

Petra Diamonds Limited Sustainability Report 2014

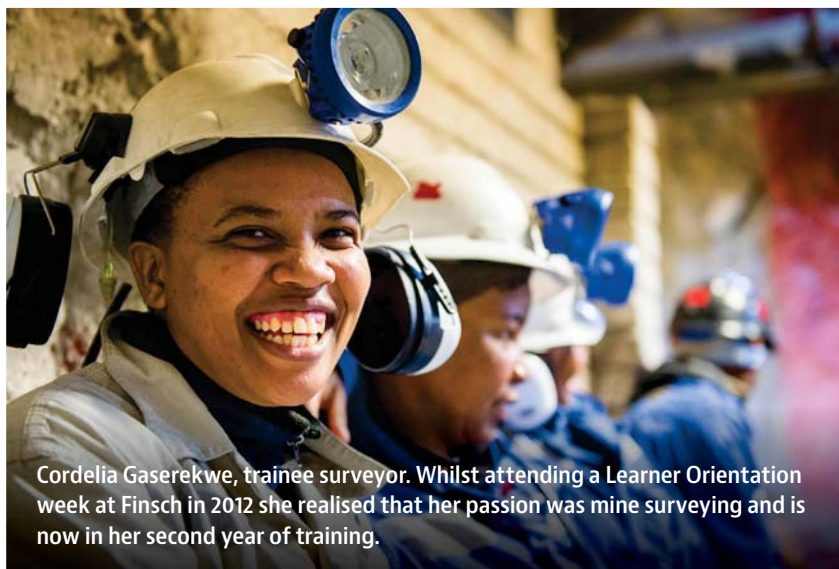
Delivering sustainable growth



PetraDiamonds



Contents



Cordelia Gaserekwe, trainee surveyor. Whilst attending a Learner Orientation week at Finsch in 2012 she realised that her passion was mine surveying and is now in her second year of training.

Sustainability is at the heart of Petra Diamonds

The Company is committed to the responsible development of its assets to the benefit of all stakeholders and its operations are planned and structured with their long-term success in mind.

Cover image: Students at Williamson powerhouse. Williamson provides a placement programme whereby students have the opportunity to do practical training in their field of study.



Overview
p. 01



Strategy and Governance
p. 12



Health and Safety
p. 23



Our People
p. 30



Environment
p. 41



Community
p. 51

Supplementary Information
p. 60

Glossary
p. 74



Discover more about Petra online
petradiamonds.com

Company Profile

Our Values

- » Let's do no harm
- » Let's make a difference
- » Let's do it right
- » Let's take control
- » Let's do it better

Porbia Mabija, a trainee engineer, in the lamp room at Kimberley Underground.

Petra Diamonds Limited ("Petra" or "the Company" or "the Group") is a leading independent diamond mining group and an increasingly important supplier of rough diamonds to the international market.

Petra offers an exciting growth profile, with a core objective to steadily increase annual production from 3.1 million carats in FY 2014 to circa 5 million carats by FY 2019. The Group has a major resource base in excess of 300 million carats, which provides a solid foundation for sustainable operations over the long term.

Petra has developed a dynamic company, underpinned by a 'can do' attitude and a sense of collaboration and teamwork. Inspired by a shared vision for success, employees are encouraged to fulfil their true potential and to work together for the long-term prosperity of the business.

High ethical standards are integral to our business and key to ensuring the provenance of our product. Petra therefore conducts all its operations according to its values and will only operate in countries that are members of the Kimberley Process.



Read more about Petra's values
[petradiamonds.com/about-us/
our-vision-and-values](http://petradiamonds.com/about-us/our-vision-and-values)

About this Report



The Koffiefontein mine in South Africa at dusk.

This Report is the sixth annual Sustainability Report (the "Report") produced by Petra and provides a balanced overview of our sustainability performance for the year to 30 June 2014 ("FY 2014" or "the Year").

This Report aims to set out the material sustainability issues that impact our business and our ongoing approach to their management. Case studies are used to illustrate this strategy in action as appropriate.

This Report covers the operations actively managed by Petra in FY 2014, namely the five operating mines in South Africa (Finsch, Cullinan, Koffiefontein, Kimberley Underground, Helam), one operating mine in Tanzania (Williamson) and the exploration portfolio in Botswana. Information regarding the Sedibeng and Star mines in South Africa, which were on care and maintenance at the beginning of the Year and subsequently sold in April 2014, is only included where relevant.

This Report has been produced in compliance with the Global Reporting Initiative's ("GRI") G3 Guidelines and the Mining and Metals Sector Supplement. Petra has a self-declared B level of reporting for this Report, according to the GRI Guidelines – see the GRI Index on pages 67 to 73 for more information.

Our sustainability policies and reporting processes are also aligned with international standards, including: the UN Global Compact, the UN Universal Declaration of Human Rights, the Kimberley Process, the Extractive Industries Transparency Initiative, ISO 14001, OHSAS 18001 and the ILO Declaration on Fundamental Principles and Rights at Work.

This Report should be read in conjunction with Petra's 2014 Annual Report, which is available to download at www.petradiamonds.com.

All data contained in this Report is subject to internal review processes but is not audited or assured by an external agency.

This Report is only available in electronic format, with due consideration for the environment.

An exchange rate of R10.63:US\$1 was used for this Report.

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Petra's 2014 Annual Report
petradiamonds.com/investors

Q&A with Johan Dippenaar, Chief Executive



Setting foundations for the future

The holistic approach we apply to our operations sets the foundation for a long-term and successful future for the Group.

What is the long-term vision for Petra Diamonds?

Our vision at Petra is to continue to build a world-class diamond mining group. In order to achieve this, we aim for industry-leading performance across all areas of the business.

Petra has an exciting growth profile, with production forecast to increase from 3.1 million carats in FY 2014 to circa 5 million carats by FY 2019. This production growth is expected to deliver substantially increased revenues and cashflows over time, which will in turn drive value for all of our stakeholders.

Looking beyond FY 2019, there are further opportunities to increase production from our existing assets, without recourse to acquisitions. Due to the large size of our Group resource of over 300 million carats, we expect our operations to have long mine lives.

How does the Company's sustainability strategy align with this vision?

Our sustainability strategy is fundamental to the way we approach and manage our operations.

In order to ensure the success of our operations now and in the future, we need to maintain our licence to operate; foster an engaged, healthy and productive workforce; and enhance our local surroundings by cultivating our relationships with our partners and communities and by protecting and rehabilitating the environment.

How does the Board implement the sustainability strategy?

The Board is assisted by Petra's HSSE Committee and I have been appointed to chair this committee, ensuring that we have Board-level oversight of the

critical sustainability issues affecting the business and how they should be managed.

At Petra, we believe in keeping management structures as flat as possible, so there is direct linkage from the HSSE Committee straight to the operations and the action on the ground.

What's changed over the last year?

As Petra continues on its growth path, we need to ensure that our processes and systems remain effective and appropriate to our size. In FY 2014, we made significant progress in this regard, driven in part by the appointment of a Group HSEQ Manager to further align management of safety and environmental practices across all the operations. We also amended our HSSE Committee framework, formalised an HSSE Steering Committee to coordinate between the operations and the HSSE Committee, and improved on our monthly and quarterly reporting practices.

Other strategic initiatives during the Year included significant improvement in safety policies and performance, extensive stakeholder engagement training, improved employee communications and environmental awareness practices.

The Sedibeng and Star fissure mines began FY 2014 on care and maintenance and were sold in April 2014. We have taken every possible care to ensure the ongoing viability of these operations by selling them on to another operator and we have committed to continue supporting the Selele street child project in Warrenton, one of Sedibeng's core CSI projects. We are now reviewing the future for the final fissure mine in our portfolio, Helam, and are in consultation with employee representatives about this.

Q&A with Johan Dippenaar, Chief Executive continued

How did Petra perform in FY 2014?

The most important performance measure to me is safety and we were encouraged to see the continuous improvement in our LTIFR. This is achieved by an unceasing focus on safety day in, day out, and I would like to thank all our employees for their commitment and focus which made this possible.

Unfortunately this performance was marred by the accident that occurred at Cullinan in January 2014, which very sadly led to an employee fatality. Once again I would like to express the sincere condolences of the Petra Board to the family and friends of the deceased. We have carried out a full investigation into the incident and further information is included on page 26.

Our performance across the other sustainability areas is set out in the KPIs section on pages 9 to 11.

What do you see as the most critical sustainability challenges that impact the business?

I see the critical challenges as maintaining a stable and appropriately skilled workforce; upholding positive relationships with our local communities, particularly in terms of managing expectations and communicating effectively about all aspects of our operations; ensuring access to a sufficient energy supply whilst curbing emissions; the impact of climate change in the future on the availability of water; and finally underpinning all this is maintaining consumer trust in, and demand for, our product. Demonstrating a strong ethical case for buying natural, mined diamonds is critical in this regard.

And what are the key opportunities?

I believe that the private sector has one of the most important roles to play in the 'Africa Rising' story – first and foremost by providing stable employment opportunities.

Our operations are generally based in quite remote areas, where they are significant contributors to the local economy. As such, we have the opportunity to really make a difference to our communities. By focusing on initiatives that help poverty alleviation, by providing education and training, by encouraging wellbeing for employees and communities and by protecting the environment, we can positively enhance our direct sphere of influence.

How is Petra different to other companies in terms of its approach?



I think Petra's willingness to innovate is a differentiator – we try to take a step back and approach everything we do with fresh thinking, rather than just take an accepted view. We remain flexible in our approach and can adapt quickly in response to external impacts.

We have also maintained a consistent strategy, which has remained the same since the Petra of today was formed in the merger between Petra and Crown Resources in 2005. This consistent strategy unites our team and gives us a common goal to strive for.

What are your sustainability priorities for FY 2015?

Our priority is to continue to improve and develop our approach in line with the Company's ever increasing size and stature. We are making excellent progress across the key sustainability areas, but the focus is now on ensuring consistency of our approach and systems across the operations, and further developing core Group policies and strategies that back this up.

Our Countries

 SOUTH AFRICA	Country	 TANZANIA
1.2 million km ²	Size of country	0.9 million km ²
48 million	Population	50 million
50 years	Life expectancy	61 years
93%	Literacy rate	68%
25% (52% youth unemployment)	Unemployment rate	4.7% (8.8% youth unemployment)
Mine Health and Safety Act 29, 1996; Mineral and Petroleum Resources Development Act, 2008	Mining regulations	The Mining Act, 2010
The King III Report on Corporate Governance	Governance code	n/a
US\$1.2 billion	2013 value of diamond production	US\$0.05 billion
US\$596 billion	2013 GDP	US\$79 billion
» Labour relations » HIV/AIDS	Challenges	» Power and water supply » Women in the workforce
» Stable democracy » Progressive in terms of human rights, including women's rights	Opportunities	» Stable democracy » Well educated and skilled local workforce

Source: CIA World Factbook, Kimberley Process Statistics, African Economic Outlook.

Our Business

As at 30 June 2014

People

4,663 employees

People

3,543 contractors

Reserves and Resources

301.2 million carats

Production

3.1 million carats

Revenue

US\$471.8 million

Capital Expenditure

US\$211.2 million

Adjusted Profit from Mining Activities

US\$201.1 million

Adjusted Operating Cashflow

US\$181.2 million

Net Profit after Tax

US\$67.5 million

Our Contribution

SOUTH AFRICA	Country	TANZANIA
US\$87.8 million	Employee wages	US\$28.7 million
US\$0.6 million	Corporate social investment	US\$0.4 million
US\$6.0 million	Training	US\$75,000
US\$170.2 million	Local/regional supplier expenditure	US\$44.3 million
US\$41.5 million	Taxation	US\$11.4 million

STAKEHOLDERS

- » Employees and contractors
- » Trade unions
- » Government and regulators
- » Local communities
- » Non-governmental organisations
- » Suppliers
- » Joint venture partners
- » Customers and end users
- » Shareholders
- » Financial community (including analysts and the media)

MATERIAL ISSUES

- » Safety, health and wellbeing
- » Industrial relations
- » Staff retention
- » Resource usage
- » Climate change
- » Stakeholder engagement
- » Community development
- » Compliance and licence to operate
- » Product assurance



Stakeholder
engagement
Pages 18 to 19



Material issues
Page 20

Our Business continued

As at 30 June 2014



	Finsch	Cullinan	Koffiefontein	Kimberley Underground
PEOPLE	1,978 people (981 employees, 997 contractors)	2,624 people (1,359 employees, 1,265 contractors)	857 people (486 employees, 371 contractors)	755 people (592 employees, 163 contractors)
PRODUCTION	1,885,160 carats	823,619 carats	50,375 carats	126,917 carats
REVENUE	US\$183.7 million	US\$162.8 million	US\$26.7 million	US\$38.8 million
	Helam ¹	Williamson		Botswana
PEOPLE	421 people (421 employees, 0 contractors)	1,302 people (555 employees, 747 contractors)	PEOPLE	40 people (40 employees, 0 contractors)
PRODUCTION	52,011 carats	188,465 carats	EXPLORATION SPEND	US\$2.8 million
REVENUE	US\$5.9 million	US\$53.9 million		

Sorting, Marketing and Sales

OFFICES

Kimberley
Johannesburg
Antwerp

Group, Corporate,
Central Technical and
Operations Support

229 people
(229 employees, 0 contractors)

HEADQUARTERS

Jersey

ADMINISTRATIVE OFFICES

Johannesburg
London

CORPORATE OVERHEAD

US\$10.6 million

1. Post Year end, the Company has commenced putting the Helam mine onto care and maintenance.

The Diamond Mining Lifecycle

LICENCE TO OPERATE

Petra's portfolio is focused on sub-Saharan Africa, which produces around 60% of the world's diamonds by value.

Natural resources often hold strategic importance to governments and can be significant contributors to GDP, particularly in Africa, and therefore mining is one of the world's most highly regulated sectors.

In order to maintain its exploration or mining licences, Petra must comply with stringent legislation to justify its licence to operate. However, Petra's approach is to go 'beyond compliance' in terms of meeting its health and safety, social, environmental and local community obligations, by adopting a holistic approach with the long-term sustainability of each operation in mind.

Diamond mining accounts for:

0.2% of GDP in South Africa and
0.06% of GDP in Tanzania

EXPLORATION

Petra's exploration programme is focused in Botswana, the world's largest producer of diamonds by value.

The Company is searching for new kimberlites, using a range of techniques such as soil sampling and airborne geophysics, as well as investigating existing kimberlites to ascertain whether they hold economic quantities of diamonds, using techniques such as bulk sample drilling.

At this point, the Company's operations in Botswana are still relatively early stage and have therefore resulted in minimal disruption to their local environment. However, from the outset Petra has adopted HSSE policies that encompass local legislation and international best practice. A key component of this is proactive communication and consultation with all relevant stakeholders.

Total area of land under precious stones prospecting licence:

11,390km² (100% Petra)
and 18,200km²
(Co-operation Agreement with Manica Minerals)

MINING

Petra's growth model to date has been to acquire existing mines where the Company has identified the opportunity to employ capital and expertise in order to optimise these operations.

This approach has ensured the long-term sustainability of these mines, which could otherwise have been closed down, thereby safeguarding employment and other related socio-economic contributions to their host countries.

Petra's mines have been in operation for between 40 and +100 years. In some cases, whole communities have developed attached to the operation. Each mine is run as an individual entity, having its own established identity, employing people mostly from its local area and playing a stewardship role.

Estimated total number of dependents on our operations (using a multiplier effect of x10):

circa 82,000

Capital invested in our mines in FY 2014:

circa US\$209.1 million

MARKETING AND SALES

At the end of each production cycle (generally every four to six weeks), the rough diamonds, mined at Petra's operations, are sorted into lots (parcels of one or more diamonds depending on the size and quality) and then made available for viewing.

Petra sells all its rough diamond production by the method of competitive open tender, with the highest bid for a parcel attaining the goods.

Petra will never sell rough diamonds mined from unknown sources and will only operate in countries that are members of the Kimberley Process, thereby guaranteeing the ethical origin of our product.

Percentage of Petra production guaranteed as 'conflict-free':

100%

Number of client complaints in FY 2014:

0

FINITE RESOURCES

Petra is fortunate in that its operations are estimated to have long mine lives remaining, with certain assets (Cullinan and Williamson) having residual resources in place for at least 50 years.

However, recognising that its diamond mineral resources are finite, the Company is developing closure and rehabilitation plans for each operation to protect the long-term viability of the land after mining operations cease.

The Company's social programmes focus on education, skills development and local economic initiatives that can help to sustain its communities after the mining operations have closed.

Petra's current mine plans range from 12 to 16 years but the size of our resources suggest overall mine lives will be significant longer.

Environmental rehabilitation provisions:




US\$62.3 million



Read more about Petra's operations, exploration and sales online
petradiamonds.com/operations

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.




KPI	2014	DESCRIPTION	PERFORMANCE IN FY 2014	TARGETS	RISK MANAGEMENT
LTIFR	0.32 2013: 0.67	The number of lost time injuries multiplied by 200,000 and divided by the number of hours worked.	 Group LTIFR reduced significantly due to the level of management focus on this most important area, assisted by the placing of the more labour-intensive Sedibeng and Star (fissure mines) on care and maintenance. Read more on p. 26	Petra will continue to remain highly vigilant with regards to ensuring its employees can work safely. The Company is striving for a zero harm workplace and targets a minimum 20% reduction per annum in LTIFR.	In addition to appropriate risk management processes, Petra has strategies, systems and training in place to promote a safe working environment.
FIFR	0.01 2013: 0.00	The number of fatalities per 200,000 hours worked.	 Very regrettably, there was a fatality at the Cullinan mine in January 2014, further to an accident at an electricity substation on surface. A full investigation was carried out in conjunction with the DMR. Read more on p. 26	We target an FIFR of zero.	Petra's mining methods are inherently safe but accidents can happen. The Company focuses on instilling a culture of safety awareness and the importance of following formal procedures.
CSI spend	circa US\$1.0 million 2013: circa US\$0.9 million	The total amount of expenditure on community and social projects in the Year.	 Expenditure represented 1.5% of net profit after tax ("NPAT"). The increase on the prior year was due to increased LED expenditure in South Africa as new and revised SLP cycles took effect, and increased central CSI spend. Read more on p. 57	Petra targets social expenditure at a base case of 1% of NPAT. Petra will continue to spend according to the commitments of its SLPs and is also formalising its approach to discretionary social spend at operational and Group level.	Petra maintains compliance with the regulatory framework, as well as continual liaison and co-operation with social and institutional stakeholders.

Key Performance Indicators *continued*

KPI	2014	DESCRIPTION	PERFORMANCE IN FY 2014	TARGETS	RISK MANAGEMENT
Training spend	circa US\$6.0 million 2013: circa US\$4.5 million ¹	The amount invested in training schemes for our workforce during the Year.	✓ Training spend of circa 6.9% of operations payroll has exceeded the South African Mining Charter stipulation of 5%. Read more on p. 34–36	Training spend in South Africa will remain in excess of 5% of operations payroll, in accordance with the Mining Charter.	Petra maintains compliance with the regulatory framework and supports a number of different training and development programmes.
Women in the workforce	16% 2013: 14%	The percentage of female employees in our total workforce.	✓ Petra recorded an increase in the percentage of female employees in the workforce during the Year. Read more on p. 36	Increasing the number of female employees is an important aspect of improving on equity in the Company. In South Africa, the long-term objective is to have the workforce representative of the overall demographics.	Proactive and concerted efforts to advance workplace equality through preferential recruitment and the development of women in our workforce.
Staff turnover	22% 2013: 11%	Staff turnover is calculated using the total number of employees who have left the Group during the Year, including voluntary turnover and terminations.	✗ Staff turnover was abnormally high in FY 2014 due to the retrenchments at the Sedibeng and Star mines. Excluding this impact, our turnover rate improved to 8%. Read more on p. 33	Petra will endeavour to maintain turnover rates that are consistent with industry and national norms.	Petra monitors turnover rates and type, and revises employment policies and strategies as required to mitigate this risk.

1. Includes costs in FY 2013 relating to the Sedibeng and Star mines.

Key Performance Indicators *continued*

KPI	2014	DESCRIPTION	PERFORMANCE IN FY 2014	TARGETS	RISK MANAGEMENT
Water usage	40,995,687 m ³ or 2.24 m ³ /t 2013: 31,993,403 m ³ or 1.95 m ³ /t	The volume of water used during the Year expressed as a total for the Group and on a per tonne basis ("m ³ /t").	 The higher volume of water consumption is attributed to increased production and the improved reporting of consumption from all mines. Read more on p. 46	<p>It is expected that water consumption will increase in the future as most of our operations are expanding or increasing production. Petra will mitigate this impact by focusing on water reuse and closed systems.</p> <p>Petra is targeting a reduction in water consumption on a per tonne basis, with a medium-term objective of 1.55 m³/t.</p>	Petra is continually improving and developing water reduction mechanisms.
Energy usage	508,310,351 kWh or 28 kWh/t 2013: 511,806,719 kWh or 31 kWh/t	The amount of energy used during the Year expressed as a total for the Group and on a per tonne basis ("kWh/t").	 Total energy usage decreased in line with the Group's increased focus on energy efficiency initiatives across all its operations, leading to a reduction in energy usage per tonne. Read more on p. 47	Petra will continue to focus on energy efficiency and is targeting a reduction in energy consumption in kWh/tonne.	Continual improvement, development and implementation of energy efficiency measures takes place.
Carbon emissions	562,935 tCO ₂ e 2013: 584,386 tCO ₂ e	This includes all carbon emitted by the Company during the course of its activities, both direct and indirect.	 The total carbon emitted by the Group decreased due to improved efficiencies in resource consumption, specifically electricity consumption, which contributes >80% of total greenhouse gases emitted. Read more on p. 47–48	As most of the Group's emissions result from electricity consumption, Petra will continue to focus on energy efficiencies and is targeting a 1% reduction in tCO ₂ e per annum over the next five years.	Continual evaluation of initiatives to reduce energy use is carried out.

Williamson Steering Committee in session. Anna Ngwesa, Materials Manager left; Ignas Balyorguru, HR Manager middle and Chelangwa Mcharo, Chief Engineer at the end of the table.

Strategy and Governance

Strategy and Governance



The Cullinan mine in South Africa at sunset.

Petra is committed to the responsible development of its assets, to the benefit of all stakeholders.

Between 2007 and 2011, in conjunction with our partners, we acquired five mines from De Beers. We recognised these assets as being high-quality and sustainable operations, with the opportunity to deliver significant and growing cashflows, thereby driving value for our stakeholders. Our strategy has been to commit capital resources to these mines in order to open up new mining areas, and to invest in people, thereby capitalising on the expertise of our team through each step of the diamond mining process, enabling us to optimise the operations and to prolong their lives.

Sustainability is therefore truly at the heart of Petra and we structure and plan our operations to ensure that all stakeholders receive maximum benefit from our presence.

Governance

Petra's strategy is to build a sustainable long-term future for the business. Continued effective

governance, appropriate to the Company's growing size and stature, is considered integral to achieving these aims.

As an LSE Main Market listed company, Petra is subject to the UK Corporate Governance Code 2012 ("the Code"), one of the world's most comprehensive governance standards. Our governance policies and performance for FY 2014 are set out in detail in the 2014 Corporate Governance Statement of our 2014 Annual Report, which is available to download on the following link: www.petradiamonds.com/about-us/corporate-governance.

As the highest governing body in the organisation, Petra's Board works hard to foster a culture of integrity, diligence and accountability from the top down. Ultimately, the role of our Board is to protect and enhance shareholder value and, to this end, all duties are carried out with due regard for true sustainability and the long-term success of the Company.

Petra's five core sustainability objectives are in alignment with our Values and with our Group strategy to 'Work Responsibly':

1. ensure that everyone works safely, in a 'zero harm' environment;
2. ensure that we work in harmony with our natural environment and manage resources appropriately;
3. ensure that we have sustainable relationships with all of the communities in which we operate;
4. ensure that we comply with relevant legislation in order to maintain our licence to operate; and
5. structure and implement all projects and practices with the long-term success of the Company in mind, to the benefit of all stakeholders.



Strategy and Governance continued

Governance continued

Petra's Board currently consists of the Non-Executive Chairman, three Executive Directors and three independent Non-Executive Directors. Read more about our Board here: www.petradiamonds.com/about-us/directors-and-company-secretary.

To assist in the execution of Petra's strategy, the Executive Directors are tasked with managing the Company on a day-to-day basis.

In addition, Petra currently has the following primary committees: the Audit Committee, the Remuneration Committee, the Nomination Committee and the Health, Safety, Social and Environment ("HSSE") Committee. The purpose of these committees is to delegate responsibility to Directors with specific skills and knowledge and to facilitate the Board's overall role.

To read our Committees' Terms of Reference, visit: www.petradiamonds.com/about-us/corporate-governance/board-committees.

Sustainability management

Petra sees sustainability management as a way to unlock long-term value and significant business benefits through the responsible stewardship of those material issues that could either impact negatively or positively on our operations.

Sustainability objectives are embedded at all Petra operations and indicators are used to monitor and provide information about performance to the on-mine and Group management. Petra has established a robust system of reporting on these indicators.

The indicators are monitored on a daily basis at mine level, and on a monthly and quarterly basis reports are prepared by the mine management and the Group discipline managers for the HSSE Committee.

Each operation's individual mine Health, Safety and Environmental Committee ("HSE Committee") meets on a monthly basis and the Group HSSE Operational Steering Committee (the "Steering Committee") meets quarterly. The Steering Committee works closely with the Group HSSE Committee to actively monitor Group HSSE performance throughout the year.

The HSSE Committee is then responsible for overseeing the quarterly reports, a summary of which is submitted to the Board, as well as additional ad hoc reports on topics as required. HSSE is a standing item at every Board meeting, ensuring that adequate time is spent discussing HSSE matters and Group performance.

Maintaining relatively flat management structures is an important component of Petra's approach, as it helps ensure timely and cohesive communication, along with the appropriate levels of accountability.

The Group's approach to sustainability is reinforced through its Group and mine level policies and strategies, which cover the key sustainability areas.

Petra complies in all material aspects with all relevant laws and regulations in the countries in which it operates, and although in FY 2014 some directives were received from the Department of Mineral Resources ("DMR") in South Africa that have a bearing on social and environmental matters, these directives are relatively commonplace in the South

African mining industry and are seen as an invitation to comply, as opposed to a sanction for non-compliance; these directives were subsequently addressed by the Company.

Petra was not subject to any fines during FY 2014.



To read our Committees' Terms of Reference, visit: petradiamonds.com/about-us/corporate-governance/board-committees

Our sustainability governance structure:



Strategy and Governance continued

HSSE Committee

The role of the HSSE Committee is to:

- » oversee the development of policies and guidelines for the management of health, safety, social and environmental aspects within the Group's operation;
- » to evaluate the effectiveness of the Group's policies and systems for identifying and managing HSSE risks;
- » assess the policies and systems within the Group to ensure compliance;
- » assess the performance of the Group with regards to the impact of HSSE decisions and actions on employees, communities and stakeholders, as well as the impact on the Group's reputation;
- » receive reports from management concerning any fatalities, serious accidents and major environmental incidents within the Group and review the actions taken by management;
- » oversee the integrity and quality of HSSE reporting to any external party;
- » review the results of any independent audits on the Group's HSSE compliance and performance matters;
- » review any strategies and action plans compiled by management in response to issues raised by the Board;
- » inform the Board of evolving HSSE best practices, any governance and regulatory changes; and
- » where appropriate report to the Board on any material aspects above that could have a significant impact on the Group.

The HSSE Committee is Board-represented by Chief Executive Johan Dippenaar, as Chairman of the HSSE Committee, and is comprised of members of Petra's Senior Management team, with each member considered to hold specialist knowledge and experience of their specific area. The HSSE Committee meets formally at least twice a year.

FY 2014 HSSE Committee activity

During the Year, Petra restructured and enhanced its HSSE management and reporting systems in line with the Company's increasing size and stature. The HSSE Committee now works closely with the Steering Committee and plays an active role in terms of ongoing HSSE matters outside of formal Committee meetings.

- » Three meetings were held (FY 2013: two).
- » Monitoring of HSSE compliance, assurance and performance and reporting to the Board on any material issues.
- » Review of relevant legislation and regulations, reporting to the Board on levels of compliance as appropriate.
- » The Group HSE Reporting Policy was reviewed, updated and implemented.
- » The Group quarterly and monthly reporting system was reviewed and updated.
- » Special briefing to the Board on the fatality at Cullinan; overview of full investigation into the accident; sharing of information with all other Group operations.
- » Provided guidance and oversight for establishing an HSE departmental structure and completed the job profiles of HSE positions within the structure.
- » Reviewed the Group HSE policy and developed a Group policy for HSE standards and targets.
- » Approved the implementation of internal HSE compliance, assurance and performance audit protocols based on ISO 19011:2011, focused on providing guidance on auditing management systems, including the principles of auditing, management of an audit programme and conducting management system audits.
- » Adopted ISO 31000:2009 as the Group standard risk management process for hazard identifications and risk assessment.
- » Implemented an integrated information management system.
- » Monitored the implementation of Isometrix (a governance, risk and compliance management software) at the South African operations.
- » Initiated a Group wide baseline risk assessment (to be completed in FY 2015) and development of a Group wide significant risk register.
- » Approved the implementation of a Group policy (HSE and Security integrated) on Joint Emergency Control Room Standards at all operations.
- » Approved the development and implementation of new front line and supervisory level risk management training material.
- » Approved the development of a Group standard for legal appointments.
- » Appointed PricewaterhouseCoopers ("PwC") as the certification body for ISO 14001 (Environmental Management Systems) and OHSAS 18001 (Health and Safety Management Systems).

- » Attended various Chamber of Mines HSE Policy meetings.
- » Reviewed the Group's compliance with the Global Reporting Initiative Guidelines.
- » Additional sustainability disclosure provided to Carbon Disclosure Project, EIRIS, FTSE4Good, MSCI.
- » Approved the implementation of a ("Blue Star") Safety and ("Blue Leaf") Environmental Award system at all the operating mines.
- » Group forums were established for 'Women in Mining' and emergency readiness and response.

What is ISO 31000?

ISO 31000 is the international standard for risk management. By providing comprehensive principles and guidelines, this standard helps organisations with their risk analysis and risk assessments, with best practice recommendations developed to improve management techniques and ensure safety and security in the workplace at all times.



Read more at
iso.org/iso/home/standards/iso31000.htm

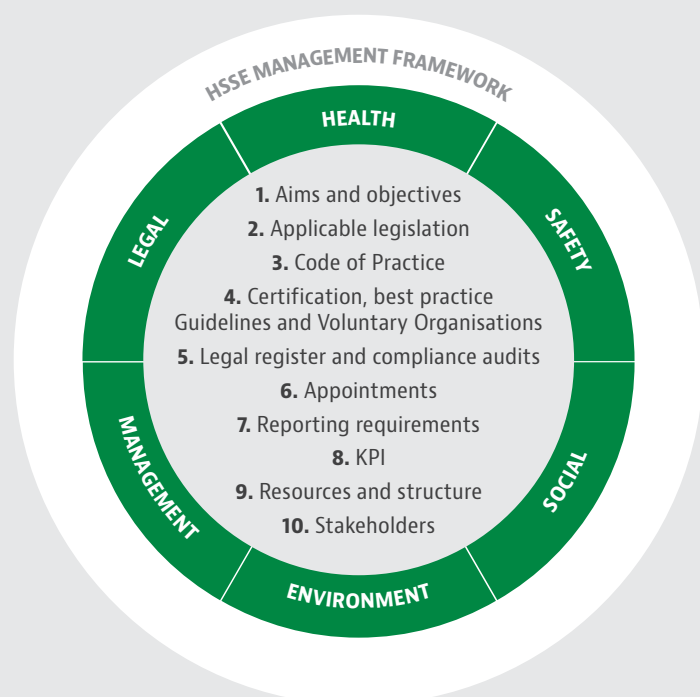
Strategy and Governance continued

HSSE management framework

In FY 2014, a new HSSE management framework (the "Framework") was drawn up and approved by the HSSE Committee.

The aim of the Framework is to ensure that Petra as a company can meet its sustainability objectives, comply with all relevant legislation, strive to meet best practice standards as appropriate for a company of Petra's size, and monitor and improve its sustainability performance.

The HSSE management framework will be implemented across each of our operations in a phased approach.



LHD operator Daniel Mokoena conducts a risk assessment before commencing work underground at Finsch.

Risk management

Risk management is an explicit part of Petra's HSSE management framework and is an ongoing component of everyday business. ISO 31000:2009 has been adopted as the Group standard for risk management.

The risk management framework set of components provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Petra.

At the highest level, risk management is the overall responsibility of the Board at Petra, but the Board Committees also play important roles in terms of the identification, management and ongoing mitigation of risks within their realm of responsibility.



Technician Kobus Calitz and Senior Technician Martin Cloete calibrating settings on a variable speed drive installation in the crushing and screening section of the Finsch plant.

As part of establishing the sustainability risk context, there are two distinct areas of accountability, namely governance and ethics (the remit of Petra's Audit Committee) and health and safety, community relations, employees and environment (the remit of Petra's HSSE Committee) – see our Material Issues on page 20.

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 to the highest governance body.

Post Year end, a Group Risk and Internal Audit Manager took office, who will, amongst other things, be carrying out a review of the Group Risk Registers to ensure the approach to risk and internal audit management addresses the appropriate areas.

Strategy and Governance continued

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.

Health, safety, social and environment measures are explicitly included as part of the annual bonus framework, reflecting Petra's commitment to corporate responsibility.

How does Petra's remuneration strategy link with its corporate strategy?

OUR STRATEGIC OBJECTIVES**PERFORMANCE MEASURES FOR INCENTIVES**

Production	Carat production is at the core of Petra's strategy. These measures are therefore embedded in the performance measurement framework.
Costs and profitability	Petra remains focused on managing costs and profitability. Profit and cost measures form part of the annual bonus metrics.
Expansion project delivery	Progress is measured as part of the short-term annual bonus, and the long-term share awards include stretching targets supporting Petra's long-term ambitions.
HSSE	Health, safety, social and environment measures are explicitly included as part of the annual bonus framework, reflecting Petra's commitment to corporate responsibility.
Total shareholder return	Share awards are linked to value created for shareholders by measuring both relative and absolute total shareholder return ("TSR").



Read our Directors' Remuneration Report
**Page 74, Petra Diamonds Limited
Annual Report and Accounts 2014**

Strategy and Governance continued

Stakeholder engagement

Our mission is to develop our assets in a responsible manner, thereby unlocking value for all stakeholders.

Regular and transparent communication with all our stakeholders is important to us and we therefore use a number of engagement methods to ensure that they stay informed about the Company and its development.

During FY 2014, Petra commenced a process of developing a comprehensive and professional Stakeholder Management and Engagement Plan ("SMEP") for each of the operations, which will in turn inform the compilation of a formal Group Petra Stakeholder Management Policy – read more in the Community section on pages 53 to 56.

As part of this process and as prescribed as part of the Company's transition from the GRI-G3 to the GRI-G4 reporting framework, Petra will carry out a materiality assessment of its stakeholders in FY 2015.

STAKEHOLDER	KEY ISSUES	ENGAGEMENT METHOD
Employees and contractors	<ul style="list-style-type: none"> » Health, safety and environment » Targets and objectives » Performance updates » Policies and procedures » Training and personal development » Remuneration 	<ul style="list-style-type: none"> » Safety and other workplace meetings » Employee briefs » Internal publications » Notice boards » Electronic channels – email, intranet, digital displays, bulk SMS » Mandatory committees (e.g. SLP Committees, SHE Committees, Future Forums, EE Committees)
Trade unions	<ul style="list-style-type: none"> » Substantive (rights) issues » Interest issues » Sustainability » Life of mine and mine future 	<ul style="list-style-type: none"> » Mine negotiating forums » Central negotiating forum » Representation on mandatory committees
Government and regulators	<ul style="list-style-type: none"> » Mandatory commitments » Economic impacts » Compliance » Public – private partnerships (PPPs) 	<ul style="list-style-type: none"> » Continual consultation » Scheduled meetings
Local communities	<ul style="list-style-type: none"> » Employment » Local economic development » Social development, including education » Sustainability » Mining and prospecting right consultations » Environmental impact of new development/activities 	<ul style="list-style-type: none"> » Stakeholder Engagement Plans » Public participation processes » Public meetings » Community newsletters » Local economic development project involvement
Non-governmental organisations	<ul style="list-style-type: none"> » Social and economic development projects/partnerships 	<ul style="list-style-type: none"> » Continual liaison » Community meetings and newsletters

Strategy and Governance continued

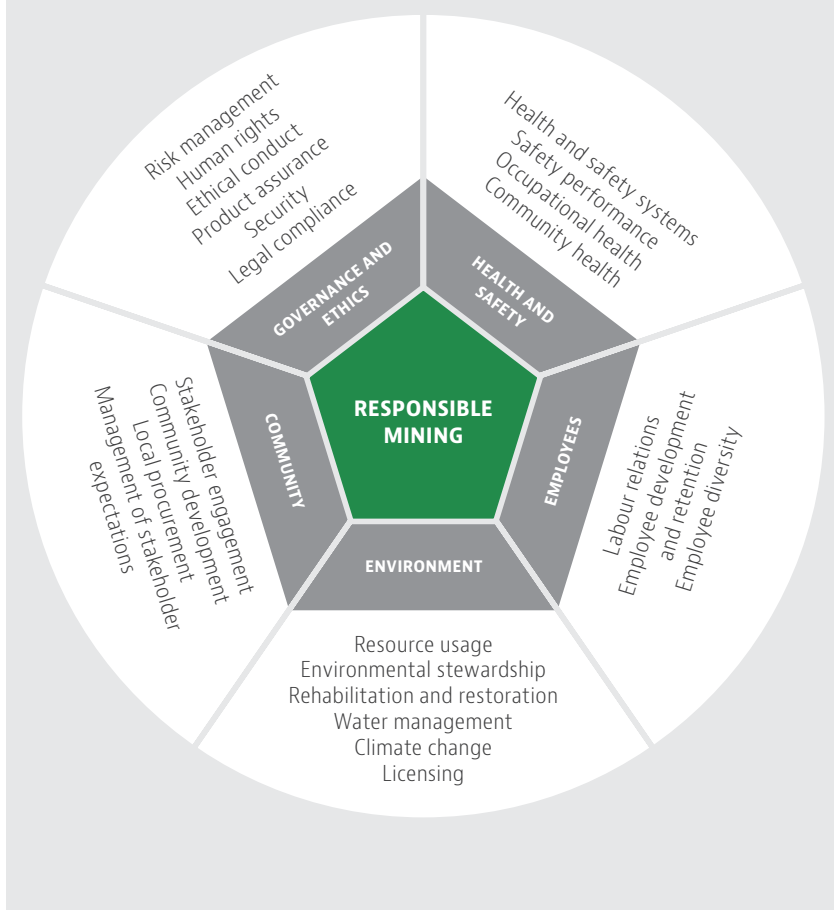


STAKEHOLDER	KEY ISSUES	ENGAGEMENT METHOD
Suppliers	<ul style="list-style-type: none"> » Compliance with Petra Code of Ethical Conduct » Local supplier development » Commercial transactions 	<ul style="list-style-type: none"> » Supplier days » Local supplier development events » Continual liaison
Joint venture partners	<ul style="list-style-type: none"> » Performance updates » Consultation on critical issues 	<ul style="list-style-type: none"> » Regular meetings and communications flow
Customers and end users	<ul style="list-style-type: none"> » Product assurance ("conflict-free") » Reliability of supply 	<ul style="list-style-type: none"> » Full certification of product and commitment to only operate in countries that are members of the Kimberley Process » High level of business transparency
Shareholders	<ul style="list-style-type: none"> » Financial and operational performance » Corporate governance » Risk management » Market information 	<ul style="list-style-type: none"> » Regular briefings via public announcements, meetings, conferences, webcasts, site visits » Annual and sustainability reporting » Consistent and transparent information flow » Open door policy » Dedicated investor relations department » Social media
Financial community (including analysts and the media)	<ul style="list-style-type: none"> » Financial and operational performance » Corporate governance » Risk management » Market information 	<ul style="list-style-type: none"> » Regular briefings via public announcements, meetings, conferences, webcasts, site visits » Annual and sustainability reporting » Consistent and transparent information flow » Open door policy » Dedicated investor relations department » Social media

Strategy and Governance continued

Material issues

In FY 2014 there were no changes to the previously disclosed material sustainability issues facing the Group in FY 2013. These material issues had been identified using a combination of our risk management and stakeholder engagement processes, as well as consultations with key Group and operational management responsible for issues relating to sustainability.

**Human rights**

Petra is fully committed to upholding the human rights of all of its stakeholders, including its employees, contractors and partners, and as such has a policy of fair dealing and integrity in place in terms of the conduct of its business.

This commitment is based on the belief that business should be conducted honestly, fairly and legally. We expect all employees to share our commitment to high moral, ethical and legal standards.

The Company's Code of Ethical Conduct ("the Code") explicitly includes 'Principle 4: Not only do we respect human rights, but we actively advance them', thereby formally stating Petra's commitment to human rights.

The Code sets out and communicates our values right down through the organisation and is an intrinsic part of our employee and contractor induction and training on key ethical matters. It is a public document which is available to view at www.petradiamonds.com/about-us/corporate-governance/business-ethics.

The Company has established an international whistleblowing hotline and email address to be used by all Petra employees, should they be aware of any breaches to the Code.

The Company complies with and supports the UN Universal Declaration of Human Rights as well as all legislation pertaining to human rights in the countries where it operates. In addition, the UN Guiding Principles on Business and Human Rights (the "Ruggie Principles") are currently being taken into account to identify how these principles could be advanced through the way in which Petra conducts its business.

Human rights issues are covered by Petra's operational policies and procedures, with the Company's Employment Equity policy and its Disciplinary Code and Procedures expressly forbidding any kind of discrimination. Should a human rights grievance occur, it is either managed

through the operational grievance procedures or, where they are seen as substantive in nature, by the collective bargaining processes that are in place with recognised labour unions.

In South Africa we organise training in human rights for union representatives through the Commission for Conciliation, Mediation and Arbitration ("CCMA") and they, in turn, disseminate their knowledge to all employees.

Petra has aligned its principles with the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. This means we have zero tolerance for child labour, forced labour or discrimination, and we respect the right of our workers to form unions. We are pleased to report that there is no risk of child labour or forced labour taking place at any of Petra's operations, due to our rigorous recruitment and pre-employment vetting process.

Security

As we produce and trade in a relatively small, high value product, security is understandably a high priority in the diamond industry.

However, the requirements for effective security extend beyond guarding and securing production only. The effect of crime, which includes illegitimate diamond mining and theft of diamonds and property, extends its reach far beyond the monetary loss associated with these actions, to the impact it has on the respective operations, the personal and job security of employees, and the communities who benefit from the mining of diamonds.

Petra therefore places a high premium on maintaining and continuing to develop an effective and appropriate security capability in order to protect its people, property and product in the interest of good governance and sustaining a profitable business. Our security systems also play an indispensable role in giving effect to Petra's upholding and protection of human rights.

Strategy and Governance continued

Security continued

This security capability consists of both human and technological components, which are deployed in such a way as to best achieve the stated security objectives.

South Africa

In South Africa, security focuses on three main areas:

- » **Guarding:** the role of this function is to provide Petra's South African operations with a lean, professional and disciplined in-house security guarding capability aimed at protecting Company property, people and assets. It also includes a small but specialist centralised team to assist operations with specific security operations. This team has been expanded during FY 2014 to further improve the support and assistance that it can provide to both operations and the other security functions.
- » **Product protection:** this team is specifically responsible for the protection of diamonds, both at source and during transfer between centres. It therefore performs a key role in assuring the legitimacy of Petra diamonds reaching the market, by using both in-house and outsourced hardware and software systems for the purpose.
- » **Intelligence:** as with the other two areas, intelligence plays an important role in stemming illicit diamond activity by aiming to destabilise individuals, groups or syndicates that show criminal interest in Petra's property, product and interests. This function is complemented by external service providers who assist Petra's in-house human and electronic intelligence capability.

Although the above speaks mostly to security functions and structures at Group level, these are also mirrored in the in-house security departments at the respective operations.

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

Tanzania

The Williamson mine has developed a security and human rights policy in line with the Voluntary Principles on Security and Human Rights, following a risk analysis. All employees of our private security service provider and over 90% to date of Petra's in-house security managers have been trained on the Voluntary Principles. Williamson's security and human rights policy has been communicated to stakeholders of the mine, including the local police force.

Williamson has undertaken a full risk assessment and frequently conducts security meetings with the regional police chief and regional crime officer. Williamson, as part of its Community Support Programme, provides technical assistance to the local police thereby enhancing community policing.

At Williamson, we have identified trespassing and illegal mining on the Special Mining Lease ("SML") as a potential risk. Petra manages this through frequent consultation, policing patrols and relationship management.

Q&A with Charl Barnard, HSEQ Manager



The role of HSEQ Manager is relatively new within Petra – how did the need for this position come about and what does it encompass?

Due to Petra's rapid expansion, the need was identified for a centralised department that provides the framework, systems and direction for managing health, safety and environmental risks. My role is to provide leadership, be an agent of change and to manage the health, safety and environmental department within the Group in order to achieve zero harm.

What are the main risks to the business in the area of HSEQ?

The mining processes used at our underground and open cast operations are inherently safe mining methods, but incidents and accidents can happen if a culture of safety is not embedded in our daily processes and if proper health, safety and environmental controls are not maintained or enforced. Health, safety and environmental controls offer reliability within a tolerable degree of certainty, while risk management provides resilience.

And what are the main opportunities?

Our main opportunities lie in strengthening the HSEQ Management framework and implementing an effective behavioural-based health, safety and environmental system that is central to the business and that is capable of removing uncertainty and maximising optimal and responsible behaviour. In this regard at Petra we are very fortunate to have many individuals who are passionate about HSE and driving continual improvement at all levels throughout the organisation.

Finally, what are your key objectives for the coming financial year?

The emphasis and focus will be on consolidating, simplifying and standardising health, safety and environmental systems through setting Group performance targets and standards, continually improving measurement and review systems and through the modification of processes, systems, resources, capability and skills.

Strategy and Governance continued



The 29.6 carat blue diamond recovered from Cullinan in February 2014.

Provenance of our diamonds

Petra is 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.

Petra's diamonds have a unique provenance in that they are sourced from some of the most culturally significant diamond mines in the world. The names Cullinan, Finsch, Koffiefontein, Kimberley and Williamson all have rich histories associated with them, as over time they have produced many of the world's most spectacular and celebrated diamonds.

Cullinan, in particular, shines in our portfolio, as it is the source of the world's largest gem diamond ever recovered: the Cullinan diamond (3,106 carats rough) was cut to form the Great Star of Africa and the Second Star of Africa, the two largest cut diamonds in the British Crown Jewels.

We produce the full spectrum of diamonds, from lower quality goods to some of the most valuable diamonds in the world. In February 2014, a 29.6 carat

blue diamond from Cullinan sold for US\$25.6 million, or US\$862,780 per carat. This equates to US\$4.3 million per gram, undoubtedly one of the most highly concentrated forms of wealth known to man.

It is our duty therefore to ensure that every aspect of our business is managed and run in keeping with the value placed upon our product. As such, we monitor and manage each step in the diamond production process to the highest ethical standards: from exploration and mining, through to processing, sorting and finally marketing and sale. Petra's commitment to ethical conduct is enshrined in our Group Code of Conduct, which sets out the behaviour we expect from employees, contractors, partners and suppliers.

We are committed to a transparent and equitable sales process and are proud to offer all of our South African production for sale in Johannesburg, thereby contributing to beneficiation in South Africa and promoting South Africa as an international diamond hub.



Petra's mines produce the full range of diamonds, from white to fancy colours.

We will only operate in countries that are members of the Kimberley Process and will never sell diamonds from unknown sources, thereby providing assurance that 100% of our production is certified as 'conflict-free'.

Client satisfaction

Petra's marketing team maintains an open dialogue with all clients and customer satisfaction is considered a priority. Petra receives feedback from clients regarding production, assortments, market movements and pricing. Any feedback regarding production is noted and considered for the next production cycle.

Petra has an open door policy with clients if they have any queries or concerns, and the Company always assists as far as possible.

Confidentiality is of the utmost importance to Petra. When previewing production, each client is allocated a private viewing room and invoices are issued directly to the clients. No tender information is divulged about results or top buyers and other related matters.

During FY 2014, there were no incidents of regulatory non-compliance or complaints raised with regards to our sales and marketing processes.



Read more on our business ethics
**[PetraDiamonds.com/about-us/
corporate-governance/
business-ethics](http://PetraDiamonds.com/about-us/corporate-governance/business-ethics)**



Health and Safety

Employees underground at the Wesselton Shaft, Kimberley Underground. A focus on health and safety underpins everything we do at Petra.

Overview

**Overview**

- » We consider the safety of all Petra people as our top priority.
- » Our approach to managing safety centres on a process of continual hazard identification, risk assessment, instilling awareness into the workplace culture and enforcing adherence to control mechanisms.
- » Our aim is to create a zero harm working environment and to foster an engaged, healthy and productive workforce.

Achievements

- » Significant improvement in safety policies and performance.
- » All underground pipe mines achieved OHSAS 18001 re-certification.
- » Our Company newsletters focus on wellbeing issues relevant to our employees.
- » Finsch won Best in Class MineSAFE Award for the diamond sector.
- » Williamson won an award for Occupational Safety and Health in mining.

Challenges

- » Breaches in safety rules and non-adherence to procedures.
- » HIV/AIDS is a significant risk to our workforce as well as to the long-term health of our host communities.
- » Lifestyle-related health conditions, such as diabetes and hypertension, affect employee wellbeing.

Objectives for FY 2015

- » Continue to improve on our health and safety performance.
- » Maintain OHSAS 18001 certification.
- » Maintain compliance levels with appropriate health and safety standards, legislation, company and other requirements.
- » Maintain awareness of the shared responsibility and accountability for health and safety amongst all employees, contractors and the community through communication, training and development.
- » Drive continual improvement in health and safety aspects, by keeping abreast of industry trends, research and development.



Health and Safety

Our approach

Strategy

Our safety strategy and management approach is focused on improving our ability to proactively prevent harm to our people.

We follow a risk-based approach as depicted by the Petra Diamonds HSE Risk Management Process which entails continual hazard identification, risk assessment and instilling awareness into the workplace culture. Our principal safety risks relate to trackless mobile machinery, electrical switching, supported and suspended loads, underground flooding and fall of ground.

The root cause of accidents remains breaches in safety rules and non-conformance with work procedures. The remedial process is focused on retraining, improving first line supervision and enforcement of existing controls.

Zero harm

The aim of creating a 'zero harm' culture is driven by a continued process of reviewing all operational tasks, identifying and responding to all associated risks and aligning existing safety principles and control standards with constant evolving operational demands.

Management and review

All our operations have structured safety management plans with clearly defined objectives and tasks, measured by means of scheduled quarterly operational reviews and internal Company compliance, assurance and performance ("CAP") audits. These measures, categorised as leading indicators, provide

a clear way for management to identify lagging indicators and thereby prioritise assistance to specific operations in need of remedial attention.

Monthly interactions with regional and national industry forums, inclusive of tripartite forums, are utilised to analyse trends in the sector and proactively draft corrective action plans, which are communicated and implemented Company-wide at all operations.

We continually communicate and engage with employees on safety-related issues in order to get their input and committed buy-in with regards to future planning and developments.

Benchmarking and compliance

We have adopted the OHSAS 18001 international management system principles as the elements for the company HSE management framework. The underground pipe mines maintained their OHSAS 18001 certification further to an independent third party audit conducted by PwC in FY 2014. The Williamson open pit mine has not been subject to formal certification as yet, but its processes and systems are based upon such international standards and the mine maintains a very high level of safety performance.

Petra has adopted Mining Occupational Safety and Health ("MOSH"), an initiative of the South African Chamber of Mines ("CoM") to improve health and safety standards across the industry through the identification, promotion and application of best practice. Through MOSH, we have implemented various best practice initiatives, which impacted positively on our safety performance.

Leadership

The essence of leading from the front is the only way to change behaviour and attitude and to foster a culture where employees at all levels of operations feel empowered to engage freely on safety matters.

An ongoing aim is to ensure that management at all levels of supervision (leaders) regularly visit operations, are actively involved and play a visible role in daily activities. All our operations have therefore increased their focus on visible felt leadership ("VFL").

The following elements are renewed focus areas, in need of further development to strengthen our leadership component:

- » first line supervision;
- » accountability;
- » planning;
- » change management;
- » incident management;
- » contractor management; and
- » risk management.

What is OHSAS 18001?

OHSAS 18001 is an occupational health and safety assessment series for health and safety management systems. It is intended to help an organisation to control its occupational health and safety risks. It was developed in response to widespread demand for a recognised standard against which to be certified and assessed.



For more information visit
[petradiamonds.com/](http://petradiamonds.com/sustainability/health-and-safety/ohsas18001)
[sustainability/health-](http://petradiamonds.com/sustainability/health-and-safety/ohsas18001)
[and-safety/ohsas18001](http://petradiamonds.com/sustainability/health-and-safety/ohsas18001)

What is MOSH?

The MOSH initiative was launched by the South African Chamber of Mines to identify leading practices in health and safety within the industry, and assist with the widespread adoption thereof. It primarily focuses on the 'people' issues that help to overcome resistance to adoption.



For more information visit
[petradiamonds.com/](http://petradiamonds.com/sustainability/health-and-safety/mosh)
[sustainability/health-](http://petradiamonds.com/sustainability/health-and-safety/mosh)
[and-safety/mosh](http://petradiamonds.com/sustainability/health-and-safety/mosh)

Health and Safety continued

Performance

Petra generally performed well in comparison to international industry standards particularly for underground operations.

Lost time injuries

The Group LTIFR improved by 52% to 0.32 in FY 2014 (FY 2013: 0.67) – for mine by mine performance, see page 61. This improvement can be attributed to targeted safety interventions; an increase of oversight in fatal risk areas of electrocution, trackless mobile machinery, supported and suspended loads; and the placing of the more labour-intensive Star and Sedibeng operations on care and maintenance.

Further to the success of FY 2013's campaign to combat 'Festive season' behaviour around the Christmas period (which can encourage negligence and a general laxity of standards), we again ran a similar festive season campaign in December 2013. This garnered excellent results, with no LTIs recorded for the holiday period.

Fatal injury

During FY 2014, we very regrettably recorded one fatality at the Cullinan mine in South Africa, following an electrocution accident at an electrical substation

at surface. Any loss of life is unacceptable and our sincere condolences go out to the family, friends and colleagues of the deceased. Two other employees were seriously injured in the incident, one of whom has made a full recovery and is back at work and the second is still undergoing rehabilitation treatment and is expected back at work at the end of the 2014 calendar year. The DMR investigation into the incident concluded that there was no evidence to indicate that any of the safety regulations were contravened and that no person could be reasonably held responsible for the accident.

For each incident resulting in loss of life or severe injury, a formal internal investigation is also conducted and the lessons learnt are shared with all operations in the Group. Necessary remedial actions derived from these investigations are also implemented at all sites of the Group to mitigate the possibility of repeat incidents or accidents.

The Group FIFR for FY 2014 was 0.01 (FY 2013: 0.00).

Medical care

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, with the Company making a contribution towards monthly premiums. Although two preferred funds have been selected for employees to belong to, and favourable service and rates established with them, employees are allowed to belong to any recognised fund of their choice. 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.

According to South African legislation, 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.

The provision of in-house medical services was in the past more or less standard practice within the South African mining industry. The more recent approach, which Petra has adopted, is to make use of outsourced private medical services, including occupational health service providers, to which Finsch was the exception. This approach is aimed at both supporting local medical service providers and

reducing the Company's involvement in and focus on operating non-core functions. In line with this philosophy, and in order to satisfy the regulations of the Health Professions Services Council, which prohibits payment of charges rendered by medical professional in service of a Company to accrue to the Company, the Primary Health Care Clinic at Finsch was privatised to the medical practitioners previously employed at the clinic. A process is ongoing to outsource the Finsch Occupational Health Centre to health network operator that specialises in the function of ensuring in fitness for duty.

The graph below indicates the number of medical screenings that were conducted monthly at Petra's South African operations during FY 2014.

An area of under-reporting in previous years' reports has been the prevalence of occupational diseases such as HIV/AIDS, tuberculosis and malaria, which was largely the result of non-reporting by external service providers on the basis of patient-doctor confidentiality. In order to remedy this, standard service level agreements that include reporting of the required statistics have now been reached with all health service providers used by Petra.

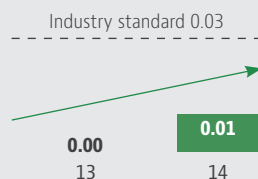
LTIFR

0.32



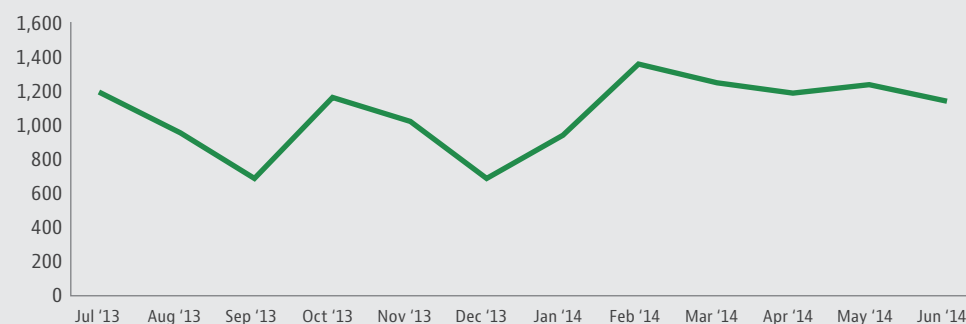
FIFR

0.01



Medical surveillance

Number of screenings at South African operations



Health and Safety continued

Performance continued

Medical care continued

South Africa continued

Wellness monitoring includes monitoring of certain conditions such as HIV/AIDS, hypertension and diabetes, amongst others, as part of both the medical screening programme and special drives ("Wellness Days") conducted at operations, in conjunction with partners such as Careways and the medical aid schemes to which employees belong.

The table below lists the number of employees identified with a chronic medical condition amongst Petra's South African workforce; affected employees were part of a surveillance programme and received relevant treatment.

Condition	Number of employees affected
Diabetes	38
Hypertension	243
Asthma	6
Tuberculosis	4
HIV	2
Mental illness	0
Other conditions	177

Tanzania

At Williamson, subsidised primary health care is 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 and mortuary.

In addition, the hospital pilots various health programmes in conjunction with the Tanzanian Government and certain NGOs, including mother and child health, malaria prevention, VCT and ART. These services are provided free of charge to employees and their families, as well as community

members. The programmes are financially supported by AGPAHI (Ariel Glaser Paediatric AIDS Healthcare Initiative), with infrastructural and services support from Williamson.

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

Williamson recently underwent a comprehensive occupational health screening for all employees and contractors, with a total of 612 screenings taking place.

The table below lists the number of employees identified with a chronic medical condition amongst Petra's workforce in Tanzania:

Condition	Number of employees affected
Diabetes	13
Hypertension	17
Asthma	3
Tuberculosis	1
HIV	15
Mental illness	1
Other conditions	9

Employee wellbeing

The health and wellbeing of our people is imperative to the Group's continued success. By encouraging a healthy, energised workforce, we are able to ensure higher productivity levels, thereby improving our performance. It also enables us to increase employee motivation and engagement and to cultivate an industrious workplace, whilst minimising absence. The promotion of employee wellbeing at Petra includes initiatives to increase awareness of stress,

mental health issues, lifestyle-related conditions and to encourage a healthy lifestyle amongst our staff.

In addition to primary health care and occupational health services, Petra also offers employees in South Africa a comprehensive wellness care programme through the Careways Group. Careways' services include lifestyle, psychological, financial, legal, and substance dependence counselling and assistance, and are offered anonymously and free of charge (within certain limits) to employees and their families. For more information on the services offered by Careways, please refer to www.carewaysgroup.com.

Information and advice regarding overall employee wellness, as well as the services offered by Careways, is included in a focused Company newsletter, 'LiveSharp!', which appears monthly and is reinforced through other Company communication.

Occupational illnesses

Petra Group's comprehensive occupational health Codes of Practice and corresponding policies cover a wide spectrum of conditions, and use leading indicators to prevent the occurrence of such illnesses, rather than focusing on lagging indicators for reactive response and reporting purposes.

Prevention of occupational illnesses is approached in terms of the overall HSEQ strategy to ensure both safe conditions and inculcate a culture of safe behaviour. Continual monitoring of employees' health status, based on customised risk profiles, plays a key role in providing the leading indicators used.

In line with the letter and spirit of the South African Mine Health and Safety Act, employees' health and safety is considered to be a joint responsibility between management and employees. This is reflected in all formal agreements with trade unions at our mines, which include provisions relating to occupational health and safety (apart from at Kimberley Underground where such an agreement is currently being negotiated).

Formal management-worker committees that provide input into occupational health and safety programmes are in place at all South African operations, while the mine's HSE representatives at Williamson in Tanzania forward matters for consideration at the senior safety committee meetings via an internal system.

At Williamson we work in close cooperation with the Occupational Safety and Health Authority ("OSHA") that was established under Executive Agencies Act No. 30 of 1997 and is the custodian of Occupational Safety and Health Act No. 5 of 2003. The primary objective of OSHA is to ensure the creation and maintenance of ideal work environments which are free from occupational hazards that may cause injuries or illness. All workplaces are audited by OSHA on an annual basis.

Conditions related to noise-induced hearing loss ("NIHL"), respiratory illnesses, and injuries resulting from repetitive activities form the bulk of the occupational illnesses at our operations. As already stated, our approach is focused on prevention rather than cure, and is based on rigorous ongoing monitoring of individuals and workplaces, the provision of personal protective equipment ("PPE") in the case of NIHL and respiratory illnesses, and the implementation of relevant leading practices.

The number of employees who work in environments that require them to be medically surveyed on a regular basis is as follows:

Environmental factor	Number of employees
Drivers and heavy machinery ¹	635
Chemicals	30
Vibration	0
Radiation	14
Sewerage workers	31
Lead	10

1. This environment also includes some of the other factors listed, e.g. dust and noise.

Health and Safety continued



Brent Alting receives the Blue Leaf Award and Lino Nkuna receives the Blue Star Award from Luctor Roode and Teon Swanepoel at Finsch.

Awards launches

During the Year, our HSEQ Department introduced two new awards to promote and recognise excellence in health and safety and environmental management performance, known as the Blue Star and the Blue Leaf Awards.

These awards can be presented to individual employees or entire teams who demonstrate a commitment to improving our performance in health and safety and/or environmental management, or who display excellence in these areas.

What does the colour blue symbolise?

Blue is Petra's most prominent corporate colour and is also specifically associated with the Company due to the exceptionally rare blue diamonds found at the Cullinan mine, the world's only reliable source of such stones.

The Blue Star Health and Safety Award

A red star is traditionally used in the context of safety, so we have adapted the colour of our award to represent Petra. The award has been developed to encourage behaviour that goes beyond compliance and aspires for excellence in this important sphere. By driving consistent improvements in our performance, we are closer to our ultimate target of a 'zero harm' environment.

The Blue Leaf Environmental Award

The leaf symbol represents not only our natural surroundings but also our responsibility to mitigate the impact of our operations and to protect and restore the environments in which we operate. The award is aimed at inspiring commitment to the implementation of our rigorous environmental management processes, to developing long-term sustainable practices and to meeting international best practice.

Performance continued

Occupational illnesses continued

In FY 2014, we recorded 18 new cases of occupational illnesses (FY 2013: 12), comprising one case of silicosis (further to the diagnosis of new contractors during their entrance medicals), two cases of chronic obstructive pulmonary disease ("COPD") and three cases of occupational asthma. Of these 18 cases, seven required compensation.

Noise-induced hearing loss ("NIHL")

With the operational environment lending itself to noisy work conditions and NIHL representing a significant portion of occupational illnesses, we are strongly focused on reducing NIHL. In FY 2014, 12 employees were diagnosed with NIHL greater than 10% shift from baseline, meaning that they may be due compensation from the Company depending on further investigation as to their cause of their condition.

Our approach to combatting NIHL consists of two parts – reducing noise in the workplace and protecting employees' hearing against any remaining harmful noise levels.

Regarding the reduction of noise levels, elimination of noise at source is a very important element of the prevention of NIHL. For this reason, all ventilation fans are sound attenuated, with silencers placed before and after axial flow fans to ensure that noise emitted is below the maximum of 110dB(A). The majority of fans and other equipment that emit noise above this level have already been eliminated, and the aim is to eliminate any remaining non-compliant fans and other equipment as soon as practically possible.

The majority of Petra's LHDs are fitted with environmentally friendly cabins ("envirocabs"), and the programme to replace all of the older LHDs without the envirocabs is progressing well. Whereas these envirocabs assist in filtering out noise, they also

present benefits with regards to prevention of other occupational illnesses, as they are air-conditioned to ensure a more pleasant working environment, and serve to filter out dust and other airborne pollutants.

Focusing on employees most exposed to noise, we undertake regular testing of employees and contractors at risk of NIHL and investigate any shifts in which noise levels exceed set levels. In addition we have issued improved hearing PPE to affected staff and provided additional training.

In areas where the noise levels are higher than the threshold of 85dB, all employees are supplied with hearing protection, i.e. noise clippers or variphones, in order to prevent NIHL. To ensure comfort of use and increase the likelihood of usage, these are custom-made and fitted to each individual optimally.

It is recognised that employees often get exposed to noise outside of the workplace, e.g. when conducting noisy activities or hobbies such as wood- or metalwork. Ear plugs are therefore also supplied to employees when leaving the workplace to be used at home. This assists in extending awareness of hearing protection to outside of the workplace, with the aim to entrench it in daily behaviour.

Respiratory illnesses

Petra is considered a leader in its field with regards to the number of leading practices the Company has implemented in its efforts to combat respiratory illnesses.

Such leading practices include the implementation of dust extraction systems at the underground operations and the extensive use of environmentally friendly dust suppressants to improve air quality at our operations. These suppressants, alternated regularly with water, are sprayed on surface roads to eliminate the generation of dust. Similar suppressants are also being used in underground

Health and Safety continued

workings to suppress dust and other airborne pollutants from being liberated into the atmosphere.

Community

The key community health issues that impact our operations are HIV/AIDS, tuberculosis and malaria. Although malaria is still the most common disease in Tanzania, it does not affect the operation negatively as the disease is mainly prevalent in the surrounding villages rather than at the mine itself. At Williamson the vector control programme has led to a very positive result.

HIV/AIDS

HIV/AIDS is a significant risk to our workforce as well as to the long-term health of our host communities. We have robust plans to manage this risk at our operations and are guided by the legal requirements in the various jurisdictions where our operations are located.

HIV voluntary counselling and testing ("VCT") is offered to all employees by medical service providers, as well as during employee wellness drives. A total number of VCT tests conducted is not presently available, as these numbers were previously not disclosed by private service providers due to reasons of confidentiality; however, new service level agreements reached with these private service providers will place us in a position to report on these figures in FY 2015.

During FY 2014, a total of six employees were positively diagnosed with HIV across Petra's South African operations, which may not be representative of the prevalence in the workforce due to the reasons provided above.

Initiatives to increase awareness and understanding of HIV/AIDS have continued throughout FY 2014. These included:

- » campaigns at our operations to promote uptake of VCT amongst employees and dependents;
- » provision of condoms; and

- » educational and awareness programmes to dispel myths about the disease and fight discrimination.

Cooperation with trade unions and NGOs to improve the delivery of our HIV/AIDS treatment and prevention programmes continued at a number of operations.

Tuberculosis

We provide testing and counselling for tuberculosis at a number of our operations, in most cases through external service providers, due to the established link between HIV/AIDS and tuberculosis.

We recorded 38 new cases of tuberculosis at our operations during FY 2014, all of which have been cured.

Williamson

Malaria

At Williamson, malaria remains one of the key health issues and at present remains number one of the top ten most common diseases. It does not affect the mine productivity in general because the statistics account for total patient figures and therefore include the surrounding communities.

Most common health problems

The most common diseases are as follows:

- | | |
|--------------|----------------------------|
| 1. Malaria | 6. Skin disease |
| 2. UTI | 7. Eye disease |
| 3. Anaemia | 8. Gynaecological disorder |
| 4. URTI | 9. HIV |
| 5. Pneumonia | |

These diseases are well monitored and programmes are in place in terms of monitoring and prevention. The main areas of occurrence are within the villages surrounding the mines rather than affecting our employees specifically.

Q&A with Patricia Nkuna, Chief Safety Officer at Finsch



Have you always been interested in the field of HSE and how has your career progressed to date?

As a child growing up near the Kruger National Park, I was always fascinated with nature and science. My interest in HSE was triggered at an early age when a woman from the Health Department visited our school to teach us about health and hygiene. Having earned a diploma and degree in environmental health, I went on to study total quality and safety management and then worked in various HSE roles before joining Petra Diamonds in 2012, where I am the Chief Safety Officer at Finsch.

How would you describe the importance of HSE in the mining industry and, more specifically, at Finsch?

Having reliable and effective HSE systems in place is of paramount importance to any company but particularly in the mining industry. At Finsch, the safety team plays a vital role in designing, implementing and measuring the success of our health and safety programmes with the ultimate intention of achieving zero harm. Our main goals are to manage HSE risks proactively, to stress the importance of considering health and safety in everything we do and to reinforce the role played

by all employees in effectively managing HSE in the workplace.

What are your mission and objectives for safety at Finsch and how do you measure success?

My mission is aligned to that of the Group – to continually improve safety throughout the organisation. My primary objectives are also in line with Petra's guiding principles, in having a zero tolerance for any action that results in potential harm to employees and environment. My job is to enforce Petra's health and safety policies and procedures and to ensure compliance with the relevant legislation.

In my line of work, success is measured by the absence of accidents and the commitment of all employees to take responsibility and accountability for their own health and safety.

What part of your work do you find most rewarding/satisfying?

We have done our job well when we have no accidents and each employee goes home to their families in the same state that they arrived at work. I also find it rewarding when safety systems that we put in place work effectively and when we all work together as a team. We all know that safety is not a one-man show; it requires the collective effort of every employee to make it work.

What message do you have for young people who would like to pursue a career in health and safety?

They need to have an interest and passion for health and safety and must have people skills. They then need to study towards a health and safety qualification at a university of their choice.



Our People

A group of apprentices at Finsch, spanning various engineering disciplines including electrical, mechanical, rigging and control and instrumentation.

Overview



Surprise Nomganga, Motlagomang Motswane and Cornelius Kongo from the Koffiefontein engineering team inspecting Loco No. 5.

Overview

- » It is our people, above all, who define our Company and set us apart.
- » Creating a supportive and rewarding environment in which our people can develop their full potential benefits both the Company and the individual.
- » By ensuring the success of our people, we can ensure the sustained growth and success of our business.

Achievements

- » Substantial investment in training programmes is an investment in both the personal development of our employees and the future success of our operations.
- » The majority of our employees are drawn from local communities, encouraging a more stable and cohesive workforce.
- » Our leadership development programme is developing a diverse group of candidates (both by race and gender) who display the potential to fulfil leadership positions in the future.
- » Williamson won an award for the best complying employer in the mining sector at the National Social Security Fund assessments, carried out to identify companies that excel in terms of social security provision to employees.

Challenges

- » There is strong competition in the labour market and skills shortages exist in certain specialist areas.
- » The employment of women in the mining industry poses inherent challenges.
- » Labour relations is a challenge, particularly prior to the divestment of the Sedibeng and Star mines, and consultations around the future of the Helam mine.
- » The challenges facing education in South Africa mean that a small portion of our workforce is not literate.

Objectives for FY 2015

- » Continue extensive training and education initiatives.
- » Continue to focus on labour relations, maintaining consistent and transparent communication with our employee and union representatives.
- » Roll out diversity management workshops across the South African operations.
- » Formalise the Group's Accommodation and Housing Strategy.



Our People continued

Our workforce

As at 30 June 2014, we employed a total of 8,206 people (4,663 direct employees and 3,543 contractors) (30 June 2013: 7,256 total employees). These totals exclude the four Non-Executive Directors also listed in the table below.

Operation	Permanent/ part time	Contractors	Total
Finsch	981	997	1,978
Cullinan	1,359	1,265	2,624
Koffiefontein	486	371	857
Kimberley Underground	592	163	755
Helam (Fissure Mine)	421	—	421
Helam Projects	82	—	82
Williamson	555	747	1,302
Botswana	40	—	40
Head Office/Group	144	—	144
Directors – Executive	3	—	3
Directors – Non-Executive	4	—	4
Total	4,667	3,543	8,210

The number of permanent employees has decreased (FY 2013: 5,139) due to the Sedibeng and Star fissure mine operations being placed on care and maintenance before their subsequent disposal during the Year. The significant increase in the number of contractors (FY 2013: 2,117) continued from the previous period, largely as a result of the progression of Petra's development projects.

The decision to place Sedibeng and Star on care and maintenance followed an initial sales process which aimed to divest of these mines to an operator/operators in whose portfolio these mines would present a better fit. This necessitated the initiation of a consultative process in terms of Section 189(a) of the South African Labour Relations Act (Act 66 of 1995), the objective of which was to consult on measures to avoid dismissals based on operational requirements. Following the conclusion of this process, a total of 577 employees (414 at Sedibeng and 163 at Star) were retrenched. An additional 39 employees, mostly in the skilled grades, were transferred from these operations to other mines. The overall figures are outlined in the table below:

	Retrenched	Transfers	Pension	Dismissed	Deceased	Total
Sedibeng	414	26	1	—	—	441
Star	163	13	—	1	1	178
Total	577	39	1	1	1	619

The Sedibeng and Star mines were subsequently sold in April 2014.

Our approach

In keeping with our core value of '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 is encouraged and rewarded.

We believe that no one knows our operations better than our own employees and the Company looks to leverage its internal skills base wherever possible. We aim to harness the strengths of diversity in our workforce and treat our employees with respect and dignity.

To continually improve the skills of our employees and empower them to achieve their full potential, we invest substantially in training programmes. This is done with cognisance that our employees' personal development will contribute to the successful development of our operations.

Comprehensive Group-wide HR policies that cover most aspects of employment and employee development, and are augmented at an operational level to ensure they are applicable within the local context of each mine, ensure a well-regulated HR environment. These documents are, in turn, supported by our Group Code of Ethical Conduct and other Group-level initiatives, by consolidating our principles and policies and reinforcing Petra's existing commitment to the fair treatment and sustainable development of our workforce.

In keeping with our values and Principle 4 of our Code of Ethical Conduct ("Not only do we respect human rights, but we actively advance them"), we respect our employees' right to freedom of association. There are therefore no operations within the Petra Group where the right to exercise freedom of association and collective bargaining are at risk, and, as such, the majority of our members are represented by a union.

South African legislation includes strict provisions with regards to the allowable maximum hours of work. Shift configurations are designed to ensure that the required outcomes can be achieved without any employee exceeding the maximum permitted hours of work. Also given the impact of fatigue on employee health and safety, systems are in place at operations to carefully monitor individuals' hours thereby ensuring that their overall working hours are within the boundaries of what is permitted, and that the required arrangements are in place to relieve them when they need to be given rest time.

Given Petra's commitment to fair employment practices, as stated in our Code of Ethical Conduct, all employees are remunerated on levels competitive within the industry, and minimum wages are considerably above the average (or, in South Africa, as determined by sectoral determinations). Factors such as gender, marital status, race, ethnic origin, colour, nationality, disability, religion, or sexual orientation are not used to discriminate against individuals, and this is reflected in equitable remuneration scales.

Our People continued

Local hiring

Petra's recruitment policy makes provision for preferential local recruitment across all operations. Apart from the mandatory requirements (see more details below), local recruitment makes sound business sense as it decreases dependence on Company-provided services such as transport and housing, encourages a more stable and cohesive workforce, while contributing to the development of local communities.

Based on the indicators outlined in the South African Mining Charter, the Social and Labour Plans ("SLPs") of the South African operations include commitments to recruit from 'labour sending areas', i.e. their host and local communities. Commitments to this effect are often also included within agreements with the organised labour unions present at our operations.

Due to the remote locations of most of our operations, skills shortages may occur in the host communities when recruiting for skilled positions. For this reason, vacancies for positions in the skilled bands are advertised regionally or nationally, whereas all unskilled and semi-skilled positions are advertised locally only.

Although a position might have been advertised regionally or nationally, preference will still be given to local applicants. Major contractors to the operations are expected to apply the same recruitment principle when employing workers for contracts at these operations.

South Africa employee breakdown

	Local	Provincial	National
Finsch	66%	17%	17%
Cullinan	64% ¹	—	36%
Koffiefontein	84%	5%	11%
Kimberley Underground	92%	4%	4%

1. Includes provincial as the distinction between local and provincial cannot be made at Cullinan.

Tanzania employee breakdown

	Expatriates	Local	Regional	National
Williamson	2%	45%	13%	40%

Retention

With strong competition in the labour market for semi-skilled and skilled employees, and a shortage of certain specialised skills, workforce retention is a key challenge for Petra.

The remote location of our operations means that the host communities present a limited pool from which to draw employees, while it is moderately difficult to attract these skills from the larger centres. Staff retention is therefore important, and our belief is that our comparatively low staff turnover rates (if retrenchments are excluded), which are on par with those of the mining sector and industry in general, are largely the result of our vibrant company culture

and our remuneration policies which are designed to attract, incentivise and retain individuals of a high calibre.

In FY 2014, our total employee turnover was 22% including the retrenchments at Star and Sedibeng, and 8% excluding these retrenchments. The current average turnover rate for the South African mining industry is 7%, although this varies considerably depending on economic conditions.

The breakdown of the Petra Group turnover rate for FY 2014 is provided below.

Group turnover rate for FY 2014

	South Africa	Tanzania	Botswana	Total
Terminations and voluntary turnover	953	43	3	999
Age group				
19–25	49	—	—	49
26–30	71	5	1	77
31–35	120	5	2	127
36–40	165	9	—	174
41–45	157	2	—	159
46–50	148	2	—	150
51–55	198	20	—	218
56–60	35	—	—	35
61–65	6	—	—	6
66 and older	4	—	—	4
Male	859	35	2	896
Female	94	8	1	103

Our People continued



Talent Maluleke, Engineering Intern

Talent Maluleke was born and grew up with his younger sister in Limpopo, Giyani. He attended school at Khanyisa Education Centre from grades 1 to 12 and was one of the top students in his final year. His favourite subjects were maths and physics.

In his first year at the University of Pretoria, Talent contributed to a community project, which took him back to his old high school to teach maths and science during the school holidays. During his first year vacation, he went to work at the Koffiefontein mine to gain practical experience as part of his course. In his second year, Talent went to work at Cullinan and during his third year, he worked at Finsch.

In April 2014, Talent graduated with a bachelor's degree in mechanical engineering. The best moment of Talent's life so far was walking up to the podium to collect his degree – a moment filled with much emotion and excitement on reaching this major milestone in his life.

Talent is now based at Finsch where he is doing the Government Certificate of Competency, which he is hoping to finish within three years. Although this is not an easy task, he believes he will be able to succeed within his set timeframe, with the necessary courage and focus. In order to gain sufficient exposure and experience in the mining environment, Talent has been assigned to work in various areas of the mine.

Training and development

The training and development of employees is essential in ensuring that they can achieve their full potential and to guarantee that the current and future skills needs of the organisation are met. Petra therefore offers both legally required and career-oriented training in both the technical and non-technical disciplines.

Our investment in staff training and development across the Group increased 33% in FY 2014 to circa US\$6 million during FY 2014 (FY 2013: US\$4.5 million). See page 61 for a breakdown of Petra's training and development expenditure for the Year.

For South African operations, the Mining Charter stipulates an annual training expenditure target of 5% of operations payroll for FY 2014 (FY 2013: 4.5%). This target was significantly surpassed with an average of 6.9% on Group level.

Main areas of expenditure were in-house safety and technical training, technical training outsourced to specialist external training providers, engineering learnerships, internships and other learnerships.

Centralised leadership and management development programmes contributed around US\$584,000 to the overall training expenditure.

The training programmes at Williamson continue to focus on 'on-the-job training', which includes training through regulatory bodies such as OHSAS, as well as external learning events, such as formal training courses or visits to other mining operations. Williamson does not currently have formal bursar and scholarship programmes in place, but it supports those engaged with self-development programmes to a limited degree. The mine is in the process of introducing career management programmes during FY 2015.

In FY 2012 we launched the Skills Audit Project to evaluate employee skills in the context of those required by our business, now and in future. The project helped us to refine our approach to training and employee development, to clarify job descriptions and to increase the focus on individual training and career development. Within FY 2012 and FY 2013, a total of 506 job profiles were developed and almost 80% of all employees were interviewed.



Ignas Balyoruguru (Human Resources Manager) and Arlen Loehmer (General Manager) proudly holding the NSSF Award.

May 2014:
Williamson wins NSSF Best
Complying Employer's Award

The Williamson mine in Tanzania gained recognition for its sustained commitment to employees when the mine won an award for the best complying employer in the mining sector at the National Social Security Fund ("NSSF") assessments, carried out to identify companies that excel in terms of social security provision to employees.

Our People continued

Portable skills training

Operations plan and budget for portable skills training that is intended to develop skills that employees can use for self-employment at the end of their careers or in the instance of mine closure. Difficulties are experienced with implementation, mostly due to employee commitment, and the number of beneficiaries is relatively low.

Overview of activity in FY 2014

- » **Finsch:** portable skills training was conducted for employees and the community. This included Code C1 (previously Code 10) national driver's licence training, agricultural training, basic computer literacy training and NATED Engineering subjects. A total of 72 beneficiaries were trained to an amount of circa US\$33,396.
- » **Cullinan:** portable skills training was provided for community members.
- » **Kimberley Underground:** training was conducted for five beneficiaries in plastering, to a cost of circa US\$6,500.
- » **Koffiefontein:** 13 employees were supported with driving lessons with the goal of obtaining their driver's licences. The associated cost was circa US\$4,044.
- » **Helam:** no portable skills training was conducted.
- » **Sedibeng and Star:** portable skills training was conducted with employees who were retrenched in order to increase their chances of employment. The cost of this training was circa US\$345,500, and covered 183 retrenched employees who were trained on technical skills programmes or earth moving equipment.

In addition to the above, the Company provides a Study Assistance Scheme for employees who prefer to obtain tertiary qualifications at recognised tertiary institutions. This scheme not only promotes employability at the end of a career in mining or mine closure, but also provides the opportunity for career progression, thereby qualifying the employee to apply for alternative positions in the Company.

Although Williamson in Tanzania provides continual training in the workplace and distance learning programmes and short courses are well attended, it does not currently present any formal portable skills programmes. The same applies for Botswana, where the nature of the current operations does not require, or lend itself to, this kind of programme.

Training and development continued

These job profiles will contribute to consistent and focused recruitment and employee development, as they allow the Company to identify training and development gaps which will ensure that plans are in place to address these gaps. In FY 2015 a 'Mini Skills Audit' will be launched which will focus on interviewing those employees who were not previously interviewed for numerous reasons, such as leave, as well as newly appointed employees.

Leadership development programme

Petra's leadership development programme ("LDP") is an important strategic tool to assist the organisation in the identification and development of employees who display the potential to fulfil leadership positions in the future.

The revised two year programme consists of various elements such as classroom learning, mentoring, coaching and formal technical training in order to ensure that the graduates can effectively fulfil future leadership positions in the Company.

65 employees participated in the LDP in FY 2014 at a total cost of US\$470,586. The group of candidates was considerably diverse, both by race (52 black and 13 white participants) and gender (31 females and 34 males), with women representing 47% of the candidates.

The group consisted of 21 employees doing the first year of the programme, 21 in their second year, 14 completing the third year and nine participating in the fourth year of the programme.

A total of 11 LDP participants were promoted in FY 2014, largely due to the impact that the programme has had. Please see the case study 'Fostering Excellence' on page 37.

Adult basic education and training

The comparatively poor standard of education in South Africa and the impact on the literacy of our workforce is one of the challenges facing business in the country, and Petra is no exception.

Breakdown of Petra's South African workforce that is functionally literate:

Operation	% of employees
Finsch	96
Cullinan	93
Koffiefontein	86
Kimberley Underground	76
Helam	81

Given the above statistics, a Group Policy for Adult Basic Education and Training ("ABET") is in place. At all operations ABET takes place on a voluntary and part-time basis and is facilitated either as a combination of computer-based training and face-to-face interactions or facilitator-led training.

The number of hours allowed for ABET per week is determined by each operation and depends on shift rosters and operational requirements. All prospective learners complete a placement assessment to determine the level of each learning area that they will commence training on. All annual assessments are done by external examination bodies such as Umalusi or the Independent Examination Board.

All operations employ full-time qualified ABET facilitators and provide ABET to learners at no cost and whilst earning their full pay. Once the grant requirements for the Mining Qualifications Authority are met and discretionary grants disbursed to operation, 50% of the grant is paid to the qualifying learner as an incentive.

Our People continued

Women in mining

We recognise that women are a fundamental and unique part of the makeup of any workforce and therefore it is important to Petra that they are properly represented within the Group, both in senior roles as well as across the spectrum.

The number of women employed by Petra on the respective employment levels as at 30 June 2014 is provided in the table below:

FY 2014	Men		Women	
	Number	%	Number	%
Board	3	100	—	—
Senior Management	30	97	1	3
Management	170	81	41	19
Employees	3,731	84	687	16
Total	3,934	84	729	16

In FY 2014, the number of women as a percentage of our workforce improved to 16% (FY 2013: 14%), suggesting that the measures implemented to ensure diversity, including gender equity, are yielding positive results.

Women represented 19% of the management positions in the Group and 3% within the Senior Management bracket, which remained the same as in the previous reporting period. We are, however, confident that the focus on diversity and gender equality, and the measures implemented to advance this such as preferential recruitment and selection for development programmes, will increase this percentage in the years to come.

Supporting people with disabilities

In FY 2014, Petra formed a partnership to support the National Council for People with Physical Disabilities in Southern Africa ("NCPDPSA") (see case study on page 39) and part of this project will involve disability awareness and sensitisation of Petra employees, as well as an accessibility assessment. Details of this will be confirmed during FY 2015.

Following on from this partnership, we have in the meantime adapted our recruitment process to ensure that people with disabilities are given an equitable chance of employment in suitable positions.

Adult basic education and training continued

In Tanzania, where the Williamson mine is located, the workforce has a much higher level of basic education and it is estimated that 95% of Williamson employees are functionally literate and numerate. Likewise for our Botswana operations, where our workforce is comparatively small, ABET is not necessary.

Bursary scheme

SLPs for Petra's South African mines include a commitment to provide bursaries to promising students and give them the opportunity to study for a degree in a relevant discipline.

A bursary scheme is run by the Company and focuses on supporting students studying towards qualification in the core disciplines of the mining industry. The bursary covers the cost of the studies as well as accommodation and allowances. The scheme is only available to South African students.

In December 2013, six bursars graduated and are now busy with their internships at various operations. This diverse group consisted of three black males, two black females and one white male, meaning that 83% of the group is considered to be historically disadvantaged South Africans ("HDSA").

For the 2014 academic year, the Company sponsored 15 bursars consisting of ten black males, three black females, one Indian male and one white male (93% HDSA).

As part of the scheme, students are supported to do vacation work or practical modules at operations as required by their respective institutions.

Budget allocated for FY 2013	ca. US\$269,181 (R2,196,520)
Budget allocated for FY 2014	ca. US\$255,507 (R2,717,060)
Budget allocated for FY 2015	ca. US\$197,217 (R2,097,206)

Learnerships

In South Africa, a learnership is a registered and accredited learning programme which combines practical work experience with academic learning.

The aim of Petra's learnership programmes is to address skills shortages and job vacancies both at our mines and within the mining industry as a whole, with the objective being to increase the pool of available labour.

Learners are recruited from inside and outside the Company. Currently we have learners on a number of programmes ranging from various engineering disciplines (e.g. electrical, fitter, instrumentation etc) through to rock breaking and metallurgy.

In FY 2013, 22 learners completed learnership programmes and during FY 2014 a total of 73 employees were enrolled for various programmes ranging from engineering to supervisory learnerships.

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 Mining Charter, is therefore mandatory.

Our People continued



LDP Change Management participants.

Fostering excellence

Petra's Leadership Development Programme ("LDP") is indicative of the Company's ambition of continuously investing in its people. The programme enables Petra to promote internal career development and to empower our people, as well as ensuring our ability to retain the appropriate skillsets required not only now but for the future.

The programme is aimed at employees who display substantial promise and the potential to occupy leadership positions within the Company and also focuses on Historically Disadvantaged South Africans ("HDSAs"), including women.

Mentoring is a key part of the LDP and during the Year a number of workshops took place for both mentors and LDP participants to clarify roles and responsibilities of both parties and to identify and address any challenges experienced in the mentoring relationship.

The workshop results indicated that effective execution of mentor and mentee roles requires careful attention. Challenges experienced included time constraints and effective communication. However, participants proposed a number of resourceful solutions to address these challenges. Mentors and mentees advocated training to maximise the benefits of the process, which has now been launched.

Importantly, the LDP does not cease on completion of the course, rather an ongoing support programme is available to employees, with Petra having received strong feedback on this initiative to date.

Equality and equity continued

We regard employment equity, which is aimed at representative diversity in the workplace, not only as a mandatory measure that needs to be complied with, but as a moral and business imperative, due to the benefits that well-managed diversity brings. This, as a principle, is reflected in our Code of Ethical Conduct as well as our Disciplinary Code, and Petra's employment policies prohibit any kind of unfair discrimination.

Established and functional Employment Equity Committees are in place at all of our South African mines in accordance with the Employment Equity Act, with membership drawn from employer and employee representatives. These Committees 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' Employment Equity Plans are aligned to targets set in the Mining Charter.

During FY 2015, the Employment Equity Committees will review Employment Equity Plans and the Employment Equity policy in order to align them with the amendments enacted by the Employment Equity Act.

During FY 2014, we embarked on the process of developing an Integrated Transformation Framework aimed at focusing activities towards a broader united objective and ensuring a balanced approach towards transformation. The Company further developed comprehensive succession plans to speed up legislative compliance to Employment Equity at our South African Mining Operations. In the same vein, regular consultations are being carried out at different operations wherein various unions are represented.

Diversity management workshops were rolled out to one operation in South Africa during FY 2014 and

there are plans to roll out further extensive diversity workshops during FY 2015, following the finalisation of the Integrated Transformation Framework.

Whilst not subject to the same regulation and legislation as the South African operations, Williamson in Tanzania has a policy to promote equal opportunity and to eliminate discrimination in the workplace. Williamson also applies affirmative action measures consistent with the promotion of women in mining, particularly during the recruitment process.

We offer the same remuneration per employee category, regardless of gender, and no gender distinction is made with regard to salary scales.

No cases related to discrimination were reported or investigated during FY 2014.

Labour relations

Petra has aligned its principles with the International Labour Organisation Declaration on fundamental Principles and Rights at Work through compliance with the 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.

We respect our workforce's right to exercise freedom of association and collective bargaining across all our operations. Any union that has achieved sufficient representation in the workplace may request recognition. Union membership across our operations represents 79% of the total workforce.

Our employees in South Africa belong to four unions: National Union of Mineworkers ("NUM"), which represents the majority of our workforce, Solidarity, the United Association of South Africa ("UASA") and the Association of Mineworkers and Construction Union ("AMCU"). 21% of our South African workforce is not affiliated with any union.

Our People continued

Labour relations continued

In Tanzania, 84% of our employees are affiliated with the Tanzania Mines, Energy, Construction and Allied Workers Union ("TAMICO"). The provisions of the Employment and Labour Relations Act, 2004 do not allow Senior Management employees to belong to trade unions that represent the non-Senior Management employees.

At an operational level, there are grievance procedures in place for 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 Q1 FY 2014, Petra reached a deadlock during its collective bargaining with the NUM and that resulted in a protected and lawful strike from 29 August 2013 to 13 September 2013 at Cullinan, Koffiefontein and Kimberley Underground. Labour relations are currently stable, but the Company remains vigilant and continues to monitor the situation across its South African mines. After the Year end, the Company announced a three year wage agreement with the NUM in South Africa and we are hopeful that this should provide for a more stable labour environment during this period.

We believe that dialogue is the key to management of labour operations and we are therefore focused on continuing to communicate openly with our employees, trade unions and local community representatives. To improve employee relations, Petra launched a number of internal communications initiatives and economics training for union representatives in order to empower them with business knowledge.

Benefits received by employees are negotiated in either collective bargaining agreements or in individual agreements with employees who are not covered in collective agreements. These include

issues related to their conditions of employment, and other site specific benefits such as medical travel assistance, school buses and school subsidies, which can be included in either individual or collective agreements, or in the corporate social responsibility programmes of the operation concerned.

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 on the nature of change and its impact on the workforce/company.

In Botswana, the minimum notification period can be between one week and one month and is not specified in agreements.

Employee communications

Our employment policies have been developed to ensure that the Group attracts and retains the required calibre of management and staff by creating an environment that rewards achievement, enthusiasm and team spirit. Effective communication and consultation is key to this and the Group endeavours to ensure the appropriate level of employee involvement and communication. The objective of communication policies and strategies is the creation of an open and supportive communication culture and climate within the Company, which will facilitate the effective flow of communication both laterally and horizontally within the organisation. The appropriate Communication and Public Relations

Policy documents were finalised and implemented during FY 2014 to give effect to this objective.

A two-pronged approach is followed to improve workplace communication. The first part encompasses: the creation of suitable channels and media for internal communication, such as the installation of a digital display screen system throughout operations; the establishment of publications, both on Group and at operational level; and the revision of the availability and use of notice boards and other media. A project in this regard was initiated during FY 2014, with planned completion during FY 2015.

The second part involves empowering employees, notably those in supervisory positions, with the necessary communication skills. Implementation of this training, which is fully aligned with the philosophy and principles of the Communication and Public Relations Policies, will commence during the second quarter of FY 2015.

In addition to the Group's website (www.petradiamonds.com), which is regularly updated with current news about the Group, Petra maintains an employee intranet, which gives access to all Group policies and procedures, information on key personnel and who to contact should an employee have a specific query or concern.

All mines issue periodic (mostly monthly) management briefings, which are used to update employees on progress and inform them about achievements, changes and policies.

In addition, certain mines already produce a regular employee newsletter, highlighting key developments and providing insight into areas such as integrity, accountability, personal finance, safety and wellbeing. The objective is to extend these newsletters to all operations as part of our improved workplace communication. Every mine has highly visible

notice boards, where important and current employee information is available.

Accommodation and living conditions

In accordance with the South African Mining Charter, Petra has developed an accommodation strategy which is organised at an operational level. Each mine has its own policy regarding the accommodation it provides.

504 employees, representing 15% of our workforce, are accommodated in hostels, up from 10% in FY 2013 due to the increase in demand for accommodation at the different sites, particularly Finsch. The hostel at Helam was recently upgraded in compliance with the Mining Charter. See the breakdown of accommodation below:

Mines	Hostel (room sharing)	Single quarters	Percentage of the workforce
Finsch	—	300	30%
Cullinan	—	87	6%
Koffiefontein	—	13	2%
Helam	104	—	25%
Total	104	400	15%

The Task Team, which was established during FY 2013, comprising of representatives from management and all recognised trade unions, met several times in FY 2014 to consult on Petra's proposed Accommodation and Housing Strategy. The Task Team also commissioned a housing survey across all the operations between 1 November 2013 and 30 March 2014. The parties further engaged on different proposals in facilitating home ownership and the process will be finalised in FY 2015. The process is aimed at fulfilling the requirements of the Mining Charter.

In Tanzania, Williamson provides accommodation for all permanent employees and some contractors, and in Botswana, tented field camps accommodate employees on field operations.

Case study: Petra Partnership Supports People with Disabilities

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Petra is proud to be associated with a cause as important as the support of people with disabilities, especially as it is an area that is often neglected or forgotten. We invite our employees to share in this pride and, through their genuine concern for and practical assistance of people with disabilities, illustrate how we stand by our values to make a difference.

Sheridan Rogers

Group Human Resources Development Manager

Petra has entered into a one-year sponsorship agreement with the National Council for People with Physical Disabilities in South Africa ("NCPDPSA") as part of its discretionary social spending, and more recently, having reviewed the duration, will be providing continued support during FY 2015.

The primary focus of the agreement is to provide assistance to people with disabilities in the areas of work creation, employment and job placement. One specific project that has received much needed support is the workshop facility of the Association for Persons with Disabilities in the Northern Cape ("APD-NC") in Kimberley, which has been closed for a year due to a lack of funds. With Petra's support, it will now reopen, thereby providing employment to around 20 people with disabilities.

As a result of Petra's sponsorship, the bulk of the refurbishment needed at the workshop was completed during FY 2014, including building renovation, restoration of services, upgrades to the security of the facility, and provision of equitable access for persons with physical disabilities. In addition to the financial support offered by the Company, Petra representatives have also assisted with the re-commissioning of the workshop. This includes the provision of technical expertise on issues such as security, workplace safety compliance and systems; of assistance to NCPDPSA and APD-NC personnel, helping them procure services and acquire additional assistance and sponsorship from third parties, as well as making labour available for terrain management.



Gert Klopper, Communications Manager, with representatives of the Northern Cape Department of Social Development, APD and NCPDPSA in the workshop before refurbishment started.

The production of a range of products, including clothing and leather items, has already started on a small scale and will be ramped up considerably once the workshop has been fully commissioned and all beneficiaries can be provided with employment. In terms of the agreement, the NCPDPSA has negotiated contracts for items such as clothing, corporate gifts and conference bags to be produced at the workshop. The intention is to initially focus on establishing a range of core, quality products and then expand into other areas such as carpentry and novelties, making use of recycled material as far as possible.

In addition to the above, the sponsorship also provided for the purchase, modification and running of a vehicle to transport workers with

disabilities to the workshop, the establishment of a retail outlet for merchandise from a major retailer (supplied as part of a separate sponsorship by the retailer) and funding to cover staff costs. The total value of the sponsorship for Petra's FY 2014 is ZAR 700,000 (circa US\$65,800).

The two parties have also agreed to co-operate in the sharing of knowledge and expertise related to disability in the areas of education and training, awareness creation and promotion, accessibility, universal access and universal design, social services, programmes and rehabilitation and disability mainstreaming. Following a review of this initial service level agreement, it is envisaged that initiatives to specifically focus on all these issues will be introduced in future.

Q&A with Zola Molutsi, Industrial Relations Specialist, South Africa



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The labour relations environment in South Africa is definitely improving.

Zola Molutsi
Industrial Relations Specialist

Petra experienced some industrial action around the time of its wage negotiations over the last few years, but these disruptions have been less impactful than those experienced by some other sectors in the South African mining space. Why do you think this is?

Petra is in a better position than some other South African mining companies in that the type of orebodies we are mining lend themselves to a highly mechanised process, being block cave mining. This mining process is not labour intensive, so we have smaller workforces with a higher average skillset than, say, the gold or platinum companies. Having a smaller workforce makes it easier for internal communications and team cohesion.

However, that is no reason to be complacent. The most important aspect for Petra in terms of managing labour relations is effective communication, with both our employees and the trade unions who represent them.

What is the process followed by Petra for its wage negotiations in South Africa?

Petra holds negotiations whenever an existing wage agreement nears or reaches its expiry date, provided the trade union concerned has majority representation in a specific bargaining unit. As per the Recognition Agreement, which is the agreement regulating our relationship, the process is normally initiated by the recognised trade union when it submits wage demands and proposals to the

Company. A series of meetings between the two parties will then take place until the agreement is concluded.

In cases of a deadlock, any party may declare a dispute with the South African Commission for Conciliation Mediation and Arbitration ("CCMA"). In turn the CCMA will try to mediate and if parties still do not agree with each other, it will then issue a certificate of non-resolution.

Has Petra taken steps to improve employee relations over the years?

Petra's industrial relations approach is based on creating a harmonious relationship with organised labour. Among several programmes undertaken to build upon the relationship, first are the Relationship By Objectives ("RBOs") programmes, whereby the management of each operation meets with the leaders of the recognised trade unions away from the working environment in order to identify factors affecting their relationship and set attainable objectives to achieve during the financial year.

Second, the Company organises annual economic and financial training for the leadership of the recognised trade unions prior to the commencement of wage negotiations, which is facilitated by external third party providers.

Finally, the Company has established various forums in order to enhance information sharing and broaden the consultative process, with the recognised trade unions being participants of such

forums. In September 2014 Petra concluded a three-year wage agreement with the NUM of South Africa which we see as a positive step as it should provide for more stability in the labour environment during this period.

Do you think the labour relations situation in South Africa is getting better or worse?

The labour relations environment in South Africa is definitely improving. I think the labour upheavals experienced during 2012 to 2014 stood as a test for the relevance and influence of our current legislative framework. Though they had far-reaching consequences, they have, however, sparked pertinent debates around issues, like majoritarianism, interest arbitration and right to strike. We may see amendments of our labour legislation which could thus improve the labour relations situation further.

What are your key objectives for the coming financial year?

The Industrial Relations team has a number of key objectives for FY 2015 including the implementation of a Diversity Management programme, in line with South African Employment Equity and MPRDA legislation, at all our South African operations; the introduction of a co-ordinated sports programme (football and netball leagues/tournaments); improvement of the Company's legislative compliance; and continual improvement of our relationship with organised labour.



Environment

The Finsch mine in South Africa.

Overview



Solar powered 'green' change houses at Cullinan.

Overview

- » We aim to continually improve our environmental management systems and promote environmental awareness amongst our employees and the communities we operate in.
- » We have identified the management of water as one of our most significant environmental risks.
- » Managing our energy usage is also an environmental and a business imperative.
- » All our mine sites are improving on their closure plans to protect the long-term viability of the land after mining operations cease.

Achievements

- » Excellent performance in terms of minimising Group energy usage further to additional energy savings initiatives implemented during the Year.
- » Continued improvements in environmental management and monitoring during FY 2014, including of carbon emissions, water usage and waste management.
- » Good improvement made towards the recycling and efficient use of water.

Challenges

- » A number of serious environmental incidents occurred in FY 2014, but each incident was dealt with quickly, ensuring that there were no lasting environmental impacts.
- » Ensuring consistency of reporting across all the disparate operations.
- » Waste management represents various challenges, but we still managed to recycle 83,000t of waste in FY 2014.

Objectives for FY 2015

- » Continue to maintain our ISO 14001 certification at the South African mines and to maintain a similarly high level of environmental performance at Williamson.
- » Implement the Group's Water Management Strategy.
- » Implement a normalised water consumption target across the Group.
- » Implement a reduction target for the release of greenhouse gases based on FY 2013 baseline for a period of five years.

Environment continued

Our approach

Petra recognises the need to conduct its operations in an environmentally sustainable manner by using resources responsibly, protecting and restoring the environments where it operates and mitigating the impacts of its operations.

Environmental responsibility is integrated into our strategic planning, management systems and daily activities. We introduced a Compliance, Assurance and Performance ("CAP") approach to ensure all operations are aligned to address the strategic issues relating to environmental impact. Internal and external audits form an integral part of the CAP approach.

The main environmental risks to our operations are:

- » discharge of substandard effluent into nearby water sources;
- » unsustainable energy consumption;
- » changes in vegetation dynamics and degradation of faunal habitat; and
- » the impact of climate change, in particular affecting the availability of water.

In order to manage these risks and the environmental impacts of our operations, we monitor our environmental performance in the following areas:

- » resource consumption;
- » energy consumption;
- » carbon emissions;
- » waste management;
- » biodiversity and land management; and
- » rehabilitation and closure procedures.

We are committed to full environmental legal compliance in the countries where we operate. In addition, our Group Environmental Policy ("the Policy") sets out our commitment to achieving a high standard of environmental performance across all our operations. The Policy is supplemented by our Group Environmental Management Strategy which provides guidance on our Group objectives and key performance areas.

At an operational level, an Environmental Management System ("EMS") is in place for each mining licence. This sets out detailed processes for the identification of environmental risks and implementation of action plans to mitigate the impacts of our activities.

Our objective is that all EMSs should comply with ISO 14001, which is a voluntary international environmental management standard. All our underground pipe mines (Finsch, Cullinan, Koffiefontein and Kimberley Underground) are ISO 14001 certified, with an independent evaluation carried out by PwC.

Williamson has an EMS compatible with ISO 14001 and shares the same goal of continual improvement as the certified mines.

A full EMS is not yet required for our exploration project in Botswana.

Environmental audits

All our operations are subject to regular internal and external environmental audits.

There are four types of audits performed at Petra:

- » Legal Compliance Audits are undertaken by external specialists every two years;
- » EMP Performance Assessments at our South African operations are carried out by external

specialists. The frequency of these assessments is determined by the commitments and agreements of each operation with the DMR. Petra's policy for each operation is to have an audit at least once every two years. Most of the operations combine the Performance Assessments and Legal Compliance Audits;

- » Internal Environmental Management Audits are performed internally on an annual basis; and
- » External ISO 14001 Audits are performed by the certification body on certified operations at least once per year.

Licensing and permits

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

Water use licences

In South Africa, mining operations are required to follow the integrated water use licence applications ("IWULA") process. Petra has therefore filed for IWULA with the South African Department of Water Affairs ("DWA") for all relevant operations, and these IWULA are in various stages of finalisation.

However, as a consequence of the transitional provisions in the relevant legislation referring to water use, when considered together with the length of time for which the Petra's mines have been in operation and using water, previous water rights or permits remain effective until the new IWULA are granted and Petra remains materially compliant with respect to water use for its operations.

Compliance

- » International protocols
- » Framework legislation
- » National legislation
- » Local bylaws

Assurance

- » International standards
- » Public disclosure
- » Company specific policies and procedures
- » Instructions

Performance

- » Biophysical
- » Resources
- » Management systems
- » Serious incidents

What is ISO 14001?

ISO 14001 specifies requirements for an environmental management system to enable an organisation to develop and implement a policy and objectives which take into account legal requirements and other requirements to which the organisation subscribes, and information about significant environmental aspects.



For more information visit
[petradiamonds.com/](http://petradiamonds.com/sustainability/environment/iso-14001)
[sustainability/](http://petradiamonds.com/sustainability/environment/iso-14001)
[environment/iso-14001](http://petradiamonds.com/sustainability/environment/iso-14001)

Environment continued

Licensing and permits continued

Water use licences continued

There is ongoing interaction with the DWA with regards to the issuing of IWULA for the relevant operations and this has been identified as a priority by the HSSE Committee.

In Tanzania, permits have been issued for water extraction for use in our operations. These cover the extraction of a total of 26,870m³ per day from three dams.

Botswana is an arid country and water use is managed at all times. The Water Act of 1968 and the Boreholes Act of 1976 require the Company to inform the Government of Botswana of any intention to extract water and to permit certain water uses.

Environmental management programmes

The South African operations all have approved Environmental Management Programmes ("EMPs") in place, which relate to compliance with the MPRDA in South Africa. These EMPs consist of an Environmental Impact Assessment ("EIA") covering all phases of mining, action plans to address impacts during the operational phase, closure objectives for implementation during the life of mine execution, and awareness programmes to foster a culture of 'global awareness' amongst employees.

The respective EMPs relating to our operations have all been approved by the DMR and are continually in the process of being updated and are treated as living documents.

In its engagements with the DMR, Petra endeavours at all times to ensure that the timing of the approval of the amendments or updates to the EMPs is consistent with activities on the ground.

In Tanzania, the responsible sector ministry must undertake strategic environmental assessments for all mining development. The assessment for such a development includes:

- » baseline environmental conditions and status of natural resources;
- » identification of ecologically sensitive and protected areas;
- » identification and description of communities around the area;
- » existing socio-economic conditions;
- » existing economic activities and infrastructure;
- » proposed developments, including long-term scenarios and the cumulative effects of a number of different developments in the same sector;
- » infrastructure and resources required to service these developments;
- » potential environmental and social impacts of the proposed development; and
- » recommendations for land reclamation and limitations on development in different areas.

The strategic environmental assessment is reviewed by the regulatory authorities, which prepare a report on the adequacy of the assessment and make recommendations to the relevant decision-makers. If favourable, the assessment report is approved.

The relevant environmental mining legislation for Tanzania is the Mining Act, No. 14 of 2010, which relates to the granting, renewal and termination of mineral rights, as well as payment of royalties and mining fees.

Environmental incidents

We aim to minimise environmental incidents at all our operations and have put in place processes to manage any incidents that do occur, as effectively as possible.

We classify incidents according to their severity, ranging from minor to major – see p.62 for further information on the classification system.

In South Africa, incidents are recorded and managed (in an HSE database called IsoMetrix) on an ongoing basis and are only recorded as closed once all allocated actions have been addressed and the effectiveness of the corrective actions have been verified.

Williamson has a documented system in place where the Environmental Officers on site keep record of any reported incidents. The Environmental Co-ordinator is responsible for ensuring that appropriate corrective action is taken when necessary. A roll-out of IsoMetrix to Williamson is under discussion.

At the Botswana exploration operations, the reporting system consists of report back by exploration field staff. A formalised system is currently under development.

A total of 2,957 environmental awareness reports were submitted during the Year, which demonstrates the degree to which Petra employees are environmentally conscious and how they are encouraged to report potential impacts. These awareness reports related to matters such as water leaks, hydrocarbon spillages and waste management issues, and were very important in terms of preventing environmental degradation from occurring.

During FY 2014, eight serious (i.e. incidents that are classified within the 'medium', 'high' and 'major' categories) environmental incidents occurred at the Group's South African operations. These were

reported and appropriate remedial action was taken timeously in order to minimise some or all of the environmental impact that may have been caused. These incidents were brought to the attention of the HSSE Committee and the Petra Board.

At Cullinan, three incidents were reported whereby water contaminated with production effluent had been released from the mine site. The water contained elevated concentrations of salts, specifically fluoride and sulphide. The source of the contamination was identified and eliminated. No remedial action was required as the level of contamination did not result in any negative impact to the aquatic environment and was below the threshold values that indicate risk to livestock or domestic consumption. These incidents were reported to the authorities, but no action was taken against the mine.

At Finsch, one serious environmental incident was reported when a diesel spillage of approximately 500 litres occurred at a fuel transfer site. The spillage was contained by the bund wall. An investigation was launched and all necessary corrective action was taken to address the incident, as well as preventative action with regards to averting future incidents of this nature. No off-site impacts occurred.

At Koffiefontein, two serious environmental incidents were reported. The first related to a spillage of approximately 300 litres of oil in the underground workings, which occurred when a contractor was decanting oil into a machine. The spillage was cleaned and instructions on appropriate decanting methods were issued. The second incident related to a minor wall break of the active slimes dam as a result of a faulty spiked pipe (spigot), with the end result that slimes flowed into the slimes dam service road. The pipe was replaced, the wall repaired and all spilled material transferred back to the slimes dam.

Environment continued

Solar powered 'green' change houses at Cullinan.



Tapping into solar power at the Cullinan change houses

Minimising our energy usage is both an economical and an environmental necessity and we are therefore constantly exploring viable ways in which to achieve this in order to reduce the carbon footprint of our operations.

In FY 2014, an opportunity was identified at Cullinan to use sustainable, alternative energy sources at the new change houses being constructed for the G-Cut expansion project, and we therefore encouraged the supplier to follow this path. The result was a renewable solar harvesting solution which is capable of regenerating for an indefinite period of time. The lighting and heating systems within the houses are completely self-sufficient as they obtain all necessary energy from solar means.

The actual structures of the change houses are made from eight repurposed shipping containers, each housing 24 people per day. Without these new houses, 192 employees

would be required to use the conventional systems with electrical geysers and lighting, provided by coal-fired power stations.

This initiative provides a sustainable alternative to traditional electricity and energy consumption, which will enable a substantial power saving over the long term.

Furthermore, everything in these change houses is either fabricated from recycled material or can be recycled at the end of its usable life, thereby keeping waste and resources usage to a minimum.

In addition to the clear, tangible benefits of the project, it is also being used to heighten employee awareness of alternative renewable energy sources and recycling, both at Cullinan and throughout the Group, and also to encourage future initiatives that will continue to minimise our energy usage.

Environmental incidents continued

As an ongoing preventative measure, slimes dams are inspected on a quarterly basis by consulting engineers and stability assessments are carried out on a weekly basis. This incident did not affect the stability of the facility.

At Kimberley Underground, two serious environmental incidents were reported. The first occurred when a mechanic drained a P&H crane's oil sump directly into the washing bay at the surface vehicle workshop. This caused an overload of the oil separation system and subsequent release of hydrocarbon contaminated water to the environment. The spillage was cleaned and the mechanic disciplined. The second incident involved the release of process water into a storm water drain, after a pipe burst due to cold weather. The pipe was repaired and the storm water drain cleaned out.

No fines were issued to Petra for environmental infringements during the Year.

Performance
Resource usage

Petra requires a range of natural resources across its mines. We recognise the importance of using resources responsibly and monitor our usage carefully, ensuring that materials are reused or recycled wherever possible.

The main materials used at our operations are ferrosilicon ("FeSi"), lubricating oils, grease and steel. Please see a breakdown of materials used by weight or volume on page 64.

Water usage

Water is a scarce resource and we have identified the management of water as one of the Company's most significant environmental risks due to the impact of climate change. Our operations are water intensive and changes in temperature may affect

the availability of raw water for treatment processes and impact on natural water sources that sustain the communities around our operations. Petra is therefore committed to utilising water responsibly and efficiently.

During the Year, Petra completed and is now implementing a comprehensive Group Water Management Strategy. Our operations regularly monitor and manage water consumption and quality, and regular inspections and audits are performed internally to identify shortcomings in our resource management processes. Our water monitoring and inspections are continually identifying new improvement initiatives, which are being incorporated into the Water Management Strategy.

Petra, as part of the ongoing IWULA, has identified numerous water management system improvement initiatives. Where applicable these initiatives are being rolled out; however, in some cases the initiatives are dependent upon the IWULA approval process by the DWA.

Water Management Strategy

Petra, with the assistance of environmental consultants, has established an integrated water management plan, which forms the basis for the Group's Water Management Strategy. The plan is being rolled out with the ongoing involvement of the DWA and other relevant stakeholders.

Key infrastructure upgrades, which include, amongst other initiatives, settling dams, storm water channels and cut-off trenches, have been prioritised and are in various stages of execution with Koffiefontein being the most advanced with the process. The ongoing analysis of water monitoring results after these upgrades will be used to steer further improvements.

Environment continued

Water withdrawal by source in FY 2014

Total water used by our operations in FY 2014 increased 28% to 40,995,687m³, or 2.24m³ per tonne treated (FY 2013: 31,993,403m³, or 1.95m³ per tonne treated). Petra is targeting a reduction in water consumption on a per tonne basis, with a medium-term objective of 1.55 m³/t.

During the Year, we recorded improvements in the efficient use of water, with the consumption of raw water down 29% to 8,462,781 m³ (FY 2013: 11,877,563 m³) and a significant improvement in the percentage of water recycled to 52% for FY 2014 (FY 2013: 28%).

Controlling our water usage will remain a core environmental priority. Practical initiatives we are undertaking include research into phytoremediation

for the process water effluent at Cullinan (see the case study on page 49 for further information) and the construction of a water reticulation system at Koffiefontein to reduce the volume of make-up water required from the Kalkfontein dam. The latter initiative has an additional advantage in that it will improve water security to the community, as well as addressing the potential risk of contaminated water leaving the property.

We do not use harmful reagents when processing ore to liberate diamonds; however, dust and iron silicate used in the processing of kimberlite ore do become trapped in the water as suspended solids. Wherever possible, we recycle water and remove or reclaim solids, reducing the environmental impact of our operations and improving operational efficiency.

Water withdrawal by source in FY 2014

Element	Unit	Total
Treated potable water	m ³	4,503,754
Raw water	m ³	8,462,781
Reused/recycled water	m ³	21,267,677
Mine controlled domestic use	m ³	2,015,012
Underground dewatering	m ³	5,640,713
Total water use	m ³	40,995,687
Total water consumption per production tonne	m ³ /t	2.24
Percentage recycled water	%	52

Water sources significantly affected by withdrawal of water in FY 2014

Operation	Water source	Quantity withdrawn (m ³)
Finsch	Vaal River	2,508,515
Cullinan	Wilge River	977,142
Koffiefontein	Riet River	419,280
Kimberley Underground	Groundwater	2,724,655
Helam	Groundwater	200,750
Williamson	Groundwater	7,368,735
Botswana	Groundwater	>1,500

Water scarcity

There has been no impact on any of the communities in which we operate related to water scarcity. The Botswana exploration project does experience some challenges in that water often has to be transported over considerable distances, but boreholes closer to camp sites have now been drilled to ease the provision of water, decrease the cost thereof and mitigate against the environmental impacts of transporting it.

Groundwater dewatering volumes fluctuate due to seasonal variation, with the biggest fluctuations noticed in the Kimberley area.

Water monitoring

All operations have formal monitoring networks and schedules. Surface and groundwater is monitored for quality and quantity at regular intervals ranging from monthly to biannually, depending on the operation's risk profile.

Water discharge

All the mines except Cullinan operate a closed water system. As the planned discharges from Cullinan have elevated salt levels, this requires ongoing attention and management intervention.

Improvements at Koffiefontein have reduced Petra's risk of contaminating the Koffiefontein mine lake, thereby securing cleaner water for recreational use by the community.

Water management at Williamson

The Williamson mine is located in the water-stressed Shinyanga region in Tanzania and has therefore developed a number of very effective initiatives to reduce its impact on the natural water resource.

Firstly, by harvesting water during the rainy season from various roofed and capped areas, it can then be distributed to closed water circuits for different on-mine requirements.

Secondly, passive water treatment techniques, such as phytostabilisation and phytoremediation, are being implemented to reuse production water from the fine residue disposal dams by way of gravity feeding back into the environment.

Thirdly, water recycling is carried out via the redistribution of domestic 'grey' water (wastewater generated from wash hand basins, showers and baths) to irrigate gardens and small domestic agricultural plots established in the mine village, whilst 'black' water (sewage), after being treated and tested, is released into various polishing ponds from where it is used to irrigate larger landscapes.

Quality and total volume of water discharged

Operation	Quality ¹	Destination	Amount allowed to be released (m ³)	Actual amount released in FY 2013 (m ³)
Finsch	n/a	n/a	n/a	n/a
Cullinan	550–950	Premiermyntloop	2,886,000	643,106
Koffiefontein	2,000–2,800	Mine Lake	2,264,256	n/a
Kimberley Underground	2,000–3,800	DuToitsPan	Not specified	n/a
Helam	n/a	n/a	n/a	n/a
Williamson	n/a	n/a	n/a	n/a
Botswana	n/a	n/a	n/a	n/a

1. Expressed in terms of total dissolved solids (TDS mg/l). SANS 241: 2006 Class I drinking water: 1,200mg/l.

Environment continued

Water management at Williamson continued

The mine has the only water treatment plant in the district and distributes potable water to the Williamson mine village and to the surrounding communities through controlled water points. The potable water is sampled in accordance with the standards and requirements of the Tanzania Bureau of Standards.

Energy usage

Diamond mining is an energy intensive activity and power represented 13% of our on-mine cash cost make-up in FY 2014. Managing our energy usage is an environmental prerogative, in order to combat climate change, as well as a financial objective, given rising electricity prices. We therefore aim to reduce energy consumption and increase energy efficiency wherever possible.

The majority of energy used at Petra's operations is externally supplied primarily by South Africa's national power utility, Eskom, and its equivalent in Tanzania, Tanesco.

Direct energy consumption

Direct energy is defined as 'forms of energy that enter the organisation's operational boundaries'. It can be consumed either by the organisation within its boundaries, or it can be exported to another user. Direct energy can appear in either primary (e.g. natural gas for heating) or intermediate (e.g. electricity for lighting) forms.

Petra's total electricity usage for FY 2014 decreased 1% to 508,310,351 kWh (FY 2013: 511,806,719 kWh), a considerable achievement given the 6% increase in Petra's tonnage throughput for the Year. The Group also continued the trend of decreasing its energy consumption per tonne from 46 kWh/t in FY 2012 to 31 kWh/t in FY 2013 and now to 27.8 kWh/t in FY 2014.

This excellent performance is attributed to further energy savings initiatives implemented during the Year.

Such measures focus on equipment in the processing plants (where practicable), the implementation of energy efficient motors, the re-evaluation of ventilation protocols (i.e. the decision on when to start and stop the fans during full or partial production hours to include potential savings over low production times) and energy savings via using energy efficient lights. All our operations monitor energy usage via accurate real time energy measurement and equipment controls.

Various energy efficiency initiatives were undertaken at our operations during the Year, including:

- » continuous roll-out of high efficiency motors at all the operations;
- » replacement of all incandescent and fluorescent lights with LED lights;
- » installation of variable speed drives where applicable;
- » installation of heat pumps and solar heating systems at change houses including the replacement of old shower heads with EE (low flow) heads;
- » optimisation of the control of all the power factor correction banks at all operations to ensure optimal performance; and
- » load management carried out through the real time energy management system, monitoring the maximum demand in the control room to ensure that systematic plant start-up and hoisting during peak times is limited to a minimum.

The underground expansion projects (including Cullinan C-Cut Phase 1, the Finsch Underground sub level cave ("SLC") and Koffiefontein) installations have been designed to ensure the most energy efficient operation. Initiatives include:

- » control of all ventilation fans from a central control room on the mine;

Direct energy consumption by source (primary and intermediate) in FY 2014

Operation	Electricity (kWh)	Diesel (litres)	LPG (kg)
Finsch	184,760,996	3,462,159	1,410
Cullinan	184,795,853	2,198,056	710
Koffiefontein	43,324,363	1,027,599	288
Kimberley Underground	51,596,872	510,694	207
Helam	10,602,923	80,166	27
Williamson	33,229,343	4,808,972	561
Group total	508,310,351	12,087,647	3,203

- » pump control on all pumps to ensure pumping occurs at off peak times;
- » variable speed drives on all conveyors that regulate the speed depending on the load;
- » control of lighting, with reduction of intensity if there's no activity in the area;
- » soft starter on all motors of 90 kW and above to reduce start-up currents and thus reduce maximum demand;
- » correct sizing of electrical motors ensuring that they operate in the high efficiency band; and

- » continual focus to repair and reduce compress air leaks underground resulting in effective running of the compressors at the various operations and thus reducing energy usage.

Climate change

Our operations are significant users of energy and our mines produce direct and indirect carbon emissions. We recognise the growing importance of climate change to our stakeholders and the risks and uncertainties climate change represents to our business in particular with regard to the availability of water. We are currently developing strategies to help deal with these challenges and are monitoring to establish a baseline for future strategies is currently underway.

Carbon emissions in FY 2014

Operation	Direct (Scope 1) (tonnes)		Indirect (Scope 2) (tonnes)		Intensity measure (tCO ₂ e/Ct)	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Finsch	9,266.99	8,351	190,488.59	182,921	0.11	0.14
Cullinan	5,823.32	6,387	190,524.53	185,499	0.26	0.22
Koffiefontein	2,768.34	3,432	44,667.42	48,812	0.82	1.57
Kimberley						
Underground	1,399.60	1,536	53,196.38	50,893	0.51	0.49
Helam	226.20	237	10,931.61	11,241	0.34	0.23
Williamson	24,716.78	40,487	28,924.78	24,531	0.29	0.47
Group total	44,201.23	60,906	518,733.30	523,480	0.18	0.23

Environment continued

Climate change continued Carbon emissions

FY 2012 was the first year that Petra had reported on its carbon emissions, and since this time we have aimed to continue to improve on the way that we gather the necessary information to determine our carbon footprint. This is an ongoing journey, but we are confident that the figures presented for FY 2014 are accurate and appropriate for our current operations.

In line with the requirement for UK companies to report on their GHG emissions, Petra plans to move to full reporting in this regard in FY 2015. In order to properly address GHG emissions in its reporting, it is important that the Group has sufficient time to consider and implement the optimal approach going forward.

The table on page 47 indicates the annual total of CO₂e for each operation. Petra's total carbon emissions decreased 4% to 562,935 tCO₂e in FY 2014 (Scope 1 and 2 activities only) (FY 2013: 584,486t CO₂e), which can be attributed to the two fissure mines (Sedibeng and Star) being placed upon care and maintenance. When an intensity indicator is used (total CO₂e per carat produced), Petra's carbon footprint has improved from 0.23 CO₂e/Ct in FY 2013 to 0.18 CO₂e/Ct in FY 2014.

The Group is targeting a 1% reduction in its total carbon emissions per annum over the next five years.

Petra was in a position to contribute for the first time in FY 2014 to the Carbon Disclosure Project's climate change questionnaire, thereby highlighting our commitment to improve our emissions reporting and continually strive to better understand our impacts in this area.

Land management and biodiversity

We recognise that our activities have an effect on biodiversity in the regions where we operate and we aim to monitor these impacts to protect our local

habitats. We are currently developing rehabilitation and closure plans to leave the mining areas in an improved environmental condition, beneficial to another land use with higher biodiversity, upon completion of our activities.

Each operation's EMS sets out its commitment to biodiversity management and protection, including the requirements of South Africa's National Environmental Management: Biodiversity Act and other initiatives applicable to our operations. Additionally, our South African operations are implementing recently updated Biodiversity Management Plans ("BMPs") to manage the ongoing issues of protection and rehabilitation. The importance of alignment of EMPs, closure plans and rehabilitation schedules cannot be emphasised enough as all of these plans work together to a common goal: remediation of our biodiversity.

None of our South African or Tanzanian operations are located in or adjacent to protected areas or areas of high biodiversity value.

Approximately 3,577 km² of land under exploration licence by Petra is located in Botswana's Central Kalahari Game Reserve ("CKGR"). The relative uniformity of the vegetation on site suggests a low species composition, with the CKGR largely covered with semi-arid shrub savannah and scrubs. Based on specialist surveys, it is noted that the flora species richness for the project site is regarded as low. Wildlife concentrations are mostly found in the northern regions of the CKGR, as well as in the Khutse Game Reserve. Game such as elephant, giraffe, brown hyena, warthog, cheetah, wild dog, leopard, lion, blue wildebeest, eland, gemsbok, kudu, red hartebeest and springbok can be found within the reserves.

A number of potential biodiversity impacts on the natural fauna and flora have been identified in relation to Petra's exploration activities and the

operation has therefore developed a BMP to ensure its operations and the potential land affected are managed responsibly.

As part of our Group environmental management strategy, studies are undertaken to identify indigenous fauna and flora before the development of greenfield areas and measures are taken to protect endangered species. These measures include the relocation of the species, sometimes to 'no-go' alternatives as in the case of the 'Cullinan ant', the new species of ant identified in 2001 near the Cullinan mine site. The mine now ensures that no tailings are deposited in the habitat of the Cullinan ant.

Other examples include the relocation of Shepherd's trees (*Boscia albitrunca*), which would have been affected by the expansion of the Brits Fine Residue Deposit at Finsch, while Koffiefontein is financially supporting a BirdLife South Africa research project on the endangered Secretary Bird, which nests in the trees on the mine's game farm.

We have also established protected habitats for local vegetation and wildlife. Operations at Finsch, Cullinan and Koffiefontein have established game farms totalling over 5,400 hectares. These game farms are fenced to ensure a demarcation from the general mining area and are managed by independent committees, normally chaired by a Company-appointed representative.

Williamson maintains a large forest reserve of some 906 hectares which protects different species of trees (mainly indigenous), animals and birds.

See detailed information regarding protected habitats and species on page 63.

Rehabilitation and closure plans

Of the approximately 6,400 hectares of land disturbed by Petra's operations, 426 hectares are undergoing rehabilitation and a further 375 hectares (15 hectares during FY 2014) have already been

rehabilitated. Concerted measures are in place to improve these efforts by developing rehabilitation strategies for all our operations.

All our mine sites are developing closure plans to protect the long-term viability of the land after mining operations cease. Our South African operations successfully revised and updated their Environmental Closure Liabilities in line with the requirements of the MPRDA during FY 2014. Closure plans for Williamson and the Botswana operations are also in place.

See detailed information regarding amount of land disturbed or rehabilitated page 63.

Waste management

The effective management of waste is an environmental priority for Petra. The Group has implemented procedures to assist with waste management and disposal and regularly monitors these procedures. We recycle waste generated at our operations wherever possible.

Waste management presents a number of challenges for our operations, including sourcing suitable waste handling contractors in the Northern Cape Province in South Africa and finding solutions regarding waste tyre recycling across our operations. Notwithstanding these challenges, Petra still managed to recycle 83,000t of waste during the Year (FY 2013: 3,914t), which is testament to the concerted effort being made over the Year.

A table on page 64 indicates the volume of waste disposed of during the Year, as well as recycling initiatives per operation.

Petra adheres strictly to the Basel Convention as no industrial waste or hazardous waste is shipped or transported over international borders as part of the Company's operations. All waste generated by the Company is recycled or disposed within the country of origin. No waste is imported either.

Case study: Phytoremediation at Cullinan

Phytoremediation at Cullinan

Phytoremediation is the process of modifying a biological system that has been impacted by human activities. The process works by enhancing the natural system through the introduction of plants and bacteria, which are able to decompose pollutants, negating the requirement for these to be disposed of elsewhere. It is an environmentally responsible way of restoring balance to an environment by natural means.

A wetland downstream of Cullinan has been found to have a significant positive impact on the cleaning of effluent from the mine, but only on a seasonal basis. This has inspired research into the potential to use phytoremediation to stimulate the same positive effect throughout the entire year. Consequently, the environmental team commenced a series of trials during the Year to assess the viability of such a project.

At present, effluent from the mine is cleaned through a system of pumps which not only require electricity but also policing as they tend to be the object of theft. A phytoremediation system would therefore negate both these costly requirements and would also prevent pollution in a natural manner.

Phytoremediation trials

The trials were set up in a modular system with 12 different scenarios being tested individually. The diagram below illustrates the trial set-up of one such cell or module.

Various different methods are being tested, ranging from the application of a low electronic conductivity ("EC") compost, potentially capable of changing the physiochemical properties of the effluent, through to more simple measures such as pruning reeds to stimulate their future growth, allowing the system to remove sediment. It is mostly this sediment that contains elements that makes the mine's effluent unacceptable for release.

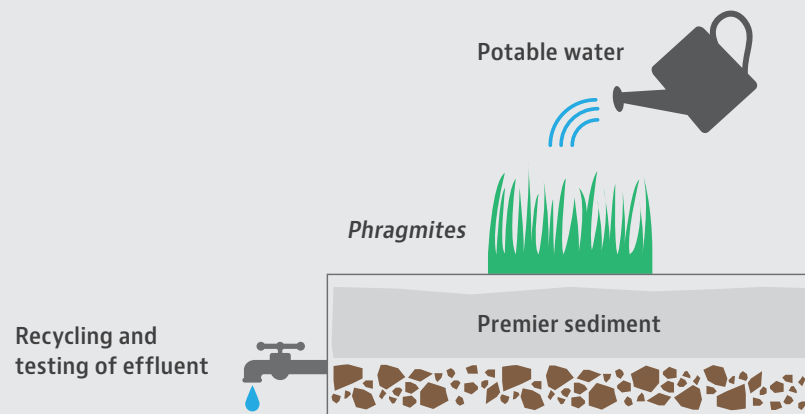


Illustration of a cell for phytoremediation at Cullinan



The Phytoremediation trial modular layout at Cullinan.



The trial layout allows for the team at Cullinan to construct a cascading system (where the effluent of a trial is recirculated as inflow of the same). This will allow the team to identify the optimum combination in a controlled environment before up-scaling this in the real downstream environment. The photographs illustrate the trial layout.

We have already learnt a lot from the trials carried out to date which should enable us to progress the project further. Our learnings and observations include:

- » The low EC compost is very effective to remove the micro-elements such as fluoride, iron and aluminium.
- » The compost is causing high levels of phosphates and nitrates which require an anaerobic process to decompose.
- » The growth of reeds in the wetlands is being well stimulated by compost.

- » The addition of clean water to tailings versus no. 7 dam effluent (the mine's slimes dam) is not assisting in the water purification.
- » The potable water trials are higher in total dissolved solids, EC and salinity.
- » The effluent trials show more progress in purification.
- » No one pollution control dam contributes to the pollution problem during rainy seasons as the sediments are being washed into the downstream catchment.

Next steps

The initial findings of the programme are positive, with the low EC compost alone able to purify 0.5m³ of effluent in 12 hours.

Once the optimum combination has been found, the trials will be followed with scaled-up versions in FY 2015 as the basis of further test work.

Case study: Williamson Promotes Sustainable Alternative Energy Resources

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Williamson encourages the use of solar cookers in its local communities to combat the environmental effects of traditional cooking methods.

Promoting environmental awareness in Tanzania

As part of its programme on sustainable alternative energy resources, Williamson launched an initiative in FY 2014 to introduce simple solar energy cooking systems in its local communities.

The main objective of this programme is to create an awareness and understanding of alternative energy, thereby reducing use of natural resources and the associated health and environmental impacts within its local communities.

A solar cooker uses the energy of direct sunlight to cook food, boil water or pasteurise. They are relatively inexpensive devices with minimal

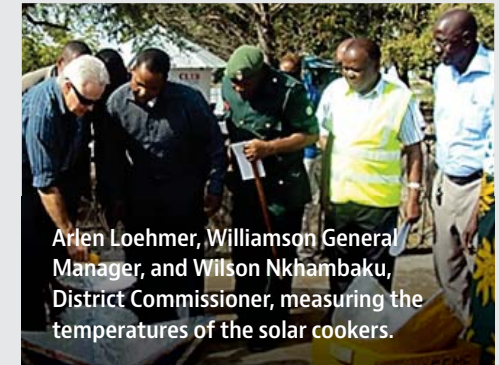
technological requirements, making them easy to manufacture, and no ongoing costs associated with using them, thereby providing an attractive alternative to traditional cooking. On the other hand, the use of kerosene and firewood not only consumes natural resources and has significant fuel cost implications, but also has severe environmental and health-related consequences due to the resulting air pollution.

Community competition

A competition, in which local communities were invited to participate, was organised by Williamson to design and construct a solar cooker. Overwhelming interest was shown by local villages, with six group entries and ten individual entries. Their products were evaluated using the



Donatus Mukungu opening the competition.



Arlen Loehmer, Williamson General Manager, and Wilson Nkhambaku, District Commissioner, measuring the temperatures of the solar cookers.

following criteria: design, innovation and efficiency, and winners were awarded with cash prizes presented by the Kishapu District Commissioner, Mr Wilson Nkhambaku and the Williamson General Manager, Mr Arlen Loehmer.

Aims of the project

The eventual ambition of this programme is to encourage community members to manufacture and commercialise their own solar cookers, thereby not only promoting awareness of alternative energy in cooking but also providing potential income.

This project is aligned with a national initiative, aiming to reduce soot emissions from cooking, improve health, preserve forests and mitigate climate change.

Climate change in Tanzania

Climate change is one of the major challenges facing the entire globe, with potential temperature increases between 1-3°C above levels for late last century by 2050, but it is particularly pertinent to African countries such as Tanzania. Tanzania has had a National Climate Change Strategy in place since 2012 and projects such as this one at Williamson are contributing to this shared national vision of lowering carbon growth.

School children at the Upendo Nursery School, situated within the Williamson mine village and supported by the mine with services such as water and electricity.



Community

Overview



Koffiefontein supports the Reikaeletse Secondary School.

Overview

- » Unlocking value for our communities is core to our business.
- » Our host communities are often remotely located, with employment and socio-economic development therefore of critical importance.
- » Our community development work aims to help alleviate the most critical needs in our local communities and to create life-changing opportunities for them.
- » We aim to go 'beyond compliance' by providing support to community stakeholders over and above what is required in terms of our Mining Rights.

Achievements

- » Systems and processes have been introduced to optimise engagement and co-operation with our stakeholders.
- » A Social Compliance Matrix has been launched across all operations.
- » All operations (except for Helam) are now staffed with either SLP Co-ordinators, Community Development Co-ordinators, or both.

Challenges

- » It is important to ensure consistency of our approach to stakeholder engagement across the Group.
- » Managing local community expectations and keeping them adequately informed about our operations is a challenge.
- » Delays finalising some of our SLPs in South Africa have impacted on the commencement of certain local economic development projects.

Objectives for FY 2015

- » Develop a comprehensive and professional Stakeholder Management and Engagement Plan for each operation, which will inform the compilation of a formal Group Petra Stakeholder Management Policy.
- » Build upon the policies in place at mine level with the development of an overarching Group Policy to guide discretionary social investment spend.

Community continued



The Cullinan C-Cut projects department gave out groceries and blankets to the elderly at Refilwe.

Commemorating Mandela Day

Following a unanimous decision of the UN General Assembly, Nelson Mandela International Day was launched in 2009 in recognition of Nelson Mandela's birthday on 18 July. The day not only celebrates Mandela's life and legacy but also has as its goal to initiate a global movement to honour his work and change the world for the better.

By taking action on 18 July, and indeed every day, people throughout the world are conveying Nelson Mandela's important message that every individual carries the responsibility and ability to make a positive difference. For more information on Mandela Day, visit www.mandeladay.com.



The Cullinan finance team volunteered at rehab centre.

Employees at Petra's South African operations took up this challenge on 18 July 2014 and carried out numerous initiatives, including cleaning, painting and litter picking in local areas; delivering aid; collecting and presenting donations of food and clothing; and volunteering with local projects.



Continued on page 55

Our approach

Petra's mission is to unlock value for all our stakeholders, of which our local communities are considered to be one of the most important. We therefore continually strive to build and improve upon our positive relationships with the communities around our operations.

Relationships with our local communities are not only important in securing support for our activities and maintaining our social licence to operate, but also vital for ensuring that our operations add real and lasting value to society.

As our operations are predominantly located in remote areas which therefore have a lower level of socio-economic development and high unemployment, the provision of sustainable employment and the associated economic impacts of our operations are arguably the biggest contribution that Petra can make to local communities.

The significant capital that Petra has committed to extending the lives of its core mines will serve to ensure sustainable employment for our workers and contribute to the future viability of the communities surrounding our operations. This is augmented by initiatives such as locally focused employment and developing local suppliers to a level where they can supply products and services to the operations.

The main focus of our community development efforts is therefore to contribute to these local communities through:

- » sustainable job creation;
- » poverty alleviation;
- » skills transfer; and
- » enterprise development.

Partnerships established with Government, communities, NGOs and educational institutions contribute to ensuring the optimal impact of our initiatives. Our approach to corporate social investment is developmental in nature, hence we believe in the long-term investment of projects in order to have a sustainable impact. This is evident particularly in our focus on education where we emphasise skills development to build the skills capacity required to grow the economy and create mass employment.

We are currently in the process of developing a comprehensive and professional Stakeholder Management and Engagement Plan ("SMEP") for each of the operations, as well as an overarching plan for Petra Diamonds Southern Africa, which will guide all stakeholder relationships to ensure that they are maintained in a way that will result in mutual benefit. This, in turn, will then advise the compilation of a formal Petra Stakeholder Management Policy to guide operations in their approach to these issues.

Assessing and managing our impacts

Assessing and managing our impacts is an important part of Petra's approach to sustainability. This activity is guided by a combination of meeting country legislation, identification of and consultation on material issues with our stakeholders, review of Company performance, and internal and external audits.

Key milestones in the process to develop an integrated and comprehensive SMEP are the identification and assessment of the key stakeholders, impacts, risks and issues across the full lifecycle of an operation. Once identified and assessed, these factors are then taken into account in the compilation of the SMEP, which is aimed at optimising the social impact and contribution of both our operations and the Petra Group.

Community continued

Assessing and managing our impacts continued**South Africa**

South Africa is a highly regulated business environment, particularly within the mining industry.

One of the mandatory documents required in order for an operation to be awarded a Mining Right is an approved SLP. This document defines the 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 consulted with stakeholders and approved by the DMR.

Additionally, each operation is subject to the targets set out in the Mining Charter. The SLP for an operation is generally drafted to incorporate some of the targets of the Mining Charter relating to human resources development ("HRD"), employment equity, preferential procurement, local economic development ("LED") and housing.

Our performance against these targets is subject to numerous checks, with each operation reporting annually to the DMR through the submission of a Mining Charter Report and through the annual submissions of their SLP Reports. Additionally, legislation provides for an annual audit by the DMR. During these audits, various external stakeholders, including municipality and labour representatives, are present in addition to representatives from the DMR.

Given that the Mining Rights of our South African operations were not all awarded at the same time, their SLPs are at different stages within their respective five-year cycles. Petra remains committed to honouring all of the commitments made within them, and to proactive consultation with stakeholders regarding SLPs for the next cycle where applicable. Information on Petra's progress towards these targets is contained in comprehensive reports submitted to the DMR.

Tanzania

Tanzania is not subject to legislation with regards to corporate social responsibility, but Williamson actively strives to enhance the quality of life of stakeholder communities and is committed to an active and transparent process of engagement with all its stakeholders. Additionally the mine aims to mitigate and reduce negative environmental impacts resulting from its mining activities, and to promote environmental awareness amongst its employees and local communities.

Williamson's Community Development Programme ("CDP") focuses on three development areas: community development, community initiatives and community support. These are the three focus areas through which Williamson has opted to implement its CSR strategy and which ensure that the mine adequately addresses local community development issues at different social levels.

During the Year, Williamson received a Certificate of Recognition from the Government for the support the mine provided to the Uhuru Torch Race.

Botswana

As our exploration operations in Botswana are still at a relatively early stage, we have not yet adopted a formal community development approach. However, Petra Diamonds Botswana's comprehensive HSEQ Policy Guidelines and Due Diligence Checklist make provision for the continued assessment of any impact of its drilling programme and development work.

Community and stakeholder engagement**Developing our approach**

As stated, Petra is currently significantly enhancing its approach to effective stakeholder management, in order to build on the robust processes covering engagement that we already have in place across the Group.

We therefore commenced an extensive training in stakeholder management process for all our South African Social Practitioners in FY 2014 and this will continue into FY 2015. The training course, which is presented by a leading exponent in this field, has resulted from an agreement with the Public Relations Institute of Southern Africa ("PRISA"), as the recognised professional body for public relations and communication management in South Africa.

Further to the training, a comprehensive and professional SMEP will be developed for each of the operations, as well as an overarching plan for Petra Diamonds Southern Africa, which will guide all stakeholder relationships to ensure that they are maintained in a way that will result in mutual benefit. This, in turn, will then advise the compilation of a formal Group Stakeholder Management Policy ("SMP") to guide operations in their approach to these issues. The SMP is expected to be in place by the end of FY 2015.

Although only the South African operations are currently involved in this process, it is envisaged this will be expanded to include other operations in the longer term, and will inform and influence the comprehensive Stakeholder Engagement Plan ("SEP") that has already been in place at Williamson for a considerable period of time.

Due to the early lifecycle stage of operations in Botswana, a formal community engagement programme has not yet been introduced. Proactive communication is however maintained with authorities, individuals, NGOs and local communities as required and appropriate to ensure that our operations remain fully transparent and our activities proactively communicated with the appropriate stakeholders.

The Uhuru Torch

The Uhuru Torch is one of the national symbols of Tanzania. It is a kerosene torch which symbolises freedom and light. Since it was lit for the first time on the top of Africa's highest peak, Mount Kilimanjaro, over 52 years ago, the 'Freedom Torch' has always been on the move, going into practically each and every village in Tanzania, lighting up even the remotest areas. Symbolically its purpose is to shine across the country and "to bring hope where there is despair, love where there is enmity and respect where there is hatred". The Uhuru Torch Race takes place every year starting from different places.

Current operations

Current site SEPs already contain clearly defined processes for the identification of key stakeholders and the regular, focused and effective communication with such stakeholders. Mechanisms for stakeholders to raise complaints or grievances with the Company, albeit already in place as part of these processes, were identified as an area for improvement, and this will be incorporated in the final SMEPs and SMP.

Engagement with local community representatives to report on the progress of projects, which can then be communicated back to the community, is a continuous, planned process at all operations. Issues discussed during the frequent meetings include community development, environmental impacts and closure plans, as well as discussion on the programmes and projects already established.

Community continued

Commemorating Mandela Day continued



Finsch security team delivered food parcels.



Finsch supply chain team cleaned local area.



Cullinan plant workers painted day centre.



Finsch employees donate blankets to Norfin Feeding Scheme.

Community and stakeholder engagement continued

Current operations continued

Petra launched its Social Compliance Matrix across all operations during FY 2014. This comprehensive document, which was compiled with the input from all operations as well as the Group, reflects all stakeholder meetings and is aimed at ensuring that a consistent approach is followed by all operations.

Adequately resourcing operations with qualified and experienced personnel to execute the operations' Community Development Programmes received significant attention during the past year. All producing operations are now staffed with either SLP Co-ordinators, Community Development Co-ordinators, or both. The primary role and function of these practitioners is to ensure the success of Community Development Programmes through effective and continual liaison with the relevant stakeholders as outlined in the SMEP. These practitioners are supported by the Group Social Compliance and Sustainability Practitioner, who is based in Johannesburg and manages, co-ordinates and guides all operations' SLP commitments.

Although community grievance processes are incorporated into SLPs in South African operations, it has been identified as an area for improvement. Effective community grievance processes form part of Williamson's SEP.

Responding to issues

Issues and events that impacted on Petra's stakeholder engagement process and were recorded by the Company during FY 2014 included:

- » lack of trust in the operations by communities, in many cases due to legacy issues related to mining;
- » delays in the issuing of permits and licences;
- » the responsibilities of local municipalities compared with the responsibilities of the operations regarding delivery of services to host communities;

- » mine closure and expected future legacy issues;
- » skills development programmes for employees;
- » a complaint by a resident about noisy operations at night (the decision was taken to discontinue road grading during the night shift, which resolved this issue); and
- » community marches to operations, as part of general community unrest, which mostly related to service delivery and issues such as poverty, illiteracy and unemployment with an expectation that the operations should intervene and contribute to the resolution of these issues.

Issues were resolved using a number of channels and forums, which all form part of the operations' SMEPs. These included:

- » scheduled and special meetings with all the relevant stakeholders such as community leaders, contractors, the DMR in South Africa and the Government in Tanzania;
- » community open meetings, which the broader community are invited to attend and where both information on the operations' planning and progress is provided and the opportunity is given to raise issues and ask questions;
- » reports on progress made on the issues raised being distributed to the community; and
- » the establishment or improvement of grievance systems, ensuring such communication is systematically logged by telephone, email or in writing.

The Company's programmes and community projects are revised to incorporate issues raised wherever possible. Where appropriate and within their area of control, matters are elevated to relevant Government departments and organisations for assistance and/or resolution.

Community continued



Community members attend the Cullinan open day.

Cullinan engages the community regarding dam no. 7 at an open day

The fine residue deposit at Cullinan, known as dam no. 7, has been in operation since 1957. Although the dam holds low risk to the community, an open day was held in February 2014, both as a legal requirement, but also to educate the community and address issues surrounding the dam. Stakeholders across a broad spectrum were invited, and attendees included farmers downstream of the dam, officials from relevant Government institutions, and residents of the Refilwe township adjacent to the dam.

The programme for the day included briefings on the history, purpose and nature of the dam; presentations on the regime implemented to manage the dam effectively and mitigate risk; the opportunity for community members to

ask questions and raise concerns; and a site visit. An explanation of the emergency procedure to be followed in the unlikely event of the dam developing weaknesses that could impact stakeholders was also included in the briefing. As part of this procedure, a list of stakeholders who registered during the meeting was generated, and a message sent to their mobile phones via the Petra bulk short message system to test the emergency advance warning system.

Feedback from the event was positive, with attendees complimenting Cullinan on its efforts to maintain an open partnership with its surrounding communities.

Community and stakeholder engagement continued

Responding to issues

Community engagement extends to beyond community development issues, and includes community meetings and other engagement mechanisms both as required by legislation and as required by specific situations. Examples are meetings held to discuss emergency evacuation plans (e.g. dam no. 7 at Cullinan; Britz fine residue deposit at Finsch) and participation in processes beyond the scope of the mine (e.g. the construction of solar energy plants near Finsch).

Indigenous people

We come into sporadic contact with indigenous people at our exploration projects in Botswana. We respect their culture and rights and have maintained regular, proactive contact with them as and when appropriate, as well as with the local authorities, individuals and NGOs, since we began our exploration programme in 2005.

Although Petra's activities remain at an early stage in Botswana, we are committed to further engaging with the indigenous Basarwa people in advance of any decision to develop commercial operations.

Petra reported no violations involving rights of indigenous people during FY 2014.

Group social investment

Our approach

Social investment projects in which Petra is involved are supported for as long as is needed to ensure their sustainability. This includes the continual monitoring of progress, providing technical and managerial assistance and advice, as well as empowering communities with the required skills to ensure that the benefits provided by the projects are maximised.

Projects are generally undertaken in partnership with local communities, municipal authorities, NGOs and other industry stakeholders, and receive funding and technical advice from Petra. The success of these projects is therefore dependent not just on ongoing support and funding from Petra, but also the continued commitment of these stakeholders. Local communities hence play a vital role in the rigorous assessment and review of all projects funded by Petra to ensure that they are sustainable in line with our key objectives of job creation, poverty alleviation, skills transfer and enterprise development.

To facilitate the sustainability of projects and to enable our social partners to assume ownership of projects in their communities, steering committees are set up, consisting of Petra employees, members of the local community, municipality, and other service providers. The success of some of our corporate social investment ("CSI") projects is subject to the local communities having the necessary skills to effectively implement and manage them. In order to mitigate this challenge the Company, where possible, trains the local community in the required skills to maximise the benefit that these projects provide.

Outside of formally committed expenditure (which is agreed as per our SLPs – see the South Africa section on page 57), we provide further discretionary social expenditure on CSI initiatives. Historically this has mainly been provided at operational level only, but Petra has now initiated CSI at Group level – refer to the Case Study 'Petra Partnership Supports People with Disabilities' on page 39 for further information.

Finsch, Cullinan and Koffiefontein already have CSI policies in place to guide such discretionary expenditure, and we are in the process of developing such a policy for Kimberley Underground.

Community continued

Group Social Investment continued

Our approach continued

The intention is that these policies will culminate in a Group policy with aligned operational procedures. The engagement process for dealing with applications received is outlined in the Group's Social Compliance Matrix.

South Africa

In South Africa, due to the intent and focus of the SLPs for the South African operations, the bulk of our social spend is allocated to local economic development ("LED") projects, which are defined and agreed with local community representatives and with the DMR.

LED and CSI projects that received support during FY 2014 included the following:

Finsch

- » Community health (LED) – provision of a mobile clinic for the Kgatelopele community in partnership with Idwala Lime and PPC Lime.
- » Environmental initiative (LED) – the John Taolo Gaetsewe Water Project aimed to improve local water efficiency, reduce leaks and regulate water resources and consumption.
- » Education (CSI) – support for the annual Rally to Read and other sponsorships which benefited children homes and schools in the local and district municipalities.

Cullinan

- » School assistance (CSI) – conversion of a storeroom at the Cullinan Combined School into paraplegic bathroom facilities, to accommodate a pupil who was involved in an accident, after the Department of Education was unable to assist, and the general upgrade of the school's other bathroom facilities.

Koffiefontein

- » Early childhood development (CSI) – contributions to a number of local crèches in the form of educational products and toys, outside play equipment, kids furniture, fridges, heaters and office furniture.

Kimberley Underground

- » School assistance (CSI) – renovations at the Green Point High School consisting of the upgrade of the bathroom facilities and the computer room, as well as the installation of new football and netball facilities.

Helam

- » Potable water (CSI) – provision of drinking water via a borehole for pupils at the local Segwagodimo School.

Tanzania

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

Williamson's corporate social responsibility plan, which flows from the mine's SEP, concentrated on the following areas for contribution and support during FY 2014:

- » provision of educational infrastructure for host, internal and external communities;
- » construction of health infrastructure for host, internal and external communities;
- » assistance to vulnerable groups, e.g. physically disabled groups and orphans;
- » improvement to sport infrastructure;
- » supply of services to internal and external communities; and
- » educational services to schools on environmental related matters.

In addition to the projects mentioned above, major community initiatives continued, such as the provision of water to the Mwadui Township and neighbouring villages through the installation of controlled potable water access points.

Williamson owns and operates the Mwadui primary school which provides free English primary school education to 460 students. The school is the only primary school in the region with formalised computer training and a computer centre, and continues to be considered a top achiever at district, regional and national level.

Expenditure in FY 2014

Our Group social spend increased to circa US\$1.0 million in FY 2014 (FY 2013: US\$0.9 million), representing circa 1.5% of the Company's net profit after tax (being US\$67.5 million).

Expenditure by country	FY 2014 (US\$)	FY 2013 (US\$)
South Africa	603,311	587,035
Tanzania (Williamson)	350,000	292,848
Group total spend	953,311	879,883

The spend was split as to 38% on mandatory and 62% on discretionary expenditure. The increase on the prior year was due to increased LED expenditure in South Africa as new and revised SLP cycles took effect, and increased central CSI spend.

The increase for the Year was offset by the placing of the Sedibeng and Star mines on care and maintenance, before the eventual sale of both operations in April 2014. Despite this, the decision was made to keep supporting the Selelo project in Warrenton, which was one of Sedibeng's core CSI projects. This project is considered a priority as it supports vulnerable street children in the local community, who would otherwise have limited options. Taking over the support of the project will be discussed with the new owners of the Sedibeng mine during FY 2015.

We are continuing to spend in line with our approved SLP obligations in South Africa, although some updated financial commitments are yet to be finalised, agreed and approved.

Generating economic benefits

Taxes and royalties make a significant contribution to the countries in which we operate. Petra supports the principles of the 'Extractive Industries Transparency Initiative' ("EITI") and 'Publish what you pay' ("PWYP"), given that publishing details of Petra's tax payments to Governments can help improve community support for its activities.

In FY 2014, the Group paid a total of US\$53.1 million in taxes and royalties (FY 2013: US\$54.2 million). It should be noted that Petra's operations are currently subject to varying levels of tax shields, due to the significant level of investment being spent by the Company at each asset. As the capital expenditure phase starts to wind down, payments of taxes and royalties are due to rise considerably, in line with the profitability of each operation.

The Group spent US\$140.0 million on wages in FY 2014 (FY 2013: US\$148.1 million), a lower figure largely due to the placing of the Sedibeng and Star mines on care and maintenance. The 'multiplier effect' which can be applied in Africa means that whilst Petra directly employs 4,663 permanent employees and 3,543 contractors, a significantly larger number of people are to a greater or lesser extent dependent on our operations.

In addition to benefiting from stable employment, Petra's workforce enjoys relatively high standards of living. For example at the Williamson mine in Tanzania, where conditions of employment include additional benefits such as the provision of housing and accommodation, free access to water, subsidised power, subsidised healthcare (extended to the families of employees), free primary school education for children, transport to the workplace and the provision of educational support through a dedicated fund.

Community continued

Value added statement
For the year ended 30 June 2014

	30 June 2014 US\$ million	30 June 2013 US\$ million
Revenue	472.6	402.7
Paid to suppliers for material and services	144.2	149.7
Value added	328.4	253.0
Income from investments	7.6	4.7
Wealth created	336.0	257.7
Wealth distribution		
Employees		
Salaries, wages and other benefits	140.0	148.1
Net salaries, wages and benefits	116.9	123.7
Salary related taxes	23.1	24.4
Providers of capital	11.4	17.8
Finance cost	11.4	17.8
Dividends paid	—	—
Governments		
Tax paid	30.0	29.8
Reinvested in the Group	154.6	62.0
Depreciation and capital items	250.8	233.4
Retained earnings	(96.2)	(171.4)
	336.0	257.7

Tax summary per country in FY 2014

	South Africa US\$ million	Tanzania US\$ million	Botswana US\$ million
Total	41.5	11.4	0.2

The Company did make certain charitable donations during FY 2014, but not of a material financial size.

The Company did not make any political donations during FY 2014.

The Company received no financial assistance from Governments in FY 2014.

Local procurement

At our mining operations in South Africa and Tanzania, and at our prospecting activities in Botswana, our approach is to stimulate and benefit the local economy through local procurement as much as possible.

Breakdown of local procurement spend in FY 2014

Country	Procurement spend US\$ million	Percentage spent with local/regional suppliers
South Africa	312.2	55%
Tanzania	49.8	89%
Botswana	0.9	55%

South Africa

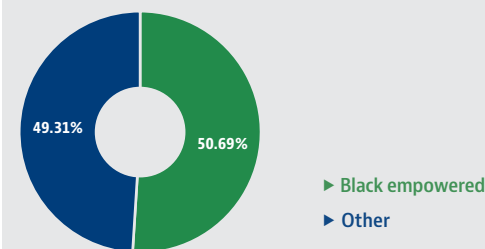
In line with our commitment to support local economic development, our operations aim to use local suppliers for goods and services where possible. Preference is given to local suppliers, i.e. suppliers in the immediate vicinity (labour sending area) of the operation, and then (in order of preference) to those located in the wider district, the province or region, or finally nationally, with international procurement only being done in exceptional cases where products are not available from South African-based suppliers (see page 66 for a breakdown of Petra's procurement spend in South Africa by region). We have made significant progress in this regard, but certain challenges remain, notably the availability of BEE suppliers and local suppliers from whom high-value capital goods can be procured.

With 'preferential procurement' being one of the measurements of the Mining Charter and a part of the mines' SLPs, Petra has started a project to help develop local suppliers to the point where they will be able to supply goods and services to Petra operations in their areas (refer to the Case Study 'Local Supplier Development Programme' on

page 59). Key objectives of the programme are to increase the value and volume of transactions with local SMMEs, increase the number of local SMMEs that are suppliers to the mines and provide development and growth support to local SMMEs in general. For a geographical breakdown of Petra suppliers in South Africa, see page 66.

BEE being not only legislated, but also a business imperative in South Africa, our preferential procurement also takes into account the Broad-Based Black Economic Empowered ("BBBEE") status of suppliers, as outlined in the Mining Charter and various pieces of legislation.

We have made significant progress in this regard, with the proportion of procurement from BBBEE suppliers rising to 49% in FY 2014.

Percentage of expenditure
Black empowered vs.
Non-empowered suppliers

Does not include procurement from national suppliers, or figures for the Sedibeng and Star operations.

Petra contributes to beneficiation in South Africa as its core marketing operation is based in Johannesburg, serving to attract diamond buyers from both South Africa and around the world to its tenders, which are held seven times a year.

Case study: Petra's Local Supplier Development Programme Empowers Local Business



Local SMEs at the Petra open day.



A presentation at the Petra open day.

In FY 2013, we introduced our Local Supplier Development Programme ("LSDP") in South Africa, a project aiming to assist in the development of local suppliers to enable them to supply goods and services to our operations.

This programme, for which Motswiri Consulting was contracted, is now in its second phase and has proven to be both popular with the businesses involved and successful in terms of developing their business skills.

The overarching aim of the programme is to facilitate, support and encourage procurement of goods and services by mining operations from black-owned small, micro and medium enterprises ("SMMs"), based in the designated local communities to our mines.

Specific objectives include increasing both the value and volume of transactions with local SMMs, amplifying the number of local SMMs which are supplying to the mines, and more broadly supporting local SMMs to enable their future development.

The first phase of the programme ran from April 2013 to July 2013 and focused on, among other issues, the development of a policy framework for the implementation and registration of the programme; the assessment of the capacity and needs of the local SMMs; and raising awareness amongst and mobilisation of key internal stakeholders.

Key achievements of phase one included:

- » holding open days with local SMMs to introduce and explain the programme;
- » conducting assessments of all SMMs in attendance; and

- » developing a database of local SMMs and potential local suppliers.

The programme moved into its second phase early in FY 2014, where the focus shifted to building the capacity of local SMMs and suppliers, offering operational support, and identifying the appropriate, qualified local SMMs for specific procurement opportunities with Petra.

As of September 2013, local SMMs and suppliers registered on the programme underwent training in business administration and management, mine safety regulations and compliance processes. They received mentoring and coaching, as well as being invited for mine tender and procurement opportunities.

The first group of LSDP graduates were awarded certificates at respective Petra operations in August 2014, and the programme's top achievers were also announced. At these events, the graduates were given the opportunity to share their experience of the programme and Petra received very positive feedback on the impact of the programme on their businesses, with graduates indicating that the knowledge acquired during the programme has assisted them in improving their business skills, thereby resulting in the growth of their businesses.

The SMMs who completed this programme now qualify to supply goods and services to Petra's operations and have been registered on the respective operations' supplier databases. This not only benefits the SMMs, by improving the sustainability of their enterprises, but it also assists Petra to achieve its stated objectives and targets regarding preferential locally empowered procurement, in accordance with South African legislation.

Rista Diedericks, senior training officer, carries out an on-the-job assessment with Michelle Mackay, trainee, at the dust scrubber at Finsch.



Supplementary Information

Additional Disclosures

Governance

Memberships

At a Group level, various employees belong to professional bodies, as funded by the Company but aimed at personal development/exposure.

In South Africa, Petra is a member of the South African Chamber of Mines. Petra's Group Human Resource Development Manager is on the board of the Mining Qualifications Authority and Petra has representation on the Mining Education Trust Fund (Petra provides funding in line with member requirements). The Group Environmental Manager is a member of the COM Environmental Policy Committee, which is involved in evaluating and commenting on new and proposed environmental legislation and initiatives. The Group Readiness and Response Manager is a member of the MOSH Adoption Team, where MOSH initiatives are discussed and implemented at an operational level. The Group Legal Services Manager is a member of the COM Mining Title Committee. In addition, two of the Group Security Managers are members of the Standing Committee on Security, and the Group Support Manager represents the Company on the Labour Policy Committee.

In Tanzania, Petra is a member of the Chamber of Mines and its sub-committees. The Country Manager is a counsellor on the Chamber, and the Williamson Human Resources Manager was appointed by the Minister for Labour, Economic and Social Development as a counsellor on the Labour, Economic and Social Council of Tanzania, which advises the Government through the Minister on labour, economic and social policies and laws.

Health and Safety

Mine by mine performance in FY 2014

Operations	LTIFR		FIFR		Shifts lost as a result of injuries and fatalities	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Finsch	0.10	0.24	0.00	0.00	92	304
Cullinan	0.27	0.30	0.04	0.00	362	923
Koffiefontein	0.75	0.79	0.00	0.00	210	222
Kimberley Underground	0.95	1.59	0.00	0.00	286	153
Helam	0.63	0.20	0.00	0.00	156	9
Sedibeng	0.00	2.31	0.00	0.00	—	151
Star	0.00	6.05	0.00	0.00	—	113
Williamson	0.07	0.00	0.00	0.00	25	—
Group	0.32	0.67	0.01	0.00	1,131	1,875

1. The safety statistics above include all permanent employee and contractor incidents.

People

Breakdown of Petra's training and development expenditure in FY 2014

Training	Expenditure (US\$)
Operationally driven programmes	
Engineering learnerships	618,864
Other learnerships and Supervisory Development Programme	294,080
Internships	398,372
Experiential trainees and bursar vacation work	43,472
Other full-time trainees	68,092
Portable skills	430,424
ABET	116,368
Leadership development (tech training and logistics)	34,347
Scholarships	13,961
School support	164,899
In-house training	1,925,030
Outsourced training	1,298,352
Williamson overall training expenditure	75,012
Subtotal	5,481,273
Group programmes	
Supervisory Development Programme ("SDP")	84,463
Executive Development Programme ("EDP")	29,116
Leadership Development Programme ("LDP")	470,586
Subtotal	584,165
Grand total	6,065,438

Additional Disclosures continued

Environment

Severity rating¹: environmental incidents and non-conformance

	MINOR	LOW	MEDIUM	HIGH	MAJOR
Impact	Impact is negligible within the bounds of impacts which could occur. Almost no mitigation and/or remedial activity is needed, and any minor steps that might be needed are easy, cheap, and simple.	Impact is of a low order and therefore likely to have little real effect. Mitigation and/or remedial activity is either easily achieved or little will be required, or both.	Impact is real but not substantial in relation to other impacts, which might take effect within the bounds of those, which could occur. Mitigation and/or remedial activity are both feasible and fairly easily possible.	Impact is of substantial order within the bounds of impacts, which could occur. Mitigation and/or remedial activity is feasible but difficult, expensive, time-consuming or some combination of these.	Of the highest order possible within the bounds of impacts which could occur. There is no possible mitigation and/or remedial activity that could offset the impact.
Extent	The impact of the incident will not extend past the direct area (within 20m radius) of the occurrence.	The impact will affect an area no bigger than the mining area.	The impact will affect an area up to 5 km from the mining area.	Impacts will be felt at a regional scale.	The impact from an event will have a wide range of impacts that will be felt at the national to global scale.
Duration	The impact will not last longer than a week.	The impact will not last for longer than three months (one season).	The impact will remain for between one and five years.	The impact will last for as long as the mine is in operation, but will be mitigated at closure.	The impact is permanent.
Legal compliance	Breach of mine-wide policies or procedures.	Breach of local by-laws.	Non-compliance with provincial legislation.	Non-compliance with national legislation.	Non-compliance with international treaties or protocol.
Interested and affected parties	Mine management	Petra head office	Local community	Government authorities	National or international interest groups

1. A minimum of three out of a possible five criteria must be triggered to determine the severity.

Additional Disclosures continued

Environment continued

Amount of land disturbed or rehabilitated in FY 2014

Operation	Total area disturbed (hectares)	Total area considered as rehabilitated during FY 2014 (hectares)	Cumulative area rehabilitated (hectares)	Cumulative area undergoing rehabilitation (hectares)	Total area still requiring rehabilitation (hectares)
Finsch	1,174	—	114	163	786
Cullinan	716	8	14	8	686
Koffiefontein	627	—	6	—	621
Kimberley Underground	719	—	—	—	719
Helam	19	—	—	—	19
Botswana	3	—	0.2	—	3
Williamson	694	8	255	255	255

List of protected species and extinction risk

Protected fauna in Petra's area of operation include:	Status
Blue crane (<i>Anthropoides paradiseus</i>)	Vulnerable
Blue korhaan (<i>Eupodotis caerulea</i>)	Near threatened
Ludwig's bustard (<i>Neotis ludwigii</i>)	Vulnerable
Black harrier (<i>Circus maurus</i>)	Near threatened
Secretary bird (<i>Sagittarius serpentarius</i>)	Near threatened
Cullinan ant (<i>Solenopsis taenaria</i>)	Data insufficient
Black/Verreaux's eagle	Special watch
European roller (<i>Coracias garrulus</i>)	Least concern
Black stork (<i>Ciconia nigra</i>)	Near threatened
Greater flamingo (<i>Phoenicopterus ruber</i>)	Near threatened
Lanner falcon (<i>Flaco biarmicus</i>)	
Sclaters golden mole (<i>Clorotalapa sclerati</i>)	Vulnerable
Short-eared elephant shrew (<i>Macroscelides proboscideus</i>)	
Spring hare (<i>Pedetes capensis</i>)	Vulnerable

Protected habitats within the control of Petra operations

Operation	Habitat description	Size (hectares)
Cullinan	Two game farms	1,800 plus 800
Finsch	Two game farms	1,410 plus 498
Koffiefontein	Game farm	2,000
Kimberley Underground	n/a	n/a
Helam	n/a	n/a
Williamson	Williamson Forest Reserve and Old Golf Course	906
Botswana	Exploration project located inside the CKGR	n/a

Protected species

Operation	Number of Red Data Species (Fauna)	Number of Red Data Species (Flora)
Cullinan	1	0
Finsch	7	2
Koffiefontein	4	2
Kimberley Underground	0	0
Helam	4	1
Williamson	0	0
Botswana	0	0

Protected flora in Petra's area of operation include:	Status
Adenia repanda	Least concern
Devil's claw (<i>Harpagophytum procumbens</i>)	Protected
Albuca	Vulnerable
Gladiolus sp. (<i>Papier Duiweltjie</i>)	Near threatened
Boesmansuring (<i>Anacampseros lanigera</i>)	Least concern
Shepherd's tree (<i>Boscia albitrunca</i>)	Protected in SA
Camel thorn (<i>Vachellia erioloba</i>)	Protected in SA

Additional Disclosures continued

Environment continued

Materials used by weight or volume in FY 2014

Operation	FeSi (t)	Steel (t)	Grease (kg)	Lubricating oils (litres)
Finsch	1,067	n/a ¹	10,170	243,966
Cullinan	2,260	n/a ¹	11,218	202,370
Koffiefontein	344	129	420	80,133
Kimberley Underground	435	352	4,997	21,902
Helam	21	149	5,730	4,565
Williamson	307	218	4,438	19,758
Group total	4,434	849	36,973	572,695

1. n/a: information is not available.

Total weight of waste by type and disposal method

Element	Unit	Finsch	Cullinan	Koffiefontein	Kimberley Underground	Helam	Williamson
Disposal							
Hazardous waste disposed	m ³	232.00	136.62	35.28	53.96	—	—
Non-hazardous waste disposed	m ³	1,716.57	568.38	188.00	1,005.00	108	280.14
Recycling							
Cans	tons		0.40			—	
Cardboard/paper	kg	200.00	9,860.00			—	
Conveyor belting	tons	50.95	136.20	7.80	417.00	—	66.00
Glass	tons					—	
Lead acid batteries	units	343.00			52.00	—	50.00
Plastic	tons		41.90			—	3.00
Scrap metal	tons	802.23	1,242.96	539.00	79,780.19	23.93	84.70
Toner/ink cartridges	units	424			25.00		175.00
Tyres	units		541	25.00	128.00		142.00
Used oil	litre	66,919.00	45,430.00	21,000.00	15,935.00	1,890.00	9,950.00
Incineration							
Total waste incinerated	m ³	4	6	—	—	—	15,132.00

Additional Disclosures continued

Environment continued

Ozone-depleting substances

The table opposite (Fig 1) indicates the volumes of ozone depleting substances that are presently used by Petra based upon a list produced by the United Nations Environment Programme Division of Technology, Industry and Economics. The volumes of these substances in use at our operations are too low to express per mine, therefore the Group total is indicated.

Since the previous report, all sources of TCA and CFC gases have been eliminated. Some HCFC were discovered during a reassessment at Finsch. These will be phased out over time. The total volume of ozone-depleting substances was reduced by 17 kg.

NOx monitoring

We use an independent consultant to annually monitor the release of mono-nitrogen oxides ("NOx") gases from internal combustion engines used by our underground and surface vehicle fleet at Cullinan. The global acceptable NOx values in these types of engines vary between 50 ppm to 1000 ppm and levels monitored at Cullinan in FY 2014 ranged between 118 ppm to 419 ppm, with an annual average of 166 ppm NOx. Using this average figure, we calculated an expected value for South African operations, as expressed in the table opposite (Fig 2).

From FY 2015 onwards, NOx monitoring will be rolled out to all South African operations. A decision on Williamson is pending.

Emissions – impact from transportation

Petra's rough diamonds are generally transported by air. Due to the sensitivity of diamond transport, no information on this aspect of our operations will be made public.

It is known that air transport causes the release of GHG that will add to the occurrence of global warming. The extent of the contribution is not evaluated at present.

Williamson in Tanzania is dependent on material importation from South Africa. This is done by way of road transport. A total of 35 trips were undertaken from South Africa during FY 2014, with a total of 139,930 km travelled. An estimated calculation indicates that this activity contributed to the production of 27.3 tCO₂e.

Some of our mines use buses to transport employees to and from home. The table below (Fig 3) indicates the number of buses, trips and employees involved in this activity.

Fig 3 – Bus transportation

Element	Unit	Cullinan	Finsch	Koffiefontein	Kimberley Underground	Helam	Williamson	Group
Number of buses	Number	2	8	2	—	1	5	18
Number of trips/m (total)	Number	648	516	120	—	72	660	2,016
Number of trips/m (per bus)	Number	324	64.5	60	—	72	132	652
Number of employees transported per day	Number	409	500	230	—	185	800	2,124

Fig 1 – Ozone-depleting substances

Element	Unit	Total FY 2014	Total FY 2013
1,1,1-trichloroethane (TCA)	kg	—	10.2
CFC	kg	—	27.2
HCFC	kg	32.0	—
Halon	kg	35.0	35.0
Halocarbon 22 chlorodifluoromethane	kg	26.0	37.6
Total ozone-depleting subs	kg	93.0	110.0

Fig 2 – NOx monitoring

Operation	Number of vehicles	Calculated NOx in ppm
Finsch	220	36,520
Cullinan	151	25,066
Koffiefontein	60	9,960
Kimberley Underground	12	1,992
Helam	4	664
South African Total	445	74,202 ppm NOx

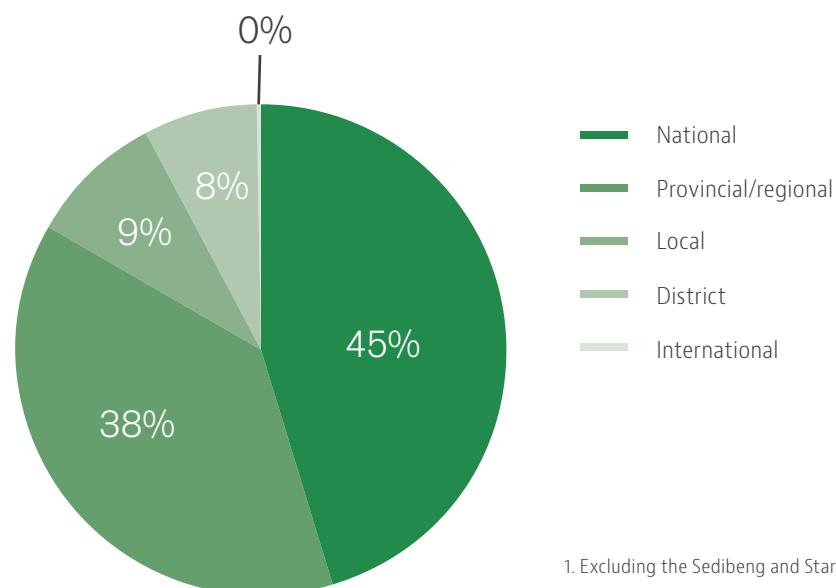
Additional Disclosures continued

Community

The table below outlines the geographical location of suppliers to our South African operations:

Operation ¹	Petra Diamonds South Africa expenditure					Total (US\$)
	Local (US\$)	District (US\$)	Provincial/ regional (US\$)	National (US\$)	International (US\$)	
Finsch	7,354,983	3,177,363	23,145,724	74,601,421	—	108,279,491
Cullinan	6,954,305	19,120,444	89,254,912	8,134,542	107,460	123,571,663
Koffiefontein	913,500	—	5,578,608	31,351,772	—	37,843,881
Kimberley Underground	12,799,069	2,821	91,441	26,070,665	—	38,963,997
Helam	279,605	1,275,976	230,735	1,630,401	31,623	3,448,340
Total	28,301,463	23,576,604	118,301,420	141,788,802	139,083	312,107,372
Percentage	9.07%	7.55%	37.90%	45.43%	0.04%	100.00%

1. Excluding the Star and Sedibeng operations.

Expenditure by Geographical Location of Suppliers: Overall for Operations¹

1. Excluding the Sedibeng and Star operations.

GRI Navigator

GRI Index

Strategy and Analysis

Indicator	Description of indicator	Level of reporting 2014	Reference
1.1	Statement from the most senior decision maker in the organisation about the relevance of sustainability to the organisation and its strategy.	Fully	Overview, Q&A with Chief Executive p.4–5
1.2	Description of key impacts, risks and opportunities, including: the organisation's key impacts on sustainability and effects on stakeholders, including rights as defined by national laws and relevant internationally agreed standards; and the impact of sustainability trends, risks and opportunities on the long-term prospects and financial performance of the organisation.	Fully	Throughout report

Organisational Profile

Indicator	Description of indicator	Level of reporting 2014	Reference
2.1	Name of the organisation.	Fully	Overview, Company profile p.2
2.2	Primary brands, products and/or services.	Fully	Overview, Company profile p.2
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	Fully	Overview, Our operations p.6–7
2.4	Location of organisation's headquarters.	Fully	Overview, Our operations p.7
2.5	Number of countries where the organisation operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Overview, Our operations p.7
2.6	Nature of ownership and legal form.	Fully	2014 Annual Report p.144
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Fully	2014 Annual Report p.13–17
2.8	Scale of the reporting organisation, including number of employees, net sales, total capitalisation and quantity of products provided.	Fully	Overview, Our operations p.6–7 and 2014 Annual Report p.4–7
2.9	Significant changes during the reporting periods regarding size, structure or ownership, including the location of, or changes in operations, including facility openings, closings, and expansions; and changes in the share capital structure and other capital formation, maintenance and alteration operations.	Fully	Overview, About this report p.3
2.10	Awards received in the reporting period.	Fully	Overview p.24, 31, 34, 52

Report Parameters

Indicator	Description of indicator	Level of reporting 2014	Reference
3.1	Reporting period for information provided.	Fully	Overview, About this report p.3
3.2	Date of most recent previous report.	Fully	Overview, About this report p.3
3.3	Reporting cycle.	Fully	Overview, About this report p.3
3.4	Contact point for questions regarding the report or its contents.	Fully	Overview, About this report p.2
3.5	Process for defining report content, including determining materiality, prioritising topics within the report and identifying stakeholders the organisation expects to use the report.	Fully	Overview, About this report p.3 and Strategy and governance, Material issues, p.20

GRI Navigator

GRI Index continued

Report Parameters

Indicator	Description of indicator	Level of reporting 2014	Reference
3.6	Boundary of the report.	Fully	Overview, About this report p.3
3.7	State any specific limitations on the scope or boundary of the report.	Fully	Overview, About this report p.3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between reporting organisations.	Fully	Overview, About this report p.3
3.9	Data measurement techniques and the basis of calculations, including assumptions, and technique underlying estimations applied to the compilation of the indicators, and other information in the report.	Fully	Overview, About this report p.3 and throughout report
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement.	N/A	No restatements
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	Fully	Overview, About this report p.3
3.12	Table identifying the location of the standard disclosures report.	Fully	GRI navigator, p.67–73
3.13	Policy and current practices with regard to seeking external assurance for the report.	Fully	Overview, About this report p.3

Governance, Commitments and Engagement

Indicator	Description of indicator	Level of reporting 2014	Reference
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	Strategy and Governance, Governance p.13–14
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reason for this arrangement).	Fully	Strategy and Governance, Governance p.13–14
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Strategy and Governance, Governance p.13–14
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Strategy and Governance, Stakeholder engagement p.18–19
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements) and the organisation's performance (including social and environmental performance).	Fully	Strategy and Governance, Governance p.13–14 and 2014 Annual Report p.74–90
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	2014 Annual Report p.59
4.7	Process for determining the qualification and expertise of members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics.	Fully	Strategy and Governance, HSSE Committee p.15, and 2014 Annual Report p.58–59
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation.	Fully	Strategy and Governance, Policies and standards p.13–22
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	Fully	Overview, Q&A with Chief Executive p.4–5 and Strategy and Governance, Governance, p.13–14

GRI Navigator

GRI Index continued

Governance, Commitments and Engagement

Indicator	Description of indicator	Level of reporting 2014	Reference
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Fully	2014 Annual Report p.58–59, and Strategy and Governance, Governance, p.13–14
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation. Article 15 of the Rio Principles introduced the precautionary approach.	Fully	Strategy and Governance, Risk management p.16 and Material issues p.20
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses.	Fully	Overview, Company profile p.2, and Human rights p.20
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation has positions in governance bodies, participated in projects or committees, provides substantive funding beyond routine membership dues, or views membership as strategic.	Fully	Additional Disclosures, Governance p.61
4.14	List of stakeholder groups engaged by the organisation.	Fully	Strategy and Governance, Stakeholder engagement p.18–19
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Strategy and Governance, Stakeholder engagement p.18–19
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Strategy and Governance, Stakeholder engagement p.18–19 and Community, Community and stakeholder engagement p.54–56
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key topics and concerns, including through its reporting.	Fully	Strategy and Governance, Stakeholder engagement p.18–19 and Community, Community and stakeholder engagement p.54–56

Economic Indicators

Indicator	Description of indicator	Level of reporting 2014	Reference
DMA EC	Management approach to economic aspects, goals and performance, policy, additional contextual information.	Fully	Community p.51–59
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and to governments.	Fully	Community, Generating economic benefits p.57
EC 2	Financial implications, other risks and opportunities for the organisation's activities due to climate change.	Partial	Environment, Water usage, Energy usage p.46 and Climate change p.47–48
EC 3	Coverage of the organisation's defined benefit plan obligations.	Fully	2014 Annual Report p.138–139
EC 4	Significant financial assistance received from government.	Fully	Community, Generating economic benefits p.57
EC 6	Policies, practices and proportion of spending on locally based suppliers at significant locations of operation.	Fully	Community, Local procurement p.58
EC 7	Procedures for local hiring and proportion of senior management and workforce hired from the local community at locations of significant operation.	Partial	Our people, Local hiring p.33

GRI Navigator

GRI Index continued

Economic Indicators

Indicator	Description of indicator	Level of reporting 2014	Reference
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement.	Fully	Community, Group Social Investment p.57
EC 9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Community, Assessing and managing our impacts p.53–54

Environmental Indicators

Indicator	Description of indicator	Level of reporting 2014	Reference
DMA EN	Management approach to environmental aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Environment p.41–50
EN1	Weight of materials used by weight or volume.	Fully	Environment, Supplementary Info p.64
EN2	Percentage of materials used that are recycled input materials.	Not reported	
EN3	Direct energy consumption by primary energy source.	Fully	Environment, Energy usage p.47
EN4	Indirect energy consumption broken down by primary source.	Not reported	
EN5	Energy saved due to conservation and efficiency improvements.	Partial	Environment, Energy usage p.47
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partial	Environment, Energy usage p.47 and Case studies p.45, 49, 50
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not reported	
EN8	Total water withdrawal by source.	Fully	Environment, Water usage p.46
EN9	Water sources significantly affected by withdrawal of water.	Fully	Environment, Water usage p.46
EN10	Percentage and total volume of water recycled and re-used.	Fully	Environment, Water usage p.46
EN11	Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.	Fully	Environment, Land management and biodiversity p.48
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Environment, Land management and biodiversity p.48
MM1	Amount of land disturbed or rehabilitated.	Fully	Environment, Supplementary Info p.63
EN13	Habitats protected or restored.	Fully	Environment, Supplementary Info p.63
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	Fully	Environment, Land management and biodiversity p.48
MM2	The number/percentage of sites identified as requiring biodiversity management plans and the number/percentage of sites with plans in place.	Fully	Environment, Land management and biodiversity p.48, Supplementary Info p.63
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	Environment, Supplementary Info p.63

GRI Navigator

GRI Index continued

Environmental Indicators

Indicator	Description of indicator	Level of reporting 2014	Reference
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Environment, Carbon emissions p.47–48
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not reported	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partial	Environment, Carbon emissions p.47–48
EN19	Emissions of ozone-depleting substances by weight.	Fully	Environment, Ozone depleting substances p.65
EN20	NOx, SOx and other significant air emissions by type and weight.	Partial	Environment, NOx monitoring p. 65
EN21	Total water discharge by quality and destination.	Fully	Environment, Water discharge p.46
EN22	Total weight of waste by type and disposal method.	Fully	Environment, Waste management p.46–47
MM3	Total amounts of overburden, rock, tailings and sludges and their associated risks.	Not reported	
EN23	Total number and volume of significant spills.	Fully	Environment, Environmental incidents p.44–45
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally.	Fully	Environment, Waste management p.48
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Environment, p.41–50
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	N/A	Packaging is not applicable to Petra's business
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Strategy and Governance, Sustainability management p.14 and Environment, Environmental incidents p.44–45
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Fully	Environment, Impact from transportation p.65
EN30	Total environmental protection expenditures and investments by type.	Not reported	

Labour Practices and Decent Work

Indicator	Description of indicator	Level of reporting 2014	Reference
DMA LA	Management approach to labour practices' aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Our People p.31–40
LA1	Total workforce by employment type, employment contract and region.	Partial	Our people, Our workforce p.32
LA2	Total number and rate of employee turnover by age group, gender and region.	Fully	Our people, Group turnover rate for FY 2014 p.33
LA3	Benefits provided to full-time employees.	Fully	Our people, Labour relations p.37–38 and Accommodation and living conditions p.38
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Our people, Labour relations p.37–38
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Our people, Labour relations p.37–38

GRI Navigator

GRI Index continued

Labour Practices and Decent Work

Indicator	Description of indicator	Level of reporting 2014	Reference
MM4	Number of strikes and lock-outs exceeding one week's duration, by country.	Fully	Our people, Labour relations p.37–38
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Fully	Health and safety, Our approach p.25
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region.	Fully	Health and safety p.23–29
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases.	Fully	Health and safety, Community p.29
LA10	Average hours of training per year per employee by employee category.	Not reported	
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Our people, Training and development p.34–35
LA12	Percentage of employees receiving regular performance and career development reviews.	Partial	Our people, Leadership development programme p.35
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Partial	Our people, Equality and equity p.36–37
LA14	Ratio of basic salary of men to women by employee category.	Fully	Our people, Equality and equity p.36–37

Human Rights

Indicator	Description of indicator	Level of reporting 2014	Reference
DMA HR	Management approach to human rights aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Strategy and Governance, Human rights p.20
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not reported	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Not reported	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not reported	
HR4	Total number of incidents of discrimination and actions taken.	Fully	Our People, Equality and equity p.36–37
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	Our people, Our approach p.32
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Fully	Strategy and Governance, Human rights p.20
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	Fully	Strategy and Governance, Human rights p.20
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Strategy and Governance, Human rights, Security p.20–21
MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories and number and percentage of sites where there are formal agreements with indigenous peoples' communities.	Fully	Community, Indigenous people p.56
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Community, Indigenous people p.56

GRI Navigator

GRI Index continued

Social Performance Indicators

Indicator	Description of indicator	Level of reporting 2014	Reference
DMA SO	Management approach to society aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Community, Our approach p.53
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	Fully	Community, Assessing and managing our impacts p.53–54
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	Fully	Community, Indigenous people p.56 and Community and stakeholder engagement p.54–55
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.	Fully	Community, Indigenous people p.56
MM8	Number/percentage of company operating sites where artisanal and small-scale mining ("ASM") takes place on, or adjacent to, the site; associated risks and actions taken to manage and mitigate these risks.	Partial	Strategy and Governance, Security p.21
MM9	Sites where resettlements took place, the number of households resettled in each and how their livelihoods were affected in the process.	N/A	
MM10	Number and percentage of operations with closure plans.	Fully	Environment, Rehabilitation and closure plans p.48
SO2	Percentage and total number of business units analysed for risks related to corruption.	Not reported	
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Not reported	
SO4	Actions taken in response to incidents of corruption.	Not reported	
SO5	Public policy positions and participation in public policy development and lobbying.	Not reported	
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	Fully	Community, Generating economic benefits p.57
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	Fully	Strategy and Governance, Sustainability management p.14
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	Strategy and Governance, Sustainability management p.14

Product Responsibility

Indicator	Description of indicator	Level of reporting 2014	Reference
DMA PR	Management approach to product responsibility aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Strategy and Governance, Provenance of our diamonds p.22
MM11	Programmes and progress relating to materials stewardship.	Fully	Strategy and Governance, Provenance of our diamonds p.22
PR1	Lifecycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.	Not reported	
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Fully	Strategy and Governance, Provenance of our diamonds p.22
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	N/A	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Strategy and Governance, Provenance of our diamonds p.22

Glossary

ABET	Adult Basic Education and Training, aimed at improving literacy levels and providing learners with nationally recognised qualifications	dB	decibel	GRI	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
AIDS	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	DEEC	Diamond Export and Exchange Centre in South Africa		
		DMR	Department of Mineral Resources, South Africa		
		DWEA	Department of Water and Environmental Affairs, South Africa		
		EE	Employment Equity Act (55 of 1998) – these guidelines enable employers to ensure that their human resource policies and practices are based on non-discrimination and reflect employment equity principles at the commencement of, during and when terminating employment	GVar	Giga-Volt-Amperes Reactive
ART	anti-retroviral treatment for HIV/AIDS			ha	hectares
BBBEE	Broad-based Black Economic Empowerment			HDSAs	Historically Disadvantaged South Africans refers to all persons and groups who have been historically discriminated against on the basis of race, gender and disability
BEE	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	Effluent	mine effluent is a regulated discharge from a point source like a treatment plant or dam spillway	HIV	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
Beneficiation	the refining of a commodity; in the case of diamonds, refers to the cutting and polishing of a rough stone	EIA	Environmental Impact Assessment		
		EITI	Extractive Industries Transparency Initiative	HPDs	hearing protection devices
		EMP	Environmental Management Programme	HR	human resources
BMP	biodiversity management plan	EMS	Environmental Management System	HSE	Health, Safety, Environment
CCMA	the Commission for Conciliation, Mediation and Arbitration Charter	FFS	Fatality Free Shifts; FFS is calculated by multiplying the number of shifts worked with the number of people who worked the shifts	HSEC	Health, Safety, Environment, Community
CO₂e	carbon dioxide equivalent	FFPS	Fatality Free Production Shifts; FFPS only accounts for the number of actual shifts worked (i.e. it does not account for the number of people on shift), therefore smaller operations prefer to use FFPS, as it would take them many years to reach an equivalent million FFS	HSSE	Health, Safety, Social and Environment
COM	Chamber of Mines in South Africa			ILO	International Labour Organization
Commercial goods	'Commercial' goods refer to affordable gem diamonds of mass market quality – i.e. around 0.3 to 0.5 carat or below in the polished, ranging from VS to SI in terms of clarity, and classed as H or lower in colour; such diamonds form the basis of the consumer mass market for diamond jewellery	FIFR	Fatal Injury Frequency Rate: the number of fatal injuries per million hours worked	ISO 14001	an international standard on environmental management; it specifies a framework of control for an Environmental Management System against which an organisation can be certified by a third party
CSI	corporate social investment	FOG	fall of ground	IUCN	International Union for the Conservation of Nature
CSR	corporate social responsibility			IWULA	integrated water use licence applications
CTPA	carats per annum			kg	kilogram

Glossary

Kimberley Process	a joint Governments, industry and civil society initiative to stem the flow of conflict diamonds (i.e. rough diamonds used by rebel movements to finance wars against legitimate Governments)	MDP	Mwadui Community Development Programme	OH&S	Occupational Health and Safety
KPIs	key performance indicators	MHSA	Mine Health and Safety Act (29 of 2002), South Africa	pa	per annum
kWh	kilowatt hour	Mining Charter	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	PDS	proximity device systems
l	litres			pH	the pH scale essentially measures the acidity or alkalinity of a solution
LDP	leadership development plan, a Petra initiative to assist in the identification and development of future leaders within the Group	Mining's Tripartite	Joint structure between Government, the Mining industry and Labour in South Africa, established in terms of the Mine Health and Safety Act, Act 29 of 1996	Power Factor	Power Factor is a measure of how effectively electrical power is being used in the conversion of current to work. The higher the Power Factor, the more effectively electrical power is utilised, conversely the lower the Power Factor the more ineffectively electrical power is utilised. Power Factor Correction (PFC) involves the application of technical means to ensure that the Power Factor achieved is as high as possible
LED	Light Emitting Diode (when used in reference to lighting)	MOSH	Mining Occupational Safety and Health, an initiative of the South African chamber of Mines to improve health and safety standards	PPE	personal protective equipment
LED	local economic development (when used in reference to socio-economic development)	MPRDA	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	PV	photovoltaic
Leading Practice	In terms of the MOSH system, a practice at a specific mine that is regarded as being on the forefront with regards to a specific Health and Safety requirement, to be adopted by other operations	MQA	Mining Qualifications Authority, a Sector Education Training Authority for the Mining and Minerals Sector in South Africa, whose mission is to facilitate and promote human resources development in the sector	PWYP	publish what you pay
LHD	load haul dumper	MVA	megavolt ampere	Q&As	questions and answers
LPG	liquefied petroleum gas	NATED	National Technical Education, a programme in South Africa presented by Further Education and Training colleges which culminates in a technical qualification across a wide range of disciplines	rehabilitation	the process of restoring mined land to a condition approximating to a greater or lesser degree its original state
LTI	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	NGOs	non-governmental organisations	SDL	Skills Development Levy
LTIFR	lost time injury frequency rate is calculated as the number of LTIs multiplied by 200,000 and divided by the number of hours worked	NIHL	noise induced hearing loss	SEP	Stakeholder Engagement Plan
MCTPA	million carats per annum	NOx	mono-nitrogen oxide	Section 189 Process	the process prescribed in terms of Section 189 of the South African Labour Relations Act (Act 66 of 1995) when an employer contemplates dismissing one or more employees for reasons based on the employer's operational requirements
MCTS	million carats	NUM	National Union of Mineworkers	SHE	safety, health, environment
		OHSA	Occupational Safety and Health Administration	SLC	sub level cave
		OHSAS 18000	an international occupational health and safety management system specification		

Glossary

SLP	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	VFL	visible felt leadership
SMEP	Stakeholder Management and Engagement Plan	vector control	vector control is a fundamental element of the World Health Organization's existing global strategy to fight malaria. Vector control interventions have a proven track record of successfully reducing or interrupting disease transmission, particularly in areas that are highly prone to malaria. Indoor residual spraying and long-lasting insecticidal nets are the two core, broadly applicable malaria vector control measures
SMME	Small, Medium and Micro Enterprises	WHO	World Health Organization
t	tonne		
tailings	the waste products of the processing circuit which may still contain quantities of the economic mineral		
tCO₂e/Ct	Total CO ₂ e per carat produced		
TMM	trackless mobile machinery		
triple bottom line	triple bottom line ("TBL") accounting expands the traditional reporting framework to take into account social and environmental performance in addition to financial performance		
TSR	total shareholder return		
UASA	United Association of South Africa, a South African trade union		
Underground pipe mines	Petra's underground kimberlite pipe mines, being Finsch, Cullinan, Koffiefontein and Kimberley Underground		
UIF	Unemployment Insurance Fund, a mandatory deduction from salaries, met in equal by the employer and paid to the state in South Africa		
Umalusi	the Council for Quality Assurance in General and Further Education and Training in South Africa		
URTI	Upper respiratory tract infection		
UTI	Urinary tract infection		
VCT	voluntary counselling and testing, a programme aimed at encouraging voluntary HIV testing in order for individuals to know their status		