framework and supports a number of different training and development programmes.

### WOMEN IN THE WORKFORCE<sup>1</sup> (%) 20 (+5%)



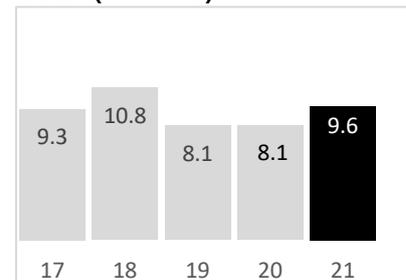
#### Performance and targets

The overall gender diversity of the Group increased to 20% in FY 2021, which remains slightly above the industry average in South Africa, which ranges from 12%–17% depending on the commodity. We were also pleased to improve gender diversity at the higher levels of the business, with an increase in female representation at Board, Senior Management and Management level. Petra's Diversity and Inclusion Plan will set targets for gender representation across the various levels of the organisation.

#### Risk management

Proactive and concerted efforts to advance workplace equality through preferential recruitment and the development of women in our workforce.

### STAFF TURNOVER<sup>1</sup> (%) 9.6 (+17%)



#### Performance and targets

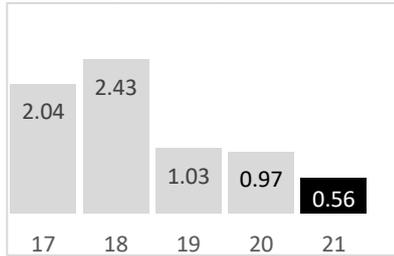
The Group staff turnover rate increased to 9.6%, with a higher incidence of retirements and non-renewal of fixed-term contracts being the contributing factors, but remains comparatively low and in line with the broader mining sector. Petra endeavours to maintain turnover rates consistent with industry norms and has a number of initiatives and programmes in place to develop and retain its people.

#### Risk management

The Group's employment policies and remuneration strategy are designed to attract, incentivise and retain individuals of the right calibre, as well as retain key management for the longer term.

## Key Performance Indicators continued

**WATER EFFICIENCY<sup>2</sup>**  
(m<sup>3</sup>/t)  
**0.56 (-42%)**



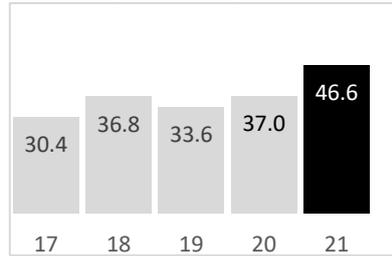
**Performance and targets**

Petra's total water usage per production tonne decreased 42% to 0.56 m<sup>3</sup>/t due to the overall lower production for the Year and Williamson, which is the Group's largest user of water, remaining on care and maintenance. Petra is aiming for a 1% improvement in water use efficiency at each operation in FY 2022, measured as 'total water consumption' per tonne (m<sup>3</sup>/t), based on the three-year average achieved at each mine over the period FY 2019 to FY 2021 (appropriately adjusted to take into account COVID-19 lockdown periods).

**Risk management**

The Group endeavours to continually develop, implement and improve water efficiency measures to reduce the consumption per tonne processed.

**ENERGY EFFICIENCY<sup>1, 2</sup>**  
(kWh/t)  
**46.6 (+26%)**



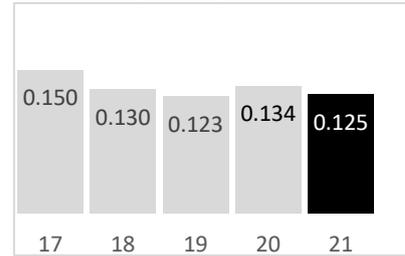
**Performance and targets**

Electricity consumption was 17% lower than FY 2020, predominantly due to lower production for the Year but also due to the continued implementation of energy saving initiatives at all the mines. However, the Group energy efficiency per tonne deteriorated 26% due to the 34% decrease in overall tonnes processed by the Group. Forward-looking targets are currently on hold pending the stabilisation of the operations, post the disruption caused by the COVID-19 pandemic.

**Risk management**

Continuous development, implementation and improvement of energy efficiency measures.

**CARBON EMISSIONS<sup>1</sup>**  
(tCO<sub>2</sub>-e/ct)  
**0.125 (-7%)**



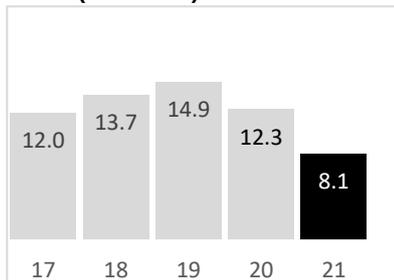
**Performance and targets**

The carbon emitted per carat by the Group (Scopes 1 & 2) decreased by 7% due to the combined effect of an overall decrease in carats produced and associated lower energy use for the Year, and the total carbon emitted by the Company (Scopes 1, 2 & 3) decreased by 16% to 406,059 tCO<sub>2</sub>-e. Petra aims to maintain the Company's carbon emitted per carat for FY 2022 – 2026, calculated annually, below the FY 2019 base year (Scopes 1, 2 & 3) of 0.124 tCO<sub>2</sub>e/ct.

**Risk management**

The Group endeavours to continually reduce its reliance on fossil fuel energy sources and to minimise its overall energy usage wherever possible.

**GROSS TONNES (TREATED)<sup>1, 3</sup>**  
(MT)  
**8.1 (-34%)**



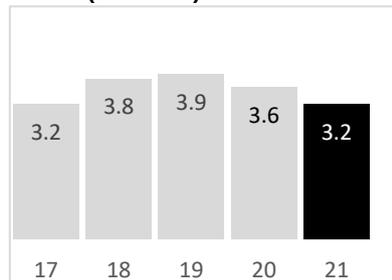
**Performance and targets**

Petra's gross ore tonnage throughput decreased by 34% as a result of the lower production for the Year and the high-volume Williamson mine remaining on care and maintenance.

**Risk management**

Realistic operational targets, based on detailed mine production planning, with production performance monitored closely.

**GROSS ROUGH DIAMOND PRODUCTION<sup>1, 3</sup>**  
(MCTS)  
**3.2 (-10%)**



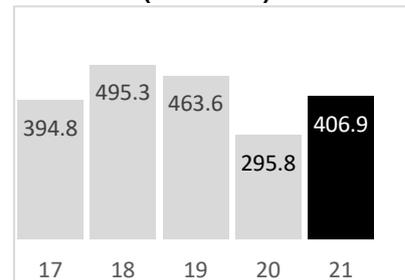
**Performance and targets**

Gross production (including Williamson) decreased 10% to 3.2 Mcts notwithstanding record annual production from Cullinan of 1.9 Mcts. This stretch performance was offset by production at Finsch being impacted by unexpected levels of waste ingress and the subsequent mitigating measures reducing throughput. In addition, production at both Finsch and Koffiefontein was impacted by the high level of rainfall in Q3, and the Williamson mine remained on care and maintenance. The Company did not issue guidance for FY 2021 due to ongoing uncertainty around the impact of COVID-19, but guidance of 3.3 – 3.6 Mcts (including Williamson) has been set for FY 2022.

**Risk management**

Realistic operational targets, based on detailed mine production planning, with production performance monitored closely; contingency plans put in place to mitigate impact of COVID-19.

**GROSS REVENUE<sup>1, 3</sup>**  
(US\$ MILLION)  
**406.9 (+38%)**



**Performance and targets**

Gross revenue increased 38% to US\$406.9 million, despite the lower production for the Year, with the increase driven by sales of Exceptional Stones contributing US\$62.0 million (the highest annual contribution to revenues from such sales in Petra's history), as well as a recovery in the diamond market, with pricing on a like-for-like basis increasing ca. 9% during the Year.

**Risk management**

The key factors affecting revenue growth are delivery on production targets, managing grade volatility and product mix, the recovery of Exceptional Stones, and diamond prices (which are outside of the Group's control); alternative sales mechanisms were implemented to counter inability to hold tenders during hard lockdown in South Africa.

**Notes:**

- All figures include the Williamson mine, which is currently classified as an asset held for sale. Figures for FY 2017 and 2018 include the Kimberley Ekapa Mining JV operation ("KEM JV"); Petra divested of its stake in KEM JV in December 2018.
- Certain environmental figures for FY 2020 relating to Petra's energy usage, carbon emissions and water consumption have been restated further to the independent verification of the Company's 2020 GHG Inventory by TikoTech.
- All figures exclude KEM JV.

# Responsible Business

Responsible business practices are essential to the long-term success of the Company and are managed at Petra via effective corporate governance, legal compliance and ethical behaviour. Petra seeks to influence sustainable consumer demand as the future of our business is dependent on the aspiration of consumers to buy and own diamonds.

**15** Corporate Governance

**19** Ethical Behaviour

## Responsible Business

“Petra continued to strengthen its governance practices in numerous ways during the Year, including the appointment of new Board members and a Group General Counsel, the formation of an Investment Committee and via the enhancement of reporting and other processes required to ensure effective stakeholder engagement and incident escalation.”

**Peter Hill**  
Non-Executive Chairman

**Material topics** (in order of importance to our stakeholders):

- Ethical behaviour (especially human rights, ethics and bribery)
- Corporate governance (especially legal compliance)

See a schematic of how Petra manages governance here: <https://www.petradiamonds.com/sustainability/managing-sustainability/>

### KPIs

**100%**

PETRA PRODUCTION  
CERTIFIED “CONFLICT FREE”

**ca. US\$70 million**

ANNUAL INVESTMENT IN GENERIC  
MARKETING BY THE NDC

**89%**

EMPLOYEES IN SUPERVISORY AND  
MANAGEMENT POSITIONS  
COMPLETED HUMAN RIGHTS  
TRAINING

**0**

FINES PAID FOR REGULATORY  
NON-COMPLIANCE

**28**

TIP-OFFS RECEIVED BY COMPANY  
WHISTLEBLOWING HOTLINE

**3**

SUSTAINABILITY PLEDGES MADE BY  
NDC MEMBERS IN SUPPORT OF THE  
SDGS

### Stakeholders concerned

All stakeholders

#### Company policies and guidelines

- Code of Ethical Conduct
- Human Rights Policy Statement (updated in July 2021)
- Anti-Bribery Policy
- Whistleblowing Policy
- Diversity and Inclusion Policy
- South African Promotion of Access to Information (“PAIA”) and Protection of Personal Information Acts (“POPIA”) Manual
- Modern Slavery and Human Trafficking Statement
- Stakeholder Engagement and Management Policy and Procedure
- Stakeholder Feedback and Grievance Procedure

#### Standards we follow

- UK Corporate Governance Code
- NDC Member Requirements and Sustainability Pledges
- Kimberley Process Certification Scheme
- UN Global Compact
- Voluntary Principles on Human Rights and Security
- International Labour Organisation Declaration on Fundamental Principles and Rights at Work
- UK Bribery Act
- UK Modern Slavery Act
- South African Prevention and Combatting of Corrupt Activities Act
- EU Directive on Non-Financial Reporting
- ISO 31000:2018 Risk Management – Guidelines

## Responsible Business continued

### Key achievements and performance against FY 2021 objectives

- Despite the virulence of the COVID-19 pandemic and continued waves of infection rates in South Africa, the Company has implemented systems and strategies across all its operations aimed at preventing or containing the spread of the virus, with the core aim of keeping our people safe, whilst also maintaining an appropriate level of production.
- The findings of the Tunajali Committee into the human rights abuse allegations at the Williamson mine in Tanzania were published in May 2021. Petra sought to gain a full and fair understanding of the events, so that appropriate remedy could be provided and the necessary steps taken to address the issues identified – read more on pages 21 to 22.
- Reporting structures at WDL and Petra Diamonds Limited (“PDL”) have been updated to enable timely and accurate reporting of all incursions and incidents, with information now flowing through two independent reporting lines, greatly enhancing the level of information available at Board and Senior Management level.
- Petra’s Sustainability Framework was significantly progressed during FY 2021, but progress was impacted by a number of factors, including the COVID-19 pandemic, resource availability and the high priority assigned to specific strategic issues such as the human rights allegations in Tanzania; it is therefore expected to be finalised in H1 FY 2022.
- A new Enterprise Risk Management and Combined Assurance Plan was operationalised, which included a Group Risk and Assurance Policy Statement and Group Risk Policy and Framework. An enterprise-wide and ‘bottom-up’ risk relevance testing, assessment and aggregation was carried out and integrated into the Group risk register.
- Petra continued to work with the NDC, both by providing funding and by sharing information and insight into the world of diamonds, in order to further the NDC’s mission to promote the desirability of natural diamonds and support the integrity of the diamond jewellery industry.
- All Petra production remains certified in accordance with the Kimberley Process as being “conflict free”.

### Key challenges

- Challenging external operating environments, where bribery and collusion, crime, poverty, poor education facilities, unemployment and lack of investment in social infrastructure are issues impacting our local communities; these challenges have been heightened due to the COVID-19 pandemic.
- The external investigation into the allegations of human rights abuses at the Williamson mine in Tanzania established that past incidents have taken place that regrettably resulted in the loss of life, injury and the mistreatment of illegal diggers within the Williamson Special Mining Licence area. Both WDL and PDL have taken decisive action to address the issues identified and to mitigate the potential for future incidents – read more on pages 21 and 22.
- Continued regulatory uncertainty surrounding the new Mining Charter in South Africa, although the High Court of South Africa has recently handed down its judgement in a judicial review which found in favour of the Minerals Council SA. It is yet to be seen whether the Department of Minerals and Energy (“DMRE”) will appeal this judgement.
- Increasing commentary on the topic of laboratory-grown diamonds.

### Objectives for FY 2022

- Maintain standards of ethical awareness and behaviour, particularly given that consumer confidence is crucial in the diamond industry.
- Continue to implement actions to address the findings of the external investigation into the allegations of human rights abuses at Williamson and continue to use the learnings to enhance systems and processes at all Group operations.
- Continued assessment of Petra’s bribery, modern slavery, tax evasion, money laundering and human rights risks and improvements to the policies and procedures that address such risks.
- Development and continued roll-out of a governance suite of training modules facilitated on an e-learning platform for employees, including human rights, whistleblowing, anti-bribery, anti-money laundering, tax evasion and modern slavery and awareness of the Code of Ethical Conduct, and other ethics topics in due course.
- Petra’s Group Sustainability Framework to be reviewed by the SED Committee and approved by the Board.
- Continued work with the NDC to assist in its goal of maintaining and enhancing consumer demand for and confidence in diamonds.
- Continued reporting to key benchmarking agencies and international standards to further improve Petra’s disclosures and transparency.
- Implement Internal Audit, Combined Assurance and Legal and Regulatory Compliance software solutions as extensions to and integrated with the new Enterprise Risk Management software solution that became fully operational during FY 2021.

Read more about how we apply corporate governance within Petra in our 2021 Corporate Governance Statement published in our 2021 Annual Report at <https://www.petradiamonds.com/investors/results-reports/>.

# Corporate Governance

## Our ambition

**We aim to conduct our operations as responsibly and efficiently as possible, thereby generating long-term value for each of our stakeholders. We are committed to continuous improvement in the area of corporate governance, to ensure that the governance practices in place continue to be enhanced in order to reflect the evolving regulatory environment and in line with best practice.**

## **Our approach**

### **Governance and risk management**

The Board oversees overall risk management, with Board Committees providing an additional level of oversight. An Enterprise Risk Management ("ERM") and Combined Assurance function was established in FY 2020, which reviews, analyses and reports on risk on a continuous basis and consolidates key risks on a quarterly basis to the Exco, which is responsible for risk management processes and systems and drives a culture of individual risk owner and employee accountability in implementing these.

Sustainability risk falls under the guidance of two separate Board Committees: governance, ethics, community relations and diversity are the remit of Petra's SED Committee, and health, safety and the environment are the remit of the HSE Committee. The Audit and Risk Committee takes a combined view of principal risks highlighted by the other Board Committees, the ERM and Combined Assurance function, internal audit and, where relevant, independent external assurance providers. Further information on the activity of these Committees can be found in our 2021 Annual Report on pages 83 to 112.

During FY 2021, a new ERM and Combined Assurance Plan was operationalised, which included a Group Risk and Assurance Policy Statement and Group Risk Policy and Framework. An enterprise-wide and 'bottom-up' risk relevance testing, assessment and aggregation was carried out and integrated into the Group risk register.

A new risk software system was planned, scoped and acquired. The software system includes an ERM risk solution which became fully operational during FY 2021 and Internal Audit, Combined Assurance and Legal Compliance solutions will become operational shortly in FY 2022. The addition of an ERM risk software system significantly increases risk owners' capacity to add, amend or remove risk, controls or mitigating action plans, whilst allowing continuous Exco visibility, input and tracking of risks and risk movements.

Petra carries out an annual review of its Principal Risks and information on these is included in the Company's 2021 Annual Report on pages 40 and 41 and 98 to 104.

Both PDL and WDL have taken a number of steps to improve governance and risk management processes with regards to human rights and stakeholder relations. The findings of the investigation into the human rights abuse allegations at the Williamson mine and actions taken and being taken are covered in further detail on pages 21 to 22.

Board training on sustainability management is provided on an ongoing basis, with informal briefings being carried out throughout the Year covering governance and ESG matters.

More information on our approach to risk management can be found here: [www.petradiamonds.com/about-us/corporate-governance/internal-control-and-risk-management](http://www.petradiamonds.com/about-us/corporate-governance/internal-control-and-risk-management).

### **Board and Committee changes**

There were a number of changes to the Board of Directors and its Committees during the Year. Having fulfilled their nine-year tenures, in line with the UK Corporate Governance Code, iNEDs Dr Pat Bartlett and Mr Tony Lowrie stepped down from the Board at the end of FY 2020 and in November 2020 respectively, with Ms Varda Shine succeeding Mr Lowrie as Senior Independent Director on his departure. Following the completion of the Restructuring on 10 March 2021, Mr Matthew Glowasky was appointed as a non-independent NED, having been nominated by Monarch in accordance with the Nomination Agreement between it and the Company.

Post Year end, Ms Deborah Gudgeon was appointed to the Board as an iNED on 1 July 2021, with the Nomination Committee recommending that she succeeds Mr Hamilton as Chair of the Audit and Risk Committee when he steps down in November 2021.

Ms Alexandra Watson and Mr Johannes Bhatt were also appointed as non-independent NEDs on 1 July 2021, being nominated by Franklin Templeton and Monarch respectively. Monarch also exercised their right under the Nomination Agreement to appoint Mr. Marius Kraemer as their Board Observer with effect from 1 July 2021.

As a result of the above Board changes, there were a number of changes to the composition of the Committees. Particular attention was paid to ensuring that the Nomination, Audit and Risk and Remuneration Committees only comprise independent NEDs.

Following the closing of the Restructuring and as a requirement of it, the Company formed an advisory Investment Committee to monitor significant capital and other investments and recommend their adoption to the full Board.

Further details on the Board of Directors and the composition of the Board Committees can be found in the FY 2021 Annual Report on pages 63 to 65.

### **Sustainability management**

Sustainability management is an integral part of all Petra operations and its management systems are constantly assessed, measured and, when necessary, updated to ensure their effectiveness.

## Corporate Governance continued

### Our approach continued

#### Sustainability management continued

Our approach to managing sustainability matters has previously been reinforced through the Group HSE Management Framework, though this is now being updated to become the Group Sustainability Framework, which is due for finalisation in H1 FY 2022. Our management approach is also guided by mine-level policies and strategies, covering all key sustainability areas, as well as internationally recognised standards such as ISO 45001 (health and safety management) and ISO 14001 (environmental management). The Company's operational management approach is a risk-based one aligned with the ISO 31000 Risk Management Guideline, which is based on continual risk identification, risk assessment and instilling awareness into the workplace.

With the finalisation of the Group Sustainability Framework in FY 2022, we will further revise and establish the material sustainability objectives for the business. These will be put in place across our operations, with specific indicators that enable monitoring and assessment of performance against targets on a mine-by-mine basis, as well as at Group level. There is already a robust system of reporting on sustainability indicators, with information flowing up from the mine-level committees to the respective Group Steering Committees and then to the Board, via the relevant Board Committees.

The indicators are monitored on a daily basis at mine level and then monthly and quarterly reports are prepared by the mine management and Group Discipline Managers for the Steering Committees and are then submitted to the HSE and SED Committees. The HSE and SED Committees meet quarterly to oversee the relevant HSE and SED performance and strategy, before submitting quarterly reports to the Board.

If any major or significant incident occurs, Petra's established sustainability governance structure and procedures ensure that there is a clear line of communication whereby the matter is reported timeously to the highest governance body. As noted above, further to the findings of the Tunajali Committee into the human rights allegations at Williamson, reporting structures at WDL and PDL have been revised, enabling more timely, accurate and transparent incident reporting.

Petra complies in all material aspects with relevant laws and regulations in South Africa and was not subject to any fines during FY 2021. In Tanzania, Petra is in ongoing dialogue with the Government and local advisers in relation to recent legislative developments relating to, *inter alia*, local beneficiation and participation. Petra is hopeful that it will arrive at a holistic solution that will benefit Petra, its employees, the Government of Tanzania and surrounding communities at Williamson.

#### Remuneration

Petra's remuneration packages are weighted towards performance, with pay linked to the Group's strategic goals, and with targets taking into account best practice developments applied in a manner that is appropriate for Petra's industry and specific circumstances.

ESG measures, namely health and safety, environment, social impact and diversity and inclusion, are explicitly included as part of the annual bonus framework, and represent 30% of the Company's KPIs, reflecting Petra's commitment to corporate responsibility.

The Organisational Design Review, that is currently well advanced, closely supports Project 2022 and aims to ensure a much more simplified people operating model that is consistent throughout the Group. Phase Two of Project 2022 involved a zero-based organisation design for the Petra Diamonds South Africa operations, with intent to right-size the organisation, define roles profiles, and conduct job evaluation and grading exercises to establish market-related remuneration as contained in a revised operational remuneration policy.

Two important outcomes of the operational remuneration policy are to ensure internal equity and external market competitiveness (i.e. to attract and retain critical skills). Attainment of these outcomes support an Operational Remuneration Policy and Guidelines that are value adding, fair, objective and equitable, are defensible and sustainable, and that enable investment in employees as an imperative to the achievement of the Group's strategic objectives.

Further information on our remuneration policies can be found in the Directors' Remuneration Report of our 2021 Annual Report on pages 114 to 129.

#### Legal compliance

There are a host of licences, authorisations and permits that need to be in place at the Company's operations, particularly from an environmental, health and safety perspective. The need for, and periods of validity of, such permits are monitored on an ongoing basis at the operations and there is continual interaction with the authorities in this regard.

#### South Africa

The mining industry in South Africa is highly regulated in terms of social and environmental performance, with companies having to uphold stringent standards, which in some cases go beyond the requirements of many international best practice guidelines, in order to maintain their licence to operate.

The primary legislation governing exploration and mining activities in South Africa is the Mineral and Petroleum Resources Development Act, 28 of 2002 ("MPRDA") in combination with the National Environmental Management Act, 107 of 1998 ("NEMA"). From an ESG perspective, the holder of a mining right in South Africa must also comply with the Mine Health and Safety Act, 1996, and must submit and have approved the following documents:

- an Environmental Management Programme ("EMP") that outlines the environmental management processes to be followed during operations, as well as the rehabilitation to take place before a closure certificate will be applied for;
- a Social and Labour Plan ("SLP") that defines an operation's obligations in terms of social, labour and community issues. The SLP of an operation forms the basis for its activities and performance indicators over a five-year cycle, following which a new SLP needs to be prepared following consultation with stakeholders and thereafter approved by the DMRE; and
- a Mine Works Programme ("MWP") that outlines various mandatory aspects around the applicants, and how the resource will be developed and mined in terms of the mining right requested.

## Corporate Governance continued

### Our approach continued

#### Legal compliance continued

##### Tanzania

The principal legislation governing the mining sector is the Mining Act (which was amended in a number of important respects in July 2017), and operations must also comply with the Mining (Safety, Occupational Health and Environment Protection) Regulations, 2010, and the Environmental Management Act, 2004.

##### Managing compliance

Ensuring that we maintain legal compliance at all operations is a priority for Petra and regarded as essential to maintaining our licence to operate. The core responsibilities in that regard for our South African operations are set out in the EMP and SLP associated with each mining right, read together with the relevant environmental and health and safety legislation. Legal compliance is the responsibility of the respective Mine Managers and the compliance teams based at each mine, with input from the relevant specialist department teams, including health and safety, environmental, social and legal.

Legal compliance is a complex area and there is a risk around delays from Governmental departments in processing applications for permissions and authorisations as well as in the inconsistent issuing of the required authorisations due to various interpretational differences between Governmental agencies and within provincial departmental offices. We mitigate this risk by ongoing engagement with the relevant Governmental agencies and monitoring judicial developments.

Building the requisite internal capacity is an important part of maintaining compliance, and our mines are therefore structured and staffed with qualified, competent, knowledgeable and experienced teams which are given ongoing training in this area.

Legal compliance at all our operations is supported by our in-house Legal function (which includes our Group General Counsel who is a member of Petra's Exco) and audited internally and externally by third-party independent legal specialists on a biennial basis to ensure changes or updates to legislation are continually implemented and integrated into health, hygiene, safety and environmental processes. Where relevant, the results of external audits are communicated to the Board, while internal audits are communicated on-site only, with learning points distributed to all operations.

Our mining operations in South Africa have access to a live legal library covering the core areas applicable to our operations, which contains all relevant international and national standards, national legislation and regulations as well as local by-laws where applicable. The library is provided and kept up-to-date by a professional, registered legal firm. Notifications of updates and changes are also communicated by email to the relevant managers at each operation. In Tanzania, our Legal department keeps track of all laws and regulations applicable to our mining operations and notifies any updates or changes to relevant managers.

The forthcoming implementation of a Legal and Regulatory Compliance software solution, as an extension to and integrated with the new Enterprise Risk Management software solution that became fully operational during FY 2021, is expected to further strengthen legal compliance across our operations.

##### Health and safety compliance

We have always considered legal compliance as the first step in managing health, hygiene and safety at our operations. In addition to the processes outlined above, our South African operations are annually audited by regional Departments of Mineral Resources and Energy, as well as by the British Standards Institution ("BSI").

No material findings were made with regard to non-compliance or potential health and safety-related liabilities that resulted from formal instructions, court subpoenas or administrative fines in FY 2021.

##### Environmental compliance

We are committed to full environmental legal compliance and to meeting best practice in terms of environmental management. In addition to the standard compliance processes already covered, our operations are subject to the following regular internal and external environmental audits:

- EMP and authorisation audits at our Company's South African operations are carried out by external specialists at a frequency stipulated by the agreements with the DMRE for each operation;
- internal compliance, assurance and performance ("CAP") audits are performed annually;
- external ISO 14001 audits are performed by the certification body on certified operations at least once per year;
- annual revision and verification of the mine closure liability as required by legislation; and
- our Tanzanian operation has annual independent environmental compliance assessments as per its country specific legislation.

The Company did not receive any fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations during FY 2021. This is the 14<sup>th</sup> consecutive year that no environmental fines were imposed on Petra.

## Corporate Governance continued

### **Our approach continued**

#### **Legal compliance continued**

##### **Social compliance**

In South Africa, the SLP for each operation defines its obligations in terms of social, labour and community issues, and forms the basis for its social and labour-related activities and performance indicators over a five-year cycle. Following this five-year cycle, a new SLP needs to be prepared in consultation with stakeholders and approved by the DMRE.

In addition to the performance indicators and commitments contained in the SLP, operations are also subject to the targets set out in the Mining Charter, as well as other laws and regulations such as the Employment Equity Act, the Broad-Based Black Economic Empowerment Act and various codes.

Annual reporting by each operation to the DMRE is a mandatory element of the mining rights process and requires a Mining Charter Report and an annual SLP Report which outline the progress made towards relevant set targets. Legislation also provides for an annual audit by the DMRE. During these audits, various external stakeholders that include municipal and labour representatives are present in addition to representatives from the DMRE.

At Williamson in Tanzania, we are committed to active and transparent stakeholder engagement, as well as striving to make a positive impact on our local communities via WDL's Corporate Social Responsibility Programme and via the development and implementation of a comprehensive Stakeholder Engagement Plan.

During FY 2021, the Company did not receive any notification of non-compliance with laws and regulations in the social environment.

##### **Material legislative updates**

The Company closely monitors developments around the Broad-Based Socio-Economic Empowerment Charter for the Mining Industry published on 27 September 2018 (the "new Mining Charter"). It is important to note that the ownership requirements for existing mining rights (such as those held by the Company in respect of Cullinan, Finsch and Koffiefontein) remain the same. The Minerals Council SA, of which the Company is a member, launched a judicial review in respect of certain components of the new Mining Charter. The High Court of South Africa recently handed down its judgement in this judicial review which found in favour of the Minerals Council SA's position. It is yet to be seen whether the DMRE will appeal this judgement.

# Ethical Behaviour

## Our ambition

**We are committed to upholding the high value placed on natural diamonds, which are given to celebrate life's most special moments and are considered as prized possessions. To help achieve this, we expect every aspect of our business to be run in accordance with our values. We also aim to obtain further assurances from our suppliers that they are similarly engaged in ethical business practices, particularly in relation to having internal measures in place to avoid bribery, modern slavery, tax evasion, money laundering and human rights abuses.**

## Our approach

Petra's commitment to ethical behaviour is clearly set out in the Group's Code of Ethical Conduct (<https://www.petradiamonds.com/about-us/corporate-governance/business-ethics/>) and we expect all Directors, employees, contractors and suppliers to conduct themselves in accordance with this Code. Our business ethics support the Company's corporate vision, mission and values, and encourage and guide us to conduct ourselves professionally.

The Code of Ethical Conduct is reviewed annually by the Board. It was updated to incorporate references to the relevant provisions of the UK Criminal Finances Act, 2017, and our general terms and conditions with suppliers, now contain strengthened warranties regarding the avoidance of tax evasion, modern slavery, bribery and corruption, money laundering, child labour and advancement of human rights, including health and safety, and protection of the environment in accordance with United Nations Resolutions and corresponding national laws. We retain the right to disassociate ourselves from any entities that are in violation of these important laws and principles.

The Company obtains contractual undertakings from its suppliers that they are not involved in unethical business practices, and that they have internal measures in place to avoid bribery, modern slavery, tax evasion, money laundering and human rights abuses.

Petra continues to assess its bribery, modern slavery, tax evasion, money laundering and human rights risks and will continue to make improvements to the policies and procedures that address such risks. Petra is in the process of developing and rolling out a governance suite of training modules facilitated on an e-learning platform, having witnessed the success of this format for employee training around COVID-19. The first module to be developed was on human rights and this training took place in FY 2021. Plans are now in place to develop other ethics modules, including whistleblowing, anti-bribery, the Code of Ethical Conduct, diversity and inclusion over the coming years. These training modules will be made available to employees at managerial levels and employees at relevant disciplines such as security, procurement and human resources. Other employees are exposed to these issues through the mandatory general induction process, which has been expanded to include other governance topics. These training modules are expected to greatly assist in an approach of continuous communication and learning on ethical practices.

### Anti-bribery

Bribery is strictly prohibited by Petra and includes offering, giving, requesting or receiving a payment/something of value (even nominal value) to improperly influence a decision or get a party to perform its job improperly. No facilitation payments were made in FY 2021.

Petra has a Group Anti-Bribery Policy in place which is made public on both the Company's intranet and website and which is implemented through various procedures and a training and communication plan. All Petra employees, contractors and suppliers are informed as part of the Company's induction procedure about this important corporate policy. The Group Anti-Bribery Policy is reviewed on an annual basis by the Board.

The Audit and Risk Committee receives a quarterly security intelligence report, detailing any investigations of potential bribery. This report provides details of incidents and actions taken. In FY 2021, there were a number of allegations which were investigated and appropriate action was taken (further information is provided in the 'Whistleblowing procedure' section immediately below).

### Whistleblowing procedure

Petra has a whistleblowing procedure in place that provides all Petra employees, contractors and suppliers, as well as any member of the public, the opportunity to independently and anonymously report conduct that is in contravention of the Code of Ethical Conduct or the Anti-Bribery Policy.

In order to uphold its independence, this whistleblowing service is outsourced to an external service provider, Deloitte. It is provided in all local languages in the countries in which Petra operates, as well as a number of international languages.

Employees are briefed on whistleblowing, with details of the hotline being accessible on Petra's website and intranet, as well as being regularly communicated to employees via our other communication channels such as social media. However, we are in the process of reviewing our whistleblowing strategy, in order to more effectively ensure awareness amongst employees and contractors across all Petra operations, thereby promoting and encouraging the reporting of unethical behaviour and practices. To assist in this process, Petra has sought external guidance from the Ethics Institute in South Africa, an independent public institute that offers a range of services and products related to organisational ethics.

In addition, Petra made enhancements to the whistleblowing hotline in FY 2021 by reviewing the escalation procedure to ensure that the relevant types of tip-offs are received by Senior Management, as well as tightening up the internal procedure detailing how specific reports are received, investigated and feedback provided to Deloitte, which then in turn provides feedback to the anonymous whistleblower.

Investigations are conducted by an internal investigation team of suitably qualified personnel, which reports directly to the Finance Director and can also make use of external resources, where required. The identities of those reporting certain conduct, as well as the contents of the tip-offs received, are kept strictly confidential and protected according to applicable local and international laws. The service is monitored by the Audit and Risk Committee and the SED Committee.

## Ethical Behaviour continued

**Our approach continued****Whistleblowing procedure continued**

In FY 2021, Petra received 28 reports (FY 2020: 15) involving alleged irregularities considered necessary to investigate, which are tabled below:

Type of tip-off	Classification	Number	Unfounded	Action Taken	Further Action	In Progress
Appointment irregularities	Minor	4	4			
Corruption	Minor	2	2			
Fraud	Minor	6	6			
Job scam	Minor	6	6			
Misappropriation of company funds	Serious	1				1
Misappropriation of company property	Minor	1		1		
Misconduct	Minor	2	2			
Non-compliance with Company policies and procedures	Minor	4	3		1	
Possible theft	Significant	1				1
Unauthorised activities	Minor	1	1			
<i>Total</i>		<i>28</i>	<i>24</i>			

Of these reports, 26 were resolved and closed and two remain under investigation.

**Human rights**

Petra acknowledges the global problem with regards to human rights abuses, such as slavery, gender-based violence, child labour and other abuses committed against vulnerable members of society. The Company is fully committed to upholding the human rights of all of its stakeholders, as set out in the Group's Human Rights Policy Statement, and risk assessments in the working environments across the Group are critical to the security of personnel, local communities and assets, as well as to promote and protect human rights.

Our commitment includes all applicable internationally recognised human rights but particularly the International Bill of Rights (which includes the Universal Declaration of Human Rights), the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, the UN Declaration on Human Rights Defenders, the Voluntary Principles on Security and Human Rights ("VPSHR"), and all legislation pertaining to human rights in the countries where it operates.

In ensuring our respect for human rights, we pledge to:

- welcome diversity and treat all people equally, without unfair discrimination;
- respect the resources, values, traditions and cultures of local and indigenous communities;
- deal respectfully with issues of access to land;
- mitigate environmental impacts, including access to clean water;
- avoid damaging as far as possible the right to livelihoods, including those whose livelihoods have historically been reliant on artisanal mining;
- respect the rights of human rights defenders and anyone opposing or raising concerns about our activities and behaviours;
- operate with respect for human rights in post-conflict and weak governance zones;
- where it is within our control to do so, seek to ensure respect for human rights in the deployment of security forces; and
- have consideration for society's most marginalised individuals and groups.

## Ethical Behaviour continued

### Our approach continued

#### Human rights continued

Human rights issues are also covered by internal operational policies and procedures, with the Company's Employment Equity Policy and its Disciplinary Code and procedures expressly forbidding any kind of discrimination.

In accordance with the Group's Human Rights Policy Statement, which was recently updated and approved by the Board, Petra has increased awareness of human rights within the workplace by implementing various types of human rights awareness training for the Board, employees (including Management), contractors and security personnel.

For Management, an eLearning programme was developed to facilitate this training. This is delivered through scheduled sessions in the Computer Based Training Centre or through self-directed remote access (via the eLearning platform). By the end of FY 2021, almost 90% of the targeted group of managers had successfully completed the eLearning module on human rights.

The General Induction for all employees and contractors was also amended and enhanced to increase awareness of the impact of human rights in the workplace.

We have zero tolerance for child labour, forced labour or discrimination, and we respect the right of our workers to form unions. The risk of child labour or forced labour taking place at any of Petra's operations has been mitigated by the Group's rigorous recruitment and pre-employment vetting processes and strict adherence to the relevant local labour legislation. We consider that risks of slavery or human trafficking with regards to our operations or supply chain have also been mitigated by the due diligence processes undertaken by our supply chain management.

#### Allegations of human rights abuses at the Williamson mine in Tanzania

Petra has previously disclosed that there has been ongoing illegal artisanal mining taking place at Williamson due to the challenges in securing the large perimeter of the Special Mining Licence area ("SML"), which covers 30.6 km<sup>2</sup> including both the main 146 ha orebody and the alluvial resources.

Even prior to Petra's acquisition of its stake in WDL in 2009, the mine has been the subject of repeated incursions by illegal diggers. While for many, illegal mining is a means of supplementing income, there is evidence of organised incursions, anecdotally sponsored by illicit diamond dealing syndicates. Parties of illegal diggers range from small to much larger groups (at times up to 200 people), with some armed with slingshots, machetes and clubs. Steps to manage this illegal mining activity are taken by WDL, the operator of the Williamson diamond mine in Tanzania that is owned 75% by PDL and 25% by the Government of Tanzania, and the local Government authorities on an ongoing basis.

In May 2021, PDL published the findings of the Tunajali ("we care" in Swahili) Committee, a Board Sub-Committee comprised entirely of independent NEDs, in relation to alleged breaches of human rights at Williamson raised by the UK law firm Leigh Day and the NGO Rights and Accountability In Development ("RAID"). WDL and PDL have taken these allegations extremely seriously and they have sought to gain a full understanding of the allegations through an external investigation, with the aim of:

- understanding what happened;
- supporting the provision of a balanced and fair remedy, in the interest of all parties; and
- putting in place preventative measures to address the issues identified.

Based on the conclusions of the Tunajali Committee, the Company acknowledges that past incidents have taken place that regrettably resulted in the loss of life, injury and the mistreatment of illegal diggers within the SML. The incidents in question involved WDL's third-party security provider Zenith Security as well as the Tanzanian Police Force ("TPF"). During the investigation, no evidence emerged that WDL personnel were directly involved in these actions.

The Company took immediate precautionary measures to address the concerns raised, ahead of the findings of the investigation and in order to mitigate the risks of future incidents, including the appointment of a new third-party security contractor, the training of all security personnel and internal management at WDL on human rights and their commitments in terms of the VPSHR and the launch of a Tier 1 operational grievance mechanism ("OGM").

Further to the findings of the Tunajali Committee, additional measures were put in place to address issues identified, including the revision of reporting structures to enable the more timely, accurate and transparent reporting of all incursions and incidents, the enhancement of stakeholder engagement at the mine, as well as ongoing work Group-wide.

Having already established the OGM for complaints and grievances related to operational impacts, the Company has continued with the process of the design and implementation of a non-judicial, Tier 2 IGM to address allegations of severe human rights impacts. The IGM will have the capacity to investigate and resolve complaints through an independent panel of Tanzanian experts applying Tanzanian law and with complainants having access to free and independent advice from local lawyers. A series of engagements with Government Ministries and Agencies, Civil Society and NGOs were conducted in Dodoma and Dar es Salaam, seeking feedback and support on the proposed design of the IGM. The Company has specialist external support from Synergy Global Consulting ("Synergy") in the development of this process. Synergy is a specialist international consultancy with over 20 years' experience working with companies, governments and community-based organisations. Petra and WDL encourage any community member subject to any human rights violations to utilise the IGM, which is expected to be operational by the end of FY 2022.

Community initiatives are also being put in place to provide sustainable benefits to the local communities through income generating projects, with in excess of £1 million of agreed funding paid by PDL into an escrow account – read more about the proposed projects on page 78.

Further detail on all the measures taken by Petra and WDL to address the findings are set out in the Company's announcement of 12 May 2021 'Findings of the Independent Board Sub Committee' which is available to view along with all other related announcements here: <https://www.petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/>.

## Ethical Behaviour continued

### Our approach continued

#### Human rights continued

##### Allegations of human rights abuses at the Williamson mine in Tanzania continued

The approach throughout this process has been to provide full and fair remedy and to limit, in so far as possible, the reoccurrence of incidents, recognising that it will never be possible to completely eradicate illegal incursions, given the nature of the product being mined and the fact that diamonds are a small, easily transportable and valuable commodity that can meaningfully alter the lives of some members of the local community. In addition to the local community projects above, WDL is also continuing its engagement with communities around the mine to highlight the dangers of illegal mining, seeking to reduce illegal incursions onto the SML. An update on incursions by illegal miners onto the SML for the last two financial quarters is provided in 'Illegal mining and artisanal small-scale mining' on page 75.

As previously announced, the Board has reviewed its strategic options at Williamson and the asset has therefore been reclassified as held for sale, however this does not impact the Company's commitment to the community programmes, IGM and other actions and initiatives detailed in its 12 May 2021 announcement referenced above.

##### Settlement reached with Leigh Day

In relation to the alleged breaches of human rights at the Williamson mine, on 12 May 2021 the Company announced that it had reached a settlement, on a no admission of liability basis, in relation to the claims brought in London by Leigh Day on behalf of 71 anonymous claimants. The agreed total settlement figure was £4.3 million (US\$6.1 million) which included the sum to be distributed to the claimants by Leigh Day, a contribution to the claimants' legal expenses and funds that PDL has committed to invest in local community programmes. The Company also announced that its settlement agreement with Leigh Day included a framework pursuant to which an additional payment will be made by Petra in respect of up to 25 additional potential claimants who came forward in the final stages of the settlement negotiations. A settlement, on a no admission of liability basis, in relation to these 25 additional claims has been reached with Leigh Day.

In addition to the £4.3 million (US\$6.1 million) payment described above, the Company has incurred and provided for additional total costs of US\$6.6 million related to this matter in its FY 2021 accounts, the majority of which relate to legal, consultant, investigation and expert fees and which also cover the settlement of the 25 additional claims with Leigh Day.

#### Indigenous people

Petra reported no disputes relating to Company-owned land use or involving the rights of indigenous people during FY 2021 in South Africa or Tanzania.

#### Security

As a producer and seller of a relatively small, high-value product, security is a justifiably high priority for Petra, with a focused effort from both human and technological components to achieve our objectives in this area.

Effective security encompasses more than guarding and securing production. The impacts of crime, which includes illegal diamond mining and theft of diamonds and property, extend far beyond the monetary loss associated with these actions, to the impact it has on the respective operations, the lives and job security of employees, and the communities which benefit from the mining of diamonds.

Petra therefore places a high premium on its Group companies maintaining and continuing to develop an effective and appropriate security capability in order to protect their people, property and product in the interests of good governance and sustaining a profitable business.

Petra's Group Security Strategy is a systematic, cost effective and continuous approach for providing security (in relation to people, product and assets).

To view a schematic with more detail on Petra's security management approach, visit <https://www.petradiamonds.com/sustainability/security/>. The Group's Security Strategy is under continuous review in order to adapt to an ever-evolving security threat.

To minimise the risk to our business of diamond theft, we focus on removing human contact with our product wherever possible. This is particularly effective in the automation of the recovery process (for example, the utilisation of X-ray techniques rather than traditional grease tables) and serves to remove compromising opportunities for theft.

Petra employs a highly professional and well-trained team to safeguard its people and operations. There is standardisation of security measures across the Group and minimal opportunity for collusion between possible perpetrators. The development and use of artificial intelligence and machine learning within the security environment are showing early successes throughout our Group.

#### Security in South Africa

All South African security personnel are suitably qualified and are registered with the Private Security Industry Regulatory Authority ("PSIRA"). Their skills, as required in order to qualify for registration, are continually refreshed and improved with suitable training, which includes human rights training as part of its legal component.

Petra's Security Product Protection ("SPP") department in South Africa provides a professional, robust and disciplined in-house and outsourced security service. The team has a central facility – the Security Central Control Centre – which uses modern technology for monitoring purposes and serves all of Petra's operations.

Petra undertakes and regularly updates risk assessments relating to security (in the three main security focus areas of intelligence, product protection and guarding) at all our operations. In South Africa, our security personnel only operate within our mandate and the borders of Company properties. Although a close working relationship is maintained with public security forces in South Africa, Petra does not provide them with any assistance or materials.

## Ethical Behaviour continued

### Security continued

#### Security in Tanzania

Security at the Williamson mine is carried out by WDL security personnel and a private security contractor, who also work in close cooperation with the local police forces.

There is an ongoing risk of illegal artisanal small-scale mining taking place at Williamson due to the large size of the 146 ha orebody, which is mined as an open pit operation, together with the alluvial resources included in the 30.6km<sup>2</sup> SML and the challenges associated with securing such a large perimeter. This business risk is managed through frequent consultation, policing patrols and relationship management.

As noted on page 21 in the section 'Allegations of human rights abuses at the Williamson mine in Tanzania', WDL appointed a new security contractor in FY 2021 and has made a number of other revisions, with the aim of ensuring that, going forward, its processes and systems comply with all relevant international standards, including the VPSHR. WDL has also taken steps to ensure that all of the security personnel on the ground at the mine are fully aware of their commitments in terms of the VPSHR and have carried out refresher training on this.

#### Protecting consumer demand

While diamonds occupy a unique cultural position in that they are used to celebrate our most special moments, their continued acceptance is reliant on ensuring they remain desirable to consumers.

We seek to actively influence sustainable consumer demand via the NDC, an industry organisation formed in May 2015 by Petra and six of the other world-leading diamond companies to maintain and enhance consumer demand for, and confidence in, diamonds. The NDC has committed significant funds to generic marketing of diamonds to consumers, with an annual budget of ca. US\$70 million in both 2019 and 2020 and a similar spend allocated for 2021. The NDC also intends to play a central role in ensuring the long-term sustainability of the sector by promoting the integrity and reputation of diamonds and the diamond industry.

As a member of the NDC, we are striving for high standards of integrity and responsibility in all aspects of our business and all activities of the diamond value chain from mine to consumer.

The members of the NDC have agreed three sustainability pledges in alignment with the UN's SDGs, as follows:

Sustainability pledge	SDGs supported
1. Strengthening communities	8 – Decent work and economic growth 9 – Industry, innovation and infrastructure
2. Protecting the environment	6 – Clean water and sanitation 12 – Responsible consumption and production 13 – Climate action 15 – Life on land
3. Promoting gender equality and inclusivity	4 – Quality education 5 – Gender equality 10 – Reduced inequalities

These sustainability pledges ensure a common focus and allow us to highlight the positive work that is being done to support sustainable development and create a lasting legacy for future generations. Read more at <https://www.naturaldiamonds.com/diamond-industry-sustainability/>.

## Ethical Behaviour continued

### Case study: NDC's myth-busting campaign: "Thank you, by the way"

A key part of the NDC's remit is educating consumers on the overall positive impacts of the natural diamond industry.

A new campaign 'Thank you, by the way' aims to highlight the socioeconomic benefits promulgated by the diamond world and has been produced with the support of the Responsible Jewellery Council.

The campaign features nine ads, each touching on a different topic including education, healthcare, biodiversity and wildlife conservation.

One advertisement, for example, reads "Thank you, by the way – Your natural diamond helps provide access to healthcare for more than 4 million people."

The ads feature a link to the campaign website [www.naturaldiamonds.com/thankyou](http://www.naturaldiamonds.com/thankyou) where users can learn more about these benefits.

NDC campaign assets for all nine advertisements are available for members of the jewellery industry to download on the NDC website's 'Diamond Professionals' resource hub, thereby allowing the wider industry to leverage the campaign's strong and effective messaging.

NDC CEO David Kellie commented:

*"This isn't a new topic for the diamond industry. For the last two decades, the industry has been doing this work, putting sustainability at the forefront of everything they do. But now more than ever, consumers have an appetite for it, they want to know the impact of what they are buying, and how their purchases are contributing to the regions and communities producing them. Through this campaign, we would like to thank our consumers for their trust and support in doing good around us."*

**Value: Let's take control**

# Safety and Occupational Health

Ensuring our people go home safe from work is Petra's number one priority and ingrained into everything we do. We also aim to encourage and promote a healthy lifestyle and wellbeing for our employees.

**28** Workplace Safety

**32** Employee Health and Wellness

## Safety and Occupational Health

“At a point in time when South Africa as a whole has been facing tremendous hardships, both prior to and exacerbated by the COVID-19 pandemic, which has led to a deterioration in national safety performance, I am proud that Petra has maintained its core focus on keeping its people safe. Set against these wider issues, the achievement of zero fatalities and a 73% improvement of all measured safety KPIs during the Year is highly commendable. Likewise the team has continued to work incredibly hard to contain the spread of COVID-19 across all our operations.”

**Bernard Pryor**

Chair of the HSE Committee

**Material topics** (in order of importance to our stakeholders):

- Workplace safety
- Employee health and wellness

See a schematic of how Petra manages HSE here: <https://www.petradiamonds.com/sustainability/health-and-safety/>

**KPIs – SAFETY**

**0.44**

LTIFR

**0**

FATALITIES

**7%**

REDUCTION IN TOTAL INJURIES

**100%**

OF STAFF TRAINED IN HEALTH AND SAFETY STANDARDS

**8,132**

MEDICAL EXAMINATIONS CONDUCTED

**Stakeholders concerned**

All stakeholders

**Company policies and guidelines**

- Group HSEQ Policy Statement
- Group Health and Safety Pledge
- Health and Safety Mandatory Codes of Practice
- HSE Operational Risk Management Process Policy and Standard
- Major Hazard Management Control Protocol Policy and Manual
- Internal health and safety management standards and policies
- COVID-19 Awareness and Response Plan

**Standards we follow**

- ISO 45001:2018
- International Council on Mining & Metals ("ICMM")
- Minerals Council SA
- National health and safety performance milestones in South Africa

## Safety and Occupational Health continued

### Key safety achievements and performance against FY 2021 objectives

- 0 Fatalities
- 8.64 million Fatality-free shifts
- 52% deterioration LTIFR; this increase did not achieve our target for a 10% reduction
- 32% deterioration LTIs; this increase did not achieve our target for a 20% reduction
- 25% improvement Non-lost time injury frequency rate
- 35% improvement Non-lost time injuries
- 7% improvement Total injuries
- 20% improvement Severity rate
- 100% achievement Mandatory compliance
- 31% improvement Days lost due to lost time injuries
- 444 cases COVID-19 positive in the workforce
- ISO 45001:2018 Certification maintained by BSI.

### Key challenges

- Continued COVID-19 pandemic resulting in a number of mandatory and other risk-based control measures introduced to prevent and/or contain the spread of the virus at our operations in South Africa and Tanzania.
- Negative impact on the emotional welfare of our employees due to socio-economic issues in South Africa such as unemployment and a rise in the cost of living, which have been exacerbated by the COVID-19 pandemic. These factors are believed to have contributed towards the deterioration in LTI performance, which is backed up by the corresponding nationwide deterioration of safety performance in South Africa.
- Increase in LTIFR by 52% to 0.44, with 25 LTIs recorded as opposed to 19 in FY 2020; LTIs were assessed to be mainly behavioural in nature and of low severity but the increase is nevertheless concerning. Remedial action and various management interventions were implemented to mitigate these.
- Risk work hours decreased by 1.74 million hours Group-wide, which also affected the LTIFR calculation negatively by 15%.
- Employee mistrust of the COVID-19 vaccination due to the online spread of rumours and misinformation.

### Objectives for FY 2022

- Zero fatalities, 20% reduction in LTIs, 10% reduction in total Injuries and 90% achievement on all health and safety KPIs.
- 100% mandatory safety compliance.
- Maintain rigorous application and enforcement of our COVID-19 systems and promote awareness for vaccination in order to protect our people and mitigate the spread of the disease at our operations.
- Maintain ISO 45001:2018 certification.
- Continual improvement of management/worker relationships and overall workplace conditions.
- Continued safety awareness campaigns and awareness programmes to improve health and safety behaviour in the workplace.

# Workplace Safety

## Our ambition

**Safety is our number one priority at Petra and we strive for a 'zero harm' working environment. Our fundamental aim is to ensure each of our employees and contractors goes home safely at the end of each day.**

## **Our approach**

The safety of all employees and other stakeholders is our single most important value ('Let's do no harm'). We are committed to preventing and mitigating any unwanted safety event or impact and also to identifying and capturing opportunities that deliver positive impacts. We recognise that the safety performance of the Group is an important indicator of Company culture and safety KPIs are therefore monitored regularly by the HSE Committee and the Board.

Our health and safety strategy relies on improving our ability to proactively identify and prevent harm to our people. We provide safe working conditions and aim to prevent work-related injuries, through the effective management of strategic risks, safety and other risks and opportunities.

As an employer, we adopt an holistic approach to health and safety management. While legal compliance is the first step, followed by working towards our goals, we also continuously communicate and engage with employees on health and safety-related issues in order to obtain their input and cooperation with regards to future planning and developments. Leading from the front and setting the example (by proactively intervening, coaching, guiding and correcting conditions and behaviour) in the workplace is of paramount importance to ultimately achieve the objective of zero harm.

Our goal of achieving and maintaining safe and healthy operations is based on the commitment and involvement of all levels of personnel in our operations, including Management and employee committees. It also involves our employees taking personal responsibility for their own safety as well as that of their colleagues.

The following key components required to maintain safety in the workplace are carried out by working crews on all shifts:

- maximum visibility, leading by example and intervention by Group and operational Management;
- adherence to legal and other requirements (compliance obligations);
- regular coaching and training;
- enforcement of standards and controls;
- improved health and safety communication during start of shift processes;
- continual review and improvement of management system tools;
- quality investigations and remediation;
- stop-and-fix interventions; and
- consequence management.

## **How we identify risk and manage risks**

Any significant risks that remain after control at source are mitigated through codes of practice, policies, procedures, working practices and Management instructions according to the risk management hierarchy of controls.

Health and safety material hazards and associated risks are identified when developing work programmes. The outcomes from continuous risk assessment, Management walkabouts, visible felt leadership interventions, internal audits and regulatory inspections are analysed, prioritised and formally actioned by means of remedial action plans with assigned responsibility and completion dates.

Petra's HSE Operational Risk Management Process consists of mine-specific operational processes, with a three-tiered analysis system to identify and treat all significant hazards and associated risks. Significant hazards are further assessed to determine major unwanted events and mitigated through major hazard control protocols and controlled by trigger action response plans.

Every accident resulting in injury, loss of life or damage or categorised as a dangerous occurrence is investigated in detail utilising the root cause analysis technique ("RCAT") model. Causes are analysed and action plans are designed and implemented to mitigate reoccurrences.

Every incident that has the potential to result in serious injury, loss of life, damage, or that is categorised as a dangerous occurrence, is assessed to determine High Potential Incidents ("HPI"). All identified HPIs are investigated and remediated the same way as recorded accidents to proactively analyse, action and remediate findings to mitigate similar reoccurrences.

Periodic reviews of the risk assessments and operational controls are conducted as follows:

- once an incident or accident occurs;
- if a process or sub-process in operations change;
- per instruction from the national mine health and safety legislator or regulatory inspectorates; and/or
- every three years.

Petra's existing operational HSE risk management system has been reviewed in line with ISO 31000 and ISO 31010 as part of the new ISO 45001:2018 requirements during FY 2021.

## Workplace Safety continued

### Our approach continued

#### Incident reporting and response

Incident and accident reporting across our operations is a formalised process, which is controlled by Group policy and operational procedures and aligned with legislative requirements and Company standards.

All incidents and accidents are reported, by teleconference, email and IsoMetrix, to all Group and operational supervisory and Management levels within 24 hours from the time of the event. These are then investigated and analysed based on the RCAT.

Causes, failures and shortcomings are identified and remediated through a formal process of action and responsibility, over inspected by the mine HSE departments and Group HSE Leads, whereafter learnings are shared with all operations in the Group as a proactive measure to avoid similar occurrences.

#### Leading from the top: Health and safety committees

The HSE Committees at each operation comprise supervisory, union and Management members and represent 100% of the workforce. We have 8% workforce representation in formal Management and worker HSE Committees, which equates to one representative for every 13 people (in comparison to the South African legislator requirement of one representative for every 50 people).

Prior to the finalisation of health and safety collective agreements, Management must ensure that all topics have been addressed during consultation sessions with the various trade unions that represent our employees at the specific mine. These collective agreements are aligned with, and measured against, national legislation stipulations and comprise 100% of health and safety topics that are prescribed by this legislation.

Any concerns emanating from these meetings are elevated to the mine health and safety meetings, consisting of Senior Management and employee representation, where the issues can be addressed.

The HSE Committees work in collaboration with mine Management to effectively eliminate, control, minimise or monitor hazard and risk in the workplace and therefore share oversight and management of the remedial action plans in place further to our HSE risk assessment process.

### Minerals Council SA – South African Health and Safety Policy Committee

Our Group HSEQ Manager and Department Leads are members of this Committee and are therefore actively involved in the development of new health and safety standards for the industry.

#### Embedding safety practices through training and education

Every employee and contractor at Petra's operations is provided with formal health and safety training. This focuses on providing them with the required skills to execute work safely, familiarising them with workplace hazards and risks and equipping them with the knowledge to eliminate, control and minimise these hazards and risks.

The operational training departments also conduct general induction, departmental and sectional orientation training annually, in accordance with national mine health and safety legislation. According to Company policy, all personnel receive general, departmental and sectional orientation training, focused on relevant health and safety standards, prior to entering the operations.

# 6,741

#### NUMBER OF EMPLOYEE, CONTRACTOR AND STAKEHOLDERS PROVIDED WITH SAFETY TRAINING IN FY 2021

All employees, contractors and stakeholders are briefed and trained on national legislative stipulations pertaining to the employee's responsibility surrounding health and safety, as well as the right to withdraw from unsafe working areas or workplaces, without being discriminated against.

### Our safety performance

Our health and safety objectives and KPIs are underpinned by the 0:10:90 strategy, which targets 0 fatalities, a 10% reduction in total injuries and a 90% achievement of safety KPIs annually. We also aim to achieve a 20% (previously 10%) reduction in LTIs annually.

Although this was not reached during FY 2021, the Group nevertheless achieved a 73% improvement of all measured safety KPIs during the Year, including a 7% improvement in the number of total injuries reducing from 45 in FY 2020 to 42 in FY 2021, and Management therefore considers that on the whole Petra has generally achieved an improvement in its safety performance when compared to FY 2020. However, Petra's number of LTIs increased from 19 in FY 2020 to 25 in FY 2021, with a corresponding increase in LTIFR from 0.29 in FY 2020 to 0.44. This increase in the number of LTIs, although of low severity, is concerning. Remedial action has been put in place as outlined below.

It should be noted that a deterioration in safety performance is a nationwide issue in South Africa (see the case study 'Turning the trend on significant incidents and accidents' on page 31) which is believed to be linked to the many issues facing the country (such as unemployment and inflation) that have been exacerbated by the uncertainties and added pressure resulting from the COVID-19 pandemic. Set against the statistics for the South African industry as a whole, Petra is performing better than average, particularly given we have maintained fatality-free operations for the fourth year running.

Significant material hazards that resulted in LTIs during the Year related to walking, material handling and driving trackless mobile machinery ("TMM"). Causal triggers indicated that 60% of significant accidents were due to unsafe behaviour and 40% due to unsafe conditions. 16% of all recorded significant accidents were non-work related (walking related slips and trips) caused by a lack of focus on the job at hand, surroundings and complacency. However, the Company takes responsibility for behavioural-related accidents as these are an important indicator of Company culture; hence considerable focus has been placed on turning this performance around and promoting the right mindset and conditions for a safe working environment.

## Workplace Safety continued

### Our safety performance continued

#### Increase in LTIs and remedial action taken

LTIs represent a work-related injury resulting in the injured being unable to attend work and perform all of the tasks for which she/he was appointed on the next calendar day after the day of the injury. The number of LTIs experienced by the Group increased by 32% to 25 during FY 2021 (FY 2020: 19), which meant that the Group's annual target of a 20% decrease in LTIs was not achieved. As previously noted, 84% of incidents were of low severity and 60% were assessed to be caused by lack of focus and inattention to detail and surroundings, resulting in unsafe behaviour and mistakes. Of the LTIs, 64% were incurred whilst walking, driving TMM or conducting routine material handling activities. 68% of these unsafe behaviours triggered LTIs resulted in ankle, feet and hand injuries.

Cullinan and Finsch were responsible for 80% of the recorded LTIs, as set out in the table below.

<b>LTI performance by mine</b>			
<b>Mine</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>Variance</b>
Cullinan	<b>10</b>	4	+150%
Finsch	<b>10</b>	11	-9%
Koffiefontein	<b>5</b>	4	+25%
Williamson	<b>0</b>	0	n/a
<b>Total</b>	<b>25</b>	19	+32%

The impact on performance was addressed Group-wide, led from the top from the HSE Committee, CEO and Exco level down to operational levels through increased Management interventions, visible leadership and Management walkabouts, safety discipline enforcement, safety over-inspection processes, assessment and further improvement of management system tools, awareness campaigns specifically focused on hand and foot injuries, correct footing awareness, material handling re-training, Stop and Fix instructions and Stop for Safety awareness days.

The number of Section 54 instructions issued by the DMRE at the South African operations increased by 73% to 11 in FY 2021 (FY 2020: three), with Cullinan recording seven (64%) of the instructions (Finsch: two and Koffiefontein: two). It should be noted that the wider Gauteng area, where the Cullinan mine is located, was a significant focus for inspections by the local DMRE as the region as a whole had recorded a steep rise in mining accidents and fatalities post the commencement of the COVID-19 pandemic.

Even though South Africa recorded rainfall equivalent to a 1 in 200-year figure, which impacted all the South African operations on surface and underground, health and safety conditions were maintained at high standards throughout the Year.

#### Overall assessment of FY 2021 performance

The 73% overall improvement in safety objectives and KPIs is a clear indication of the commitment, drive and effectiveness of the implemented OHS management system and associated tools. The Group motto is:

“Together we can make a difference and contribute to a safer Petra every shift – one shift at a time.”

## Workplace Safety continued

### Case study: Turning the trend on significant incidents and accidents

The impact of change on the psychological wellbeing of the mining industry workforce, triggering fear, uncertainty, insecurity, stress, disarray and isolation, has never been more evident as during the past Year. As a major part of a workplace safety culture lives in the hearts and minds of the workforce, safety performance for both Petra and the South African mining industry as a whole was significantly impacted during the past year.

During this period, our workforce was hit by the 'perfect storm' of difficult conditions to contend with, namely:

- the impact of the Covid-19 pandemic;
- political instability;
- failure of Governmental service delivery and related infrastructure nationally in South Africa;
- large numbers of job losses:
- a significant increase in the cost of basic needs (food, water, electricity, fuel etc.);
- the interruption in educational year programmes; and
- uncertainty engendered by the capital Restructuring.

Each of the factors noted above impacted upon the psychological wellbeing of our staff, which is considered to have had significant implications for the negative behavioural safety trends - triggering lack of attention, absentmindedness, and inattention.

In South Africa, mining operations countrywide ramped up over the period September 2020 (after the Covid-19 hard lockdown) until the end of June 2021. During this 11-month period, the Minerals Council SA's safety performance statistics deteriorated significantly on a constant trend – with fatal accidents tragically increasing 58% to 63 (11 months to June 2020: 40) and reportable injuries increasing 53% to 1,773 (11 months to June 2020: 1,158).

This is in contrast to the previous five-year period, during which the industry had showed a constant improvement on fatalities and reportable injuries. When considering the reasons for this decline in safety performance, many of the aforementioned national, socio, economic and political factors have been reoccurring in South African history over four year cycles for at least the past 20+ years. The only new factor over the past five years was the outbreak of COVID-19. It is thus believed that the combination of all the recurrent factors, plus the pandemic, resulted in the industry safety performance slump.

Given this, Petra's achievement of four years fatality free this Year is commendable.

LTIs, however, increased by 32% during FY 2021, after a nine-year continual reduction trend, with the number of LTIs decreasing 77% over this timeframe. The recorded LTIs during the Year had a low severity rate, mostly caused by unsafe behaviour resulting in foot, ankle and hand injuries sustained during material handling activities, driving TMM and walking.

We strive to continuously improve our health and safety performance and to ensure that our people leave work in a safe and healthy manner every day.

We intervened by reviewing our HSEQ management system tools, improving our HSE start of shift process, focusing on more effective communication which includes HSE Toolbox Talks, sharing of learnings from incidents and accidents internally and externally reported through the Minerals Council SA and introducing leading indicator assessment tools to intervene proactively prior to unwanted event occurrences.

The main focus is on health and safety behavioural initiatives reaching the hearts and minds of our employees and contractors. Examples of how we do this include our HSE campaigns, Management walkabouts, visible felt leadership sessions, Stop for Safety interventions, CEO roadshows, HSEQ Steering Committee and HSE Leads Peer review processes.

Where COVID-19 prevented face-to-face communication, virtual conversations and presentations were held. These aim at strengthening our deeply ingrained safety culture, which is backed up by effective systems and processes, with Managers at all levels of the business encouraged to lead by example.

**Value in action: Let's do no harm**

# Employee Health and Wellness

## Our ambition

**In striving to prevent harm and positively influence the health and wellbeing of our employees, we aim to develop an integrated, holistic approach to managing workplace and personal health risks that is consistent and relevant. Our occupational health programme targets the elimination of health hazards at source.**

## **Our approach**

In addition to keeping our employees safe, we strive to have a workforce that is healthy in both body and mind. Our occupational health programme's primary focus is to manage, control and decrease exposure in the workplace to acceptable levels and prevent associated occupational diseases. In striving to prevent harm and positively influence the health and wellbeing of our employees, we aim to shape a Company culture that recognises the value of caring for our people, who are integral to Petra's ultimate success.

The key occupational health issues that can affect our workforce relate to noise induced hearing loss ("NIHL") and respiratory illnesses. We therefore monitor our operating environment to assess the risk to our workforce, as well as providing the appropriate personal protective equipment ("PPE") and training on safe working practices.

Outside the workplace, prior to the COVID-19 pandemic (read more about our response to COVID-19 on pages 33 to 34) the main community health issues are HIV/AIDS, tuberculosis ("TB") and malaria (Tanzania only), as well as lifestyle diseases such as hypertension, diabetes and obesity.

Our health strategy addresses the following three focus areas:

### **1. Managing occupational health risks in order to prevent harm to our workforce**

#### Occupational hygiene

Occupational hygiene involves proactively identifying sources of, and exposures to, health hazards, profiling the associated risk, and preventing the release of the hazards through controls in the workplace.

Our focus is on embedding the critical control management process and mitigation measures. In workplaces where there is a possibility that an occupational exposure limit might be exceeded, employees are provided with appropriate PPE, such as suitably selected respiratory protection and hearing protection devices. We have programmes in place to ensure that employees and contractors are trained in the appropriate use and maintenance of the PPE provided, and strict control measures to ensure adherence to requirements in areas where hazards are present and the use of PPE is required.

Measures to reduce noise levels have resulted in the near elimination of instances where employees are exposed to noise levels above the key South Africa Mine Health and Safety Council threshold limit of 105 dB(A). The roll-out of personalised hearing protection devices at sites at risk across our South African operations has also materially improved the effectiveness of hearing protection measures.

#### Occupational medicine

Occupational medicine is divided into three areas: primary health, care clinic and the occupational health centre.

### **2. Implementing employee health and wellbeing programmes**

In addition to primary health care and occupational health services, Petra has an extensive wellness programme in place to prevent, identify, monitor and support employee illnesses and conditions. We place a major emphasis on raising awareness and breaking down taboos around conditions such as HIV/AIDS, and also try to encourage healthy lifestyles in a number of ways, such as implementing themed days to raise awareness, through employee newsletters and other communications, and by organising health-focused community events, such as sporting events and the Peer Education Programme.

Petra has partnered with Life EHS Careways to assist employees and contractors with guidance and counselling covering mental health and other wellbeing issues. In FY 2021, 551 employees and family members made use of the facility (FY 2020: 92), equating to an employee engagement rate of 14.5% compared to an average mining industry rate of 7.5%. The rise in the number of employees making use of the facility reflects better awareness of the programme amongst our employees, further to an internal communication drive (e.g. Wellness Wednesday weekly campaign), as well as the aforementioned issues impacting the emotional wellbeing of our workforce.

Williamson manages an active community health programme in Tanzania, including health infrastructure, monitoring health indicators and providing training for healthcare professionals, a malaria control programme, and education initiatives around TB control, alcohol and drugs, diabetes and hypertension, and sexual and reproductive health.

### **3. Building partnerships with external health service providers to strengthen health systems**

#### South Africa

As part of Petra's standard conditions of employment, all full-time, permanent South African employees need to belong to a recognised and approved Medical Aid Fund. This condition of employment aims to ensure that employees and their families are provided for medically in terms of primary health care, chronic conditions and trauma.

Contract employees are also regarded as Company employees for the purposes of occupational health and safety. As it is not practical to expect these employees to conform to the standard Petra conditions of employment, they are referred to state medical facilities for care. Petra makes use of in-house and outsourced private medical services, including occupational health service providers.

## Employee Health and Wellness continued

### Our approach continued

#### 3. Building partnerships with external health service providers to strengthen health systems continued

##### Tanzania

At Williamson, employees benefit from the Social Health Insurance Benefit Scheme ("SHIB") that is part of the National Social Security Fund ("NSSF"). The NSSF supports the Government's efforts to increase access to healthcare services and provides medical support to the insured and their dependents. Williamson is in a fixed agreement with the NSSF in terms of social securities and health benefits.

Subsidised primary healthcare is also provided to employees, dependants and external communities by the Mwadui Hospital, which is owned and operated by the mine. The hospital is fully equipped for small to medium surgical procedures and includes a pharmacy, reproductive health facility, outpatient department, laboratory, X-ray facility and mortuary.

In addition, the hospital pilots various health programmes in conjunction with the Tanzanian Government. The programmes include mother and child health, malaria prevention and voluntary counselling and testing ("VCT") as well as anti-retroviral treatment ("ART") for HIV/AIDS. These services are provided free of charge to employees and their families, as well as community members. The programmes are financially supported by the Tanzanian Government, with infrastructural and services support from Williamson. While the mine is on care and maintenance, the Mwadui Hospital is considered a vital service and has continued to operate as normal.

##### Engaging on health issues

Petra has established a partnership with the South African Department of Health in the Northern Cape, Free State and Gauteng (the three provinces in South Africa in which Petra's operations are situated) which focuses on HIV/AIDS/TB and non-communicable disease management. As part of this initiative we now offer Isoniazid Preventive Therapy ("IPT"), through the partnership that we have with local state clinics, to employees who are HIV/AIDS positive or who have diabetes in order to prevent TB infections. As per the national guidelines, this preventive therapy takes a maximum of 12 months. Currently the number of employees benefiting from the partnership per medical condition are: 118 (Hypertension), 46 (HIV) and 17 (diabetes).

##### Health management and performance

8,132 medical examinations were conducted across all the South African occupational health clinics during the Year. No medical examinations were carried out at Williamson by the Occupational Safety and Health Administration ("OSHA"), due to the mine being on care and maintenance, but 38 check-ups were conducted by the WDL medical team for certain employees considered to have chronic conditions (e.g. diabetes) to ensure they were appropriately monitored.

During FY 2021, no NIHL cases were considered for compensation (FY 2020: two). One community acquired TB case was diagnosed in FY 2021 (FY 2020: seven) but this does not meet the criteria for submission to the Medical Bureau for Occupational Diseases, as it is not assessed to be related to workplace exposure.

When a condition is confirmed, we ensure that all our employees have access to the appropriate medical care through medical aids or partnerships with the relevant public healthcare facilities.

##### HIV/AIDS testing

South Africa is known to have the highest number of HIV positive people in the world, with ca. 7.7 million people estimated to be living with HIV, representing ca. 14% of the total population; however, the prevalence rate amongst the adult population is believed to be around 20%, or one in five. Although HIV/AIDS continues to be a serious public health threat, awareness-raising campaigns and the wider availability of anti-retroviral therapy ("ART") is stabilising the number of new cases, enabling infected individuals to live longer, healthier lives, and reducing mother-child transmissions.

UNAIDS is leading the global effort to end AIDS as a public health threat by 2030 as part of the SDGs. It has ambitious '90-90-90' targets which are that: 90% of all people living with HIV will know their HIV status, 90% of all people with diagnosed HIV infection will receive sustained ART and 90% of all people receiving ART will have viral suppression.

The UNAIDS targets were adopted by the National Department of Health and Petra's South African operations support these and encourage employees and contractors to participate to meet these milestones. The progress for 2021 has improved after being slowed down by the COVID-19 pandemic in FY 2020.

Petra wishes to play its part in helping to arrest the HIV/AIDS epidemic in South Africa and therefore ensures that 100% of its employees and contractors are offered voluntary testing every year. During FY 2021, 1,710 (FY 2020, 2,127) employees participated in the voluntary testing during medicals, representing 45% of our total workforce (FY 2020: 52%). Of these, nine employees tested positive and were referred for treatment. The number of HIV-positive employees enrolled on our HIV wellness programme decreased in FY 2021 to 115 (FY 2020: 127). All were referred to the relevant service providers for ART; 89% of these patients were confirmed to be on treatment but because of medical confidentiality it is impossible to get the viral load suppression data.

##### Malaria

During the Year, 279 people (FY 2020: 231) were diagnosed with Malaria at Williamson, all of whom received treatment.

##### COVID-19

Following the outbreak of the COVID-19 pandemic Petra immediately established and implemented Group-wide systems and strategies to mitigate the spread of the disease as far as possible in order to protect our employees, contractors and other stakeholders. A detailed overview of our response to COVID-19 is available on our website at: <https://www.petradiamonds.com/sustainability/health-and-safety/our-response-to-covid-19/>.

## Employee Health and Wellness continued

### Health management and performance continued

#### COVID-19 continued

As at 30 September 2021, the Company was screening 4,251 individuals a day and a total of 2,261 possible cases were referred to medical practitioners to be tested. To date, the total number of employees confirmed COVID-19 positive at the South African operations is 766; of these, so far 748 have recovered in full, six cases are still active and 12 have sadly lost their lives. There have been two confirmed positive cases of COVID-19 at the Williamson mine in Tanzania to date, however COVID-19 statistics in Tanzania are not as reliable as in South Africa. Very sadly, both employees passed away. This brings the total number of those who have tragically lost their lives to COVID-19 or related complications to 14. Our heartfelt condolences go to the family, friends and colleagues of the deceased; support has been offered to their next of kin.

Petra will continue to strive to ensure the health and safety of all its people, with the major strategy now to ensure the maximum uptake of the available COVID-19 vaccines across our workforce – see case study 'The drive to vaccinate and protect our workforce' below.

#### Case study: The drive to vaccinate and protect our workforce

There is overwhelming scientific evidence that vaccination is the best defence against serious infections. Vaccines have reduced the morbidity and mortality of infectious diseases such as smallpox, poliomyelitis, hepatitis B, measles, tetanus, whooping cough and pneumococcal conjugate across the world. The various COVID-19 vaccines are considered an essential tool in helping to build 'herd immunity' in order to limit the spread of the virus worldwide, as well as to reduce the severity of the symptoms of those who do still go on to contract the disease.

##### *South Africa*

Vaccinating the mining workforce in the country is a priority for the Government's vaccination roll-out programme. Petra is playing its part in encouraging all employees, contractors and other people visiting Petra operations to get vaccinated. In an effort to assist the national vaccination rollout plan, Petra has partnered with the Department of Health in each province. At Cullinan and Finsch, temporary vaccination centres have been set up on site, whereas at Koffiefontein, a number of vaccination sites in the vicinity have been made available to the local community. Those working in Petra's Group Management office in Johannesburg can be vaccinated through a partnership with Momentum in Sandton.

During July 2021, Petra launched a survey across all the South African operations to canvass employees' views around the COVID-19 vaccine, and establish their willingness to take the vaccine. This survey revealed that a large number of employees were not planning to take the vaccine, in most cases due to misinformation and false news, mostly placed on social media platforms by anti-vaccination campaigners.

In the interest of providing employees with the correct information to encourage them to take the vaccine, Petra has launched a multi-channel communication campaign to provide employees with reliable information, especially about the safety of the vaccine and its potential side-effects, which were the two issues most often raised as reasons for employees not wanting to be vaccinated. This information was placed on the digital display screens, distributed via email, posted on the employee-only Petra Diamonds Official Facebook Group, and posted on noticeboards. Mine specific vaccination campaigns are also planned for each South African operation to encourage employees to register for and take the vaccine.

The Minerals Council SA and the various labour unions are also helping to support mining companies by carrying out a major communication drive to educate on the importance of the vaccine in controlling the spread of COVID-19 in the country and to encourage its uptake with the tagline #wechoosevaccination – read more at <https://www.mineralscouncil.org.za/minerals-council-position-on-covid-19#wechoosevaccination>.

As at 30 September 2021, Petra had vaccinated 1,668 employees to date (617 partially vaccinated and 1,051 fully vaccinated), representing 40% of our workforce in South Africa.

##### *Tanzania*

The Tanzanian President Samia Hassan launched the country's vaccination campaign on 28 July 2021, with the following groups given first priority: health sector, people older than 50 years of age and people with chronic diseases.

Previously only Government hospitals were permitted to administer vaccinations to citizens. On 26 September 2021, the Government authorised the Mwadui Hospital to administer J&J vaccines to Williamson's employees, contractors and the surrounding communities. On 27 September 2021, a total of 202 mine camp residents were vaccinated. Between 28 and 30 September 2021, a total of 36 Williamson employees had been vaccinated.

After vaccinating employees, the exercise will continue with door-to-door vaccinations in the mine camp. An awareness campaign will also be carried out amongst employees and mine camp residents to encourage them to get vaccinated.

#### **Value in action: Let's take control**

# People

People remain the cornerstone that will enable Petra to achieve its shared vision and strategy. It is for this reason that we invest heavily in employing the best people, rigorously developing them to reach their full potential and then retaining them to our mutual benefit. All of this is driven by our diversity emphasis as we unlock the benefits inherent in a diversity-driven approach to our people across the organisation.

**38** Employee Retention and Development

**45** Diversity

## People

“Notwithstanding the ongoing challenges surrounding COVID-19, we have continued to make good progress in our work to realign the Petra culture with our values, backed up by the ongoing evolution and development of our leadership, the Organisational Design Review and Project 2022, all of which aim to position the Company as a sustainable and resilient business. As part of this, we continued to invest in the training and development of our people and to promote diversity at all levels of the Group, whilst continuing to improve our engagement methods with our workforce, who are the drivers of our strategy.”

### Octavia Matloa

Chair of the SED Committee

**Material topics** (in order of importance to our stakeholders):

- Diversity
- Employee development

See a schematic of how Petra manages social matters here: <https://www.petradiamonds.com/sustainability/people/>

### KPIs

**4,895**

PEOPLE EMPLOYED AS AT 30 JUNE 2021  
(EMPLOYEES AND CONTRACTORS)

**US\$5.8 million**

INVESTED IN EMPLOYEE TRAINING  
AND DEVELOPMENT

**20%**

FEMALES IN THE WORKFORCE

**33%**

FEMALE LEADERSHIP DEVELOPMENT  
PROGRAMME CANDIDATES

**83%**

HDSA LEADERSHIP DEVELOPMENT  
PROGRAMME CANDIDATES

**131**

EMPLOYEES SUPPORTED BY STUDY  
ASSISTANCE SCHEME IN FY 2021

### Stakeholders concerned

Employees, contractors, trade unions; local communities; financial stakeholders; host Governments, regulators, NGOs

### Company policies and guidelines

- Petra policies on employee benefits, HR services and recruitment
- Social and Labour Plans
- Public Relations and Communication Management Policy Framework
- Code of Ethical Conduct and related policies
- Group Human Rights Policy Statement
- Group Employment Equity Policy
- Group Diversity and Inclusion Policy
- Group Training and Development Policy, with additional related policies

### Standards we follow

- The Constitution of the Republic of South Africa
- The South African Mining Charter
- International Labour Organisation Declaration on Fundamental Principles and Rights at Work
- Collective/Recognition and other agreements with relevant trade unions
- EU Directive on Non-Financial Reporting

## People continued

### Key achievements and performance against FY 2021 objectives

- Aligned the overall Petra culture to the refreshed business strategy, business objectives, operating model and values of the organisation.
- Defined the operating model and organisational design principles, which includes Group, function, and operational mandates. Actions included the review of all job titles to align with the finalised organisational structure, job profiles with clear accountabilities, job evaluation, leading to a standardised operational remuneration policy, all supported by transition planning.
- Developed a supervisory and management development programme that more adequately supports the organisation to reach its operational objectives.
- Our COVID-19 mitigation plans, established during FY 2020, continued to work effectively owing to the solid engagement processes with our employees, contractors and organised labour.
- Continued support to develop females in management roles, with 12 candidates participating in the Women in Leadership (“WiL”) Programme and increased female representation on the leadership development and management development programmes.
- Leadership and management coaching increased to reach 23 middle and senior managers.
- Promotion of several candidates who successfully completed the Career Advancement Programme for A and B-band personnel, as well as the Engineering Aid Development Programme.
- 38 Learners completed engineering, mining and metallurgy learnerships, of which 34% were females.

### Key challenges

- Management of the COVID-19 pandemic which represents a significant threat to the health of our people and which could have caused much worse disruption to our workforce and operations.
- The Williamson mine remained on care and maintenance in FY 2021. Plans are currently being refined to allow operations to restart during H1 2022.
- Increased employee anxiety, particularly in light of the unprecedented challenges both in and out of the workplace owing to the COVID-19 pandemic.
- Skills shortages in local areas can impact on the Company’s strategy of local recruitment and a low level of academic performance in the communities around our operations, aggravated by the disruption of schools due to COVID-19, limits the pool from which to recruit scholars, bursary students and interns.
- Policy uncertainty regarding the new Mining Charter and how this will impact the Company achieving its transformation objectives.
- Reduced contractor employee numbers, in comparison to the height of our capital expansion programmes, which negatively impacts the socio-economic circumstances and stability in local communities.
- Increased training spend had to be allocated to COVID-19 related training, which unfortunately reduced funds that could be allocated to other types of training offered by the Company.
- Limited opportunities to sit for exams at the DMRE and other examination bodies due to COVID-19 restrictions reducing the number of trainees who completed training programmes or milestones. COVID-19 restrictions also reduced the number of portable skills training implemented or completed.

### Objectives for FY 2022

- Continue to rebuild the Petra culture to support the values of the organisation.
- Fully implement the outcome of the Organisational Design Review, including accountability focused job profiles, job grading and market competitive remuneration structures for all critical positions.
- Implementation of a talent management framework with formalised performance management, retention and succession policies, linked to pay (variable and fixed).
- Make further strides on overall transformation, including our female diversity by continuing development and support initiatives for graduates from the Women in Leadership programme, and by focused targeted recruitment.
- To deliver on our targets for learnerships, internships and development programmes as set out in our SLPs.
- Continued focus on improvement of relationships with organised labour in order to ensure stable and sustainable operations.
- Review of our training and development framework, both with regards to employee development and community training, to ensure that it better supports our operational outcomes.
- Implementation of employee engagement initiatives.

# Employee Retention and Development

## Our ambition

**We aim to empower our employees and encourage them to fulfil their true potential with the provision of training and attractive career development opportunities.**

**Employees who are provided with the opportunity to enhance their skill-sets not only contribute better to the Company's success but also have greater career satisfaction, thereby improving morale, productivity and employee retention.**

## **Our approach**

Petra recognises that the development and retention of our people is one of the key drivers of our future success and long-term sustainability as a company. It is only with the continued discretionary effort and contribution of our employees that the significant value of our resources can be unlocked.

Petra works hard to foster a 'can-do' culture, where big challenges can be taken on and tackled systematically, change is embraced, and full accountability is placed on all individuals to act with integrity and to the best of their abilities. In this way, each employee can feel that they are contributing to the ongoing success of the business.

We aim to provide education and training opportunities that will help our employees to fulfil their best potential, covering basic literacy and computer skills right through to portable skills that can be used beyond a career on the mine.

Via our succession planning and talent management procedures, we aim to continually develop the skills base for the Company, required both now and in the future. Our focus is not merely on Petra's current employees, but also the next wave of employees in our local communities. Therefore, it is imperative that we have programmes in place to prepare them and equip them with the skills they require. These initiatives include support to selected schools in our communities to improve performance in mathematics and science in order to feed the education pipeline, as well as bursaries, internships and practical work experience. Read more in 'Community relations and development' on pages 76 to 79.

We also look to cultivate the leadership and management skills required for the business, with a range of in-house and externally facilitated employee development programmes. Inclusion of significant numbers of HDSA and female candidates on these programmes is a key part of our strategy to improve racial and gender diversity at all levels of the Company and aims to empower our future leaders.

## **The Petra culture**

Petra has undergone significant change over the last number of years. The Company has completed a major capital investment cycle to develop new mining areas at its operations and upgrade the infrastructure required to support these projects. In addition, it has had a change of leadership, with a new Chief Executive appointed in April 2019 and a new Non-Executive Chairman appointed in March 2020, together with a number of other Board and Senior Management changes. In FY 2021, Petra completed the Restructuring that fundamentally improved the Company's balance sheet, providing a more sustainable level of debt going forward. The COVID-19 pandemic has added to the pressure on the Company and its people and required significant changes to the way we work and interact.

Against the backdrop of these changes, we have embarked on a number of initiatives that we consider to be the building blocks for developing a culture in Petra that is aligned to our values and repositions the business.

The human rights abuse allegations at Williamson have added impetus to the need to re-evaluate the Company's culture to ensure that every part of the business, including our supply chain, acts in accordance with our values – read more on pages 21 and 22.

The initiatives currently underway to drive the change in our organisational culture, are set out below:

### **1. Leadership alignment and development**

Leaders serve as important catalysts for change through creating a safe climate and encouraging change at all levels. Change is difficult and effective leadership is at the heart of any successful business transformation. We are cognisant that Petra's inherent potential cannot be realised without all members of the leadership team being fully aligned and committed. In this regard, the following initiatives have been undertaken:

i. Change leadership workshops with the Exco.

Exco has engaged in reflecting on Petra's change leadership capacity, being effective change leaders, articulating a powerful shared intention for Petra by drawing on a Team Purpose Statement, and identifying the enablers of the future Petra.

ii. Organisational conversations about culture were used in a series of engagement sessions to underscore the importance of change with the Senior Management team reporting to Exco.

In considering the next level of leadership, engagement sessions were shaped around three themes:

1. Taking stock of where we are today – our business, our organisation and ourselves as leaders.
2. Building our capacity as leaders – how do we best navigate the current realities and uncertainties.
3. Taking charge of our destiny – what is our ambition and what is being asked of us to lead Petra into a thriving future.

The intention of these engagement sessions was to create a sense of connection within the leadership teams, as custodians and stewards of Petra as a business and its people, in the belief that there is a shared ambition that is purposeful and possible. Organisational conversations about culture are planned for each quarter going forward.

# Employee Retention and Development continued

## The Petra culture continued

### 1. Leadership alignment and development continued

iii. Creating a culture of management excellence.

This intervention seeks to standardise the Petra approach in training for management excellence. Managerial excellence will develop the competencies to ensure that we optimise employee potential. There are three key focus areas for developing this platform for managerial excellence:

1. Senior Management development to deliver operational excellence.
2. Supervisory and junior manager development to drive team excellence.
3. Empowering individuals for exceptional individual performance.

Formal training sessions for each of these groupings will occur in FY 2022.

### 2. HSE – embedding a safety culture within the organisation

The most effective way of ensuring the health and safety of our employees and the environment is by embedding a safety and compliance culture within Petra. Whilst the Company's "zero harm" value has gone some way to achieving this, Petra has embarked on a further holistic process to enable this cultural outcome. This consists of a comprehensive leadership process that starts with the CEO actively demonstrating commitment to this culture, cascading down through all levels of the organisation.

This takes place within a consultative and participative way of working where all stakeholders are involved and are thus able to give their input into HSE matters. This participative approach ensures ownership of outcomes to achieve a greater degree of successful execution and compliance. Our Mopani programme, which encourages people to be more observant and willing to speak out when they see unsafe behaviours, is also yielding behavioural changes by encouraging more awareness of the workplace safety environment. Read more about our strategy and tactics to fully embed a greater HSE culture within the organisation on pages 28 to 31.

### 3. Project 2022

Project 2022 is integral to our new operating model, with continuous improvement and accountability at its core. The clear structure, well defined and aligned roles that include KPIs and an understanding of the necessary cross-functional work, will enable Petra to become more effective, through integrated and effective teams comprising committed and focused individuals, to the benefit of the Group as a whole. Honest, open and transparent communication and interaction is central to achieving this.

Generating sustainable value through Project 2022 requires more than a few good initiatives or ideas; the culture, systems and processes are critical to ensure that the business operates in an environment of continuous improvement. Culture is the framework that enables us to execute our strategy while allowing the business to accelerate, sustain and deliver ongoing improvements.

Core aspects of the initiatives rolled out within Project 2022 in creating this new supportive culture include:

- alignment on what "good" looks like. Once all agree on this, the focus can turn to what needs to be done to deliver this;
- aligning individual roles, KPIs and incentives, as part of the organisational redesign process;
- the demand for improvement through structured one-on-one results-action-review ("RAR") sessions. These RARs cascade through Management structures, from the CEO through to the middle Management level. Core to these sessions is the tracking and reporting of results against targets and discussions on how to better support this, together with holding role holders to account;
- at an operational level, visual boards (where KPIs are tracked and gaps identified) to target problem solving, are used. These facilitate ownership and leadership of this continuous improvement process by line Management; and
- leaders drive the right behaviour through communication, active participation, reinforcement and role modelling of the desired culture. To ensure that the cultural change is sustained, RAR compliance and quality, as well as operational meeting compliance, attendance and effectiveness, is tracked, whilst continuing to ensure that good results are recognised.

### 4. Organisational Design Review

This project facilitates and supports the delivery of Project 2022, but is broader in its scope, and seeks to eliminate inefficiencies, duplication of effort, speed up decision making, clarify accountability and ensure the integration of work. This supports a culture of accountability and performance aligned to Petra's values. The project focused on a clean-sheet organisational design for the operations to deliver a fit-for-purpose structure that meets the business' needs, supported by clearly defined role profiles with clear responsibilities, accountabilities and KPIs. This resulted in a job evaluation and grading exercise to establish market related remuneration to attract and retain skills in Petra. With labour costs comprising some 45% of our operating expenses, the impact of getting this right is profound. Using the above outcomes as guiding principles we have:

- agreed on design principles;
- agreed an operating model; and
- agreed Group, Function and Operational mandates, inclusive of sub-functions and disciplines.

Role profiles have been completed and an implementation plan developed. This implementation plan includes a detailed change management plan to support the realisation of the desired culture within the organisation.

These initiatives are being implemented and their progress and success in shaping the culture of the organisation will be measured in Q4 FY 2022. Adaptations in this dynamic process will be made to ensure that we are on track to reach the intended outcome of a desired and embedded Petra culture.

## Employee Retention and Development continued

### Our workforce

As at 30 June 2021, the total number of people employed by the Group decreased 2% to 4,895 (30 June 2020: 5,019). The number of permanent employees decreased 5% to 3,517 (FY 2020: 3,696). The number of contractors increased 4% to 1,378 (FY 2020: 1,323), mainly due to the services of contractors that have been re-engaged on projects that support production.

### Local hiring

In order to foster a stable and cohesive workforce and to contribute to the development of our local communities, Petra prioritises recruitment from the local area. This makes sense from a business perspective and decreases the requirement for Company-provided services such as transport and housing.

It is also a regulatory requirement in terms of our prescribed SLPs, which include commitments to recruit from 'labour-sending areas', i.e. our host and local communities.

However, skills shortages in the local communities are often a reality when recruiting for skilled positions. For this reason, vacancies for positions in the skilled bands are also advertised regionally or nationally, whereas all unskilled and semi-skilled positions are only advertised locally. Preference will still be given to local applicants whenever possible.

Major contractors to the operations are expected to apply the same recruitment principle when employing workers for contracts at these operations.

### Staff retention

Staff retention is particularly important due to the previously mentioned limited local employment pool and the difficulty in attracting skilled employees from larger urban centres, and therefore remains a focus for Petra.

Although there is still competition in the labour market for skilled employees (42% of Petra's workforce in FY 2021), and a shortage of certain specialised skills, strained economic conditions in South Africa, in part due to the economic downturn further exacerbated by the COVID-19 pandemic, have taken some pressure off recruiting for and retaining skills.

In FY 2021, our staff turnover rate increased from 8.1% to 9.6%, with a higher incidence of retirements and non-renewal of fixed-term contracts being the contributing factors. We consider this a comparatively low staff turnover rate, on par with that of the mining sector and industry in general, resulting from the creation of a challenging but attractive work environment and remuneration policies that are designed to incentivise and retain individuals of a high calibre.

### Remuneration Policy and Guidelines

In line with our objectives for FY 2021, the Operational Remuneration Policy and Guidelines were reviewed and aligned with, other developments in the business, including Project 2022, the drive towards diversity and equity, and the retention of critical skills as discussed above. Attainment of these ensure Operational Remuneration Policy and Guidelines that are value-adding, defensible and enable investment in employees as an imperative to the achievement of Petra's strategic objectives.

During the review of the Operational Remuneration Policy and Guidelines, the objective was to ensure that compensation is managed strategically and that it conforms to and supports a number of criteria, including:

- defensibility;
- fairness;
- transparency;
- equitability;
- objectivity; and
- sustainability.

In designing an approach that would answer to these criteria, a number of factors had to be taken into account, including economic considerations, Petra's position in the market, the intrinsic measurement of the jobs concerned, the measurement of the incumbents in the roles, and – last but not least – affordability. This review also aimed at eliminating the discrepancies in remuneration between similar jobs in respective business units, which resulted from people historically entering Petra at different times and with different conditions of employment.

We are confident that this review of the Operational Remuneration Policy and Guidelines has resulted in a remuneration approach and strategy that fulfil the set objectives and will make a valuable contribution to the attainment of Petra's strategic objectives.

### Training and development

Our investment in employee training and development decreased 6% in Rand terms but remained flat in Dollar terms at US\$5.8 million (FY 2020: US\$5.8 million), as a result of the stronger Rand during the Year. The decrease in training spend at the South African operations was due to a smaller workforce and the continued disruption caused by COVID-19 to our training programmes. Although training spend at Williamson increased slightly, it remained low due to the mine being on care and maintenance since April 2020. Petra targets a training spend of 5% of annual payroll in ZAR terms and this target was met for the South African operations, though Williamson's performance was impeded by the care and maintenance period.

In line with our strategic employee development aims, the training expenditure key focus areas were safety and technical training, Management and leadership development, engineering and rock-breaking learnerships, internships, and leadership coaching.

Training programmes at Williamson continued to focus on 'on-the-job' training. During FY 2021, functional training was conducted on business improvement as well as the VPSHR for members of the Company's internal managers and security staff, as well as its external security contractors and the TPF. Williamson does not currently have formal bursary and scholarship programmes in place, but it supports those engaged with self-development programmes as far as possible.

## Employee Retention and Development continued

### Training and development continued

A total of 28,425 instances of legally required training sessions were presented across the operations in FY 2021 (FY 2020: 27,532). These are mostly health and safety related courses required by legislation and aimed at improving workplace safety.

Employee training and development spans a wide scope of safety training and technical training and a variety of development programmes, both technical and managerial in nature. Our Career Advancement Programme for A and B Band employees ("CAP-AB") as well as the Engineering Aide Development Programme gained traction. 23 employees were involved in the CAP-AB programme, with several making progress to the final stages of their programmes and ten employees completing the Engineering Aide Development programme, positioning themselves for promotion.

Internships are offered to graduates to prepare them for the professional responsibilities in roles such as engineers, geologists, geotechnical officers and other professional roles. In FY 2021, 33 interns were enrolled in these programmes, 39% of which were female.

### Developing the next generation of leaders

Petra's Leadership Development Programme ("LDP") remains an important strategic tool to assist in the identification and development of employees who display the potential to fulfil leadership positions in the future. At the end of the two-year programme, all participants receive a Higher Certificate in Generic Management (NQF Level 5). The LDP also assists as a strategic method of improving Management diversity, by both gender and ethnicity.

During FY 2021, 12 employees participated in the LDP, with 33% of participants being female and 83% of participants being HDSAs. From the inception of this programme in 2008, a total of 141 employees have graduated. Of the graduates, a total of 94 were promoted, including 35 women and 78 HDSAs.

Petra's Women in Leadership programme continued in FY 2021 and was attended by 12 female leaders. This customised programme is intended to enable women in key leadership positions to master important personal skills and gain insight into leadership at both a micro- and macro-organisational level.

In FY 2021, seven middle managers, of whom six were female and five were HDSA, enrolled for the Management Development Programme ("MDP"), and two senior managers, including one female HDSA, enrolled for the Senior Management Development programme, both at the University of Stellenbosch Business School.

# 55%

FEMALE REPRESENTATION ON THE  
MANAGEMENT DEVELOPMENT PROGRAMMES

### Case study: The Petra Diamonds Education Pipeline in action

Sibusiso Mathabela is a professional driven employee with a vision, who used Petra Diamonds' educational pipeline to the benefit of advancing his career and growing as a person.

Sibusiso started at Cullinan Diamond Mine ("CDM") as a Multi-Operator (B3) in 2004 with grade 12 as his highest qualification. He decided to enrol part-time at the University of South Africa ("UNISA") in 2006 to obtain his National Diploma: Mining Engineering, which he completed in 2012.

Sibusiso was then selected for the Leadership Development programme (Senior Pool) in 2010 where he achieved the Higher Certificate in Management Development. As part of his technical training, conducted under the umbrella of the LDP, he got an opportunity to start the Learner Miner programme in 2013 and completed this in 2014 whereafter he was appointed as a Development Miner.

In 2015, Petra offered a full-time bursary, which Sibusiso successfully applied for. He completed his Btech: Mining Engineering degree at the University of Johannesburg after which he entered the Company's internship programme for Trainee Mining Engineers.

Whilst attending this programme he also achieved his Mine Overseers Certificate of Competence and was subsequently appointed as a Shiftboss (Development Section) until 2018, when he became Acting Mine Overseer until April 2020.

In May 2021, Sibusiso was appointed as Mining Engineer (Technical Services). Using the various components of the Petra Diamonds Education pipeline (LDP, learnership, bursary, internship) he successfully progressed from a semi-skilled position to a professionally qualified middle manager.

Sibusiso says that hard work and commitment was the only way he could have done it. *"The biggest challenge was having to juggle between personal life, studies and work. Being a hard worker, discipline, commitment and patience helped me in developing and cultivating habits such as reading, taking timely action, networking and remaining positive under adverse conditions"*.

**Value: Let's take control**

## Employee Retention and Development continued

### Training and development continued

#### Career development through learnerships

In South Africa, a learnership is a registered and accredited learning programme that combines practical work experience with academic learning. This mechanism is considered a very important career development opportunity seeing that most qualified learners, both current employees and non-employees, go on to be appointed as artisans or miners within our operational structures.

Learners are recruited from both internal and external applicants. We have learners on a number of programmes ranging from various engineering disciplines through to rock breaking and metallurgy. Of the 85 learners in FY 2021, 37% were female. 36 trainees successfully completed their learnerships with the remaining participants still on the programme.

#### Improving further and higher education

Petra provides various opportunities to further employees' education and qualifications. One such scheme is the Study Assistance Scheme, which is available to support employees to obtain tertiary qualifications or other training relevant to their current positions or positions that they can reasonably be expected to hold in the future, thus contributing to career progression. Assistance is provided in the form of a service obligation, an interest-free loan or study leave.

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### EMPLOYEES SUPPORTED BY STUDY ASSISTANCE SCHEME IN FY 2021

During FY 2021, we continued to support one employee at Cullinan to attend full-time tertiary studies in the field of occupational nursing, which she successfully completed in October 2020.

#### Addressing transferability of abilities: portable skills training for employees

One of the issues facing employees at our South African operations is the lack of transferability of their skills, meaning that their skills may not allow them to enter self-employment or employment elsewhere once our operations no longer require them or at mine closure. We therefore plan and budget for training to equip employees with transferable skills for requirements in the communities around our operations such as agricultural production, mechanical repairs, electrical, welding and cutting technology, business skills, carpentry, the ability to qualify to operate various types of vehicles and a number of computer training modules. 57 employees participated in portable skills training during FY 2021 (FY 2020: 83), with the number being lower due to the COVID-19 pandemic.

#### Adult education and training ("AET")

Due to South Africa's unique history and the associated poor standard of education, exacerbated in rural communities around our operations, adult illiteracy remains an issue in the country.

For this reason, we make it possible for all employees who want to improve their literacy and numeracy skills to do so via our AET Programme. AET is provided free of cost or obligation to all learners and is implemented through the use of multimedia computer-based training or facilitated learning via facilities available at all of our South African operations.

AET facilities were used by 73 enrolled learners in FY 2021, including three contractors. For the first time, an employee completed the full AET Level 4 qualification, which is equivalent to Grade 10. One female employee completed the Amended Senior Certificate. This is a qualification for adults, equivalent to a National Senior Certificate for school leavers, and can provide access to further career and development opportunities. This employee intends to continue her tertiary studies through the Study Assistance Scheme. Read more about the education and training opportunities we provide to our local communities on pages 78 and 79.

#### Labour relations

Stable labour relations are essential to our productivity and the delivery of our strategy. We therefore place great importance on this area of the business, which is impacted by Company culture, leadership, our employee share trust, fair remuneration and effective internal communications.

We believe that effective and transparent dialogue is the key to our labour relations management and we are therefore focused on continuing to communicate openly with our employees, trade unions and local community representatives in order to resolve concerns as and when they arise.

Organised labour is engaged at two levels: operational and Group levels. At the operational level, we engage labour via the Mine Negotiating Forum ("MNF") and at Future Forums, where people issues, safety and mine performance and efficiency-related projects are discussed. At Group level, engagement is carried out via the Central Negotiating Forum ("CNF"), where salaries, conditions of employment and other substantive matters are discussed.

In addition to mandatory engagements directed by statutory laws, we hold annual relationship-building sessions with all recognised trade unions at our operations in South Africa in order to improve relationships. The sessions focus on reviewing and rebuilding relationships between parties, as well as setting objectives and agreeing on action plans to restore or strengthen them. Independent facilitators oversee the process to ensure fairness.

Petra did not experience any instances of industrial action in FY 2021. In October 2020, the Company announced that it had reached agreement on a new one-year wage agreement for employees in the Paterson A and B Bands at the South African operations with the National Union of Mineworkers ("NUM") covering FY 2021. Post Year end, the Company announced that it had reached agreement with NUM on a new three-year wage agreement for employees in the Paterson A and B Bands at the South African operations. The Company also concluded a three-year wage agreement for employees on the Paterson C-Lower Band with both the NUM and United Association of South Africa ("UASA").

## Employee Retention and Development continued

### Training and development continued

#### Trade union representations

We respect our workforce's right to exercise freedom of association and collective bargaining, regulated by our Collective/Recognition Agreements, across all our operations. Any trade union that has achieved sufficient representation in the workplace may request recognition. Trade union membership across our operations represents 76% of the total workforce in South Africa and 70% in Tanzania.

<b>South African union representation</b>	
<b>No union</b>	<b>24%</b>
<b>Union</b>	<b>76%</b>
NUM	86%
NUMSA	1%
Solidarity	7%
UASA	6%
<b>Grand total</b>	<b>100%</b>

<b>Tanzanian union representation</b>	
<b>No union</b>	<b>31%</b>
Management	20%
Expatriates	1%
<b>Union</b>	<b>70%</b>
TAMICO	95%
NUMET	5%
<b>Grand total</b>	<b>100%</b>

Petra has aligned its principles with the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, as well as with the relevant legislation in the countries in which we operate, covering areas such as minimum conditions of employment, maximum allowable hours of work, collective bargaining and dispute resolution. This includes compliance with South Africa's Labour Relations Act (Act 66 of 1995), which regulates collective bargaining and outlaws any form of child forced labour, and the Employment Equity Act (Act 55 of 1998), which prohibits any kind of unfair discrimination.

The Company has employee grievance processes which are regulated by our Collective/Recognition Agreements and relevant labour legislation. These processes and procedures are accessible to all employees, with final recourse to the Commission for Conciliation, Mediation and Arbitration ("CCMA") in South Africa or with the Commission for Mediation and Arbitration ("CMA") in Tanzania.

In South Africa, the period of notification relating to operational changes varies depending on the nature of the change in question and the parties involved in the consultation process. However, the minimum notification provided by legislation ranges from one week to one month and is governed by the Labour Relations Act. Certain changes, for example the implementation of continuous operations, are covered in collective bargaining agreements (three months' notice in this specific case).

In Tanzania, the period of notification changes due to the urgency of the business situation and the nature of the change and its impact on the workforce/Company.

#### Legal working hours

In South Africa, labour legislation sets out the maximum allowed number of hours of work per cycle. Standard shift working arrangements are designed to prevent excessive hours being worked. Procedures are in place to monitor and manage maximum hours of work, based on the clock records and timesheets of employees. It includes the management of standby and overtime, as well as the scheduling of lay-off periods.

Petra's South African operations ensure compliance with the Basic Conditions of Employment Act, 75 of 1997 ("BCEA") as well as with the provisions and spirit of other applicable legislation intended to create and foster the maintenance of sound health and safety practices in the workplace.

Employees may only work within the determined working hours envisaged in the BCEA. An employee may only be required or permitted to work overtime hours in excess of those stipulated in the BCEA in the circumstances where an overtime variation is obtained from the Department of Labour, or where such work is required to be done without delay, owing to circumstances for which the operation could not reasonably have been expected to make provision, and which cannot be performed by employees during their ordinary hours of work as envisaged in Section 6(2) of the BCEA.

In Tanzania, the Employment and Labour Relations Act, 2004 regulates standards of work operations, which any employer is expected to comply with, which includes amongst other things hours of work, night work, compressed working week and average hours of work, and the Company ensures compliance to this legislation.

#### Engaging with our employees and employee satisfaction

Petra places a high premium on continuously improving all types of communication and engagement with its employees and frequently reviews its Communication Management Policy and Procedure Framework. While the emphasis is on communication effectiveness, i.e. an outcomes-based approach rather than simply measuring the quantity of communication disseminated, the Company has various communication systems and channels in place to facilitate the execution of its internal communications strategy, including written and electronic media, social media and a programme of face-to-face meetings at different levels of the Company.

During FY 2021, a new approach to internal communication was adopted to ensure that the planning and execution of internal (employee) communication, which aims at engaging with this critical stakeholder, conforms with generally applied principles of stakeholder engagement planning. In so doing, the emphasis is placed on messaging and creating common understanding of strategic goals, rather than on the media and channels being used to achieve these objectives, while the effective use of language is also being reviewed as part of this approach.

## Employee Retention and Development continued

### Training and development continued

#### Engaging with our employees and employee satisfaction continued

With regards to such media and channels, electronic forms of communication such as bulk mobile messaging, and especially the Company's employee-only Facebook group, have continued to grow significantly in importance, especially during the extended COVID-19 lockdown period, with a large percentage of employees being offsite at this time. For cost and accessibility reasons, the digitisation of communication products such as newsletters is being pursued actively.

Various feedback mechanisms are in place, with the emphasis remaining on face-to-face engagement, such as briefing sessions. Sensitive feedback, such as in cases of suspected wrongdoing, is channelled via the mechanisms provided for by employee relations and ethics procedures.

At each of the operations, monthly management engagement with employees is regarded as the primary vehicle for regular, official communication to update employees on progress in the respective area of their operation, including, but not limited to, health, safety and environment, production, finance, human resources, and policy and procedure updates. General Managers also use the processes set up for this purpose as a vehicle to both provide guidance on what is required to ensure success at the operation and to update employees on developments in the Group and in the macro-environment that could impact on operations.

Dissemination of briefs and other mandatory communication takes place via a cascading system of face-to-face meetings, where the brief is read and explained to employees and they are given the opportunity to discuss the content and ask relevant questions.

Whilst employment policies are not translated into other languages, they are explained in the vernacular as and when required to ensure full understanding.

#### Board and workforce engagement

Petra aims to introduce clear and formal systems to strengthen Board/workforce engagement, but it is important to note that, on an individual level, the Directors already set aside significant time to visit operations, meet employees and listen to their views and opinions. Site visits for the Non-Executive Directors were not possible in FY 2021 due to COVID-19 restrictions. A Board site visit is next planned for May 2022, subject to COVID-19 travel restrictions.

The Board appointed Ms Octavia Matloa, Chair of the SED Committee, as the designated independent NED to engage with the workforce during FY 2021. The aim of the role is to help ensure the views and concerns of the workforce are brought to the Board and taken into account in the Board's deliberations and decisions, helping the Board to understand if employees are aligned to, and able to respond to, its business priorities. A formal document outlining the key principles and parameters of the role has been approved by the Board.

#### Case Study: Virtual Roadshow to improve employee engagement

One important method used to ensure direct communication between our workforce and the Board is facilitated via frequent road shows by the CEO and other Exco and Board members to all of Petra's operations, with one such roadshow taking place during December 2020.

Due to the impact of COVID-19 and an increase in the infection rate during Q4 FY 2021, a decision was taken to replace the subsequent roadshow that was planned for May 2021 with a virtual roadshow. The inaugural virtual roadshow by the CEO took place during June 2021 and consisted of a number of live online video presentations to different groups at each of the operations, including senior employees, organised labour, as well as a cross-cut of other employees at varying levels within the operation. The virtual roadshow also included a session specifically aimed at Group employees, which was attended by the full Exco team.

Ms Matloa, being the Board member responsible for employee engagement, attended the CEO roadshow meetings with the workforce and reported back to the Board her observations from those engagements which were generally positive, with any areas of concern duly considered.

The virtual roadshow sessions briefed employees on recent Company developments and on the current state of the business following the strategic initiatives taken by Petra (including the Restructuring, Project 2022, Organisational Design Review, and others), and outlined the vision and planning for the future. Employees were also afforded the opportunity to pose questions, which mostly dealt with the topics addressed during these sessions, which were both responded to and recorded for future reference.

The success of this initial virtual roadshow has indicated the potential of using such a platform, which has distinct advantages, as a medium for effective employee engagement. The concept will therefore be refined and included into employee engagement plans in the future, albeit it will not replace physical visits to operations, given that in-person engagement remains important.

Operationally, Petra has a system of meetings and forums to cover important employee and social issues and initiatives. Any matters of importance arising from these meetings are monitored by the SED Committee who keep the Board informed and likewise provide a feedback avenue for the Board to communicate with employees.

**Value: Let's do it better**

## Diversity

### Our ambition

**We aim to eliminate discrimination and encourage diversity throughout our workforce. Factors such as gender, race, ethnicity, disability, religion, sexual orientation or age may not be used to unfairly discriminate against individuals. Petra's overall objective is to achieve equity by affording underrepresented groups the appropriate training, development and progression opportunities within the organisation across all job levels.**

### **Our approach to achieving diversity**

The business case for diversity and inclusion is clearer than ever, and Petra believes that by including a broad mix of expertise, skills and diversity we can improve performance. As such, Petra has introduced a Diversity and Inclusion Policy that clearly outlines our approach to diversity, with the aim of realising our strategic objectives and future success. To achieve this, it is critical that our human capital across all levels of the organisation reflects all aspects of diversity to add value to the business.

Petra strives to attract and retain a diverse range of human capital varying in, but not limited to, race, gender, ethnicity, physical ability, skills, education, age, experience and socio-economic background. The positive outcomes from this will be the attraction and retention of top talent, strengthening of employee satisfaction and motivation and the avoidance of 'groupthink' - thereby improving decision-making, better understanding customer needs in diverse markets, and the Company better reflecting the societies in which we operate.

The purpose of this policy is to encourage leadership at all levels across the organisation to think broadly about diversity in its different forms and to ensure that our appointments and succession planning practices, including retention, are designed to support diversity. At the same time, we believe that effective management of diversity through this Policy will result in a diverse succession pipeline within the Company.

The core principles around which this Policy is built are:

- equality of opportunities and treatment for all;
- non-discrimination in the course of hiring, career advancement, allocation of responsibilities, professional training, performance management and remuneration of employees;
- respect for personal rights and equality, transparent organisational procedures and other equitability at the workplace and in the Management structure;
- contribution to the development, motivation and application of various ideas, skills and talents of employees, which are representative of all the factors of diversity mentioned above, to improve competitiveness, performance and the efficiency of our employees;
- leveraging the strengths of different race, gender, age and other groups in order to achieve the greatest impact while pursuing Petra's strategic development plans; and
- establishment of a working environment in which employees are able to voice their opinions and speak up if they feel they, or their colleagues, are not being treated fairly or are being excluded in any way due to their inherent differences.

The Diversity and Inclusion Policy sets out a number of steps towards the achievement of its objectives:

- setting of policy and goals – given the above, ensuring that diversity and inclusion are established as clear policies of Petra;
- fostering of a diverse and inclusive culture;
- making diversity visible through engagement with stakeholders;
- continually assessing and developing workforce skills and nurturing the talent pipeline;
- providing education and training on diversity to leadership, with clear accountabilities and responsibilities assigned to the Board, the Exco and the Operational Management Committees; and
- recruiting with diversity in mind.

In order to address any form of discrimination experienced by any employee, the Company has a grievance procedure as well as a disciplinary policy and procedure to investigate and address discrimination allegations. Contractors are also advised to align their practice to ours in order to avoid any inconsistencies in the application of the rule. The option of dismissal is available in the event of non-compliance.

During FY 2021, seven cases related to unfair treatment/discrimination were reported at our operations; three of them have now been resolved and four of them are in the process to be closed out. The majority of these cases related to alleged unfair internal promotion practices and one case related to alleged harassment by a line manager. Each of these cases followed the Company's grievance procedure.

### **Encouraging women in mining**

Petra is committed to encouraging women in mining. The Company therefore actively pursues the appointment of women at all levels of the business, as well as the development of women to fill more senior positions. Petra's overall objective is to achieve true equity by affording women the appropriate training, development and progression opportunities within the organisation, across all job levels.

Petra has a number of initiatives aimed at developing women into managerial positions, such as the LDP, which has, since its inception, focused on the advancement of women, and the Women in Leadership programme. We are focused on affording women an equal role as part of the next generation of Petra employees and as a result 39% of our interns, 36% of our engineering learnerships, 44% of our mining learnerships, 75% of our bursary students, 55% of employees attending the MDP and 33% attending the LDP in FY 2021 were female.

## Diversity continued

### Our approach to achieving diversity continued

#### Diversity in FY 2021

The overall gender diversity of the Group increased to 20% in FY 2021 (FY 2020: 19%), which remains above that of the industry average in South Africa, which ranges from 12%–17% depending on the commodity. We were also pleased to improve gender diversity at the higher levels of the business, with an increase in female representation at Board, Senior Management and Management level. However, we recognise that the diversity of more teams still needs widening to enable Petra to benefit from the breadth of thought and variety of opinions, perspectives and experience this offers. Petra will expand its reporting on wider employee diversity, as well as gender diversity, in its 2022 Annual Report and its 2022 ESG and Sustainability Report.

#### Breakdown of gender diversity

	Men		Women		Total (number)
	FY 2021	FY 2020	FY 2021	FY 2020	
Board	75%	78%	25% <sup>1</sup>	22%	8
Senior Management	82%	89%	18%	11%	33
Management	76%	78%	24%	22%	172
Employees	81%	81%	19%	19%	3,310
<b>Total</b>	<b>80%</b>	<b>81%</b>	<b>20%</b>	<b>19%</b>	<b>3,523<sup>2</sup></b>

1. As at 30 June 2021; the percentage of women on Petra's Board increased to 36% from 1 July 2021, following the appointments of Mr Bhatt, Ms Gudgeon and Ms Watson, and will increase further to 40% when Mr Hamilton steps down from the Board at the conclusion of the FY 2021 AGM.
2. This figure differs from the total employee figure of 3,517 for the Year, as it includes the six Non-Executive Directors (as at 30 June 2021) who are not employees of the Company.

#### Women in Mining Committee ("WiM Committee")

Petra's WiM Committee is tasked with reviewing Company policies and procedures, with the goal of attracting and retaining female representation in the Group, as well as providing input and recommendations to Management on issues relating to women.

#### Case study: Finsch employee recognised as a Women in Mining COVID-19 Hero!

Petra wishes to congratulate Dr Mpho Moloi, an Occupational Health Practitioner at Finsch, for being designated by the Minerals Council SA as a Women in Mining COVID-19 Hero, thereby joining a select group of women who were recognised as having contributed beyond their call of duty and made a difference to the lives of their colleagues and communities during the pandemic.

Like most people, Dr Moloi's initial response to COVID-19 was feelings of fear, uncertainty and confusion. However, she quickly realised that as a medical practitioner she was a voice of reassurance and needed to face the pandemic with confidence. She equipped herself mentally and physically and took on the role of local custodian, helping those around her fight and guard against the virus.

Helping local communities and employees during a time of such uncertainty, Dr Moloi held daily consultations with anyone who needed help and was constantly reading and updating the Company's standard operating procedures. She contextualised and simplified complex medical information which was then published throughout Petra's communication channels to the benefit of all employees.

Dr Moloi was also available to answer questions and provide clarity on a 24-hour basis to curb misconceptions related to the virus. Dr Moloi foresaw the possible impact COVID-19 would have on mental health, particularly how it would impact the work and home environment. She guarded against stigmatisation by guiding the reporting of cases and made sure that the Employee Assistance Programme was equipped to deal with employees' mental health issues.

Sharing medical information clearly and sensitively, Dr Moloi became the sounding board for Management, community members and employees as she kept herself up to date with the latest COVID-19 research. She liaised with all stakeholders to make sure that Petra remained compliant with legislation, whilst being sensitive to socio-economic challenges. She spearheaded a campaign to issue the flu vaccine to vulnerable employees and community members and visited a local school to help educators understand the necessary screening process for their pupils.

Dr Moloi saw the importance of working together to combat the effects of the pandemic and was instrumental in creating a forum that included the mines in the area and local community councillors. The forum conducted strategic planning to help local communities.

On a personal level, this was a difficult time for Dr Moloi. As a single mother, she had to endure being away from her two young children for extended periods and even with regular video calls and messages she felt disconnected from her family. However, her children inspired her to continue this important work. We are so proud of you Mpho!

**Value: Let's do it better**

#### Equality and equity

In South Africa, the Broad-Based Black Economic Empowerment ("BBBEE") legislation, which includes employment equity, is regarded as one of the strategic Government imperatives in dealing with the legacy of Apartheid. Compliance with this legislation, as well as with the measures to this effect prescribed in other official documents such as the new Mining Charter, is therefore mandatory.

## Diversity continued

### Our approach to achieving diversity continued

#### Equality and equity continued

Employment Equity Committees continue to meet regularly in order to monitor the implementation of Employment Equity Plans, which detail the identified barriers to equitable employment and specify affirmative measures to be implemented by each operation. The mines also submit their Employment Equity Reports annually to the South African Department of Labour, as prescribed by law.

Even though 'transformation' is a regulated compliance issue in South Africa, the Company views it as the right thing to do and a strategic business imperative. Petra has Employment Equity Plans at all its South African operations, with specific targets regarding HDSAs and women in mining, where managers are compelled to comply with the Employment Equity Plans in order to address transformation. During FY 2021, the Company carried out a review of its Employment Equity Plans process and it was determined that this area would be managed centrally from now on, rather than separate processes per operation, with overall monitoring by the SED Committee.

#### Group Employment Equity Policy

Our approach to diversity is outlined in the Group Employment Equity Policy, a summary of which is:

- We are committed to the principles of employment equity and to achieving a productive and fair working environment free of any kind of discrimination.
- We commit to actions which will result in a work environment wherein opportunity, treatment, expectations and practices are not based on race, gender, sexual orientation, marital status, family responsibility, ethnic or social origin, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language, birth and/or any other arbitrary grounds.
- We aim to eliminate all forms of unfair discrimination, either directly or indirectly, from our employment practices and conditions of employment.
- We recognise the need to implement affirmative action measures to counteract the underrepresentation of certain designated groups in certain levels of the workplace through recruitment, training and promotion.
- We strive to foster a culture which encourages understanding and appreciation of the diverse cultural background of our employees. This will in turn develop a relationship of trust, cooperation and confidence amongst employees.

# Environment

Managing our environmental impact is a priority for Petra and, in so doing, we align our interests with those of our local communities. The rationalisation of energy usage is an operational necessity, given the benefits to the operations of optimised power planning and usage, as well as an environmental prerogative in order to combat climate change. Our operations are water-intensive and therefore Petra is committed to utilising water responsibly and efficiently to ensure the availability of water for our operations as well as local communities and downstream ecosystems.

**51** Environmental Management

**57** Water Management

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## Environment

“Our environmental team continued to focus on the efficient use of water and energy during the Year, as well as responsible waste management across the operations. Significant progress was made in terms of the Group’s environmental strategy in FY 2021 with the Board approval of the Group’s Climate Change Adaptation Strategy, which will assist Petra in staying on top of rapidly changing legislation and in meeting stakeholder expectations.”

**Bernard Pryor**  
Chair of the HSE Committee

**Material topics** (in order of importance to our stakeholders):

- Water management
- Environmental management (especially waste management)
- Climate change and energy usage

See a schematic of how Petra manages environmental matters here: <https://www.petradiamonds.com/sustainability/environment/>

### KPIs

**15%**  
OVERALL MORE WASTE GENERATED

**45%**  
OF WASTE IS RECYCLED

**6,981 ha**  
OF PROTECTED WILDLIFE AREAS

**47 kWh/t**  
ENERGY EFFICIENCY

**0.050 tCO<sub>2</sub>-e/t**  
CARBON INTENSITY PER TONNE

**0.56 m<sup>3</sup>/t**  
TOTAL WATER INTAKE FOR PRODUCTION

**82%**  
OF WATER USED ON MINE IS RECYCLED

### Stakeholders concerned

Employees, contractors, trade unions; financial stakeholders; local communities; host Governments, regulators, NGOs

### Company policies and guidelines

- Group HSE Policy
- Petra Climate Change Adaptation Policy
- Group Integrated Water Management Wstrategy
- Group Standard on the Optimisation of Waste Management
- Rehabilitation and Closure Policy
- Phasing out of single-use plastic

### Standards we follow

- ISO 14001:2015
- ISO 31000
- ISO 19011

## Environment continued

### **Key achievements and performance against FY 2021 objectives**

- No 'major' or 'high' environmental incidents reported for 11 consecutive years.

Commenced implementation of the Group's Climate Change Adaptation Strategy, including completion of the first set of evaluated climate change vulnerabilities at each operation and at corporate level, and the putting in place of an Energy Management Policy at each operation.

- Petra considers that it now meets the requirements of the TCFD having developed its Climate Change Adaptation Strategy in line with TCFD recommendations and having provided additional disclosures on pages 212 and 213 of its 2021 Annual Report.
- The Group's total carbon footprint (Scopes 1, 2 and 3) reduced 16%, mainly due to lower production and associated energy consumption for the Year.
- An independent verification of the Group's GHG emissions inventory has been completed.
- Petra's climate change submission to CDP achieved our highest score yet: A- ('leadership' band), which places Petra within the top 11% of companies reporting to the CDP.
- 100% of South African operations retained their certification to ISO 14001:2015.
- Improved water use efficiency by 42% and improved percentage of total water recycled.
- Improved fuel efficiency in TMMs by 22%.
- Total electricity consumption was 17% lower and electricity efficiency per tonne increased by 26%.
- Overall volume of waste generated increased by 15% due to clean-up campaigns, particularly at the Williamson mine.

### **Key challenges**

- Uncertainty around the implementation of anticipated environmental legislation.
- Identifying and implementing additional measures to improve water use efficiency where maximum efficiency has already been met.
- Unpredictable energy supply from Eskom in South Africa leads to load shedding, which hinders proper usage planning.
- South Africa produces the majority of its power from coal-fired power stations.
- Implementation of climate change adaptation measures amidst ageing infrastructure.
- Potential increase in extreme weather events as a consequence of climate change, such as drought, floods and tropical storms.

### **Objectives for FY 2022**

- Retention of ISO 14001:2015 certification.
- Continued implementation of the Group's climate change adaptation action plans.
- Maintain the Company's carbon footprint in line with FY 2019 level over a period of five years, while continuing to explore all available mitigatory options to minimise the Group's carbon footprint.
- Implementation of annual rehabilitation plans.
- Establishment and monitoring of closure sign-off criteria.
- Support efforts to find sustainable carbon sequestration methods.
- Identify and implement measures to prevent regression in water efficiency levels.
- Identify and implement measures to maximise the volumes of water reused and recycled on-mine.
- Improve management of mining waste facilities in line with internationally recognised guidelines and increase the percentage of business waste redirected to the circular economy.

# Environmental Management

## Our ambition

**Our primary focus is to embed environmental management across our operations as a value rather than a regulatory requirement. We wish to demonstrate to our employees, communities, investors and other stakeholders that taking care of our environment is built into our culture, with a value proposition of 'Let's do no harm' - more commonly referred to as 'zero harm'.**

## Our approach

We recognise that our value emanates from the natural world; therefore, protecting the environment in which we operate is fundamental to how we run our business.

The principles of pollution prevention, compliance with legal and other voluntary obligations, and continual improvement, backed up by the achievement of objectives and KPIs, are integrated into our planning, management systems and daily activities.

An Environmental Management System ("EMS") is in place for each mining licence, which sets out the detailed processes for the identification of environmental risks and implementation of action plans to mitigate the impacts of our activities. As per Clause 6.1.2 of ISO 14001:2015, the impacts of our activities, products and services are evaluated considering a life cycle perspective. This is not a life cycle analysis ("LCA") in the strict definition, as an LCA is not relevant to diamond production, but rather the analysis of a continuum of interlinked stages from service providers and suppliers through the use of resources up to final disposal of waste products/packaging material.

All our South African operations are certified to the international environmental standard ISO 14001:2015 through BSI. Williamson is not yet certified but operates with the same principles. Therefore 75% of all Petra operations are formally certified.

The Group HSE Policy, which is our guiding document for setting operational performance objectives, is covered in more detail at <https://www.petradiamonds.com/sustainability/managing-sustainability/>. Petra's Board-level HSE Committee has oversight of environmental issues and therefore these are taken into consideration in business and strategic discussions, as well as when monitoring Group performance and setting objectives.

## Risk management

Managing risk is an integral part of governance and leadership and is fundamental to how we run our business at all operational levels. It contributes to the improvement of management systems that consider the external and internal context of the risk management framework.

The potential key risks associated with our operations are as follows:

- impact on water resources, both through inefficient use and potential contamination of natural water sources;
- inappropriate waste management activities may cause water and soil contamination;
- permanent changes in topography, land use and land capability due to the final disposal of mining waste on surface;
- depletion of non-renewable sources due to inefficient consumption;
- biodiversity loss due to the spread of invasive vegetation, as well as increasing mining footprints;
- availability of water and damage to infrastructure due to climate change; and
- the continued deepening of underground operations may cause an increase in the open pit footprint, leading to the risk of damage to surface infrastructure, including sites of historic or cultural importance.

## Risk identification, analysis and management

Our approach to environmental risk management, which forms part of the new Enterprise Risk Management and Combined Assurance Plan that was operationalised in FY 2021, is based on a process of continual improvement in hazard identification, risk assessment, instilling awareness into the organisational culture and enforcing adherence to control mechanisms. Once identified and assessed, these risks are aggregated and integrated into the Group risk register. Updates to the environmental baseline risks are implemented every five years, or when processes change, after significant incidents or disasters or by instruction from regulatory bodies.

## Stakeholder engagement

Petra has processes in place to engage with its stakeholders on environmental matters, including the handling of issues raised by its local communities. Public participation processes in South Africa for obtaining environmental authorisations (legally mandated processes) also make provision for direct communication with communities where their views and needs are included into management programmes. This includes public meetings, individual interviews, advertisements and flyers containing pertinent information on changes at the operations or potential impact such as periods of increased noise and dust levels.

During FY 2021, we engaged our stakeholders on a limited number of topics due to COVID restrictions. The engagements included:

- the impact of open pit scaling at Cullinan; and
- the grave relocation project at Koffiefontein (as covered in the Report of the SED Committee on page 112 of our 2021 Annual Report).

## Environmental Management continued

### Environmental incidents

We aim to minimise environmental incidents at all our operations and have processes to manage any incidents which may occur as effectively as possible. We classify incidents according to their severity, ranging from minor to major. Incidents are recorded and managed on an ongoing basis and are only recorded as closed once all allocated actions have been addressed and the effectiveness of the corrective actions has been verified.

During FY 2021, three medium environmental incidents were reported (FY 2020: three). See page 85 for details.

For the past eleven years, no 'major' or 'high' environmental incidents were reported at any of the Group's operations.

### Spillage management

0

#### SIGNIFICANT SPILLAGES<sup>1</sup> AT OUR OPERATIONS IN FY 2021

Any hydrocarbon spillage on soil or tailings is either treated in situ or removed to a formal bioremediation site depending on the practicality and situational risks of the area. Approved biocides are applied according to a set procedure to ensure maximum biological digestion of the hydrocarbons. Soil samples are analysed to determine the level of digestion before the treated material is placed back on location, signed off as treated, or stored to be used as rehabilitation material.

### Waste management

Petra manages separate waste streams within the organisation:

- business waste<sup>1,2</sup>;
- hazardous waste<sup>1,2</sup>; and
- mining waste<sup>1</sup>.

#### Business and hazardous waste

We are continuously striving to improve waste management, according to the internationally recognised hierarchy of waste management, and set annual objectives and KPIs to drive continual improvement.

One of our main drivers of change is the focus on the repurposing of waste and improved recycling initiatives to reduce the overall volume of waste to landfill and maximise the percentage of business waste entering the circular economy.

The overall volume of waste generated increased by 15% to 6,335t (FY 2020: 5,483t) and the amount of combined waste (business and hazardous) sent to landfill increased by 14%. The reason for the increases was due to clean-up campaigns, particularly at Williamson which remained on care and maintenance during FY 2021, where the mine's waste generated increased by 21% and contributed 47% of Petra's total waste generated for the Year. A continuous drive to identify and remove reusable and recyclable items from the waste stream resulted in 45% of all waste being recycled (383t more than in FY 2020).

45%

#### PERCENTAGE OF WASTE RECYCLED IN FY 2021

There was a 41% increase in the amount of hazardous waste disposed of in FY 2021 to 198t (FY 2020: 140t) as a result of a backlog being removed in FY 2021 that was caused by COVID-19 restrictions where contractors were not allowed on-site to remove waste. In line with this trend, the amount of business (non-hazardous domestic) waste disposed of increased by 13% to 3,247t (FY 2020: 2,883t).

See page 83 for a detailed breakdown of waste disposed, recycled and incinerated.

Petra only uses reputable waste handling companies that are vetted for legal compliance prior to awarding tenders. All of the waste handling companies are ISO 14001 certified, which adds to the level of assurance provided that waste is handled, transported and disposed of in a responsible manner. This includes the management of hazardous and electronic waste. Ad hoc environmental audits are performed on hazardous waste management companies to confirm good practice and continued ISO 14001 certification.

The transport of hazardous waste is solely the responsibility of contracted waste handling companies. Petra receives waste disposal notes as confirmation that all hazardous waste was disposed of at the correct designated hazardous waste sites. We also check that the disposal sites are in possession of all required licences and permits.

All on-site waste handling areas are audited by third party independent specialists as part of the mines' ISO 14001:2015 management systems. Off-site handling and disposal sites are inspected on an ad hoc basis. All waste generated by the Company is recycled or disposed of within the country of origin.

#### Notes:

1. See Glossary for definitions.

2. Waste Classification and Management Regulations (GN R. 634 of 2013) as promulgated in terms of the National Environmental Management: Waste Act No. 59 of 2008.

## Environmental Management continued

### Case study: Waste recycling at Lime Acres

The theme of waste recycling has always been something that has been promoted and implemented at the Finsch mine. However, when employees went home, all household waste would just be thrown in a general waste bin. This seemed so contradictory that Finsch decided to do something about the situation. A campaign was launched by the Environmental and Communication sections in mid-June 2019. The initiative was met with a slow start and with the restrictions brought about by the COVID-19 pandemic in 2020, all activities seemed to come to a standstill.

However, the enthusiastic team at Finsch persevered and with a few adjustments to the pickup schedule the 'Recycling from Home' initiative survived. A local contractor was sourced to drive through the town of Lime Acres twice a month to pick up waste, separated for recycling, at homes and even some of the businesses. This waste is taken to the mine's waste facility where it is further sorted and baled for removal by reputable waste recycling companies.

This initiative proves how Petra is committed to contribute positively to its communities and to take part in the circular economy.

**Values: Let's make a difference**

## Waste management continued

### Mining waste

Petra operates a number of different mining waste facility types:

- Coarse residue deposits ("CRD"): coarse processed tailings with limited moisture content are mechanically deposited at angles of repose in continuously growing dump facilities.
- Fine residue deposits ("FRD"): fine processed tailings together with used process water are deposited on facilities where the fine material can settle and the water be returned to the processing plant to minimise total process water consumption. These are mostly upstream slimes dams or impoundment dams.
- Waste rock dumps (overburden): in very limited instances development waste is separated from ROM material and deposited in dedicated areas without it being exposed to any treatment process.

The Company's mining waste areas are planned, operated and maintained according to the country of operation's legislative framework. In addition, external professional engineers are appointed to monitor the safety and stability of these facilities, according to international best practice. Each site has a unique operating procedure that is implemented with the utmost care to reduce risk and protect the project-affected communities downstream of the facilities. See page 84 for a detailed breakdown of the sizes of Petra's mining waste facilities.

Read more about tailings residue deposit management at

<https://www.petradiamonds.com/sustainability/environment/sustainability-environment-tailings-management/>.

### Materials

The liberation of diamonds requires a process that involves mining, crushing, washing and screening of ore, followed by the recovery and sorting of concentrates, after which the raw product is shipped offsite for further classification. During this beneficiation process, the minimum raw materials are used, with the largest input being:

- energy (in the form of fuel and electricity);
- water (mostly recycled / reused water sources);
- construction steel;
- cement;
- timber;
- explosives;
- lubricating oils and grease;
- moisture sealant; and
- Dense Media Separation ("DMS") material (Ferro-Silicon).

No toxic chemicals are produced as a by-product of the diamond mining process.

Bulk chemical storage areas are built according to SANS 310:2011 and SANS 10131:2004 specifications to prevent pollution from accidental spillages and inappropriate handling.

## Environmental Management continued

### Materials continued

The Company's procurement position is such that preference is given to local suppliers and recycled products as far as practically possible.

#### Packaging material

Only reusable canisters are used for the shipment of the Company's product. Therefore, no packaging waste is generated during product transportation.

#### Transportation impacts

Petra identified the impact from various transportation activities as part of each operation's ISO 14001:2015 risk assessment process. Impacts due to the transportation of employees, ore and product were evaluated. The identified impacts include:

- consumption of non-renewable resources (fuel and electricity);
- air pollution due to exhaust gases and dust liberation; and
- nuisance noise.

The carbon footprint relating to transportation has been calculated and improvements made in terms of data management and updated emission factors to ensure a higher level of confidence in the figures; further details are available on page 63. Business travel is included in Scope 1 (Company airplane to reach mine sites: 189 tCO<sub>2</sub>-e) and Scope 3 (commercial airline travel: 72 tCO<sub>2</sub>-e; chartered airplane: 12 tCO<sub>2</sub>-e; and car rentals: 3 tCO<sub>2</sub>-e) totalling 204 tCO<sub>2</sub>-e (FY 2020: 804 tCO<sub>2</sub>-e), approximately 0.07% of Petra's total carbon footprint (FY 2020: 0.2%). The decrease of 69% is largely due to travel restrictions brought about by the COVID-19 pandemic. Employee commuting is included in Scope 3 and is calculated based on surveys and assumptions. In the reporting year, 533 tCO<sub>2</sub>-e were emitted due to employee commuting which is dominated by public transport (bus and taxi services).

### Case study: Rehabilitation at Finsch

Concurrent rehabilitation has been carried out on one of the oldest fine residue deposits at the Finsch mine. The project focused on the sustainable rehabilitation of the FRD 2 facility, including earthworks and the establishment of indigenous vegetation to support the eventual end land-use.

The rehabilitation aimed to achieve the following:

- closure of the identified areas;
- clean water runoff from the side slopes;
- the elimination of erosion on the side slopes;
- the provision of a suitable growth medium and spreading of fertilizer;
- minimum disturbance of established vegetation; and
- revegetation on the side slopes.

The project was concluded just before the January 2021 floods and proved very successful as all of the objectives were achieved. Vegetation cover has not reached 100% on all areas yet, but as with all new ecological systems, this will take some time. The dedicated environmental team at Finsch is now responsible for the aftercare and monitoring of the newly rehabilitated area of FRD 2.

**Value: Let's do it right**

### Biodiversity and land management

We recognise that our activities have the potential to significantly alter the biodiversity and topography of an area. Negative biodiversity impacts associated with mining include habitat destruction, vegetation clearance, introduction of invasive species and permanent change to the original ecological processes. Positive biodiversity impacts associated with our mining practices are the conservation of large areas of habitat that would otherwise have been over-exploited, as well as supporting conservation research.

We monitor the negative impacts at set frequencies during and after operations and implement mitigation strategies only if the impact could not be avoided.

The Company has implemented measures to integrate biodiversity in the management of its operations by:

- completion of environmental impact assessments prior to any 'greenfield' development;
- training of all employees on the importance of biodiversity;
- voluntary employee participation in biodiversity management, i.e. snake catchers and bee keeping; and
- implementation of biodiversity management guidelines.

To demonstrate our commitment to this area, Petra commenced annual participation in the CDP Forests Disclosure in 2019.

## Environmental Management continued

### Biodiversity and land management continued

None of our operations are located in or adjacent to formally protected areas.

As part of Petra's commitment to conserve biodiversity, game parks (conservation areas) are established and maintained where employees and community members can experience biomes prior to mining activities. Of the total area owned and managed by the Company, 56% is protected. See page 86 of the report for a summary of types of habitat protected.

## 6,981 ha

### PROTECTED WILDLIFE AREAS

Williamson maintains a large forest reserve of some 906 ha, thereby protecting the unique biodiversity of the Shinyanga province in Tanzania.

Ecosystem management is a process that aims to conserve major ecological services and restore natural resources while meeting the socio-economic, political and cultural needs of current and future generations. The goal of our Ecological Management Strategy is to give guidance to the implementation of specific management controls (Biodiversity Management Plans) of the operation's wilderness, vacant land or game farm areas by incorporating the international mitigation hierarchy (avoidance, minimisation, restoration, off-set and compensation). In order to ensure ecosystem service conservation, all controls must be synergistic to reach the overall objective of the ecological services area and must include the following objectives as a minimum:

- Avoidance of any ecological services system degradation as far as possible by:
  - protecting endangered and rare ecosystems within the operation's management areas.
- Mitigation of any current impacts on ecological services systems as far as practical by:
  - maintaining game populations within the ecological carrying capacity of the ecological reserve;
  - maintaining a balanced ecosystem resulting in balanced ecological services; and
  - management of controlled burning and preventing veld fires.
- Restoration of the ecosystem service by:
  - removing invasive alien vegetation from the ecological service areas;
  - restoring soil erosion occurrences; and
  - restoring bush encroachment due to veld mismanagement.
- Promotion of environmental awareness on biodiversity and general veld management.
- Promotion of tourism to the area, therefore benefitting the community with additional employment and investment through tourism in rural areas.
- Promotion of carbon sequestration through the promotion of vegetative proliferation.

## 100%

### OF OPERATIONS HAVE BIODIVERSITY MANAGEMENT PLANS

A number of protected species (four fauna and three flora species) have been identified in the areas under our care and are listed on page 87. Where appropriate, protected plants are relocated, or 'no-go' areas are established around species that cannot be relocated, such as the 'Cullinan ant colony', situated on 1 ha of undisturbed land in the middle of Cullinan's coarse tailings facility.

### Biodiversity certification

There is currently no standard available to certify biodiversity management. The BS 8583:2015 'Biodiversity – Guidance for businesses on managing the risks and opportunities' is listed as a standard by the BSI but no certification body is currently accredited for issuing such certification. Petra is considering this standard for future certification.

The Endangered Wildlife Trust of South Africa presented its Best Practice Guidelines regarding biodiversity management, as published, to the UN Secretary for Biodiversity Management in 2019. Petra has considered the nine principles laid out in the Best Practice Guidelines and is aware of the Company's upstream and downstream impacts on biodiversity in terms of chemical management, reduction of waste to landfill as well as reducing the inflow of raw water in the process. These principles have been embedded into Petra's environmental management systems and therefore the development of a standalone Biodiversity Management Standard was not considered necessary.

Our Ecological Management Strategy captures the principles of the IFC's Performance Standard 6 ("PS6"): Biodiversity Conservation and Sustainable Management of Living Natural Resources.

Petra supports the National Biodiversity and Business Network by taking part in meetings and discussion panels.

## Environmental Management continued

### Rehabilitation and closure plans

Each of Petra's operations has a rehabilitation and closure plan, as well as associated closure financial provisions. These rehabilitation and closure plans have implementation timelines in place based upon the individual operation's life of mine ("LOM"), which span through the operational phase until ten years post closure. However, it is worth noting that there is potential to extend or reduce the LOM at several of the operations and therefore these timelines are subject to change.

In order to reduce the closure liabilities and to speed up the rehabilitation of its assets, Petra has implemented a standardised Group-wide approach on concurrent rehabilitation, with the objective of generating a non-detrimental, sustainable solution for the environment and socio-economic state of our communities after mine closure. The budget assigned for concurrent rehabilitation in FY 2021 was US\$0.5 million (FY 2020: US\$2.2 million), with the decrease due to project constraints brought about by the COVID-19 pandemic, as well as due to Williamson remaining on care and maintenance.

# 100%

**OF OUR OPERATIONS HAVE CLOSURE PLANS**

The environmental impact from Petra's mining activities is not expected to last long after the cessation of operations. This is due to our strategic approach and commitment to our values at each step of the mining value chain. Each project is planned with the end of mine in mind, creating the potential to reduce double handling of mining waste and manage impacts timeously. Special measures are put in place to address residual and latent impacts. Previously, specialist studies identified a number of uncertainties, especially relating to final land use and post closure latent impact. This information gap has been reduced by updating technical rehabilitation plans and compiling closure risk assessments.

Rehabilitation budgets are allocated for concurrent rehabilitation activities to address the impacts of mining. Annual closure liability assessments are performed by external specialists to identify shortfalls in the provided funds. These funds are set aside, as per legislation, to cater for post-closure rehabilitation liability. The calculated mine closure liability for Petra during FY 2021 was US\$62.4 million (FY 2020: US\$44.3 million).

General consensus in the mine rehabilitation community is that it is not possible to reinstate the previous pristine environment after mining has taken place. However, it is possible to restore the productive potential of each site to the benefit of its local communities. Most of our current mining areas were previously used for agriculture, thus having the potential to sustain a community. Care will therefore be taken to reinstate that economic potential, with the most appropriate end land use of each area determined within ten years before mine closure. This is achieved by setting clear rehabilitation and closure objectives for all operations in line with Government-approved closure plans. This will achieve our goal of 'no net loss'.

#### Case study: Sustainable harvesting of firewood

The Williamson mine started an initiative of sustainable, controlled wood harvesting in 2005. Scheduled pruning of trees in the mining area is practised in order to protect the biodiversity and save the area from deforestation by community members looking for firewood. Firewood is still the main fuel source used for cooking and is also applied commercially by some community members that sell the wood or manufacture charcoal.

How it works: an area that is earmarked for alluvial diamond mining is first surveyed by the HSE department of the mine to determine if there are any large trees or any other rare or medicinal plants. These plants are not to be disturbed during the alluvial mining process. Local labour from the surrounding villages is then used to prune the low hanging branches of large trees that have been identified and to remove the smaller shrubs and bushes. Other areas such as the mine borders are also cleared by pruning the lower branches for security purposes.

The community and schools surrounding the mine are then invited to collect the firewood, under strict supervision of the HSE department. Company vehicles are used for the safe transport of the villagers and to deliver the collected wood to central drop-off points. During FY 2021, this initiative benefited approximately 300 people from eight local villages and a total of 700 tonnes of firewood was sustainably harvested.

**Value: Let's make a difference**

# Water Management

## Our ambition

**To provide water to tolerate current and future growth without compromising the sustainability of the environment or the communities in which we operate.**

## Our approach

Water management objectives:

- improve water use efficiency; and
- improve percentage of recycled water used in production.

Petra has identified water demand and water conservation management as its most significant environmental risks to operations. This is mainly due to water scarcity in the areas where we operate and the fact that our operations are water intensive. Two of Petra's operations are located in areas that receive less than 600 mm rainfall per annum (Finsch and Koffiefontein).

Changes in temperature, as may be expected as a result of climate change, will affect the availability of raw water for treatment processes and impact on natural water resources that sustain the communities around our operations. Scenario analysis indicates that Petra's operations may have to compete with local communities for the availability of water due to expected significant population growth in the centres that provide employment. This is expected to specifically impact Cullinan, which is situated in Gauteng (the biggest area of commerce and employment in South Africa).

Petra's short- to medium-term strategy to secure water resources is through:

- service-level arrangements and cooperative agreements with local Government and neighbouring industries;
- reduction of water losses;
- securing water from Governmental water schemes;
- expanding our own internal storage capacities; and
- maximising 'greywater harvesting'.

The long-term strategic planning for water management is based on:

1. the South African Department of Water and Sanitation's Long-term Adaptation Strategy, which includes adaptation scenarios specifically for water management; and
2. the World Resource Institute's Water Risk Atlas (WRI Aqueduct) – looking specifically at the 'business as usual' scenario for the period up to 2030 where most of the current LOM planning resides. This scenario focuses on water stress in areas due to resources supply versus development and expansion.

## 100%

### OF OPERATIONS HAVE WATER MANAGEMENT PLANS

Our Water Management Strategy, already implemented at all the South African operations, focuses on initiatives to improve water management with the below three distinct ambitions:

1. to determine current and future operational water needs by managing demand, quality and infrastructure;
2. to ensure a resource capable of not only supporting production but also improving the lives of those around us; and
3. to operate within the regulatory framework provided by international, national and local legislation.

The implementation of the Water Management Strategy in South Africa commenced in FY 2019. Implementation will commence at the Williamson mine once it resumes operations.

### Water consumption

Total clean water, which includes total raw water plus potable water consumed for mining-related activities, used by our operations decreased in FY 2021 by 78% to 2,031,934 m<sup>3</sup> (FY 2020: 9,218,119m<sup>3</sup>), mainly due to water-saving initiatives, the constrained production due to the COVID-19 pandemic and Williamson, which is the Group's largest user of water, being placed under care and maintenance.

Our total water usage per production tonne decreased by 42% to 0.56m<sup>3</sup>/t (FY 2020: 0.97 m<sup>3</sup>/t). This overall improvement in efficiency was due to restricted production under COVID-19 regulations and Williamson remaining on care and maintenance for the duration of the Year. Petra is aiming for a 1% improvement in water use efficiency in FY 2022 for each individual mine, based on their three-year average achieved over FY 2019 to FY 2021 (appropriately adjusted to take into account COVID-19 lockdown periods).

Three year average m <sup>3</sup> /t	Cullinan	Finsch	Koffiefontein
	0.119	1.158	1.810

### Water recycling

Petra prides itself on the level of water recycling achieved. All new projects are designed to be able to substitute either potable or raw water with re-used/recycled water from various sources. Besides internal recycling, most operations also utilise treated effluent from municipal wastewater treatment facilities. The percentage of recycled water used by our operations has remained above 80% for the past two years. The total volume of recycled water used during FY 2021 was 20,634,646m<sup>3</sup> (FY 2020: 51,385,297 m<sup>3</sup>), due to the overall lower amount of water used during the Year.

## 82%

### OF ALL WATER USED ON MINE IS RECYCLED

## Water Management continued

### **Our approach continued**

#### **Effluent discharge**

Petra neither treats mining effluent for discharge, nor is there any mining effluent that leaves the mining sites. We implement infrastructural changes to impound effluent water for re-use in the mining process. Both the Cullinan and Finsch operations have invested in updated stormwater management plans, with the implementation of these plans scheduled for FY 2022. The benefit of these improved structures is better separation of clean run-off from project effected process water, further eliminating the potential for effluent discharge.

#### **Co-operative agreements**

We place a high value on our working relationships with external parties such as companies operating in adjoining areas to our mines and local municipalities. These relationships aim to improve the management of shared issues such as resources consumption (water) and community involvement. We have such working agreements in place at Cullinan, Finsch and Williamson.

#### **UN Global Compact CEO Water Mandate**

Although the Company has not registered as a participant, the six elements of the mandate (direct operations, supply chain and watershed management, collective action, public policy, community engagement and transparency) are included in the daily management of our operations.

#### **CDP**

Petra completed the CDP water questionnaire for the first time in 2020, achieving a 'B-' disclosure score, and again in 2021, which further enhances the Company's disclosures in this important area.

# Climate Change and Energy Usage

## Our ambition

**We aim to be a market leader in the diamond mining industry with innovative concepts for addressing climate change, both by tackling the risks and maximising the opportunities associated with this global challenge.**

## Our approach

Diamond mining is less energy intensive than other types of mining, as evidenced by the fact that energy consumption (specifically electricity) only represented 15% of total cash on-mine costs in FY 2021 (FY 2020: 13%). However, it is recognised that non-renewable energy sources are finite and therefore likely to become increasingly scarce over time, as confirmed in the first round of our Climate Change Vulnerability Assessment in FY 2021.

Our short-term strategy is therefore to minimise overall energy usage wherever possible, while our long-term strategy is to reduce our reliance on fossil fuel energy resources. We do this by continuously evaluating opportunities to implement initiatives to reduce energy consumption, by designing all new projects to be as efficient as possible and by continuing to evaluate the strategic case for renewable power sources.

In addition, Petra recently developed an Energy Management Plan, based on the principles of the international ISO 50001 standard. Accordingly, each operation has its own specific management plan – focusing at this stage on electricity – and Energy Management Policy.

### Case study: Cullinan Energy Management Policy Statement

The Cullinan mine is committed to responsible energy management and ongoing energy improvements as part of our overall environmental strategy. Our energy management plan plays a key role in our organisation while supporting our plan to maximise profitability and strengthen our competitive position. Our efforts to reduce energy use and reduce our carbon footprint also support our commitment to our employees, the environment and the communities of which we are part.

The Cullinan mine is therefore committed to:

- having an energy management plan in place with clear and realistic targets;
- managing procuring energy efficient equipment and services;
- increasing staff awareness with regards to energy efficiency;
- investing in energy efficient plants and projects having a realistic return on investment;
- management making available necessary resources to achieve targets set in the Energy Management Plan; and
- the setup of an energy management coordination team to support the Energy Management Plan.

Cullinan will ensure compliance with all applicable legal requirements which relate to energy aspects, and other requirements to which the organisation subscribes.

**Values: Let's do it right**

We recognise the growing importance of climate change, both to our Company and to our stakeholders. By better evaluating and understanding the risks and uncertainties that climate change represents to our business, we will be able to manage our assets in the most economically and environmentally sustainable manner possible.

As driven by the unprecedented Paris Agreement and the global call to action from the UN's SDG on 'Climate Change', we are supportive of the onus on industry to be actively involved in projects and programmes to reduce the effects of global warming and climate change, as caused by human activities. We believe that amidst present policy uncertainty and future carbon constraints, the development and implementation of a comprehensive climate change adaptation framework is not only crucial to our Company's competitive position but is also an essential component of our commitment to a sustainable environment.

## Risks and opportunities

The Company follows a two-pronged approach to identify and assess climate-related risks and opportunities. The first forms part of the EMS risk assessment process that is performed annually (based on the principles of the ISO 31000 standard on risk assessment) at each of the operations. This risk assessment process includes the identification and assessment of risks and opportunities derived from internal and external issues, environmental conditions, emergency conditions, environmental legislation and significant aspects (activities, products and services) of the mining operations.

The second approach is to complete climate change vulnerability assessments at each operation and at Group level. The vulnerability assessment evaluates acute, chronic, transitional, financial, legal and reputational risks and opportunities, evaluated for two scenarios (low carbon emission future; high carbon emission future) and over three mining phases (operational, decommissioning and post-closure). The first complete set of evaluated climate change vulnerabilities was prepared in FY 2021.

# Climate Change and Energy Usage continued

## Our approach continued

### Climate change context

Our business needs to be able to adapt to the changing circumstances as can be expected from predicted climate change models. In this context, adaptation means anticipating the adverse effects of climate change and taking appropriate action to prevent or minimise the damage it can cause or taking advantage of opportunities that may arise.

According to research, Africa is likely to experience changes in climate earlier than other regions and therefore adaptation measures are urgently required on the continent. The climate across the Southern African Development Community ("SADC") region is highly diverse and driven by a range of distinct climatic systems. Evidence shows that the SADC region has already experienced an increasing frequency of hot days and decreasing frequency of extremely cold days. Rainfall trends are variable but evidence points to an increased inter-annual variability to date, with extremely wet periods and more intense droughts in different countries.

South Africa has been warming significantly over the period 1931 to date. Over the western parts of the country, including much of the Western and Northern Cape, and also in the east over Gauteng, Limpopo and the east coast of KwaZulu-Natal, the observed rate of warming has been 2°C/century or even higher – in the order of twice the global rate of temperature increase. A key feature of the projected climate change future of South Africa is that temperatures are to increase drastically under low mitigation. For the far-future period of 2080–2099, temperature increases of more than 4°C are likely over the entire South African interior, with increases of more than 6°C plausible over large parts of the western, central and northern parts. Such increases will also be associated with drastic increases in the number of heatwave days and very hot days, with potentially devastating impacts on agriculture, water security, biodiversity and human health.

It has already been observed in Tanzania that climate change is a reality. For example, a mean annual temperature increase of 0.8°C has been recorded since 1960 and rainfall decreased at an average rate of 2.8 mm per month or 3.3% per decade. It is predicted that extreme events such as drought, floods, tropical storms and cyclones are to become more frequent, intense and unpredictable.

The potential financial impacts of climate change that have been identified by Petra include:

- increased insurance costs;
- production losses;
- the loss of tailings dams due to heavy rain events;
- the cost incurred to decontaminate affected areas downstream of our operations in the event of containment facility failures;
- the need to redesign and upgrade facilities to increase freeboard levels, as well as additional holding capacity, in preparation for dry spells; and
- additional healthcare for employees as higher temperatures are linked to the spread of communicable diseases.

### Climate Change Adaptation Strategy

The Petra Climate Change Adaptation Strategy ("PCCAS") is an important step into the future as it:

- provides a position statement to our internal and external stakeholders who are concerned with climate change vulnerability and its impact on the Company;
- supports Petra in meeting international obligations and investor expectations by defining the Company's process to identify its vulnerabilities and its plans to reduce the vulnerabilities and maximise opportunities; and
- acts as a common reference point for climate change adaptation efforts within Petra, providing guidance across all levels and disciplines.

The strategic framework for Petra's Climate Change Adaptation consists of 11 steps:

1. climate change scenario analysis;
2. identification of climate change exposure (relevance);
3. identification of climate change receptors;
4. identification of potential climate change impacts;
5. vulnerability assessment;
6. identification of climate change adaptive capacity/capability;
7. prioritise adaptive needs;
8. identify appropriate action;
9. prioritise climate change adaptation action plans;
10. implementation of climate change adaptation action plans; and
11. monitor the effectiveness of adaptation action plans.

## Climate Change and Energy Usage continued

### Our approach continued

#### Climate Change Adaptation Strategy continued

The climate change scenario analysis for each operation was completed in FY 2020. The scenarios used are RCP 8.51 and RCP 2.6, which cater for both the worst-case and best-case emissions future.

Implementation of the PCCAS will span over five years with Phases 1 and 2 completed in FY 2020 and Phase 3 (completion of operational vulnerability assessments) completed in FY 2021. This will be followed by Phase 4 (implementation of adaptation action plans), scheduled to start in FY 2022, and Phase 5 (ongoing monitoring) thereafter.

The Climate Change Vulnerability Assessment of FY 2021 identified 80 potential impacts at an operational and corporate level. Of these, none were rated as 'high' vulnerabilities but 17 were rated to be of 'moderate' significance. The top ten vulnerabilities are listed below:

1. additional financial burden on operations due to changed legislation aimed at water use efficiency or the redistribution of natural resources;
2. changing legislation to regulate emissions, such as the Carbon Tax in South Africa may affect revenue;
3. the cost of energy will rise;
4. natural resources such as water will become scarcer which will impact production;
5. unreliable and expensive electricity from national providers;
6. high cost to construct additional water storage infrastructure at the South African operations or impoundments capable of holding added rain water in wetter areas at the Williamson mine;
7. changing emissions reporting obligations may increase costs due to potential fines and judgments;
8. reduced demand for our product if the market views our business as not doing enough to mitigate the risk of climate change;
9. financial implications to safeguard the community against the possibility of emergency events such as dam failure (Emergency Preparedness and Response); and
10. the clean-up and rehabilitation after storm events and the potential breach of dam walls have a direct financial implication and indirect negative impact on insurance premiums.

The Vulnerability Assessment process also identified a number of opportunities for Petra, with the most significant being:

- reduced operational cost due to more efficient machines and equipment, including modes of transport;
- increased production capacity due to effective processes;
- reduced operational cost due to increased resource effectiveness and recycling initiatives;
- reduced waste disposal due to increased recycling initiatives;
- reduced operational cost due to the use of lower emission sources of energy and more energy efficient buildings;
- reduced exposure to GHG emissions and therefore less sensitive to changes in the cost of carbon;
- return on investment in low-emission technology;
- increased consumer demand for a more responsible / ethical product.

#### Task Force on Climate-related Financial Disclosures

Petra considers that for the first time it has met all the requirements of the TCFD, which aims to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to the financial markets and other stakeholders. The PCCAS has been compiled with reference to the TCFD to ensure that Petra can meet these recommendations. In terms of the disclosure requirements, Petra has included the requisite information on pages 212 and 213 of its 2021 Annual Report. It should also be noted that during FY 2021 the Company completed submissions of the CDP climate change questionnaire, which has been updated to include the recommendations of the TCFD. Therefore, Petra considers that its 2020 and 2021 CDP submissions also provide all the disclosures required in relation to TCFD recommendations.

## Climate Change and Energy Usage continued

### Energy management

#### Energy consumption

Energy, particularly electricity, security in South Africa is of concern. Climate change science indicates that South Africa has the 'wrong' primary energy source – coal, which is a major source of carbon dioxide emissions. As such, there is an urgent need to diversify the country's energy sources away from the current high dependence on coal to renewable sources of power. The unprecedented load shedding of electricity experienced in Q2 FY 2020 highlighted once again why our dependence on non-renewable electricity sources needs to be re-evaluated and renewed focus should be placed on developing renewable sources of energy.

However, it is positive to note that the South African Government wants to reduce the contribution of coal to Eskom's energy generation from over 90% today to around 45% by 2030. As part of this commitment, it has established the Presidential Climate Change Coordinating Commission, whose aim will be to coordinate and oversee the transition away from fossil fuels.

Petra's total energy consumption for FY 2021 decreased by 21% to 1.5 million gigajoules (FY 2020: 1.9 million gigajoules). This reflects energy use from non-renewable resources, which include diesel consumption in TMMs, diesel consumption for electricity generation, and overall electricity consumption. The main reason for the decrease was the scaling back of operations in response to the ongoing COVID-19 pandemic and Williamson remaining on care and maintenance.

Petra's diesel consumption decreased 50% to 0.16 million gigajoules or 4,567,344 L in FY 2021 (FY 2020: 0.33 million gigajoules; 9,210,023 L), further to lower production for the Year and due to the Williamson mine (normally the biggest diesel consumer of our operations) remaining under care and maintenance. See further details in 'Supplementary Information' on page 83.

While electricity consumption was down 17% to 1.4 million gigajoules (FY 2020: 1.6 million gigajoules) predominantly due to lower production for the Year, but also due to the continued implementation of energy saving initiatives at all the mines, electricity efficiency deteriorated by 26% to 46.63 kWh/t (FY 2020: 37.02 kWh/t) due to a 34% decrease in tonnes processed for the Year. Forward-looking targets are currently on hold pending the stabilisation of the operations, post the disruption caused by the COVID-19 pandemic.

In South Africa, Petra consumes 100% of its electricity from the national grid. There are standby generators available at the South African operations, but these are only used for emergencies. The Williamson mine in Tanzania receives 95% of its electricity from the national grid and typically generates less than 5% (2.3% in FY 2021) from its own back-up resources on an annual basis due to the unreliable nature of the energy supply in that region.

Fuel efficiency in our trackless fleet improved over the last three financial years due to reduction targets that were implemented at all the operations. TMM fuel efficiency therefore improved by 22% from 0.74 L/t in FY 2020 to 0.58 L/t in FY 2021.

### Carbon emissions

#### Scope, boundaries and methodology

In 2013, Petra started tracking Scope 1, 2 and 3 (limited) emissions at all operations and used this information as the 'base year' from which to calculate the Company's carbon footprint. In FY 2016, the base year was then reset on the basis of material changes in the Company, with an intensity value of 0.20 tCO<sub>2</sub>-e/ct. Further changes in the Group structure at the end of FY 2018 necessitated a further recalculation of the base year; thus FY 2019 is now regarded as our base year.

The scope of our carbon footprint covers all of Petra's mines, as well as our offices situated in Johannesburg and London.

# Climate Change and Energy Usage continued

## Carbon emissions continued

### Scope, boundaries and methodology continued

The following activities are included into the carbon footprint calculation:

Scope 1	Scope 2	Scope 3
<ul style="list-style-type: none"> <li>Fuel consumed for electricity generation</li> <li>Fuel consumed by trackless mobile machines</li> <li>LPG</li> <li>Business travel (Company airplane)</li> <li>Fugitive emissions (R22 gas is separately reported on)</li> <li>Process emissions: water treatment (domestic effluent)</li> </ul>	<ul style="list-style-type: none"> <li>Electricity purchased from Eskom (South Africa)</li> <li>Electricity purchased from Tanesco (Tanzania)</li> <li>Electricity consumption of the London office (UK)</li> </ul>	<ul style="list-style-type: none"> <li>Waste disposal</li> <li>Water pumping (potable)</li> <li>Paper consumption</li> <li>Business travel:                             <ul style="list-style-type: none"> <li>Commercial airlines</li> <li>Chartered flights</li> <li>Car rental</li> </ul> </li> <li>Employee commute</li> <li>Scrap metal for recycling</li> </ul>

Petra uses the GHG Protocol on the reporting of greenhouse gas emissions as well as the IPCC Guidelines for National Greenhouse Gas Inventories of 2001 to calculate and report on our carbon footprint. This provides us with confidence that the correct information is portrayed to our stakeholders and enables us to be held accountable for the figures presented. An independent verification of the Group's GHG emissions inventory has been completed. The Group's GHG Emissions Report is available to view under the section 'Climate Change' on our website at <https://www.petradiamonds.com/sustainability/environment/>.

### Performance

In FY 2021, the Group's total carbon footprint (Scopes 1, 2 and 3) reduced 16% to 406,059 tCO<sub>2</sub>-e (FY 2020: 483,431 tCO<sub>2</sub>-e), mainly due to lower production and associated energy consumption for the Year.

The direct carbon emissions linked to our operations (Scope 1) decreased by 47% to 14,695 tCO<sub>2</sub>-e (FY 2020: 27,797 tCO<sub>2</sub>-e), mainly due to the aforementioned decrease in energy consumption for the Year. The Group's indirect emissions (Scope 2) decreased by 14% to 388,152 tCO<sub>2</sub>-e (FY 2020: 451,800 tCO<sub>2</sub>-e), due to the 17% decrease in electricity consumption. Further information on the different operations' performance is available on page 84.

Reporting year	Scope 1 emissions (10 <sup>3</sup> t CO <sub>2</sub> -e)	Scope 2 emissions (10 <sup>3</sup> t CO <sub>2</sub> -e)
2016	44	560
2017	53	576
2018	50	587
2019	37	438
2020	28	452
2021	15	388

Scope 3 emissions decreased by 18% to 3,213 tCO<sub>2</sub>-e (FY 2020: 3,834 tCO<sub>2</sub>-e) due to limited business travel as a consequence of the COVID-19 restrictions.

Carbon emissions from R22 gas amounting to 89 tCO<sub>2</sub>-e (FY 2020: 170 tCO<sub>2</sub>-e) are also included separately in the calculation.

Petra uses three intensity measures to express our normalised carbon footprint:

1. carbon emissions per production tonne;
2. total carbon emissions per carat recovered; and
3. total carbon emissions compared to revenue in US Dollars.

Only Scope 1 and 2 emissions are included in these calculations.

The table below provides the history of these measures.

Reporting year	tCO <sub>2</sub> -e/t (Scopes 1 & 2)	tCO <sub>2</sub> -e/ct (Scopes 1 & 2)	tCO <sub>2</sub> -e/US\$ (Scopes 1 & 2)
2017	0.032	0.154	0.0013
2018	0.028	0.133	0.0011
2019	0.032	0.124	0.0010
2020	0.039	0.135	0.0016
2021	0.050	0.125	0.0010

Petra aims to maintain the Company's carbon footprint for FY 2022 – 2026, calculated annually, below the FY 2019 base year of 0.124 tCO<sub>2</sub>e/ct (Scopes 1, 2 & 3).

## Climate Change and Energy Usage continued

### **Carbon emissions continued**

#### **Carbon sequestration**

Carbon sequestration at Petra is implemented through the maximisation of indigenous vegetated areas. According to research, each hectare of natural vegetation is responsible for the sequestration of 300kg of carbon per annum; thus, the approximate 6,981 ha of protected area under Petra's control results in the sequestration of 2,094 tonnes CO<sub>2</sub> per year.

In addition, Petra is participating in projects in collaboration with other major diamond producers and academic institutions that focus on the potential of carbon sequestration through mineralisation.

## 2,094 tonnes

OF CO<sub>2</sub> SEQUESTRATION PER YEAR

#### **Significant air emissions**

Petra has no significant sources of air emissions. Non-point sources of dust and particulates (i.e. environmental drop-out dust and particulate matter measures as pm<sub>10</sub>) as a result of surface activities are strictly regulated and annual results are submitted to the authorities for evaluation. Two of our operations (Finsch and Cullinan) reported dust levels above the allowable limit of 1,200 mg/m<sup>2</sup>/day, on 22 separate occasions (monitoring is done on a monthly basis). Samples of the collected dust were analysed to determine the origin. In all instances it was determined that the collected dust came from surrounding agricultural areas, adjacent lime mines or dirt roads. Therefore, no additional dust suppressing mitigation was initiated. See page 86 for detail on expected gases and other air emissions as they relate to the Company.

Petra does not produce, import or export any ozone-depleting substances.

#### **Reporting to the CDP**

Petra has participated in voluntary reporting to the CDP since 2013, with year-on-year improvement of disclosure scores on every report. During 2016 and 2017, Petra scored a 'C' (the 'awareness' band), which is in line with industry and region scores. In 2018 and 2019, we improved our score to 'B' (the 'management' band) and in 2020 we achieved our highest score yet: A- ('leadership' band), which places Petra within the top 11% of companies reporting to the CDP. This is above average for the industry and region alike.

As previously noted, the CDP questionnaire on Climate Change has been significantly revised to incorporate both the recommendations of the TCFD and improved alignment with other reporting frameworks such as the SDGs. Petra completed and submitted the questionnaires on Climate Change, Water Stewardship and Forestry in July 2021.

#### **Verification**

See page 87 for details of the most recent GHG Inventory Verification performed.

# Societal Impacts

Petra makes a valuable economic contribution to the countries and communities in which we operate. Maintaining supportive relationships and playing a positive role in our local communities are vital to the sustainable success of our operations.

**68** Our Socio-economic Impacts

**72** Stakeholder Engagement and Management

**76** Community Relations and Development

## Societal Impacts

“At a time when COVID-19 has continued to increase the hardships faced by our local communities, Petra has strived to address some of the most urgent needs, including via continued aid supplied by the Petra Hardship Fund. Stakeholder engagement is very important to Petra and much focus during the Year has been given to improving our engagement and grievance mechanisms and to standardising such systems across our operations, with the aim of ensuring more effective and accountable stakeholder relations.”

**Octavia Matloa**  
Chair of the SED Committee

**Material topics** (in order of importance to our stakeholders):

- Stakeholder engagement and management
- Community relations and development

See a schematic of how Petra manages social matters here: <https://www.petradiamonds.com/sustainability/people/>

### KPIs

**US\$18.6 million**  
PAID IN TAXES AND ROYALTIES

**US\$108.1 million**  
SPENT ON SALARIES AND BENEFITS

**US\$1.0 million**  
SOCIAL INVESTMENT AND  
COMMUNITY TRAINING SPEND

**US\$84.7 million**  
SOUTH AFRICAN DISCRETIONARY  
PROCUREMENT SPEND

**US\$2.7 million**  
IN LOAN FUNDING APPROVED TO  
LOCAL SMMES SINCE INCEPTION OF  
ENTERPRISE AND SUPPLIER  
DEVELOPMENT PROGRAMME (“ESD”)  
FUND

**692**  
MEETINGS HELD WITH INTERNAL AND  
EXTERNAL STAKEHOLDERS

### Stakeholders concerned

Employees, contractors, trade unions; local communities; financial stakeholders; host Governments, regulators, NGOs; suppliers

### Company policies and guidelines

- Code of Ethical Conduct
- Human Rights Policy Statement
- Supply Chain Policy
- SLPs
- EMPs
- Group Corporate Social Investment (“CSI”) Policy
- Group Local Economic Development (“LED”) Policy
- Stakeholder Engagement and Management Policy and Implementation Manual (currently undergoing finalisation)
- Stakeholder Engagement and Management Plans for the respective business units (currently undergoing finalisation)

### Standards we follow

- The South African Mining Charter
- UK Corporate Governance Code
- Publish What You Pay (“PWYP”)
- United Kingdom’s Report on Payments to Governments Regulations 2014 (as amended)

## Societal Impacts continued

### Key achievements and performance against FY 2021 objectives

- Our well-established stakeholder engagement processes allowed us to continue our quick and effective mobilisation in order to assist local community efforts to combat the COVID-19 pandemic, often in partnership with our local municipalities, with continued aid supplied to the most needy by the Petra Hardship Fund.
- The human rights abuse allegations at the Williamson diamond mine in Tanzania were extremely concerning to the Petra Board and an action plan was put in place to address the findings of the Tunajali Committee – read more on pages 21 and 22; in addition, a settlement was reached with Leigh Day, on a no admission of liability basis, which includes the set-up of restorative justice projects to benefit communities surrounding the mine.
- Review of the Group's stakeholder engagement and management policy framework in order to ensure more effective and accountable stakeholder relations.
- Learnings from Williamson applied Group-wide: implementation of an OGM with a Standard Operating Procedure ("SOP") customised and introduced across all the operations.
- Completion of a number of community projects in South Africa as a result of approval for projects being reached with stakeholders and project partners.
- Development of an Enterprise Development Policy, in line with the Group's Procurement Policy, to promote meaningful participation, growth and sustainability of local participants in the Company's supply chain.
- Stakeholder Relations Management ("SRM") software system continued to be improved with training of key officials in the principles of effective stakeholder engagement and management.
- Training conducted for local small, medium and micro enterprises ("SMME") suppliers on Petra's eProcure Portal to improve their engagement in new procurement opportunities.
- Ongoing monitoring of minor pit scaling events at the Cullinan mine and regular communication maintained with potentially affected residents.

### Key challenges

- As well as representing a major health risk, the COVID-19 pandemic has continued to have a severe socio-economic impact on both the operating and external environments of the Company.
- Likewise, political instability and failure of service delivery systems resulted in unrest and instability, mostly in informal settlements surrounding Petra operations, and the rising cost of living further increased the hardships of our host communities.
- The Williamson mine remained on care and maintenance; vital services including the mine hospital and school are permitted to continue.
- Illegal mining remains a challenge at the Williamson mine. PDL and WDL have put a plan in place to address historic failings with regards to management of human rights at the operation, including the appointment of a new third-party security contractor and training for all security personnel on their commitments with regards to the VPSHR – read more on pages 21 to 22.
- Improving local relations in Tanzania and gaining the trust of communities is vital and Petra has reviewed and enhanced its stakeholder engagement approach to address this, including raising awareness around issues of illegal mining, trespassing and other actions that might result in conflict – read more on page 72 to 75.
- Misalignment of identified projects and the actual needs of the communities in the Integrated Development Plans of local municipalities in South Africa.
- Community expectations related to issues of training, procurement and employment.
- Increased local unemployment as a result of constrained economic circumstances due to the COVID-19 pandemic.
- The COVID-19 pandemic is also disrupting the stakeholder engagement process in terms of SLP approvals and community project identification.

### Objectives for FY 2022

- Successful completion of the Social Impact Assessments for each operation to form the basis of the new cycle of SLPs.
- Improve communication with local communities through continued engagement.
- Continued roll-out of community development projects to meet the needs of local communities.
- Continued review and optimisation of the Group's stakeholder relations management software to ensure that all issues raised are tracked, monitored and closed out.
- Appointment of a Group Sustainability Manager to consolidate the Group's extensive activity in this important area.
- Aim to build community confidence in the newly established OGMs at each operation via open and transparent engagement in order to achieve the effective and satisfactory resolution of grievances raised.
- Ongoing monitoring of the extent of any pit scaling events at Cullinan and regular engagement with the local community.
- Restorative justice at the Williamson mine: Petra has committed funds in excess of £1 million to community initiatives that aim to provide sustainable benefits to communities surrounding the Williamson mine.

## Our Socio-economic Impacts

### Our approach

We aim to make a meaningful positive contribution to our stakeholders. By creating sustainable employment opportunities, we aim to support our local communities; by investing in ethical and, where possible, local supply chains and assisting small businesses, we aim to support our local economies; and by paying taxes and royalties, we aim to contribute to our countries of operation.

Creating stakeholder value and providing an economic contribution to the countries and communities in which we operate, are important objectives for the Group. Through the employment of local people, the payment of taxes and royalties, procurement from local suppliers and corporate social investment, we can make a positive contribution to our stakeholders. Our value added statement can be viewed on page 81.

### The benefits of stable and sustainable employment

**ca. 49,000**

#### PEOPLE DEPENDENT ON PETRA'S OPERATIONS

The Company currently employs 4,895 employees and contractors but given the generally accepted 'multiplier effect' in South Africa and Tanzania of x10, ca. 49,000 people are dependent on our operations.

Capital investment in our mines has facilitated being able to put mine plans in place, ensuring sustainable employment for our workforce and the associated socio-economic development opportunities for the wider local communities in the longer term, subject to external influences such as the state of the diamond market and the cumulative impacts of the COVID-19 pandemic. Read more about our social investment and how we work to generate sustainable development on pages 76 to 78.

The Group spent US\$108.1 million on wages and benefits in FY 2021 (FY 2020: US\$117.8 million), in line with inflationary increases across the operations (increase effective for only six months of the Year), Williamson remaining on care and maintenance and offset by the negative effect of translating the South African operations' ZAR denominated payroll costs at the stronger ZAR:USD average exchange rate (FY 2021 average of ZAR15.41:US\$1 versus FY 2020: ZAR15.68:US\$1).

### Payments to Governments

Petra is committed to transparency with regard to payments to Governments, both in terms of taxes and royalties, as well as our other areas of significant social expenditure.

We support the principles of the Extractive Industries Transparency Initiative and PWYP, given that publishing details of Petra's tax payments to Governments can increase confidence and help improve community support for its activities.

In FY 2021, the Group paid a total of US\$18.6 million in taxes and royalties (FY 2020: US\$19.7 million), with the decrease attributable to the transaction costs incurred under the debt Restructuring resulting in a decrease in VAT payable to host countries. It should be noted that Petra's operations are currently subject to varying levels of tax shields, due to the significant level of investment having been made by the Company at each operation.

The Company did make certain charitable donations during FY 2021 (as noted on page 77), but not of a material amount. The Company did not make any political donations during FY 2021 and received no financial assistance from Governments, other than Temporary Employer / Employee Relief Scheme ("TERS") payments in relation to the COVID-19 pandemic.

### Taxes and royalty summary per country – FY 2021 (US\$ million)

	FY 2021	FY 2020	Variance
South Africa	<b>22.0</b>	13.3	+65%
Tanzania	<b>1.3</b>	6.7	-81%
United Kingdom	<b>(4.7)</b>	(0.3)	+147%

### Managing our supply chain

Petra's supply chain department is responsible for managing the Group's inbound supply chain. It performs an important role in terms of delivering on our production plans by ensuring that the right goods and services are delivered to the right location at the right time. The team is also accountable for ensuring that our supply chain operates safely, efficiently and according to the high level of ethical conduct that we expect of our business.

We proactively manage and develop a capable and commercially secure supply base, with the aim of delivering sustainable value to our Company and to our suppliers through leveraging long-term relationships and effective contract management. Our approach in this regard is guided by our Procurement Policy, which is continuously updated to ensure it complies with the latest legislative developments.

Petra is utilising a supply chain management platform, enabling suppliers to register to do business with the Company via our online eProcure Portal. This ensures that suppliers are made aware of new opportunities as they arise and also allows us to expand our list of contractors and make our procurement system more transparent and effective. The platform also encourages potential suppliers to comply with various legislative and regulatory requirements that are measured by a Business Maturity Index ("BMI") visible to every registered supplier on the platform. Petra aspires to improve the average BMI of suppliers contracted going forward. The eProcure platform has been rolled out across all the South African operations. A contract life cycle management system has been introduced to ensure effective contract management with as little as possible human intervention.

We expect all suppliers and contractors to act with integrity and respect for human rights. Therefore, compliance with our Code of Ethical Conduct and our Human Rights Policy is explicitly required as part of the general terms and conditions of contract with the companies in our Group. Our Group companies have vetting processes in place to ensure that they deal with reputable businesses, but they will continue to strengthen these processes as part of the ongoing formalisation of their supply chain practices.

## Our Socio-economic Impacts continued

### Managing our supply chain continued

Petra has stringent verification processes and security vetting policies in place to ensure the integrity of its supply chain.

Petra's Supplier Compliance Committee aims at improving governance with regards to suppliers by ensuring that all suppliers comply with legislation and Petra's standards and processes.

#### Supplier HSE assessment

# 100%

OF SUPPLIERS ARE SCREENED USING ENVIRONMENTAL CRITERIA

The Company has a mandatory supplier induction programme in place to ensure that suppliers are aware of their various obligations before their contract commences. This induction incorporates modules on Company general information, governance issues and security issues, as well as important HSE issues.

Petra uses pre-qualification questionnaires and site inspections (under special circumstances) to vet suppliers before contracts are finalised. The environmental criteria used during qualification includes:

- compliance with relevant environmental legislation; and
- certification of their EMS.

All supply chain activities are part of the EMS of each operation and its risk identification criteria as per ISO 14001. Special attention is given to suppliers of hazardous chemicals and those which deliver high-risk environmental services, such as waste management and disposal. Incidents that may lead to environmental impact are reported via the normal on-site incident reporting processes. Copies of significant incident reports are distributed to suppliers for their information.

Where costs are incurred for clean-up or remediation, these are recovered from the supplier as per the international accepted principle of 'the polluter pays'. The mechanisms for cost recovery and initiation of action against suppliers are described in detail in every contract. During the period under review, no supplier contract was terminated as a result of environmental bad practice and no significant impact actuated as a result of supplier action.

#### Local procurement

Petra sources the majority of the goods and services for its South African and Tanzanian operations from the countries in which they are located; even those goods supplied by international companies are purchased through the suppliers' operating entities in that country. We view targeted local procurement as a powerful lever for local economic development and community empowerment, and preference is therefore always given to suppliers in close proximity to our mines when possible. An additional focus is the procurement of goods and services with maximum local content (i.e. manufactured locally in South Africa). This is a new Mining Charter requirement and the compliance measures are still being developed.

Despite significant progress made, challenges remain relating to the availability of BBBEE suppliers in South Africa and the fact that suppliers of high-value capital goods are very seldom situated in the host communities of our mines. In FY 2021, Petra therefore established an Enterprise Development Policy, in line with the Group's Procurement Policy, to promote meaningful participation, growth and sustainability of local participants in the Company's supply chain.

Petra also identified that extra support was required for local SMMEs to ensure that they can make use of the eProcure Portal effectively. During the Year, it therefore initiated training for local suppliers to remove barriers to its utilisation with the aim of enabling them to access and respond to tenders, thereby improving their participation in the Company's supply chain.

By providing opportunities to increase 'local content', Petra is doing its part to help improve local economic activity, thereby stimulating employment opportunities, skills development and investment, which can help to alleviate local poverty.

#### Petra's supply chain

The supply chain serving our mining operations encompasses 1,220 suppliers in two countries, being South Africa and Tanzania. The proportion of goods procured from local suppliers increased during the Year from 49% in FY 2019 to 60% in FY 2020 in South Africa and from 90% in FY 2019 to 91% in FY 2020 in Tanzania. The reason for the significant increase in South Africa was due to the prior year's spend including a larger portion of capital expenses which are not so readily available from local suppliers.

Country	Procurement spend (US\$m)	Discretionary procurement spend <sup>2</sup> (US\$m)	% spent with local <sup>3</sup> suppliers
South Africa <sup>1</sup>	150.4	84.7	63%
Tanzania <sup>1</sup>	7.6	6.3	94%

1. South Africa and Tanzania are considered 'significant locations' due to the presence of our producing mining operations in country.

2. Discretionary procurement spend is the spend on services where Petra can choose a supplier, unlike for example electricity and water which have to be purchased from the national utility providers in South Africa and Tanzania.

3. We define 'local' as suppliers based in the relevant regional province in South Africa and as national spend in Tanzania.

## Our Socio-economic Impacts continued

### Managing our supply chain continued

#### Petra's supply chain continued

Commodity breakdown (excluding services):

- Electricity: 24%
- Capital projects: 17%
- Spares and maintenance: 16%
- Petroleum: 3%
- Explosives: 1%
- Other services: 39%

### Developing local businesses

We believe that the combination of targeted procurement and local small business development is a key component to providing a sustainable solution for economic development in South Africa.

Local businesses face a number of challenges such as access to finance and access to market. This limits the ability of start-ups and existing local businesses to grow and expand.

Through our ESD Programme, the Company aims to assist local businesses in accessing financing and markets, thereby encouraging their sustainability and creating sustainable employment and economic growth in local communities.

We have a network of one-stop Enterprise Development Resource Centres, which support local businesses with non-financial and financial offerings. These centres provide an important link between local businesses and the mine's supply chain.

Services offered at the centres include:

- business advisory services;
- readiness assessments – business, financial and technical;
- generic business and technical training;
- access to market;
- access to funding through low-interest funding for qualifying SMMEs;
- formal business mentoring;
- computer and printing facilities; and
- boardroom facilities.

#### Petra's ESD Community Fund (since inception in 2015)

**340**

LOANS TO LOCAL SMMEs

**US\$2.7 million**

APPROVED LOAN FUNDING

#### Petra's ESD Community Fund (since inception in 2015)

Loans approved	340
Value of loans approved	US\$2.7 million
Number of jobs created and sustained for duration of project/contract	2,114
Number of local small businesses supported	174
Petra's ESD spend	US\$0.3 million

## Our Socio-economic Impacts continued

### Case Study: Training SMMEs on how to use the eProcure Portal

During September 2020, the Cullinan mine's Enterprise Development Resource Centre devoted time to training local SMMEs and entrepreneurs on how to use the Company's eProcure Portal.

Participants were given assistance with registration on the portal and were shown how to participate in tendering opportunities, when available.

This training is expected to help remove barriers to entry for local SMMEs to Petra's supply chain.

Furthermore, Petra seeks to ensure that local SMMEs are not targeted by fraudulent parties and therefore aims to make participants aware that registration on both the Company's database and portal systems is offered free of charge and no agencies have been appointed to work with the mine as intermediaries, or to act on their behalf.

**Value: Let's do it right**

# Stakeholder Engagement and Management

## Our ambition

**We aim to build strong relationships with all our stakeholders through effective and transparent engagement, in order to assist us in maintaining trust in our business, upholding our social licence to operate and creating shared value.**

## **Our approach**

The ever-increasing influence that stakeholders, especially local communities, have on the operations of all companies – and in particular mining companies – is a global reality. This is particularly evident in developing countries, such as the jurisdictions in which Petra's operations are situated. Pressures on development, employment and social service delivery by both governments and corporates, which are often regarded as the only other role players that are in a position to make a tangible contribution, have been exacerbated by the impacts of the COVID-19 pandemic. This necessitates a continued focus on effective engagement with role players in our social environment and a more integrated approach that is better suited to the changing operational environment.

Identification of our most important stakeholder groups is an ongoing process, as is the continued engagement with them through a variety of methods in order to maintain consistent two-way communication throughout the Year. Feedback from these stakeholder groups on key issues or impacts as a result of our operations are relayed to Management and the Board via the SED structure and Board Committee, which are then taken into account in strategic discussions and decision-making. For more information on our key stakeholder groups, the methods used to engage them, how we have considered our impact on stakeholders and the resultant actions taken, see the 'Stakeholder engagement' section on pages 14 to 17 of our 2021 Annual Report.

This Year, significant progress has been made in developing the Company's SED Committee, which was established in FY 2019. The SED Committee, with its supporting operational structures, such as the multidisciplinary SED Steering Committee, is designed to deal specifically with the demands of social, ethical and diversity factors, with the social component playing a large role in its activities. Read more about the SED Committee's activity for the Year in the 'Report of the SED Committee' on pages 110 to 112 of our 2021 Annual Report.

Stakeholder engagement and management ("SEM") has been a significant focus of the Group since 2013, but the efforts to improve on methodology and processes followed, in the light of ever-changing circumstances, is ongoing. During the past Year, a major focus was placed on finalising and standardising policies and processes, in order to ensure more effective and accountable stakeholder relations.

The need to review the Group's SEM policy framework was expedited by the results of the findings of the external investigation into the allegations of human rights abuses at the Williamson mine in Tanzania, which highlighted a number of areas to improve our approach and processes. These enhancements included simplification and clarification of policy and process, as well as the introduction of consistent feedback and grievance mechanisms and revised Stakeholder Engagement Plans ("SEPs"), with the emphasis on the effective execution of engagements, at all operations by Year end. Read more about the enhancements made to Williamson's stakeholder engagement processes on page 72.

Stakeholders and engagements are being identified, captured, profiled, scheduled and managed using an SRM software system. Work on the improvement of the system continues, as it is considered an essential tool to provide an accurate overall picture of our ongoing stakeholder relationships. In addition, training of key employees in the principles of effective stakeholder engagement and management continues, albeit that not all intended employees could attend the training during the Year, primarily due to vacancies, and the impact of the COVID-19 pandemic on training provision.

The SEM approach, in conjunction with formal surveys carried out, assists in continuously assessing issues material to the Company. In identifying our stakeholders' perceptions of Petra's most material issues in this way, the Company is able to respond to these speedily and more effectively. No formal, Company-wide Social Impact Assessment ("SIA") or Materiality Assessment was conducted during FY 2021, but valuable information on the key issues concerning the Company's primary stakeholders was gained via the processes outlined above.

Ongoing engagement of our stakeholders is the most critical part of our SEM process. Whilst the COVID-19 restrictions placed on face-to-face meetings and forums – which continued where possible – had a significant impact on such engagement, a variety of suitable channels and media, including printed, broadcast and social media, were used in order to continue constructive engagement with our stakeholders. Petra's social media accounts, especially Facebook, continue to play an increasingly important role in this, but quarterly community newsletters produced and distributed to the communities by the respective operations still play a key part in keeping communities informed of operational issues that affect them. Although these newsletters are generally well received by communities, their success largely depends on the prevalent social issues that affect the respective communities' relationship with the operations.

## Stakeholder Engagement and Management continued

### Our approach continued

A proactive approach to stakeholder engagement is critical in building relationships and upholding our social licence to operate. We engage continually with the Government, and in particular the DMRE, local Government (municipality), communities and organised labour on matters of mutual benefit and interest.

The most tangible benefits of our proactive approach are:

- collaboration with stakeholders (including the municipality) on key issues such as Integrated Development Plans (including their development and implementation), the roll-out and alignment of projects with the needs of the community, and collaboration with the Government on funding developmental opportunities;
- enabling and exploring possible synergies in community development initiatives and co-funding of projects with other mining houses and/or Government departments;
- involvement in community forums, aiming to address and manage the risk of mistrust and lack of clear communication, which has provided a catalyst for social incidents in the past. The following issues are discussed: local procurement and enterprise development, environmental impacts of mining, employment opportunities, illegal mining and skills development (bursaries, internships and learnerships);
- engagement with organised labour on differing issues at various levels such as: accommodation and living conditions, skills development, skills retention, health and safety, operational performance and achievement of targets relating to sustainability of the business, labour unrest and productivity;
- management of issues relating to the environmental impact of mining, which remain the concern of all our local communities; synergies are required between the environmental liability and the needs of the community; and
- regular and transparent engagement at all levels with authorities and regulators, especially concerning compliance with SLP commitments and Mining Charter requirements and targets (including, amongst others, transformation, mine community development, housing and living conditions and procurement).

### Engagement in FY 2021

#### South Africa

Petra recorded 658 instances of stakeholder engagement in South Africa in FY 2021. This is a substantial increase which reflects the major drive Petra had to increase its visibility and engagements with its stakeholders, as well as improved processes and accuracy in reporting said engagements. The increase also reflects a significant focus on the area of local enterprise development, including 307 individual training sessions for local SMMEs.

#### Tanzania

WDL recorded 34 stakeholder engagements in FY 2021. This was a lower level of engagement than usual due to the mine being on care and maintenance for the Year, as well as due to the COVID-19 pandemic which impacted activities and gatherings. WDL embarked on efforts to increase engagements beginning in Q2 FY 2021, through well-attended community Town Hall Meetings, with the objective of sharing information with leaders and the communities regarding the business environment during the pandemic and updating the communities on the mine's care and maintenance status.

Stakeholder engagement also focused on raising awareness in the surrounding communities and with Government leaders prior to the launch of WDL's revised OGM. The culmination of these efforts led to the successful launch and implementation of this revised OGM, including the opening of a dedicated grievance office and desk at the entrance to the mine site.

Furthermore, a stakeholder engagement expert was deployed at WDL until the end of September 2021 to assist WDL to improve collaboration and create value for both the mine and its stakeholders. The temporary role entailed supporting the mine leadership in their engagement with local communities and other stakeholders, including the provision of high-quality and responsive information for stakeholders and developing innovative approaches to engagement. WDL is currently in the process of appointing a permanent Social Performance Manager that will continue and build on the work of the stakeholder engagement expert.

### Responding to issues

One of the deficiencies identified, and highlighted by the allegations of human rights abuses at the Williamson mine, was the absence of effective and standardised feedback and a formal grievance mechanism that stakeholders could use to raise their concerns and issues. Albeit that various mechanisms were used to invite feedback and grievances from stakeholders, it was found that the processes and responses followed were not consistently applied or recorded. To address this, a generic Feedback and Grievance Procedure has been introduced to standardise the handling of any stakeholder feedback and concerns raised.

One of the actions taken pro-actively to address deficiencies identified at Williamson was to develop an updated OGM and establish a new IGM process for WDL with the support of Synergy. Given the similarity between principles and processes outlined in this document and the generic Feedback and Grievance Procedure mentioned above, a decision was taken to apply the principles outlined in them and introduce an SOP, to be customised for and adopted as an OGM at each of the South African operations as well. This, as well as campaigns to inform communities of these OGMs and to encourage them to make use of them, was completed by Year end.

Going forward, the focus will be to build community confidence in these OGMs by open and transparent engagement, and effective and satisfactory feedback and / or resolution of grievances raised.

## Stakeholder Engagement and Management continued

### Cullinan pit scaling and environmental impacts in FY 2021

Further to the significant pit scaling incident that occurred during FY 2020 in October 2019, the Cullinan mine continued to experience minor events of scaling of the open pit wall in FY 2021. None of these incidents had any significant impact on communities, and continuous communication was maintained with potentially affected residents via community newsletters and flyers, and electronic communication channels. While the pit scaling at Cullinan is not expected to impact production, the immediate surrounding area of the open pit may be impacted over the medium to longer term by this natural degradation. However, there are no indications that such scaling events are likely to present any risk to residents.

In order to address the concerns raised by the community during previous pit scaling events, a number of actions are ongoing:

**Building structural surveys:** A 'crack survey' of 64 buildings in the residential area in proximity to the pit was completed during FY 2021. Structural engineers then analysed these results and conducted further analysis and site inspections with consent of the property owners. The next phase of this project will involve geotechnical analysis of subsoil material and structural assessment of foundations.

**Dust fallout measurement:** Dust fallout is being monitored continuously using two installed real-time dust monitors, one to the south and the other to the north of the pit. Measurements recorded to date indicate that we did not exceed the annual daily average limit of 50 mg/m<sup>3</sup> during the past Year.

**Limited voluntary relocation:** Following technical investigations, no risks or legal requirements were identified that would necessitate the relocation of any resident living close to the mine pit. However, the pit sidewall failures during 2019, albeit of unprecedented magnitude, led to a failure of approximately 6 million tonnes and the pit crest stepping out by nearly 80 metres. Considering this recent history, the implication of such an unlikely event would be that some properties might be within the 100 metres radius prescribed by law. As a responsible corporate citizen and having considered a recommendation from the DMRE, Exco approved the adoption of a proactive approach to proceed with a limited voluntary resettlement of residents within 200 metres of the Cullinan pit, which will be guided by the recently developed Group Resettlement Policy Framework. The Cullinan mine will continue to conduct thorough engagements with the project affected persons ("PAP") and broader engagements with interested persons.

**Noise and vibrations:** Unrelated to pit scaling, but as a result of concerns raised by community members residing close to the mine, acoustic surveys identified the large vibrating screens in the mill plant as a potential source of infrasound noise, which refers to sound waves with a frequency below the lower audible limit of the human hearing range. To reduce or eliminate this, special screen panels were manufactured and installed to balance the air pressure above and below the screen deck.

### Illegal mining and artisanal and small-scale mining

#### Artisanal Small Scale Mining ("ASM")

Petra believes that there is a space for artisanal small scale miners to co-exist with formalised, large-scale mining, since ASM can often profitably recover diamonds from resources that would be unprofitable, or at best marginal, for a larger operator due to the capital and overhead costs involved. For this reason, we have been actively pursuing the establishment of ASM where resources are deemed to be suitable for ASM extraction. The view is that properly regulated artisanal mining, which complies with the Kimberley Process Certification Scheme, as well as other standards for such operations set by, inter alia, the United Nations, conducted on such resource can both augment the diamond industry and hold definite benefits to communities.

To date, two ASM initiatives have been put in place by the Company in South Africa, at Koffiefontein during FY 2020 and in Kimberley during the Company's previous involvement in Kimberley Ekapa Mining JV, with the latter initiative being a landmark agreement in this regard. As one of the restorative projects that forms part of the settlement of the alleged human rights abuse claims with Leigh Day in May 2021, an investigation has commenced for the establishment of ASM on the Williamson mine's diamond resources.

In South Africa, the DMRE has indicated its intention to formalise ASM and include it into the mining regulatory framework. It is currently consulting with industry role players, including the Minerals Council SA on behalf of the mining industry, on the draft policy published in this regard. The general principles and guidelines contained in this draft policy are aligned and compatible with the ASM initiatives that Petra has introduced, and we are confident that the outstanding issues will be resolved in a constructive way, and this policy will provide a valuable framework for future initiatives.

## Stakeholder Engagement and Management continued

### Illegal mining and artisanal and small-scale mining continued

#### Illegal Mining

Although the risk of illegal mining at the Group's underground operations in South Africa is negligibly low, given the defined outline of the mine site areas and the associated security, there is an ongoing risk of illegal ASM taking place at the Williamson mine in Tanzania. This is due to the large size of the 146 ha orebody and alluvial resources included in WDL's 30.6km<sup>2</sup> SML and the challenges associated with securing such a large perimeter.

In addition, the tailings dumps at Petra's South African operations, due to the nature of these deposits being at surface, mean that they can be more easily targeted.

As a result of the human rights abuse allegations at Williamson, steps were taken to ensure that such illegal mining is managed in accordance with the VPSHR. This included replacement of the third-party security contractor, training of all mine and contractor security personnel in the VPSHR principles, and engagement with the TPF and local Government authorities on an ongoing basis, as well as stakeholder engagement on security related matters.

As part of the Company's transparent response to the human rights abuse allegations in Tanzania, Petra has put the systems and processes in place to be able to report on the number of illegal mining incursions taking place on the Williamson SML.

During Q4 FY 2021 (April to June 2021), there were a total of 109 incidents of illegal incursions onto the SML, resulting in three illegal diggers suffering minor injuries and being provided with treatment at the Mwadui hospital and another local medical facility before being discharged. There was some damage caused to police and contracted security provider vehicles in five of the incidents. A total of 18 arrests were made over this three-month period.

During Q1 FY 2022, there were a total of 143 incidents of illegal incursions onto the Williamson mine lease area, resulting in six security officials belonging to the third-party security provider and two belonging to the TPF suffering minor injuries, and in 15 arrests being made.

While PDL and WDL wish to limit the reoccurrence of incidents in so far as is possible, it is recognised that it will never be possible to completely eradicate illegal incursions, given the nature of the product being mined and the fact that diamonds are a small, easily transportable and valuable commodity that can meaningfully alter the lives of some members of the local community. WDL has therefore put a community engagement programme in place to highlight the dangers of illegal mining, including raising awareness around issues of trespassing and other actions that might result in conflict, with the objective of seeking to reduce illegal incursions onto the SML.

With regards to South Africa, the prospecting for or extraction of diamonds and the trade in uncut diamonds without the necessary authorisations is illegal, as set out in various pieces of South African legislation, amongst which are the Diamond Act, the MPRDA, the Mine Health and Safety Act and the National Environmental Management Act. Historically, instances of such illegal artisanal mining have been sporadic at the Group's South African operations and dealt with by the relevant authorities under the aforementioned legislation.

The scale of illegal mining is not expected to have a material impact upon production in the short to medium term. However, there are risks of illegal miners contravening a number of regulations for which the Group companies may be held responsible, in particular in the areas of health and safety and environmental management. There are also reputational risks associated with human rights issues relating to the management of illegal mining; hence, steps are being taken to strengthen management processes, including grievance mechanisms, as set out on page 73.

## Community Relations and Development

### Our ambition

**In line with our mission to unlock value for all our stakeholders, our involvement in community development aims to contribute to alleviating the most critical needs in our local communities and to create life-changing opportunities. We target long-term positive impact in the communities in which we operate, which can continue to be sustained following the cessation of our mining activities guided by our mine closure plans.**

### Our approach

Due to the remote locations of our operations, predominantly in areas of relatively low levels of socio-economic development and high unemployment, Petra's mines in most cases present the only major economic activity in the local area.

Our community development work is focused on contributing meaningful and long-term development of our host communities via sustainable job creation, skills transfer (education and training), enterprise development and infrastructure development.

We also recognise that in order to develop the next wave of employees in our local communities, it is imperative that we have programmes in place to prepare and equip them with the skills they require. These initiatives include support to selected schools in our communities to improve performance in mathematics and science, which are considered as gateway subjects to feed the education pipeline, as well as the scholarship and bursary schemes.

To ensure coordination and inclusivity in social planning and development, we strive to establish partnerships with our employees, Governments, communities, NGOs and educational institutions in order to optimise the impact of our initiatives.

The structure of our community engagement and development programmes is guided by both the Company's stakeholder engagement and management approach (see pages 72 and 73) and the SLPs and EMPs (read more on pages 17 to 18) in place for each operation.

These plans include the following:

- initial social impact assessments based on participatory processes prior to drafting SLP;
- applicable legislation relating to diversity/employment equity;
- environmental impact assessments and ongoing monitoring;
- public disclosure of results of environmental and social impact assessments;
- local community development programmes based on local communities' needs;
- Stakeholder Engagement Plans ("SEP") based on stakeholder mapping;
- broad-based local community consultation committees and processes that include vulnerable groups; and
- worker representation bodies to deal with impacts.

### Social investment

Considering the length of the potential mine lives of our operations, we focus on investing in long-term projects which will have a lasting positive impact and which address the socio-economic needs of the communities in which we operate. Our approach to corporate social investment is therefore developmental in nature and aimed at creating sustainability in communities beyond the life of active diamond mining.

The success of several of our social investment projects is dependent on our local communities having the necessary skills to implement and eventually manage them, and Petra therefore aims to provide the required training and advice wherever possible. We also facilitate steering committees to assess, implement, monitor and evaluate the progress of our projects, consisting of our employees, members of the local community and municipality, and other service providers.

### Expenditure in FY 2021

Our Group social spend in FY 2021 decreased 50% to US\$0.7 million (FY 2020: US\$1.4 million). Only ca. 44% of budgeted spend was committed in South Africa in FY 2021 due to the continued challenge to get stakeholders to align on suitable local economic development projects, which hinders the implementation of larger projects in the community, as well as due to the disruptive impact of the COVID-19 pandemic. The operations are continuously engaging with local authorities and representatives to identify suitable projects, but community stakeholders must first come to a consensus on their desired projects.

#### Expenditure by country

	FY 2021 (US\$m)	FY 2020 (US\$m)
South Africa	<b>0.63</b>	1.2
Tanzania (Williamson)	<b>0.03</b>	0.2
Group total spend	<b>0.66</b>	1.4

Social spend in South Africa related to the completion of two projects at Daniëlskuil in the Northern Cape, being the refurbishment of pump stations and the construction and installation of public lighting (high masts and streetlights). Community spend in Tanzania remained curtailed to a minimum as a result of the mine's liquidity constraints, further exacerbated by the COVID-19 pandemic and the mine being placed on care and maintenance in April 2020.

## Community Relations and Development continued

### Social investment continued

#### Expenditure in FY 2021 continued

##### South Africa

Social investment in South Africa is partially mandated and is provided in the following areas:

- **Local economic development ("LED")** is mandatory spend and corresponds with the Company's commitments as per the approved SLPs for each of the South African operations. LED projects are agreed with local municipality representatives and the DMRE and approved by the latter.

Current projects include:

- the refurbishment of pump stations in Daniëlskuil which was completed in partnership with Kgatelopele Municipality and the Department of Water and Sanitation in the Northern Cape;
- the construction and installation of public lighting in partnership with Eskom and Kgatelopele municipality, which included the installation of streetlights and six high mast lights to help combat crime; and
- the completion of electrification of households and upgrading of bulk infrastructure (excluding substation), which involved the supply and construction of MV/LV Distribution networks to informal dwellings in Kgatelopele, complete with house connections.

- **Corporate social investment ("CSI")** spend is discretionary and the level that can be spent on qualifying projects in the local community is agreed upon by the Company's CSI Committee. These projects and their criteria are outlined in Petra's Group Corporate Social Investment Policy. Each operation has an established CSI Committee to approve and oversee the roll-out of the projects.

Current projects include:

- the provision of food security for local primary schools, including the distribution of nutritional shakes to local school learners in Refilwe;
- the donation of an administrative office to the Smart Start Early Childhood Development Centre in Kgatelopele local Municipality;
- the adopt-a-school project – this project entails implementing a small project at under-privileged schools, i.e. the upgrading of the Media Centre for Daniëlskuil Intermediate;
- the provision of reusable sanitary pads to school learners in Daniëlskuil;
- the provision of face masks for community members during the COVID-19 lockdown period in Daniëlskuil;
- the provision of food hampers to vulnerable groups in the Refilwe community, in collaboration with the Department of Social Development;
- the provision of resources for the Matric Awards to the Department of Education in order to create a better learning environment for students entering university;
- the donation of stationery to orphaned and vulnerable learners in local schools in Region 5, in collaboration with the Department of Education and the City of Tshwane; and
- the purchasing and installation of an overhead projector for Koffiefontein's comprehensive school hall.

- **The Petra Foundation ("PF")** was established in FY 2016 with the purpose of attracting funding from our large suppliers, contractors and multi-nationals, as well as securing other contributions, to be used for community projects in areas adjacent to our operations, which meet the criteria of the PF's Memorandum of Incorporation.
  - Through the Petra Foundation, the Petra Hardship Fund was established to assist communities during the COVID-19 pandemic and lockdown period (see below).
- **Sponsorships** are one-off expenditures, granted on a case-by-case basis, usually by a specific Petra operation, following a request received by the local community. Such requests are also considered in light of meeting the criteria set out in the PF's Memorandum of Incorporation.
- **The Petra Hardship Fund.** The PHF was an initiative set up specifically to provide assistance to distressed host communities and qualifying employees in response to COVID-19. The PHF was funded by salary and fee sacrifices from Petra Directors and Senior Management over the period April to June 2020. The PHF partnered with the lead Government relief agencies in order to optimise its reach and included measures such as the distribution of food parcels and sanitary bags to communities that were struck by floods in Daniëlskuil community.

Other aid included:

- supporting the Department of Health with food parcels to make soup for the elderly whilst waiting to be vaccinated in Letsemeng Local municipality;
- food parcels to vulnerable communities; and
- PPE such as face masks and sanitisers to local clinics and schools.

## Community Relations and Development continued

### Social investment continued

#### Expenditure in FY 2021 continued

##### Tanzania

In Tanzania, Williamson contributes directly towards community development through assistance with the advancement of social, commercial, industrial, educational, medical and administrative infrastructure for the benefit of local communities.

In terms of supporting local education, Williamson owns and runs the Mwadui A Primary School, providing subsidised English education for its pupils. This is the only primary school in the district which has formalised computer training and a computer centre and continues to be considered a top achiever at district, regional and national level.

Williamson's Corporate Social Responsibility Plan, which is informed by the mine's SEP, concentrated on the following areas for contribution and support during FY 2021:

- supporting Kishapu District and Shinyanga Region at large by providing fuel in order to complete important official Government duties and operations;
- facilitating timber planks to be used in the construction of the first ever Kishapu Girls District Secondary School in Mwadui;
- the provision of building material in the form of aggregate, a water bowser, fuel and 50 bags of cement to aid in the construction of a classroom in Mwadui Lohumbo; and
- a donation to Mwadui Football Club to participate in the Tanzanian Premier League, representing the Shinyanga Region.

Once the mine is no longer in care and maintenance, a formal CSR plan will be developed for implementation in FY 2022.

##### Restorative Justice in Tanzania

As part of the actions taken in response to the findings of the Tunajali Committee into the alleged breaches of human rights at the Williamson mine (read more on pages 21 and 22), Petra has committed funds to community initiatives that aim to provide sustainable benefits through income generating projects. Shortly after Year end, PDL paid in excess of £1 million into an escrow account to fund these restorative programmes. Synergy has been formally appointed to manage these funds and they will work closely with the communities and local NGOs on the formulation and implementation of the programmes identified as part of the settlement agreement.

These projects include:

- feasibility studies into a formalised artisanal tailings project at the mine and an agribusiness project and the implementation of these projects, based on the outcomes of these studies;
- the establishment of enhanced community clinical and medical support;
- managed access to parts of the SML to collect firewood and graze animals; and
- the launch of a gender-based violence ("GBV") campaign to support community capacity to counter GBV and provide support to victims of GBV.

For all the restorative projects listed above, PDL and WDL will work with the surrounding communities and local NGOs to investigate their feasibility and, where feasible, to support the design and implementation of these projects. Where projects are deemed not feasible or not applicable to the needs of the surrounding communities, alternative projects will be identified and implemented with the approval and participation of all relevant parties.

### Community training and development

Petra considers providing training, education and development to local community members just as important as training its own workforce, as this enables it to not only directly contribute to the economic upliftment of the community but also to prepare a pool of potential labour for its operations.

In order to address the scarcity of skills in our local communities, our involvement starts at a grassroots level, in the form of the maths and science school support programme and the provision of scholarships. This is continued at tertiary education level with opportunities provided through the bursary scheme, the graduate development programme and the provision of practical experience through our experiential training programme.

## US\$0.3 million

### SPENT ON COMMUNITY TRAINING AND EDUCATION PROGRAMMES

Our community training and development spend decreased 40% for the Year to US\$0.3 million (FY 2020: US\$0.5 million), mainly due to the COVID-19 pandemic impacting delivery of such programmes. The main areas of expenditure for the community training and education programmes in South Africa were the school support projects and bursary scheme. In Tanzania, Williamson's spend was focused on support to the local primary school in the form of exam registration fees, as well as the human rights training programmes carried out for both Williamson managers, internal security personnel and the external security contractor, as well as the TPF.

## Community Relations and Development continued

### Community training and development continued

#### Bursary scheme and support to tertiary students

Petra's bursary scheme focuses on supporting promising students studying towards higher qualifications in the core disciplines of the mining industry, and forms part of the South African mines' SLP commitments. The bursary covers the cost of the studies as well as accommodation and allowances and is only available to South African students.

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### FULL-TIME BURSARY STUDENTS FROM OUR COMMUNITIES WERE SUPPORTED BY PETRA IN FY 2021

The group of full-time bursary students supported during FY 2021 is suitably diverse, consisting of 100% HDSAs and 75% female participation. As part of the scheme, students are supported in carrying out vacation work or practical modules at operations as required by their respective institutions.

Many tertiary courses require a component of vocational training. Petra provided opportunities for students from local communities to fulfil this requirement by providing opportunities for experiential training or vacation work opportunities. 11 students were supported in this manner during FY 2021.

#### Portable skills for community members

The issue of portability of skills also extends to local residents who are not employed by the mine, but reside in the surrounding communities. For this reason, some of these programmes are also extended to community members. Portable skills training includes computer literacy training, technical training, plumbing, basic building techniques and carpentry, sewing, driver's licence training and agricultural training, as well as other opportunities related to local economic activity. In FY 2021, 20 community members were enrolled for portable skills training.

#### School support project

The school support project, which is intended to elevate the general level of mathematics and science education in order for more students to achieve quality passes in these subjects (see Case Study 'Building career progression paths in the community' to follow), is currently implemented at four schools in the communities surrounding our operations. This project is aimed at contributing to improving opportunities to access tertiary studies and to securing employment. It is focused on developing both teacher and student competence, targeting Grades 8 to 12. Advocacy campaigns to involve parents in their children's education and to assist pupils in making career choices were also included during the Year, as well as Grade 12 motivation workshops.

Due to the school closures during the COVID-19 pandemic, the school support project continued to implement innovative technological solutions to support learners. This included the use of WhatsApp groups, assisting with access to educational support programmes on various TV channels, and access to educational videos via formats such as YouTube, the Khan Academy and Siyavula.

Five additional schools were supported by the provision of the 'My Maths Buddy' dictionary, which aims to assist teachers and pupils in mastering the language of mathematics.

#### Scholarships

Scholarships are awarded to deserving learners from schools in our communities. The purpose of a scholarship is to alleviate the pressure that financial burden can place on both the learner and parent by supporting learners to attend high-performance schools where possible. 41 learners were supported in this manner during FY 2021, 80% of which were female and 100% were HDSA.

#### Supporting the Minerals Education Trust Fund ("METF")

The METF is a body which provides a means to pool resources in South Africa's minerals industry to address and resolve some of the many challenges facing tertiary education. Petra provides annual contributions and committed ca. US\$13,000 in FY 2021.

#### Case Study: My Maths Buddy

The Cullinan mine strives to make a real contribution to the people of its surrounding communities through various initiatives, including its long-standing partnership with the Department of Education.

In addition to its investment in scholarships and bursaries, during the Year Cullinan, in partnership with My Maths Buddy, donated My Maths Buddy Dictionaries to local schools, being Rethabiseng Primary, the Lesedi Primary, Chokoe Primary, Sedibeng Primary and Kutumela Molefi.

The My Maths Buddy Dictionary helps students and teachers from grade three to grade 12 with maths terminology. The programme enables struggling and under-performing learners to improve their marks significantly and has helped 35,000 learners across South Africa since the launch of the programme. Through this initiative Petra hopes to nurture the talent and abilities of those that would otherwise be unable to access this support, thereby providing an important knowledge and learning opportunity, and in turn develop key skills for life.

**Value: Let's make a difference**

# Supplementary Information

**81** Back-up Data

**88** Glossary

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## Back-up Data

All data provided in this section includes the Williamson mine, which is currently classified as an asset held for sale.

**Financial value added statement**

US\$ million	FY 2021	FY 2020	FY 2019
<b>Value added</b>			
Revenue	<b>406.9</b>	295.8	436.6
Paid to suppliers for material and services	<b>(125.4)</b>	(139.4)	(151.3)
<b>Value added</b>	<b>281.5</b>	156.3	312.3
Income from investments	<b>7.4</b>	3.2	0.3
<b>Wealth created</b>	<b>288.9</b>	159.5	312.6
<b>Wealth distribution</b>			
<b>Employees</b>	<b>108.0</b>	117.8	143.2
Net salaries and benefits	<b>84.5</b>	92.8	108.9
Salary-related taxes	<b>23.5</b>	25.0	34.3
<b>Providers of capital</b>	<b>63.4</b>	68.0	73.2
Finance cost	<b>63.4</b>	68.0	73.2
Dividends paid	—	—	—
<b>Governments</b>			
Tax paid	<b>(4.9)</b>	(5.3)	15.6
<b>Reinvested in the Group</b>	<b>122.4</b>	(21.0)	80.6
Depreciation and capital items	<b>99.7</b>	115.0	195.0
Accumulated losses	<b>22.7</b>	(136.0)	(114.4)
<b>Wealth distribution</b>	<b>288.9</b>	159.5	312.6

**Workplace safety and occupational health****Group safety data**

	FY 2021	FY 2020	FY 2019
<b>LIFR unit calculations</b>			
Rate per 200,000 hours	<b>0.44</b>	0.29	0.21
Rate per million hours	<b>2.20</b>	1.45	1.05
Number of LTIs	<b>25</b>	19	16
LTI – male/ female breakdown:	<b>23 males, 2 females</b>	17 males, 2 females	15 males, 1 female
LTI – employee/contractor breakdown:	<b>21 employees, 4 contractors</b>	15 employees, 4 contractors	11 employees, 5 contractors
<b>FIFR unit calculations</b>			
Rate per 200,000 hours	<b>0.00</b>	0.00	0.00
Rate per million hours	<b>0.00</b>	0.00	0.00
Number of fatalities	<b>0</b>	0	0
Fatal accident male/female breakdown	<b>N/A</b>	N/A	N/A
Fatal accident employee/contractor breakdown	<b>N/A</b>	N/A	N/A

**Safety per operation – FY 2021**

	Finsch	Cullinan	Koffiefontein	Williamson	Petra Group
<b>LTIFR</b>					
FY 2021	0.66	0.43	0.73	0.00	0.44
FY 2020	0.65	0.19	0.57	0.00	0.29
FY 2019	0.27	0.20	0.46	0.06	0.21
<b>LTIs</b>					
FY 2021	10	10	5	0	25
FY 2020	11	4	4	0	19
FY 2019	6	5	4	1	16

**LTIs breakdown by workforce type – FY 2021**

<b>Employee</b>	21
<b>Contractor</b>	4

**LTIs breakdown by gender – FY 2021**

<b>Male</b>	23
<b>Female</b>	2

## Back-up Data continued

**Workplace safety and occupational health continued****Petra employees vulnerable for COVID-19 – FY 2021**

	Cullinan	Finsch	Koffiefontein	Williamson	Total
<b>Hypertension</b>					
Employees	118	206	127	291	<b>742</b>
Contractors	25	146	2	73	<b>245</b>
<b>Diabetes</b>					
Employees	40	54	46	32	<b>172</b>
Contractors	6	17	0	9	<b>32</b>
<b>Asthma</b>					
Employees	9	12	9	13	<b>43</b>
Contractors	0	6	0	5	<b>11</b>
<b>HIV<sup>1</sup></b>					
Employees	18	37	34	4	<b>93</b>
Contractors	8	24	2	3	<b>37</b>
<b>TB</b>					
Employees	0	0	0	1	<b>1</b>
Contractors	0	0	0	0	<b>0</b>

1. The Company does not have a high level of confidence in its HIV statistics as these rely on voluntary testing or declarations only, and some workers do not disclose their results for privacy reasons.

**People****Data per operation – FY 2021**

	Antwerp office	Cullinan	Finsch	Koffiefontein	Williamson	Botswana <sup>1</sup>	Johannesburg office	London office	Board	Total
<b>Employee and contractor breakdown</b>										
Permanent and part-time employees	1	1,557	1,582	689	889		170	5	8	<b>4,901</b>
Contractors	1	1,260	1,003	576	501		170	4	8	<b>3,523<sup>2</sup></b>
		297	579	113	388			1		<b>1,378</b>
<b>Rate of employee recruitment</b>										
Male										<b>3.82%</b>
Female										<b>1.54%</b>
<b>Group terminations by type and gender</b>										
Voluntary terminations		23	67	34	3		10			<b>137</b>
Involuntary terminations		51	36	63	32	6	18			<b>206</b>
Male		61	83	85	32	6	20			<b>287</b>
Female		13	20	12	3		8			<b>56</b>
<b>Recruitment by gender</b>										
Male		37	61	29	3		5			<b>135</b>
Female		13	22	11	6		2			<b>54</b>
Total recruitment		50	83	40	9		7			<b>189</b>
<b>Recruitment by area</b>										
Gauteng		50					6			<b>56</b>
Northern Cape			83				1			<b>84</b>
Free State				40						<b>40</b>
<b>Recruitment by age group</b>										
18–29		16	43	15	6					<b>80</b>
30–50		29	35	23	3		5			<b>95</b>
51+		5	5	2			2			<b>14</b>

1. In FY 2021, the Company disposed of its exploration assets in Botswana via the sale of 100% of its holding in Sekaka Diamonds Exploration (Pty) Limited to Botswana Diamonds PLC.

2. This figure differs from the total employee figure of 3,517 for the Year, as it includes the six Non-Executive Directors (as at 30 June 2021) who are not employees of the Company.

## Back-up Data continued

## People continued

## Employee breakdown by age group – FY 2021

	18-29		30-50		50<		Total	
	Female	Male	Female	Male	Female	Male	Female	Male
Board			1	1	1	5	2	6
Senior Management			5	14	1	13	6	27
Management Employees	1	2	31	69	9	60	41	131
<b>Total</b>	86	317	462	1,813	91	541	639	2,671
<b>Total</b>	87	319	499	1,897	102	619	688	2,835

Age distribution	FY 2021	FY 2020	FY 2019
18-29	12%	14%	18%
30-50	68%	65%	62%
>50	20%	21%	20%

## Training spend per operation – FY 2021

	Cullinan	Finsch	Koffiefontein	Group	Williamson	Total
<b>Training spend</b>	US\$ 2.6	1.9	0.8	0.3	0.2	5.8

## Environment

## Group environmental data

	Unit	FY 2021	FY 2020	FY 2019
<b>Water consumption by source</b>	m <sup>3</sup> (unless otherwise indicated)			
Municipal water		720,023	2,907,763	3,226,719
Surface water		1,311,911	6,310,356	9,493,707
Ground water		2,482,592	2,732,429	2,540,317
Total water usage		4,514,526	11,950,548	53,652,156
Recycled water		20,634,646	51,385,297	38,391,412
Rain water	mm	2,421	2,294	1,592
<b>Water consumption by source</b>	%			
Municipal water		3	5	6
Surface water		5	10	18
Ground water		10	4	5
Recycled		82	81	71
<b>Business waste and waste recycling</b>	t (unless otherwise indicated)			
Hazardous waste disposed		198	140	203
Non-hazardous waste disposed		3,247	2,869	3,735
Total waste to landfill		3,445	3,009	3,938
Total waste recycled		2,843	2,460	5,523
Total waste incinerated		47	13	350
Total waste generated		6,335	5,483	9,812
Recycled waste as a percentage of total waste	%	45	45	56
<b>Mine waste generated</b>	t			
Coarse		3,120,335	5,011,544	6,064,754
Fines		4,397,458	6,566,966	7,947,049
<b>Energy consumption</b>				
Total diesel consumption	L	4,567,344	9,210,023	12,577,035
Total electricity consumption	kWh	377,284,616	456,613,645	499,812,784
Total diesel consumption	GJ	164,886	331,561	479,185
Total electricity consumption	GJ	1,358,225	1,643,809	1,799,325
Total energy consumption <sup>1</sup>	GJ	1,523,111	1,975,370	2,285,434
<b>Energy efficiency</b>				
Electricity efficiency	kWh/t	46.63	37.02	36.78
Diesel efficiency in TMMs	L/t	0.58	0.74	0.85
<b>Carbon footprint</b>				
Scope 1	tCO <sub>2</sub> -e	14,695	27,797	37,214
Scope 2	tCO <sub>2</sub> -e	388,152	451,800	438,118
Total tCO <sub>2</sub> -e (Scopes 1 and 2)	tCO <sub>2</sub> -e	402,847	479,597	475,332
Intensity indicator 1	tCO <sub>2</sub> -e/ct	0.125	0.134	0.123
Intensity indicator 2	tCO <sub>2</sub> -e/t	0.050	0.039	0.032
Scope 3	tCO <sub>2</sub> -e	3,213	3,834	4,916
Total tCO <sub>2</sub> -e (Scopes 1, 2 and 3)	tCO <sub>2</sub> -e	406,059	483,431	480,248

## Back-up Data continued

## Environment continued

## Group environmental data continued

	Unit	FY 2021	FY 2020	FY 2019
<b>Ozone-depleting substances</b>	kg			
1,1,1-trichloroethane ("TCA")		0	0	0
Carbon tetrachloride ("CTC")		0	0	0
Halon		0	0	0
Methyl bromide		0	0	0
R134a		4	2	29
R-410		31	101	93
R507		9	41	34
R-404		15	30	14
Total ozone depleting substances		59	175	169
R22		89	170	129

1. This figure excludes petrol, jet fuel and LPG.

## Environmental data per operation FY 2021

	Unit	Finsch	Cullinan	Koffiefontein	Williamson <sup>1</sup>	Johannesburg <sup>2</sup>	London	Total
<b>Total Water efficiency</b>	m <sup>3</sup> /t	1.07	0.09	1.67	n/a	n/a	n/a	<b>0.56</b>
<b>Water consumption by source</b>						n/a	n/a	
Surface water	%	16	0.04	15	42			<b>5</b>
Ground water	%	31	2	26	0			<b>10</b>
Municipal	%	9	0.6	0.2	58			<b>3</b>
Recycled	%	44	97	59	0			<b>82</b>
<b>Water consumption by source</b>						n/a	n/a	
Surface water	m <sup>3</sup>	709,041	7,276	457,308	138,286			<b>1,311,911</b>
Ground water	m <sup>3</sup>	1,350,624	337,748	794,221	0			<b>2,482,592</b>
Municipal	m <sup>3</sup>	411,061	108,442	7,480	191,994			<b>720,023</b>
Recycled	m <sup>3</sup>	1,900,630	16,934,016	1,800,000	0			<b>2,482,592</b>
<b>Waste generated</b>						Not Recorded	Not Recorded	
Business Waste	t	199.87	214.84	114.58	2,717.65			<b>3,246.94</b>
Hazardous Waste	t	156.32	14.96	27.12	0			<b>198.40</b>
Recycled Waste	t	1,484.55	973.98	166.48	217.83			<b>2,842.84</b>
Recycled Waste	%	79	81	54	7			<b>45</b>
<b>Surface area occupied by mining waste</b>						n/a	n/a	
	Ha	330	258	90	222			<b>900</b>
Coarse	Ha	347	464	152	416			<b>1,379</b>
Fines	Ha	113	5	120	22			<b>260</b>
Waste rock								
<b>Energy Consumption</b>	GJ						n/a	
Total energy consumption	kWh	565,442	714,864	182,919	37,034	22,852		<b>1,523,111</b>
Electricity consumption	kWh/t	143,003,954						
Electricity efficiency	L/t	63.09	180,448,08	45,432,83	8,047,5	352,195		<b>377,284,61</b>
Electricity efficiency	L/t	1,402,389	4	9	44	n/a		<b>6</b>
Diesel consumption	L/t	0.621	35.87	68.12	n/a	597,868		<b>46.63</b>
Diesel efficiency			1,807,438	536,301	223,348	n/a		<b>4,567,344</b>
Diesel efficiency			0.390	0.770	n/a			<b>0.58</b>
<b>Carbon emissions</b>								
Scope 1	tCO <sub>2</sub> -e	4,490	5,839	1,589	842	1,935		<b>14,695</b>
Scope 2	tCO <sub>2</sub> -e	148,724	187,651	47,250	4,160	366		<b>388,152</b>
Scope 3	tCO <sub>2</sub> -e	553	365	203	1,794	46		<b>2,960</b>
Total C-Footprint	tCO <sub>2</sub> -e	153,767	193,330	49,042	6,796	2,348		<b>405,807</b>
Intensity indicator 1	tCO <sub>2</sub> -e/t	0.067	0.038	0.065	n/a	n/a		<b>0.050</b>
Intensity indicator 2	tCO <sub>2</sub> -e/ct.	0.124	0.100	0.829	n/a	n/a		<b>0.125</b>
<b>Closure Liability<sup>3</sup></b>	USDm	25.4	24.4	7.5	5.06	n/a	n/a	<b>62.4</b>

1. Consumption data not available for Williamson as the mine was placed under care and maintenance.

2. Offices in Johannesburg - South Africa, as well as those in London - UK added.

3. As at 30 June 2021.

## Back-up Data continued

## Environment continued

## Environmental data per operation FY 2021 continued

	Unit	Finsch	Cullinan	Koffiefontein	Williamson <sup>1</sup>	Johannesburg <sup>2</sup>	London	Total
<b>Dust Monitoring</b>					n/a	n/a	n/a	<b>n/a</b>
Max. Limit allowable	mg/m <sup>2</sup> /d	1,200	1,200	1,200				
Ave. level achieved	mg/m <sup>2</sup> /d	383	494	81				
Max. level reached	mg/m <sup>2</sup> /d	1,280	2,200	190				
Instances of non-compliance	No.	8	14	0				
Number of Monitoring sites	No.	9	6	8				

## Environmental 'severity' - classification of incidents:

Minor	Low	Medium	High	Major
No impact or impact is negligible and will not last longer than a week; no sensitive receptors (contained).	Impact lasts no longer than three months and is of a low order; likely to have little real effect; no sensitive receptors but not contained; reach not larger than the mining area; Noncompliance to SOPs.	The impact last between –one to five years; will affect an area outside of the mining area, but will not extent beyond the regional scale; receptor area includes some sensitivity (vulnerable species / habitat); Noncompliance to Permit or License conditions.	Impact last for LOM but mitigated at closure; the impact is recorded on a regional scale; substantial impact due to sensitive receptors (protected species, conservation area, freshwater resources of regional importance),e.g. failure of a Coarse Residue Deposit.	Permanent impact; National scale; highly sensitive receptor environment (endangered species, protected habitat and freshwater resources of national importance), e.g. failure of a Fine Residue Deposit.

## Significant environmental incidents FY 2021

Operation	Severity	Description
Finsch	Medium	On 22 December 2020, heavy rains over a 24-hour period resulted in an overflow from one of the mine's return water dams into neighbouring land. The incident was rated as of medium severity and reported to the Department of Water and Sanitation ("DWS"). An investigation was done and an action plan submitted. All corrective and preventative actions have been completed.
Finsch	Medium	Over 26 – 27 January 2021, the mine received ≥ 180mm of rain, equivalent to a 1 in 200 year flood (Tropical Storm Eloise). The return water dams and relating infrastructure were not capable of handling the large volume of rain water. The situation was exacerbated by a power failure that effected the water pumps. The result was that storm water overflowed into neighbouring land. The incident was rated as of medium severity and reported to the DWS. The mine is in negotiation with the DWS to allow for the construction of a trench between the five-mission return water dam and a quarry that is used as reservoir for process water. Construction is planned for FY 2022/ FY 2023.
Koffiefontein	Medium	On 27 January 2021, Tropical Storm Eloise caused abnormal rains in Koffiefontein. The town received 143mm of rain within 18 hours. This event is measured as greater than a 1 in 100 year flood event. It resulted in localised flooding with high volumes of water within the mine's storm water system. The storm water reported to the paddocks (settling and return water infrastructure) which overflowed into the mine's raw water reservoir, where the water was contained. The incident was reported to the DWS. All water infrastructure and systems were found to be adequate and no further actions are needed.

## Back-up Data continued

### Environment continued

#### Hazardous gas

Depending on the type of mining there are five main sources of hazardous gas in mining.

- Gases from blasting: gases resulting from blasting are principally carbon dioxide, nitrogen and steam. However, toxic gases including carbon monoxide and nitrogen dioxide also result. As oxygen is consumed in any such blast, oxygen deficiency may also be a result. For safety purposes all employees are evacuated from the underground workings prior to every significant blast and only allowed re-entry after a specific time period to allow for the dispersion of toxic fumes. Special detection apparatus are used to measure the levels of primarily carbon monoxide (CO) to declare an area safe for re-entry. From an environmental point of view these gases cannot be accurately monitored in this scenario as the working areas are too diverse. Real-time monitoring of gas emissions through the extraction fans are not practical as the concentration of NO<sub>x</sub> and SO<sub>x</sub> is constantly below detectable levels.
- Methane from orebody: highly combustible methane (CH<sub>4</sub>), or 'firedamp' as it is called in many coalfields, is formed in the latter stages of coal formation and, because of the depths and pressures, it becomes embedded in the coal. This is insignificant to Petra as only Koffiefontein has detected low concentrations in testing holes (cover drilling) and never in the general atmosphere.
- Vehicle exhaust: as with any other vehicle exhaust application, toxic fumes are a result of the operation of internal combustion engines. In mining, diesel vehicles are used primarily, and carbon monoxide and nitrogen dioxide, as well as oxygen deficiency, are of concern. A 10% sample of all underground vehicles are monitored on an annual basis to ensure compliance with local legislation. These vehicles are routinely maintained to reduce excessive air emissions. Special catalytic converters are also installed as Petra standard to reduce the volume of CO released to the atmosphere.
- Underground explosions and fires: even small, smouldering fires can create toxic gases including CO and nitrogen dioxide (N<sub>2</sub>O) and also consume enough oxygen to cause asphyxiation. Petra did not have any such events in FY 2021 and thus nothing to report under this section.
- Liberation of gases due to acidic water: low concentrations of sulphur dioxide (SO<sub>2</sub>) could be present at Koffiefontein but to date have not been detected. This is as a result of the high pH of the ground water in the area.
- Volatile organic compounds: at Petra, non-methane volatile organic compounds ("NMVOCs") have been detected and are monitored during belt splicing operations only (trichloroethylene). Environmentally these levels of emissions are insignificant as this activity is done infrequently. Occupational hygiene exposures are monitored.
- Ammonia gases: Petra's standard is to use emulsion-based explosives in lieu of higher ammonium-based explosives. This implies that high ammonium-based products have been phased out and the detection of NH<sub>3</sub> is insignificant to Petra operations.

#### Land disturbed vs. protected

Operation	Unit	FY 2021			FY 2020		
		Area disturbed	Area protected	Requiring rehab	Area disturbed	Area protected	Requiring rehab
Cullinan	ha	1,642	2,673	1,631	1,642	2,673	1,631
Finsch		1,764 <sup>1</sup>	1,388	1,423 <sup>1</sup>	1,406	1,388	1,008
Koffiefontein		1,642	2,014	1,636	1,642	2,014	1,636
Williamson		699	906	293	699	906	293
<b>Total</b>		<b>5,748</b>	<b>6,981</b>	<b>4,984</b>	5,389	6,981	4,569

1. The 'area disturbed' and the area 'requiring rehab' at the Finsch mine was adjusted during the Year due to an updated surface area survey.

#### Impact of mining on water catchments – South Africa<sup>1</sup> – FY 2021

Operation	Water catchment area	Total available Resource (M m <sup>3</sup> /a)	Resource required for mining (M m <sup>3</sup> /a)	Total % of resource used for mining (%)
Cullinan	Crocodile West	1,245	140	11
	Olifants	1,265	86	6
Finsch	Lower Vaal	672	6	1
Koffiefontein	Upper Orange	4,449	2	<1

#### Protected habitat – FY 2021

Operation	Type of habitat protected
Cullinan	Marikana Thornveld
Finsch	Ghaap Plateau Vaalbosveld
Koffiefontein	Northern Upper Karoo
Williamson	Southern Acacia-Commiphora bushlands and thickets ecoregion

1. Source: www.dea.gov.

## Back-up Data continued

### Environment continued

#### Protected and vulnerable fauna and flora at Petra's operational sites – FY 2021

Biological Name	Common Name	Conservation Status
<b><i>Fauna</i></b>		
• <i>Anthropoides paradiseus</i>	• Blue crane; Stanley crane	• Vulnerable
• <i>Mystromys albicaudatus</i>	• White-tailed Rat	• Endangered
• <i>Felis nigripes</i>	• Black-footed cat; Small-spotted cat	• Vulnerable
• <i>Pyxicephalus adspersus</i>	• African bullfrog	• Least Concern
<b><i>Flora</i></b>		
• <i>Vachellia erioloba</i>	• Camel thorn	• Least Concern
• <i>Boscia albitrunca</i>	• Shepherd's tree	• Protected in RSA
• <i>Anacampseros lanigera</i>	• None	• Protected in RSA

#### GHG inventory verification

Petra Diamonds Limited appointed consultants to perform an independent third-party verification of its greenhouse gas ("GHG") assertion for the 2020 financial year (1 July 2019 to 30 June 2020). The verification was performed according to the ISO 14064-3 standard: 'Specifications with guidance for the validation and verification of greenhouse gas assertions' as a guideline for the verification process. This was a limited assurance.

Petra Diamonds Limited's GHG assertion accounts for direct and indirect GHG emissions from all its operational mines in South Africa (Cullinan, Finsch and Koffiefontein) and Tanzania (Williamson) and its offices in London and Johannesburg. The following operations remain excluded from Petra Diamonds Limited's GHG Inventory:

- exploration projects; and
- game farms at the Cullinan, Finsch and Koffiefontein mines. These game farms are managed by independent committees.

The verification statement is as follows:

Based on the process and procedures conducted during the limited assurance verification, it is our conclusion that there is no evidence that the GHG assertion made in the revised 2020 Annual GHG Emissions Report:

1. is not materially correct and is not a fair representation of the GHG data and information for the 2020 financial year; and
2. has not been prepared in accordance with the GHG Protocol's Corporate Accounting and Reporting Standard.

### Societal impacts

#### Social spend per operation – FY 2021

		Cullinan	Finsch	Koffiefontein	Williamson	Total
<b>Social spend</b>	US\$	0.10	0.43	0.09	0.03	<b>0.66</b>

## Glossary

<b>AET</b>	adult education and training
<b>AIDS</b>	Acquired Immune Deficiency Syndrome, a disease of the immune system caused by the HIV infection. HIV/AIDS poses serious challenges; South Africa is one of the countries worst affected by the pandemic
<b>ART</b>	anti-retroviral treatment for HIV/AIDS
<b>ASM</b>	artisanal small-scale mining
<b>BBBEE</b>	Broad-Based Black Economic Empowerment
<b>BEE</b>	Black Economic Empowerment is a programme launched by the South African Government to redress the inequalities of Apartheid by giving previously disadvantaged groups of South African citizens economic privileges previously not available to them
<b>beneficiation</b>	the refining of a commodity; in the case of diamonds, refers to the cutting and polishing of a rough stone
<b>BSI</b>	the British Standards Institution
<b>business Waste</b>	definition as per the National Environmental Management: Waste Act No. 59 of 2008 – means waste that emanates from premises that are used wholly or mainly for commercial, retail, wholesale, entertainment or Government administration purposes. Petra differentiates between non-hazardous and recyclable business waste
<b>carbon sequestration</b>	a natural or artificial process by which carbon dioxide is removed from the atmosphere and held in solid or liquid form
<b>CCMA</b>	the Commission for Conciliation, Mediation and Arbitration Charter
<b>CDP</b>	carbon disclosure project
<b>CO<sub>2</sub>-e</b>	carbon dioxide equivalent
<b>conflict free</b>	i.e. not 'conflict diamonds', which are defined by the Kimberley Process as 'rough diamonds used to finance wars against governments'
<b>COVID-19</b>	COVID-19 is an infectious disease caused by a newly discovered coronavirus
<b>dB(A)</b>	A-weighted decibels are an expression of the relative loudness of sounds in air as perceived by the human ear
<b>DMRE</b>	Department of Mineral Resources and Energy, South Africa
<b>DMS</b>	dense media separation
<b>effluent</b>	mine effluent is a regulated discharge from a point source like a treatment plant or dam spillway
<b>EIA</b>	Environmental Impact Assessment
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>EMP</b>	Environmental Management Programme
<b>EMS</b>	Environmental Management System
<b>ERM</b>	enterprise and risk management
<b>ESG</b>	environmental, social and governance
<b>Exceptional Stones</b>	rough diamonds that sell for more than US\$5 million each
<b>Exco</b>	Executive Committee
<b>FIFR</b>	fatal injury frequency rate: the number of fatal injuries per million hours worked
<b>freeboard</b>	vertical distance from the normal water surface to the top of a confining wall
<b>GHG</b>	greenhouse gases
<b>GHG Protocol</b>	the Greenhouse Gas Protocol provides standards, guidance, tools and training for business and Government to measure and manage climate-warming emissions
<b>greywater</b>	wastewater generated in households of office buildings from streams without faecal contamination, such as sinks, showers, washing machines or dishwashers
<b>GRI</b>	Global Reporting Initiative, a multi-stakeholder process and independent institution the mission of which is to develop and disseminate globally applicable sustainability reporting guidelines. These standards set out principles and indicators that organisations can use to measure and report their economic, environmental and social performance
<b>GM</b>	General Manager

## Glossary continued

<b>ha</b>	hectares
<b>hazardous waste</b>	definition as per the National Environmental Management: Waste Act No. 59 of 2008 – means any waste that contains organic or inorganic elements or compounds that may, owing to the inherent physical, chemical or toxicological characteristics of that waste, have a detrimental impact on health and the environment
<b>HDSAs</b>	Historically Disadvantaged South Africans refers to all persons and groups who have been historically discriminated against on the basis of race, gender and disability
<b>HIRA</b>	hazard identification and risk assessment
<b>HIV</b>	Human Immunodeficiency Virus which causes AIDS by infecting the helper T cells of the immune system. This virus is transmitted through blood or bodily secretions
<b>HR</b>	human resources
<b>HSE</b>	health, safety and environment
<b>HSEC</b>	health, safety, environment and community
<b>IPDET</b>	Itumeleng Petra Diamonds Employee Trust
<b>IPCC</b>	the Intergovernmental Panel on Climate Change is the United Nations body for assessing the science related to climate change
<b>ILO</b>	International Labour Organization
<b>ISO standards</b>	the ISO standards are a set of quality management standards for companies and organisations developed by ISO, an international standard-setting body composed of representatives from various national standards organisations
<b>KDM</b>	Koffiefontein Diamond Mine
<b>Kimberley Process</b>	a joint Governments, industry and civil society initiative to remove conflict diamonds from the global supply chain
<b>KPIs</b>	key performance indicators
<b>kWh</b>	kilowatt hour
<b>L</b>	litres
<b>LCA</b>	life cycle analysis
<b>LDP</b>	leadership development plan, a Petra initiative to assist in the identification and development of future leaders within the Group
<b>LED</b>	local economic development (when used in reference to socio-economic development)
<b>LFA</b>	land function analysis
<b>LOM</b>	life of mine
<b>LPG</b>	liquefied petroleum gas
<b>LTI</b>	lost time injury. An LTI is a work-related injury resulting in the employee/contractor being unable to attend work and perform all of the tasks for which he/she was appointed on the next calendar day after the day of the injury; note: fatalities are recorded as LTIs
<b>LTIFR</b>	lost time injury frequency rate is calculated as the number of LTIs multiplied by 200,000 and divided by the number of hours worked
<b>m<sup>3</sup></b>	cubic metres
<b>material topic</b>	an ESG issue that is of critical importance to both its stakeholders and to its long-term success as a business
<b>MCOP</b>	Mandatory Code of Practice
<b>Mcts</b>	million carats
<b>MHSA</b>	Mine Health and Safety Act, South Africa
<b>Mining Charter</b>	the Broad-Based Socio-Economic Empowerment Charter for the South African mining and minerals industry. The goal of the Mining Charter is to facilitate sustainable transformation, growth and development of the mining industry
<b>mining waste</b>	Waste deposited as part of the ore processing activities. Split between coarse residue deposits (particle size between 12 mm and 1 mm) and fine residue deposits (particle size smaller than 1 mm)
<b>MPRDA</b>	Mineral and Petroleum Resources Development Act, which came into effect in South Africa on 1 May 2004 and regulates the granting of mining rights and prospecting rights
<b>MV/LV</b>	a MV/ LV transformer electrical substation consists, therefore, of the set of devices dedicated to the transformation of the voltage supplied by the distribution network at medium voltage, into voltage values suitable for the power supply of the low voltage lines
<b>NDC</b>	Natural Diamond Council
<b>NGOs</b>	non-governmental organisations

## Glossary continued

<b>NIHL</b>	noise induced hearing loss
<b>NOx</b>	mono-nitrogen oxide
<b>NPAT</b>	net profit after tax
<b>NPO</b>	non-profit organisation
<b>NQF</b>	National Qualifications Framework, being the South African framework used to arrange levels of learning achievements
<b>NUM</b>	National Union of Mineworkers, South Africa
<b>NUMET</b>	National Union of Mine Energy workers of Tanzania
<b>NUMSA</b>	National Union of Metal Workers of South Africa
<b>OD-ETDP</b>	the OD-ETDP qualification is for those who want to build on a Further Education and Training Certificate from another field to enter the field of OD-ETD as a potential career, and have little or no previous exposure to education, training and development
<b>OHSAS 18000</b>	an international occupational health and safety management system specification
<b>PAIA</b>	Promotion of Access to Information Act of South Africa
<b>Paris Agreement</b>	the Paris Agreement entered into force on 4 November 2016; its central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C
<b>Paterson A and B Band</b>	the Paterson grading system is an analytical method of job evaluation, used predominantly in South Africa, and is comprised of grades A through F, with A being the lowest skilled and F being the highest
<b>PPE</b>	personal protective equipment
<b>Project 2022</b>	business improvement programme launched in July 2019 with the aim of identifying opportunities to increase throughput across the business, drive efficiencies and facilitate continuous improvement
<b>PWYP</b>	publish what you pay
<b>RCAT</b>	root cause analysis technique
<b>RCPs</b>	Representative Concentration Pathways try to capture how our climate may change in the future by predicting how concentrations of GHGs in the atmosphere will change as a result of human activities; the four RCPs range from very high (RCP8.5) through to very low (RCP2.6) future concentrations
<b>rehabilitation</b>	the process of restoring mined land to a condition approximating to a greater or lesser degree its original state
<b>Restructuring</b>	the capital restructuring carried out by the Group during the Year, the key terms of which are set out in the Company's 2021 Annual Report on pages 169 to 171
<b>ROM</b>	run of mine, i.e. relating to production from the primary orebody
<b>risk work hours</b>	the actual amount of hours worked by employees and contractors while exposed to controlled material risk
<b>SADC</b>	South African Development Community
<b>SANS</b>	South African National Standard
<b>SDGs</b>	the United Nations Sustainable Development Goals
<b>Section 54</b>	Notice to deal with a dangerous condition. A Section 54 notice is issued in terms of the MHSA by an inspector of the regulating body who has reason to believe that any occurrence, practice or condition at a mine endangers or may endanger the health or safety of any person at the mine
<b>Section 55</b>	Notice to order compliance. A Section 55 notice is issued in terms of the MHSA by an inspector of the regulating body who has reason to believe that an employer has failed to comply with any provision of the MHSA
<b>SED</b>	social, ethics and diversity
<b>SEP</b>	Stakeholder Engagement Plan
<b>Severity Rate</b>	Severity Rate indicates the severity of work-related injuries (number of days lost due to injuries) where individuals were booked off from work impacting on workforce effectiveness. The rate calculus is as follow (number of days off from work due to injury x 200 000 ÷ total man-hours worked)

## Glossary continued

<b>SHE</b>	safety, health and environment
<b>SI</b>	social investment
<b>significant spillage</b>	we define a significant spillage as any chemical spill that meets the following criteria: the impact lasts longer than one year and will affect an area outside of the mining area, and the receptor area includes some sensitivity (vulnerable habitat/species)
<b>SLC</b>	sub level cave
<b>SLP</b>	Social and Labour Plan stipulated in the MPRDA and aimed at promoting the employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development
<b>Solidarity</b>	a South African trade union
<b>SOP</b>	Standard Operating Procedure
<b>SMEP</b>	Stakeholder Management and Engagement Plan
<b>SMME</b>	small, medium and micro enterprises
<b>SML</b>	Special Mining Licence
<b>t</b>	tonne
<b>tailings</b>	the waste products of the processing circuit which may still contain quantities of the economic mineral
<b>TAMICO</b>	the Tanzania Mines, Energy, Construction and Allied Workers Union
<b>TanESCO</b>	the Tanzania Electric Supply Company Limited
<b>TB</b>	tuberculosis
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures; the Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information
<b>tCO<sub>2</sub>-e/Ct</b>	total CO <sub>2</sub> -e per carat produced
<b>TIFR</b>	total injury frequency rate
<b>TMM</b>	trackless mobile machinery
<b>Tunajali Committee</b>	a sub-committee of the Board comprised of independent NEDs established for the purpose of carrying out the independent investigation into the allegations of human rights abuses at the Williamson mine in Tanzania and which was disbanded in May 2021 upon the conclusion of the investigation
<b>UASA</b>	a South African trade union, formerly named United Association of South Africa
<b>USD</b>	United States Dollar
<b>VCT</b>	voluntary counselling and testing, a programme aimed at encouraging voluntary HIV testing in order for individuals to know their status
<b>VPSHR</b>	The Voluntary Principles on Security and Human Rights
<b>WDL</b>	Williamson Diamonds Limited
<b>WiL</b>	Women in Leadership
<b>WiM</b>	Women in Mining
<b>ZAR</b>	South African Rand

## GRI Index

GRI standard	Disclosure number	Disclosure	Page/notes Petra's 2021 Annual Report ("2021 AR") and 2021 ESG and Sustainability Report ("2021 ESG and SR") can both be accessed at: <a href="http://www.petradiamonds.com/investors/results-reports">www.petradiamonds.com/investors/results-reports</a>
<b>GRI 101: Foundation</b>			
<b>GRI General Disclosure</b>			
<b>Organisation profile</b>			
GRI 102: General Disclosures	GRI 102-1	Name of organisation	Cover
	GRI 102-2	Activities, brands, products and services	2021 ESG and SR, p.7
	GRI 102-3	Location of headquarters	2021 AR, p.214
	GRI 102-4	Location of operations	2021 ESG and SR, p.7
	GRI 102-5	Ownership and legal form	<a href="https://www.petradiamonds.com/about-us/who-we-are/group-structure/">https://www.petradiamonds.com/about-us/who-we-are/group-structure/</a>
	GRI 102-6	Markets served	2021 ESG and SR, p.7 and 2021 AR, pp.18 to 22
	GRI 102-7	Scale of the organisation	2021 ESG and SR, pp.7 and 2021 AR, pp. 2 to 3, 143 and 215
	GRI 102-8	Information on employees and other workers	2021 ESG and SR, pp. 82 to 83
	GRI 102-9	Supply chain	2021 ESG and SR, pp. 68 to 70
	GRI 102-10	Significant changes to the organisation and its supply chain	2021 ESG and SR, pp. 69 to 70
	GRI 102-11	Precautionary principle or approach	2021 ESG and SR, pp.48 to 64
	GRI 102-12	External initiatives	2021 ESG and SR, pp. 1, 13, 26, 36, 49, 64
	GRI 102-13	Membership associations	2021 ESG and SR, pp. 18, 23, 29
<b>Strategy</b>			
GRI 102: General Disclosures	GRI 102-14	Statement from senior decision maker	ESG and SR 2021, pp.4 to 6
	GRI 102-15	Key impacts, risks and opportunities	2021 ESG and SR, pp. 10 to 11, 14 to 18, 27, 37, 50, 67 2021 AR, pp. 12 to 17, 98 to 104
<b>Ethics</b>			
GRI 102: General Disclosures	GRI 102-16	Values, principles, standards and norms of behaviour	2021 ESG and SR, pp. 12 to 24
	GRI 102-17	Mechanisms for advice and concerns about ethics	2021 ESG and SR, pp. 19 to 20 <a href="http://www.petradiamonds.com/about-us/corporate-governance/business-ethics/">www.petradiamonds.com/about-us/corporate-governance/business-ethics/</a>
<b>Corporate governance</b>			
GRI 102: General Disclosures	GRI 102-18	Governance structure	<a href="https://www.petradiamonds.com/sustainability/managing-sustainability/">https://www.petradiamonds.com/sustainability/managing-sustainability/</a>
	GRI 102-19	Delegating authority	2021 ESG and SR, p. 15
	GRI 102-20	Executive-level responsibility for economic, environmental and social topics	<a href="https://www.petradiamonds.com/sustainability/managing-sustainability/">https://www.petradiamonds.com/sustainability/managing-sustainability/</a> <a href="https://www.petradiamonds.com/sustainability/environment/">https://www.petradiamonds.com/sustainability/environment/</a> <a href="https://www.petradiamonds.com/sustainability/people/">https://www.petradiamonds.com/sustainability/people/</a>
	GRI 102-21	Consulting stakeholders on economic, environmental and social topics	2021 ESG and SR, pp. 72 to 75 2021 AR, pp. 14 to 17
	GRI 102-22	Composition of the highest governance body and its committees	2021 AR, pp. 62 to 65
	GRI 102-23 GRI 102-24	Chair of the highest governing body Nominating and selecting the highest governance body	2021 AR, pp. 60 to 61 2021 AR, pp. 105 to 107

## GRI Index continued

GRI 102–25	Conflicts of interest	2021 AR, pp. 71 to 72
GRI 102–26	Role of highest governance body in setting purpose, values and strategy	2021 AR, pp. 6 to 7, 60 to 61
GRI 102–27	Collective knowledge of highest governance body	2021 AR, pp. 63 to 65, 67
GRI 102–28	Evaluating the highest governance body's performance	2021 AR, pp. 75
GRI 102–29	Identifying and managing economic, environmental and social impacts	2021 ESG and SR, pp. 8 to 9, 15
GRI 102–30	Effectiveness of risk management processes	2021 AR, pp. 14 to 17, 40 to 41
GRI 102–31	Review of economic, environmental and social topics	2021 ESG and SR, p. 15 to 16
GRI 102–32	Highest governance body's role in sustainability reporting	2021 AR, pp. 108 to 112
GRI 102–33	Communicating critical concerns	2021 ESG and SR, pp. 19 to 20
GRI 102–34	Nature and total number of critical concerns	2021 AR, 16 to 17
GRI 102–35	Remuneration policies	2021 ESG and SR, pp. 19 to 20, 72 to 75
GRI 102–36	Process for determining remuneration	2021 AR, pp. 14 to 17
GRI 102–37	Stakeholders' involvement in remuneration	2021 ESG and SR, pp. 16, 40
		2021 AR, pp. 114 to 129
		2021 AR, pp. 115

**Stakeholder engagement**

GRI 102: General Disclosures	GRI 102–40	List of stakeholder groups	2021 ESG and SR, 9
	GRI 102–41	Collective bargaining agreements	2021 AR, pp. 14 to 17
	GRI 102–42	Identifying and selecting stakeholders	2021 ESG and SR, pp. 42 to 43
	GRI 102–43	Approach to stakeholder engagement	2021 ESG and SR, pp. 72 to 75
	GRI 102–44	Key topics and concerns raised	2021 AR, pp. 14 to 17

**Identified material topics**

GRI 102: General Disclosures	GRI 102–45	Entities included in the consolidated financial statements	2021 ESG and SR, pp. 1, 8 to 9
	GRI 102–46	Defining report content and topic boundaries	2021 AR, p 186
	GRI 102–47	List of material topics	2021 ESG and SR, pp. 8 to 9
	GRI 102–48	Restatement of information	2021 ESG and SR, pp. 1, 10 to 11
	GRI 102–49	Changes in reporting	2021 ESG and SR, pp. 8 to 9

**Report profile**

GRI 102: General Disclosures	GRI 102–50	Reporting period	Year ended 30 June 2021
	GRI 102–51	Date of most recent report	12 October 2020
	GRI 102–52	Reporting cycle	Annual reporting cycle
	GRI 102–53	Contact point for questions regarding the report	2021 ESG and SR, p. 1
	GRI 102–54	Claims of reporting in accordance with GRI standards	2021 ESG and SR, p. 1
	GRI 102–55	GRI content index	2021 ESG and SR, pp. 92 to 98
	GRI 102–56	External assurance	2021 SR, p.1

## GRI Index continued

<b>GRI material topics</b>			
<b>Economic performance (material topic: community relations and development)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 65 to 71
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 65 to 71
GRI 201: Economic Performance	GRI 201-1	Direct economic value generated and distributed	2021 ESG and SR, pp. 65 to 79, 81
	GRI 201-4	Financial assistance received from government	2021 ESG and SR, p. 68
	MM	Report countries of operation that either candidate to or compliant with the EITI	Tanzania and the UK are members of the EITI – <a href="http://www.eiti.org/countries">www.eiti.org/countries</a>
<b>Procurement practices (material topic: community relations and development)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 68 to 70
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 68 to 70
GRI 204: Procurement Practices	GRI 204-1	Proportion of spending on local suppliers	2021 ESG and SR, p. 69
<b>Anti-corruption (ethical behaviour)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 19 to 23
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 19 to 23 2021 AR, p. 89
GRI 205: Anti- corruption	GRI 205-3	Confirmed incidents of corruption and actions taken	2021 ESG and SR, p. 20
<b>Environment (material topic: environmental management)</b>			
<b>Energy (material topic: climate change and energy usage)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 59 to 62
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 59 to 62
GRI 302: Energy	GRI 302-1	Energy consumption within the organisation	2021 ESG and SR, p. 62
	GRI 302-3	Energy intensity	2021 ESG and SR, p. 62
<b>Water (material topic: water management)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 57 to 58
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 57 to 58
GRI 303: Water and effluents	GRI 303-3	Water withdrawal by source	2021 ESG and SR, pp. 83 to 84

## GRI Index continued

Biodiversity (Environmental management)			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 54 to 56
GRI 304: Biodiversity	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 54 to 56
	GRI 304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	2021 ESG and SR, p. 55, 86
	GRI 304-2	Significant impacts of activities, products, and services on biodiversity	2021 ESG and SR, pp. 54 to 56
	GRI 304-3	Habitats protected or restored	2021 ESG and SR, pp. 54 to 56, 86
	GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	2021 ESG and SR, p. 54, 87
	MM	Disclosures on approach to biodiversity management should include consideration of ecosystems services and associated values (e.g. the functions of ecosystems that provide benefits to people, such as fresh water, fisheries, forests, climate and natural hazard regulation, cultural and recreational services, plus functions that provide benefits such as food, health, shelter and raw materials)	2021 ESG and SR, pp. 54 to 56
	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	2021 ESG and SR, p.86
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	2021 ESG and SR, p.55	
MM10	Number and percentage of operations with closure plans	2021 ESG and SR, p. 56	
Emissions (material topic: climate change and energy usage)			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 59 to 61
GRI 305: Emissions	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 59 to 61
	GRI 305-1	Direct (Scope 1) GHG emissions	2021 ESG and SR, p. 63, 84
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	2021 ESG and SR, p. 63, 84
	GRI 305-3	Other indirect (Scope 3) GHG emissions	2021 ESG and SR, p. 63, 84
	GRI 305-4	GHG emissions intensity	2021 ESG and SR, p. 63, 84
	GRI 305-5	Reduction of GHG emissions	2021 ESG and SR, p. 63
	GRI 305-6	Emissions of ozone-depleting substances ("ODS")	2021 ESG and SR, p. 84
GRI 305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ) and other significant air emissions	2021 ESG and SR, p. 86	
MM	Disclosure of approach to emissions should include discussion of the management of fugitive emissions such as dust from mining and processing activities or noise and seismic impacts from explosives use, e.g. through monitoring activities and compliance with regulatory limits	2021 ESG and SR, p. 64	

## GRI Index continued

<b>Waste (Environmental management)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp.52 to 53
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp.52 to 53
GRI 306: Waste	GRI 306-3	Waste generated	2021 ESG and SR, pp. 52 and 84
	MM	Indicator G4-EN23 refers to site waste, e.g. waste oils, spent cell lining, office, canteen and camp waste, scrap steel, tires and construction waste. Large-volume mining and mineral processing waste should be reported under MM3	2021 ESG and SR, p. 84
	MM	Includes spillage of tailings, slimes, or other significant process materials	There were no significant spills in FY 2021
<b>Environmental compliance (Environmental management)</b>			
GRI 103: Management Approach	GRI 103 -1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 16 to 18
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 16 to 18
GRI 307: Environmental Compliance	GRI 307-1	Non-compliance with environmental laws and regulations	2021 ESG and SR, p. 17
<b>Supplier environmental assessment (Environmental management)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, p. 69
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, p. 69
GRI 308: Supplier Environmental Assessment	GRI 308-1	New suppliers that were screened using environmental criteria	2021 ESG and SR, p. 69
<b>Occupational health and safety (material topics: workplace safety and employee health and wellbeing)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 25 to 34
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 25 to 34
GRI 403: Occupational Health and Safety	GRI 403-1	Occupational health and safety management system	2021 ESG and SR, p. 28
	GRI 403-3	Occupational health services	2021 ESG and SR, pp. 32 to 34
	GRI 403-4	Worker participation, consultation and communication on occupational health and safety	2021 ESG and SR, p. 29
	GRI 403-5	Worker training on occupational health and safety	2021 ESG and SR, p. 29
	GRI 403-6	Promotion of worker health	2021 ESG and SR, pp. 32 to 34
	GRI 403-9	Work-related injuries	2021 ESG and SR, pp. 29, 81
	GRI 403-10	Work-related ill health	2021 ESG and SR, pp. 33 to 34
	MM	Provide a description of each accident resulting in a fatality, and actions taken following the accident. These may be aggregated where the causes of accidents or the actions taken are similar	No fatalities recorded in FY 2021

## GRI Index continued

<b>Training and education (material topic: employee development)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR pp.38 to 44
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR pp.38 to 44
GRI 404: Training and Education	GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	2021 ESG and SR pp.38 to 44
<b>Diversity and equal opportunity (material topic: diversity)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 45 to 47
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 45 to 47
GRI 405: Diversity and Equal Opportunity	GRI 405-1	Diversity in governance bodies and employees	2021 ESG and SR, pp. 46, 83
<b>Non-discrimination (material topic: diversity)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 45 to 47
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 45 to 47
GRI 406: Non- discrimination	GRI 406-1	Incidents of discrimination and corrective actions taken	2021 ESG and SR, p. 45
<b>Child labour (material topic: ethical behaviour)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 19 to 21
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 19 to 21
GRI 408: Child Labour	GRI 408-1	Operations and suppliers at significant risk for incidents of child labour	2021 ESG and SR, p.21
<b>Forced or compulsory labour (material topic: ethical behaviour)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 19 to 23
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 19 to 23
GRI 409: Forced or Compulsory Labour	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	2021 ESG and SR, p.21
<b>Rights of indigenous people (material topic: ethical behaviour)</b>			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, pp. 20 to 22
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 20 to 22
GRI 411: Rights of Indigenous People	GRI 411-1	Incidents of violations involving rights of indigenous peoples	There were no such incidents in FY 2021

## GRI Index continued

<b>Society</b>			
Local communities (material topic: community relations and development)			
GRI 103: Management Approach	GRI 103-1	Explanation of the material topic and its boundary	2021 ESG and SR, p. 9
	GRI 103-2	The management approach and its components	2021 ESG and SR, 16, 36 to 37, 49, 54 to 56, 68 to 71
	GRI 103-3	Evaluation of the management approach	2021 ESG and SR, pp. 68 to 71
GRI 413: Local Communities	GRI 413-1	Operations with local community engagement, impact assessments and development programmes	2021 ESG and SR, p. 18
	MM	Lengthy guidance on reporting re. local communities	2021 ESG and SR, pp. 76 to 79
	MM	Local communities report whether there are programmes in place for assessing the impacts of operations on local communities prior to entering community, while operating in the community and while making decisions to exit the community	2021 ESG and SR, p. 73
	MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	2021 ESG and SR, p. 21, pp. 73 to 75
	MM8	Artisanal and small-scale mining: number (and percentage) of company operating sites where artisanal and small-scale mining ("ASM") takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	2021 ESG and SR, pp. 74 to 75



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