



PetraDiamonds

Strong under pressure



Petra Diamonds Limited
Sustainability Report 2016



Front cover: Women in Mining trainees standing in front of the degrit screens at the central treatment plant, Kimberley Ekapa Mining.

Sustainability is at the heart of Petra. Our mission is to unearth the world's most beautiful product as responsibly and efficiently as possible.

In doing so, we will contribute to the sustainability of our industry and deliver long-term value to each of our stakeholders.

About this report

This is the eighth annual Sustainability Report (the "Report") produced by Petra and has been prepared according to the GRI G4 Mining and Metals 'core' reporting standards.

However, 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. Petra also provides disclosure to the Carbon Disclosure Project ("CDP"), FTSE4Good and MSCI.

This Report has not been assured but Petra is committed to commencing independent assurance of its sustainability reporting from FY 2017 onwards.

This Report covers Petra's 2016 financial year ("FY 2016" or the "Year"), being the 12 months to 30 June 2016, and should be read in conjunction with Petra's 2016 Annual Report, which is available to download at www.petradiamonds.com. An exchange rate of US\$1:R14.5062 was used for this Report.

• Petra's historical sustainability reports can be accessed on the Company's website petradiamonds.com/investors/results-reports

• For further information, please contact Petra's team in London InvestorRelations@petradiamonds.com +44 20 7494 8203

Overview

- 02 About Petra
- 03 FY 2016 Highlights
- 04 At a Glance
- 06 Introduction from the CEO
- 08 Business Model
- 10 Key Performance Indicators
- 12 Stakeholder Engagement
- 14 Material Issues

Governance

- 18 Governance and Risk Management
- 19 Remuneration
- 20 HSSE Committee
- 21 Upholding the Value of Diamonds

Health and Safety

- 26 Our Approach
- 28 Performance

Our People

- 32 Our Approach
- 33 Training and Development
- 37 Diversity
- 38 Labour Relations

Environment

- 42 Our Approach
- 43 Climate Change and Energy Usage
- 45 Water Management
- 46 Waste Management
- 47 Biodiversity and Land Management

Community

- 50 Our Approach
- 51 Community and Stakeholder Engagement
- 53 Group Social Investment
- 55 Generating Economic Benefits
- 56 Local Procurement

Supplementary Information

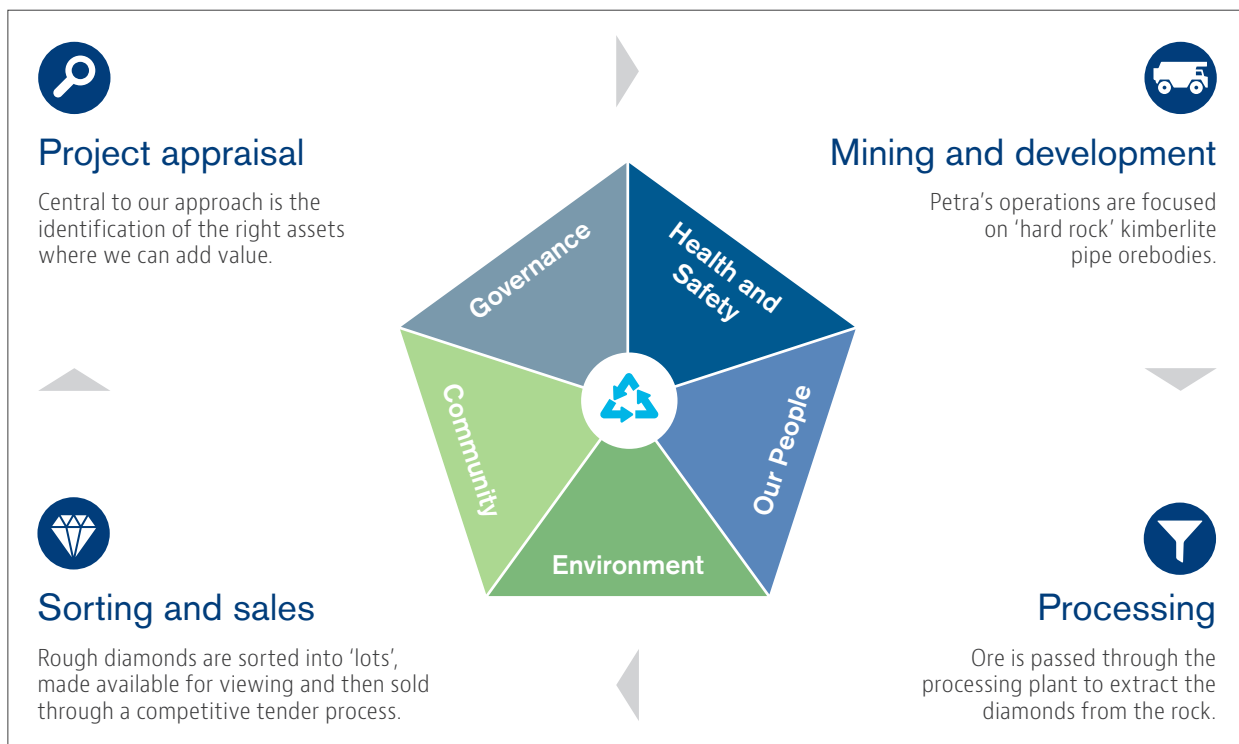
- 57 Additional Disclosures
- 67 GRI Navigator
- 72 Glossary

• Discover more about Petra online petradiamonds.com



Overview

About Petra



Petra Diamonds is a leading independent diamond mining group and growing supplier of rough diamonds to the international market. It is listed on the Main Market of the London Stock Exchange under the ticker PDL.

Petra offers an exciting growth profile, with a core objective to steadily increase annual production from 3.7mcts in FY 2016 to circa 5.3mcts by FY 2019. The Group has a major resource base of over 300mcts, 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 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 which are members of the Kimberley Process.

Sustainability

- 1**
Safety is our number one priority and ingrained in everything we do
- 2**
We invest in our people to develop their full potential
- 3**
We are striving to protect the environment and curb our emissions
- 4**
Engagement with communities is part of our focus on local development

► **Our Vision and Values**
petradiamonds.com/about-us/our-vision-and-values

FY 2016 Highlights

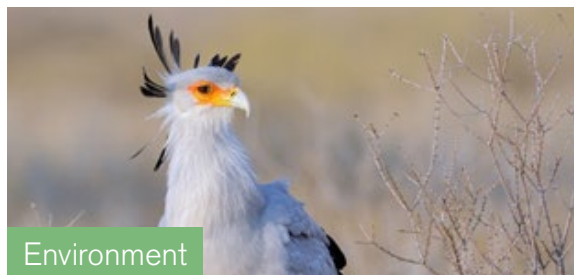


Governance

Inclusion in the
FTSE4Good Index
for the first time

- ▶ Stakeholder engagement process to identify our material issues
- ▶ Progression to GRI G4 reporting – core standard

➤ [Read more Page 16](#)



Environment

Petra shortlisted
for the Carbon Disclosure
Project award for 'Best
year-on-year change
in performance' for
FTSE 350 companies

- ▶ ISO 14001 environmental standard maintained

➤ [Read more Page 40](#)



Health and Safety

Finsch won two MineSAFE
awards and achieved
3 million
fatality-free
shifts

- ▶ OHSAS 18001 standard maintained

➤ [Read more Page 24](#)



Community

Establishment of
**Enterprise
Development**

Resource Centres at all
South African operations

- ▶ Formalisation of the Petra Foundation to contribute to the social upliftment of our communities

➤ [Read more Page 48](#)



Our People

**Stable labour
relations**
for FY 2016

- ▶ Women in Mining Committees established at all operations

➤ [Read more Page 30](#)

Financial

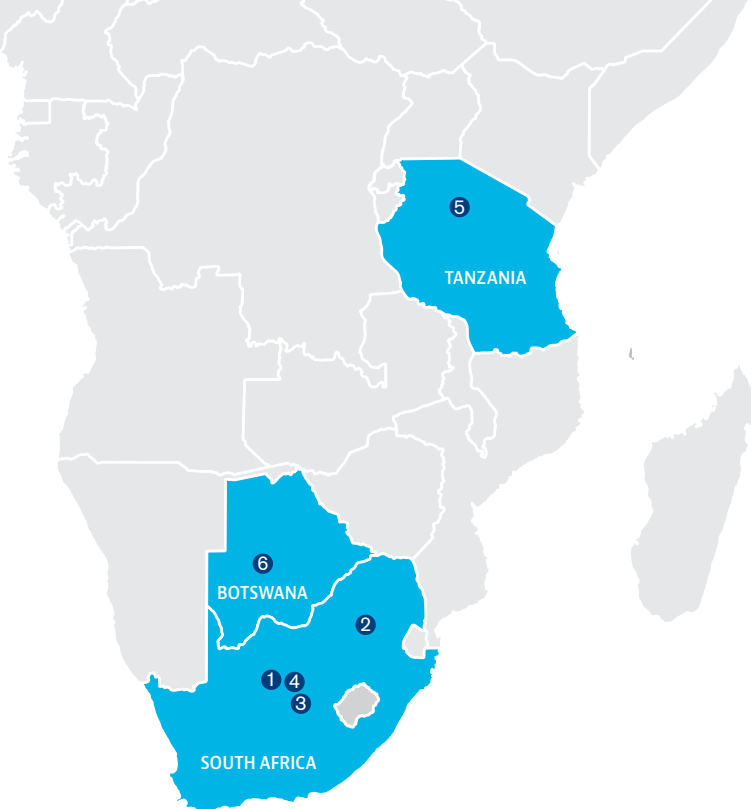
	FY 2016	FY 2015
Production (carats)	3,701,405	3,186,475
Revenue (US\$m)	430.9	425.0
Adjusted EBITDA (US\$m)	164.3	139.3
Adjusted net profit after tax (US\$m)	63.6	62.8
Adjusted basic continuing EPS (cents)	9.76	10.09
Adjusted operating cashflow (US\$m)	192.0	141.3
Net debt (US\$m) – non-IFRS	384.8	171.7
Dividend per share (cents)	—	3.0



Overview

At a Glance

Petra mines and sells rough diamonds from its diversified portfolio of producing mines in South Africa and Tanzania. It is also exploring for new diamond deposits in Botswana and South Africa.



	1 Finsch	2 Cullinan	3 Koffiefontein
PEOPLE	3,160 (1,093 employees, 2,067 contractors)	3,297 (1,319 employees, 1,978 contractors)	976 (602 employees, 374 contractors)
PRODUCTION Carats	Up 7% 2,214,064	Down 7% 680,813	Up 37% 62,190
REVENUE US\$ million	Up 1% 186.4	Down 32% 83.3	Up 44% 25.7
	4 Combined Kimberley Operations ¹	5 Williamson	6 Petra Diamonds Botswana
PEOPLE	1,589 ¹ (1,061 ¹ employees, 528 ¹ contractors)	1,362 (591 employees, 771 contractors)	35 (13 employees, 22 contractors)
PRODUCTION Carats	531,469	Up 5% 212,869	EXPLORATION SPEND US\$ million 2.7
REVENUE US\$ million	57.7	Up 27% 78.9	

1. Includes employees at both Kimberley Underground and the newly acquired Kimberley Mines assets.

Group, corporate, central
technical and operations support

People 169 (169 employees, 0 contractors)

Headquarters Jersey

Administrative offices Johannesburg, London

Corporate overhead US\$9.0 million

Sorting, marketing and sales

Offices Kimberley, Johannesburg, Antwerp

Helam and Helam Projects²

People 172 (149 employees, 23 contractors)

2. Petra's internal projects/construction division.

EMPLOYEES WORLDWIDE 5,005	CONTRACTORS WORLDWIDE 5,763	RESERVES AND RESOURCES Million carats (Mcts) 312	POTENTIAL LOM OF OPERATIONS Years 20 to 50
TOTAL PROCUREMENT SPEND US\$ million 440.6	CAPITAL INVESTED IN SOUTH AFRICA US\$ million 299.7	CAPITAL INVESTED IN TANZANIA US\$ million 24.4	

Our contribution in FY 2016		
	SOUTH AFRICA	TANZANIA
CAPITAL INVESTED	US\$299.7 million	US\$24.4 million
EMPLOYEE WAGES	US\$111.5 million	US\$6.8 million
CORPORATE SOCIAL INVESTMENT	US\$1.3 million	US\$0.4 million
TRAINING	US\$5.8 million	US\$73,240
LOCAL/REGIONAL SUPPLIER EXPENDITURE	US\$228.6 million	US\$49.9 million

Our Countries		
	SOUTH AFRICA	TANZANIA
SIZE OF COUNTRY	1.2 million km²	0.9 million km²
POPULATION	54 million	51 million
ETHNIC GROUPS	Black African: 80.2% White: 8.4% Coloured: 8.8% ¹ Indian/Asian: 2.5%	African: 99% (of which 95% are Bantu consisting of 130+ tribes) Other: 1% (Asian, European, Arab)
LIFE EXPECTANCY	62 years	62 years
URBANISATION	64.8% of total population	31.6% of total population
LITERACY RATE	94%	71%
UNEMPLOYMENT RATE – TOTAL (YOUTH)	25.9% (51.4%)	3.5% (5.8%)
HIV/AIDS ADULT PREVALENCE RATE	18.90%	5.3%
2015 VALUE OF DIAMOND PRODUCTION	US\$1.4 billion	US\$59 million
2015 GDP (PURCHASING POWER PARITY)	US\$723.5 billion	US\$138.5 billion
CHALLENGES	Labour relations Management of community expectations HIV/AIDS	Power supply Women in the workforce
OPPORTUNITIES	Stable democracy Progressive in terms of human rights, including women's rights	Stable democracy Well educated and skilled local workforce

Source: CIA – the World Factbook and Kimberley Process Statistics.

1 The term 'coloured' is the official and accepted term used for historically disadvantaged South Africans ("HDSAs") of mixed descent.



Introduction from the CEO

A sustainable business

It gives me and my fellow Board members great pride each year to read the Report in its entirety, as it demonstrates the high level of CSR activity across the Group.



It gives me great pleasure to introduce our eighth Sustainability Report, which aims to provide a balanced overview of Petra's environmental, social and governance ("ESG") performance for the Year, as well as our material sustainability issues and the way these are managed and mitigated by the Group.

In terms of the ongoing management of the business, including ESG matters, my personal approach is very much a case of 'hands on leadership', whereby I like to be involved in meetings and discussions so I have a full understanding of the matter at hand and can direct proceedings. I therefore participated in the day-long workshop we held in FY 2016 as part of the materiality assessment to define our material impacts, as per the requirements for reporting in accordance with GRI G4 for the first time this year.

As the Chairman of Petra's HSSE Committee, I also have direct oversight of our material ESG matters and can therefore use my knowledge to assist with fully briefing the Board on performance and developments during Board meetings.

A sustainable business

The term 'sustainable' is used persistently in business today, but I feel in Petra's case we are justified in describing our Company this way. This is because so many of our actions taken today are to ensure that our operations will continue for decades from now. For example, our mine plans range from up to 2025 (at Koffiefontein) to up to 2035 (at Kimberley), with our two biggest projects (Finsch and Cullinan) both up to 2030. However, the residual resources in place at all assets suggest actual mine lives could be considerably longer.

A key highlight of the Year, which has added to the sustainability of our business, was the acquisition of an interest in the Kimberley Mines assets from De Beers, along with our partner Ekapa Mining (Pty) Ltd ("Ekapa"), and the subsequent merger of Petra and

Ekapa's mining assets in Kimberley into a non-incorporated joint venture ("Kimberley Ekapa Mining JV" or "KEM-JV" for short). Combining these assets is expected to lead to a number of operational synergies, particularly further to the use of the high volume Central Treatment Plant.

This has allowed us to increase the mine life for Petra's diamond mining operations in Kimberley by nearly ten years, thereby contributing to the sustainability of diamond mining operations in Kimberley. This is to the benefit of all stakeholders, but particularly the local workforce and communities in the Kimberley area, which are still reliant on diamond mining as the most important contributor to the local economy.

Health and safety

We maintained our LTIFR for the Year at 0.29, which was a positive achievement in light of the high level of activity at Petra, with an additional 367,000 shifts (3.3 million risk work hours) worked in relation to the expansion programmes across the Group. I would like to congratulate all of our management and staff for the dedication and hard work which made this achievement possible, though I would also reiterate that our goal is a zero harm workplace and we will continue to strive for this.

It is with deep regret that we experienced a fatality at the Cullinan tailings treatment plant, further to an equipment-related incident which occurred whilst maintenance work was being conducted. An investigation into the accident was conducted in conjunction with the Department of Mineral Resources in South Africa and the outcomes were shared with all operations in the Group. On behalf of the Petra Board, I would like to once again extend our sincere condolences to the family and friends of the deceased.

Focus on education

From an operations perspective, Petra is developing in line with its stated objective, with each of our mines ramping up as planned. However, there is no point having long-life operations if we do not have the people in place to run them. This is particularly relevant in South Africa, where there are pressures on the education system and challenges with regards to skill levels. Petra has therefore decided that its core social sustainability focus will be on education, training and development.

In line with this focus, we have put programmes in place that commence with grassroots initiatives in the local communities (helping improve science and maths education in schools, providing opportunities for work experience and offering free adult basic education to community members), as well as introducing a whole host of internal training and development programmes to give our employees the tools they need to thrive within the business. These development programmes will also be important in terms of helping Petra to improve diversity amongst all levels of the Group, with our Leadership Development Programme, for example, consisting of 28% women in FY 2016.

Caring for the environment

Managing our environmental impacts is one of the most important aspects of our business. This is vital not only from an economic perspective, whereby reducing our energy usage per tonne reduces our cost base, but also from a responsible business perspective as we strive to reduce Petra's carbon footprint. We therefore have a wide range of energy saving initiatives in place across the Group and these have yielded satisfactory results in FY 2016, in line with our targets, although there is still considerable room for improvement.

Encouraging environmental awareness amongst employees and local communities is also an important part of our strategy, in acknowledging that we can achieve the best results if every individual contributes to our efforts. We therefore rolled out an environmental awareness campaign across the Group in FY 2016, which included six generic awareness topics relevant to all operations and aligned with international awareness themes and days.

The Diamond Producers Association ("DPA")

I would like to highlight our role as a member of the DPA, which was formed in 2015 by seven of the world's leading diamond producers, including Petra.

The DPA aims to support the development of the diamond industry by maintaining and enhancing consumer demand for, and confidence in, diamonds. It will do this by a number of means, including by developing and funding generic marketing, by actively engaging with industry and non-industry organisations to promote the interests of the sector and by sharing best practice amongst member companies in order to raise standards. In so doing, the DPA will directly be contributing to the sustainability of our industry.

The DPA launched its first consumer marketing campaign in October 2016 using the iconic marketing platform 'Real is Rare. Real is a Diamond.', with the initial focus on millennial consumers (aged 18–34) in the major US market (45% of the world's diamonds are purchased in the US). We are excited about the potential impact on demand that the DPA could have over the long term.

Petra's approach

As CEO it is my responsibility to embody the Petra culture, thereby acting at all times in an ethical manner, being accountable for my actions, maintaining an approachable and open door policy, and working hard to continually improve performance.

However, every single person at Petra has an important role to play and we can only achieve our goals if we have a shared vision and pull together in the same direction. For this reason, I see teamwork as the essential component of a sustainable business and this is the message that I gave when I carried out my annual tour of our mines and held presentations and Q&A sessions with employees.

It is the Petra team that has achieved so much already, but I firmly believe that the best times are yet to come. I would like to thank all Petra employees, partners and stakeholders for playing their part – your hard work and dedication is much appreciated and is achieving results.



Johan Dippenaar
22 November 2016

Finsch achieves 3 million FFS



Bulk sample plant upgrade project management team discussing the Bourevestnik Plant implementation progress.

On 29 July 2016, Finsch reached a significant safety milestone of 3 million fatality-free shifts.

This is an exceptional achievement and bears testimony of their dedication and commitment to health, safety and the environment, only made possible through the conscious safety effort of each person employed at the mine.

Congratulations to every member of the Finsch team – well done and keep up the good work!



Overview

Business Model

Petra is focused on the highest margin segment of the diamond pipeline – the upstream, involving the mining, processing, sorting and sale of rough diamonds.

INPUTS AND THEIR BENEFITS TO PETRA

Responsible leadership

- ▶ Sustainable operations
- ▶ Uphold the high value placed on diamonds

People and skills

- ▶ Company culture
- ▶ Productive workforce
- ▶ Specialist skills

High quality assets

- ▶ Major resources
- ▶ Long-term mine lives
- ▶ Diverse product range

Financial capital

- ▶ Robust balance sheet
- ▶ Access to diversified sources of capital

Relationships

(including Governments, trade union partners, local communities and BEE Partners)

- ▶ Licence to operate

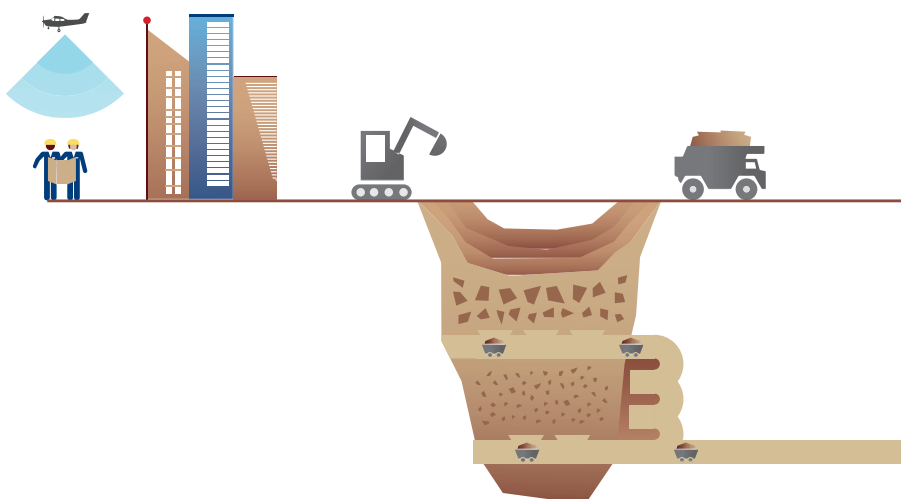
Energy and water

- ▶ Sustainable access to energy and water

Technology and equipment

- ▶ Extension of mine lives
- ▶ Optimisation of operations

WHAT WE DO



Project appraisal

Central to our approach is the identification of the right assets where we can add value.



Mining and development

Petra's operations are focused on 'hard rock' kimberlite pipe orebodies.

HOW WE DIFFERENTIATE

- ▶ Petra's technical team has decades of specialist experience in the appraisal and valuation of diamond orebodies.
- ▶ Every kimberlite is unique and must be assessed according to its physical size, its grade (the volume of diamonds held), its diamond population (the size and quality ranges of diamonds recovered) and its cost base under Petra management.
- ▶ Petra focuses on long-life assets with the potential to generate significant cashflow and structures its operations with the long-term viability of the project in mind.

HOW WE DIFFERENTIATE

- ▶ Hard rock orebodies can generally provide for much better predictability and long-term planning than alluvial deposits.
- ▶ Petra's operations team has decades of specialist experience in the management, mining and development of diamond orebodies.
- ▶ Petra's approach is to make decisions and get going with a development project, but with the flexibility to continually optimise a mine plan as a project progresses.
- ▶ Safety is our number one priority and ingrained in everything we do.

STRATEGIC OBJECTIVES TO SUPPORT OUR BUSINESS ➔ [Our Strategy Page 22 of Petra's Annual Report and Accounts](#)



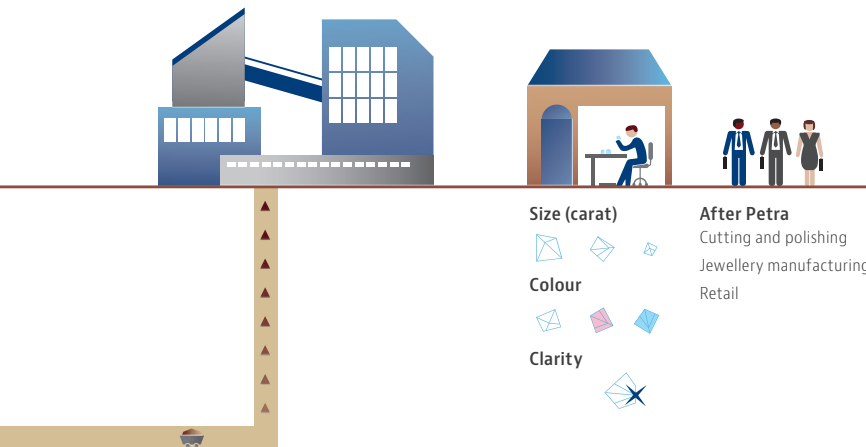
Increase output

Targeting circa 5.3 million carats by FY 2019



Optimise recoveries

Improving operating margins at each mine



Processing

Ore is passed through the processing plant to extract the diamonds from the rock.

HOW WE DIFFERENTIATE

- ▶ Petra is focused on value production, rather than volume.
- ▶ Plant processes are set to optimise revenue generation from each individual mine orebody, by focusing on where the value lies within its diamond population.
- ▶ Petra's team embraces innovation and continually stays abreast of the latest diamond processing technologies.
- ▶ Security is managed through maintaining automated, 'hands-off' processes.



Sorting and sales

Rough diamonds are sorted into 'lots' and then sold through a competitive tender process.

HOW WE DIFFERENTIATE

- ▶ Petra has always run its own diamond sales, having developed marketing and sales expertise in house, and therefore does not pay any sales commission to a third party.
- ▶ Petra utilises the competitive tender process for its sales, thereby ensuring maximum competition for its goods.
- ▶ Petra's sales are predominantly held in Johannesburg, which encourages local participation and beneficiation, and positions South Africa as a key diamond hub globally.

STAKEHOLDER VALUE CREATION

Employees

- ▶ Focus on safety
- ▶ Sustainable employment
- ▶ Culture of empowerment
- ▶ Skills development
- ▶ Itumeleng Petra Diamonds Employee Trust
- ▶ Employee wellbeing initiatives

Customers

- ▶ Quality and consistent product offering
- ▶ Confirmed provenance and heritage

Shareholders

- ▶ Growth profile
- ▶ Future returns to shareholders

Local stakeholders

- ▶ Socio-economic upliftment
- ▶ Taxes and royalty payments
- ▶ Community health initiatives

Environment

- ▶ Efficient and responsible use of natural resources
- ▶ Promoting environmental awareness

Suppliers

- ▶ Benefits to local businesses and suppliers
- ▶ Policy of local procurement where possible



Drive efficiencies

Maintaining a culture of effective cost control



Work responsibly

Committed to responsible development



Overview

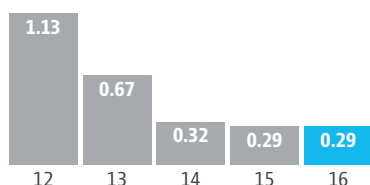
Key Performance Indicators

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.

GROUP LOST TIME INJURY FREQUENCY RATE

LTIFR

0.29 0%



STRATEGY



PERFORMANCE AND TARGETS

Group LTIFR for the Year remained stable at 0.29, a solid achievement in the context of an increase of risk work hours by 3.3 million, the high level of construction activities underway and for underground operations, but below our ongoing target to achieve a minimum 10% improvement in LTIFR annually. Petra's overriding aim is to achieve a zero harm workplace.

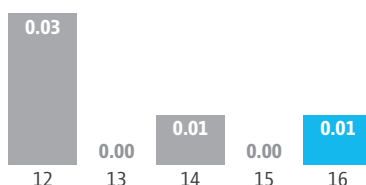
RISK MANAGEMENT

The Company follows a risk-based approach, as depicted by the Petra Diamonds HSE Operational Risk Management Process, aligned with the ISO 31000 standard, to identify and treat all significant hazards and associated risk, backed up by the Company's various codes of practice, policy, procedures, working practices and management instructions.

FATAL INCIDENT FREQUENCY RATE

FIFR

0.01 0%



STRATEGY



PERFORMANCE AND TARGETS

Very regrettably, Petra recorded one fatality in July 2015 further to an equipment-related accident in the tailings treatment plant at Cullinan. The incident was investigated, controls were reviewed and lessons learned were shared amongst all operations. Fatalities are unacceptable and we target an FIFR of zero.

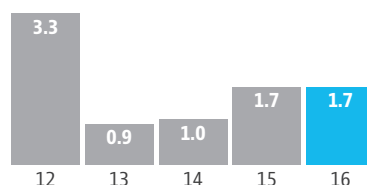
RISK MANAGEMENT

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

SOCIAL SPEND

US\$ million

1.7 0%



STRATEGY



PERFORMANCE AND TARGETS

Social spend remained flat in USD terms and represented 2.5% of NPAT. However, in ZAR terms the Company's South African spend rose 19% due to the timing and scheduling of social and labour plan expenditure in South Africa, as well as improved planning and implementation of projects, further to positive stakeholder engagement. Petra targets base case spend of 1% of NPAT.

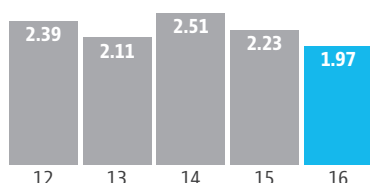
RISK MANAGEMENT

Petra maintains compliance with the regulatory framework, as well as continual liaison and co-operation with social and institutional stakeholders.

WATER USAGE²

m³/t

1.97 -12%



STRATEGY



PERFORMANCE AND TARGETS

Petra's water usage per tonne improved during the Year, reflecting the ongoing drive towards a reduction in water consumption on a per tonne basis, with a medium-term objective of 1.55 m³/t to be achieved by 2020.

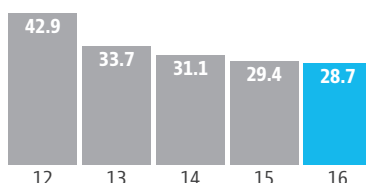
RISK MANAGEMENT

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

ENERGY USAGE

kWh/t

28.7 -2%



STRATEGY



PERFORMANCE AND TARGETS

Petra's total electricity usage for FY 2016 increased 12%, further to a 15% increase in gross tonnage throughput for the Year and the high level of activity surrounding the Group's many expansion programmes.

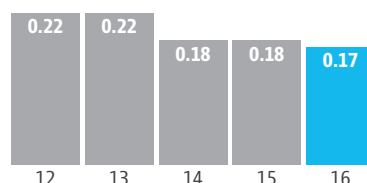
RISK MANAGEMENT

Continuous improvement, development and implementation of energy efficiency measures.

CARBON EMISSIONS²

tCO₂-e/ct

0.17 -6%



STRATEGY



PERFORMANCE AND TARGETS

The total carbon emitted (scopes 1 and 2) by the Group and its Kimberley joint venture partner increased by 13% in line with a 12% increase in gross electricity consumption related to the many development projects underway, as well as the new production from the Combined Kimberley Operations. Petra is targeting a 1% reduction in tCO₂-e/ct per annum over five years (2015 to 2020, with FY 2013 being the base year) and this target was achieved.

RISK MANAGEMENT

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

1. As expenditure is usually in local currency the above figures are translated into US\$ and are therefore approximate.

2. Comparative numbers have been restated to reflect consumption per tonne fed to the various plants based on gross tonnes treated, comprising ROM and tailings tonnes, as well as development waste tonnes treated (where appropriate), while specifically excluding recirculating tonnes.

STRATEGIC OBJECTIVES



Output



Recoveries



Efficiencies

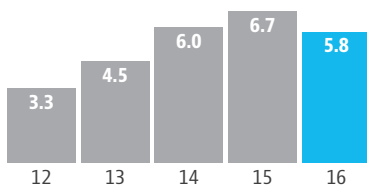


Responsibility

TRAINING SPEND

US\$ million

5.8 -13%



STRATEGY



PERFORMANCE AND TARGETS

Training spend in South Africa increased 4% in ZAR terms, but overall Group spend decreased 13% in USD terms due to the weaker ZAR exchange rate in FY 2016. Petra endeavours for training spend to consistently exceed 5.5% of operations payroll per annum and FY 2016's spend represented 7% of payroll.

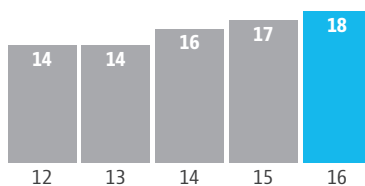
RISK MANAGEMENT

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

WOMEN IN THE WORKFORCE

Percentage

18 +6%



STRATEGY



PERFORMANCE AND TARGETS

The percentage of women in Petra's workforce improved to 18%. Increasing this number is an important aspect of improving equality, with a long-term objective of the workforce in South Africa representing the overall demographic.

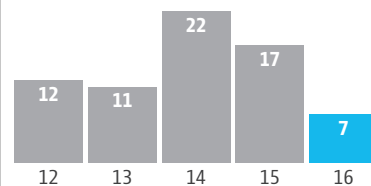
RISK MANAGEMENT

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

STAFF TURNOVER

Percentage

7 -59%



STRATEGY



PERFORMANCE AND TARGETS

Excluding the impact of retrenchments in FY 2015, staff turnover improved from 9% to 7% due to stability and organic growth in the portfolio of operations. Petra endeavours to maintain turnover rates consistent with industry norms.

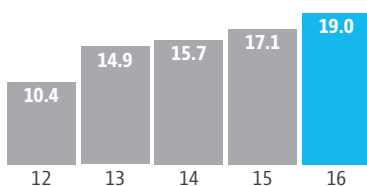
RISK MANAGEMENT

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

TONNES MINED

Mt

19.0 +11%



STRATEGY



PERFORMANCE AND TARGETS

Petra's tonnage throughput increased 11% due to the acquisition of an interest in the Kimberley Mines, which introduced numerous tailings programmes to the Group. Tonnage throughput is expected to rise a further 26% to circa. 24 Mt in FY 2017, with the new Combined Kimberley Operations accounting for 50% of the increase and the rest-related to the roll out of the Group's expansion programmes at its other mines.

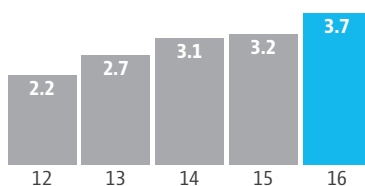
RISK MANAGEMENT

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

ROUGH DIAMOND PRODUCTION

Million carats (Mcts)

3.7 +16%



STRATEGY



PERFORMANCE AND TARGETS

Production increased 16% during the Year to 3.7 Mcts, above Company guidance of 3.6–3.65 Mcts, due to increased contribution of undiluted ore and new production from the Combined Kimberley Operations. Attributable production is forecast to increase to 4.4–4.6 Mcts in FY 2017 and to circa 5.3 Mcts in FY 2019.

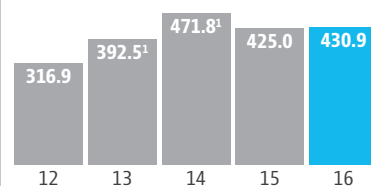
RISK MANAGEMENT

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

REVENUE

US\$ million

430.9 +1%



STRATEGY



PERFORMANCE AND TARGETS

Revenue increased 1%, mainly due to an increase in volumes sold, most notably tailings carats sold from the Combined Kimberley Operations, partially offset by softer diamond prices in FY 2016. Revenue is expected to increase in FY 2017 in line with the guided increase in production and the expected improved product mix as the contribution from ROM carats increases.

RISK MANAGEMENT

The key factors affecting revenue growth are delivery on production targets and diamond prices (which are outside of the Group's control).

1. As expenditure is usually in local currency the above figures are translated into US\$ and are therefore approximate.



Stakeholder Engagement

By responsibly developing its assets, Petra intends to unlock long-term value for each of its stakeholders.

Effective, regular and transparent communication with all our stakeholders is considered a core priority and essential to the current and future success of the Group. Stakeholder engagement therefore takes place on a continuous basis at both Group and operating company level.

Employees/contractors/unions

WHY THEY ARE IMPORTANT

- ▶ Our people are our most important asset as they are integral to the success of our business
- ▶ Without a skilled, productive and healthy workforce, Petra would be unable to implement its strategy

KEY ISSUES

- ▶ Health and safety
- ▶ Performance updates, targets and objectives
- ▶ Remuneration and benefits
- ▶ Training and personal development
- ▶ Substantive rights
- ▶ Housing
- ▶ Environmental awareness

HOW WE ENGAGE

- ▶ Workplace meetings and employee briefs
- ▶ Internal publications, noticeboards and electronic channels
- ▶ Internal committees
- ▶ Mine negotiating forums
- ▶ Central negotiating forum
- ▶ Union representation on mandatory committees
- ▶ Future forums

HOW WE DELIVER VALUE

- ▶ Salaries, wages and other benefits: US\$125.9 million
- ▶ Training and development expenditure: US\$5.8 million

Customers

WHY THEY ARE IMPORTANT

- ▶ Our customers buy the diamonds mined at our operations and are therefore the primary source of revenue for the Group
- ▶ Longstanding relationships with customers ensure an ethical supply chain for our product

KEY ISSUES

- ▶ Product assurance ('conflict free')
- ▶ Reliability of supply
- ▶ Transparent and fair marketing system
- ▶ Quality of goods
- ▶ Heritage of our assets

HOW WE ENGAGE

- ▶ Open door policy
- ▶ High level of business transparency
- ▶ Full certification of product
- ▶ Site visits to operations

HOW WE DELIVER VALUE

- ▶ Conflict-free production: 100%
- ▶ Material governance issues: 0
- ▶ Million carats sold: 3.4

Shareholders

WHY THEY ARE IMPORTANT

- ▶ Shareholders are the owners of the Petra business and each one is important to us
- ▶ Without equity support, Petra would not have been able to access financing over the years in order to develop the Company

KEY ISSUES

- ▶ Governance
- ▶ Financial and operational performance
- ▶ Delivery on expansion plans
- ▶ Health of the market and rough diamond prices
- ▶ Balance sheet and access to capital
- ▶ Returns to shareholders
- ▶ Risk management related to Petra's local operating environments

HOW WE ENGAGE

- ▶ Regular briefings via public announcements, webcasts, meetings and site visits
- ▶ Annual and sustainability reporting
- ▶ Open door policy
- ▶ Dedicated investor relations department
- ▶ Social media

HOW WE DELIVER VALUE

- ▶ Production growth since FY 2009: +236%
- ▶ Production growth planned to FY 2019: +43%
- ▶ Total shareholder return since FY 2009: 181%

Local communities

WHY THEY ARE IMPORTANT

- ▶ The support of our local communities is an important component of our licence to operate
- ▶ A positive role in the community will ensure a sustainable future for Petra and contribute to a favourable Company culture

KEY ISSUES

- ▶ Employment
- ▶ Local economic development
- ▶ Social development
- ▶ Ongoing information and consultation
- ▶ Environmental management
- ▶ Life of mine and mine rehabilitation

HOW WE ENGAGE

- ▶ Public participation processes
- ▶ Public meetings
- ▶ Community newsletters
- ▶ Partnerships on socio-economic projects
- ▶ Local media
- ▶ Social media

HOW WE DELIVER VALUE

- ▶ Percentage of new South African employees recruited from host provinces in FY 2016: 100%
- ▶ Social spend: US\$1.7 million
- ▶ Ecological reserves established adjacent to our mines: 9,800 ha

Host Governments/regulators

WHY THEY ARE IMPORTANT

- ▶ Support from Governments and regulators is required for our licence to operate
- ▶ Petra aims to ensure it complies with all relevant legislation in each of the countries in which it operates

KEY ISSUES

- ▶ Mandatory compliance with legislation
- ▶ Mining and prospective rights
- ▶ Socio-economic impacts
- ▶ Public–Private Partnerships
- ▶ Sustainability

HOW WE ENGAGE

- ▶ Continuous consultation
- ▶ Scheduled meetings
- ▶ Membership with Chamber of Mines of South Africa
- ▶ Regulatory site visits and audits

HOW WE DELIVER VALUE

- ▶ Taxes and royalties: US\$49.6 million
- ▶ Potential life of mine of operations: 20 to 50 years
- ▶ Estimated number of dependents on our direct employees: 50,000+ (using the accepted x10 multiplier effect for South Africa and Tanzania)

Suppliers

WHY THEY ARE IMPORTANT

- ▶ Suppliers provide the goods and services necessary to keep our operations and expansion programmes running
- ▶ Dealing with suppliers who share our values is important to Petra in order to ensure the ethical provenance of our diamonds

KEY ISSUES

- ▶ Compliance with Petras of Ethical Conduct
- ▶ Local supplier development
- ▶ Commercial transactions

HOW WE ENGAGE

- ▶ Supplier induction process
- ▶ Supplier days
- ▶ Local supplier development events
- ▶ Continuous liaison
- ▶ Open door policy

HOW WE DELIVER VALUE

- ▶ South Africa supplier expenditure: US\$375.0 million
- ▶ HDSA and BBBEE suppliers: 57%
- ▶ Tanzania supplier expenditure: US\$64.0 million

Material Issues

Defining our material issues

Petra defines a material issue as an issue that could significantly impact the delivery of the Company's strategy and future performance.

While communication with our stakeholders and engagement about matters important to them is an ongoing part of our daily business, in FY 2016 Petra carried out a formal stakeholder engagement process to confirm the Group's material sustainability issues.

This process involved canvassing both internal (the Petra Board, Senior Management and employees) and external (top ten shareholders, mining analysts, contractors, suppliers and local communities) stakeholders. An independent consultancy was engaged in order to ensure an impartial and transparent process, as well as to encourage honest and frank feedback.

Following the collation of the data, the consultancy then prepares a sustainability matrix to map the top-rated sustainability issues per the various stakeholder groups. Petra management, including Petra's CEO, then conducted a one-day workshop, led by the consultancy, in order to debate and identify the top ESG issues material to the sustainability of the Group.

Material topics identified are aligned with internal governance processes and operational imperatives, and are therefore managed as part of internal processes that answer to both regulatory requirements and internal KPIs.

FY 2016 material issues

The following were identified as Petra's 'material aspects', in accordance with the G4 process and guidelines.

Occupational health and safety

Allowing our people to go home safe from work is Petra's number one priority and ingrained into everything we do. However, we also aim to encourage a healthy and happy lifestyle for our employees, taking into account prevalent local health issues, both physical and mental.

ASPECT BOUNDARY

Applies to Petra's operations in South Africa, Tanzania and Botswana, and regulatory compliance in these jurisdictions.

➤ **Read more about our approach on pages 24 to 29**

Corporate governance

Effective corporate governance is the backbone of Petra and enables each part of the business to operate efficiently, successfully and sustainably. It is essential from a mandatory perspective to comply with the various governance regulations in each of the jurisdictions in which Petra operates. However, it is also integral to the ethical conduct and culture of the business.

ASPECT BOUNDARY

Applies to Petra's business as a whole.

➤ **Read more about our approach on pages 16 to 23**

Legal compliance

The mining sector is one of the most highly regulated industries in the world. This is particularly relevant given the strategic importance of certain commodities to host Governments, thereby ensuring the extraction of these resources in an ethical and sustainable manner. Regulations applicable to mining companies are subject to continual change and Petra has therefore put the necessary management structures in place at each mine in order to maintain its adherence to all local legislation.

ASPECT BOUNDARY

Applies to Petra's business as a whole.

➤ **Read more about our approach on pages 40 to 47**

Environmental management

Managing our environmental impacts is a priority for Petra, particularly with regards to minimising our energy usage and associated carbon emissions, protecting local water sources, recycling resources wherever possible, containing our environmental footprint and protecting local biodiversity. In so doing, we align our interests with those of our local communities.

ASPECT BOUNDARY

Applies to Petra's operations in South Africa, Tanzania and Botswana and regulatory compliance in these jurisdictions.

➤ **Read more about our approach on pages 40 to 47**

Consumer perceptions of mined diamonds

If consumers no longer aspire to buy and own diamonds, then there is no future for our business. While diamonds occupy a unique cultural position in that they are used to celebrate our most special moments, their continued acceptance is reliant on the assurance that they are sourced by ethical means and with due consideration for the environment. Petra seeks to influence sustainable consumer demand via its role as a founding member of the Diamond Producers Association.

ASPECT BOUNDARY

Applies to Petra's business as a whole.

🔗 **This report sets out Petra's values and the importance placed on ethical product provenance.**

Labour relations

The labour relations climate in South Africa has been notably volatile. While Petra has experienced stable labour relations over the last two years, failure to prioritise and manage this area could lead to issues such as work stoppages and poor company morale. Petra therefore places great emphasis on internal employee communications and initiatives such as the Itumeleng Petra Diamonds Employee Trust, which aimed to align employee and management interests.

ASPECT BOUNDARY

Applies to Petra's operations in South Africa and Tanzania.

🔗 **Read more about our approach on [page 38](#)**

Political risk

While Petra has long-term experience of successfully operating in Africa, certain stakeholders see political risk as a material issue. Topics that are raised by stakeholders include lack of clarity on legislation, potential resource nationalisation, currency fluctuations, Government and local community expectations of the mining sector and operating cost inflation. Petra places great emphasis on both compliance and regular and transparent communication with regulators.

ASPECT BOUNDARY

Applies to Petra's business as a whole.

Stakeholder engagement and community development

Maintaining supportive relationships and playing a positive role in our local communities is vital to the sustainable success of our operations. Our mines are typically located in remote areas where there are limited employment opportunities and, as such, are vitally important to the current and future prosperity of their local communities.

ASPECT BOUNDARY

Applies to Petra's operations in South Africa, Tanzania and Botswana.

🔗 **Read more about our approach on [pages 51 to 56](#)**

Employee retention and development

To deliver on our ambitious growth plans, we require a skilled and engaged workforce, pulling together as a team to achieve our shared vision. Petra therefore has a wide range of personal development programmes in place in order to develop our people. Our 'can-do' company culture, whereby employees are empowered and held accountable for their actions, also plays a key part in staff retention.

ASPECT BOUNDARY

Applies to Petra's operations in South Africa and Tanzania.

🔗 **Read more about our approach on [pages 32 to 36](#)**

Diversity

Petra recognises the importance of diversity, given numerous studies have identified the benefits to business of more diverse teams when it comes to improved problem solving and decision making. However, improving diversity is also a mandatory requirement for companies operating in South Africa and a best practice requirement for UK-listed companies.

ASPECT BOUNDARY

Applies to Petra's business as a whole.

🔗 **Read more about our approach on [page 37](#)**



GOVERNANCE

A culture of integrity

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

- ▶ Integral to Petra's strategy of building a sustainable future for the business is a continued focus on strong and effective governance, commensurate with the Company's growing size and stature.
- ▶ Listed on the Main Market of the London Stock Exchange, Petra is subject to the UK Corporate Governance Code 2014, one of the world's most comprehensive standards, and the Company's operating subsidiaries also comply with local standards as applicable, including the King IV Report in South Africa.
- ▶ Petra's 2016 Governance Statement can be accessed on our website: www.petradiamonds.com/about-us/corporate-governance.

At a glance

Governance

Governance and risk management are the overall responsibility of Petra's Board alongside its committees and the Internal Audit department.



HSSE Committee

We have noted the increasing importance of ESG strategy and performance to our shareholders and therefore continue to focus on strengthening our systems and procedures.



Inclusion in FTSE4Good Index

This is testament to the great emphasis we place on continual improvement of our ESG management and performance.



FTSE4Good

Upholding the value of diamonds

We are committed to upholding the high value placed on natural diamonds.



Governance

Company structure

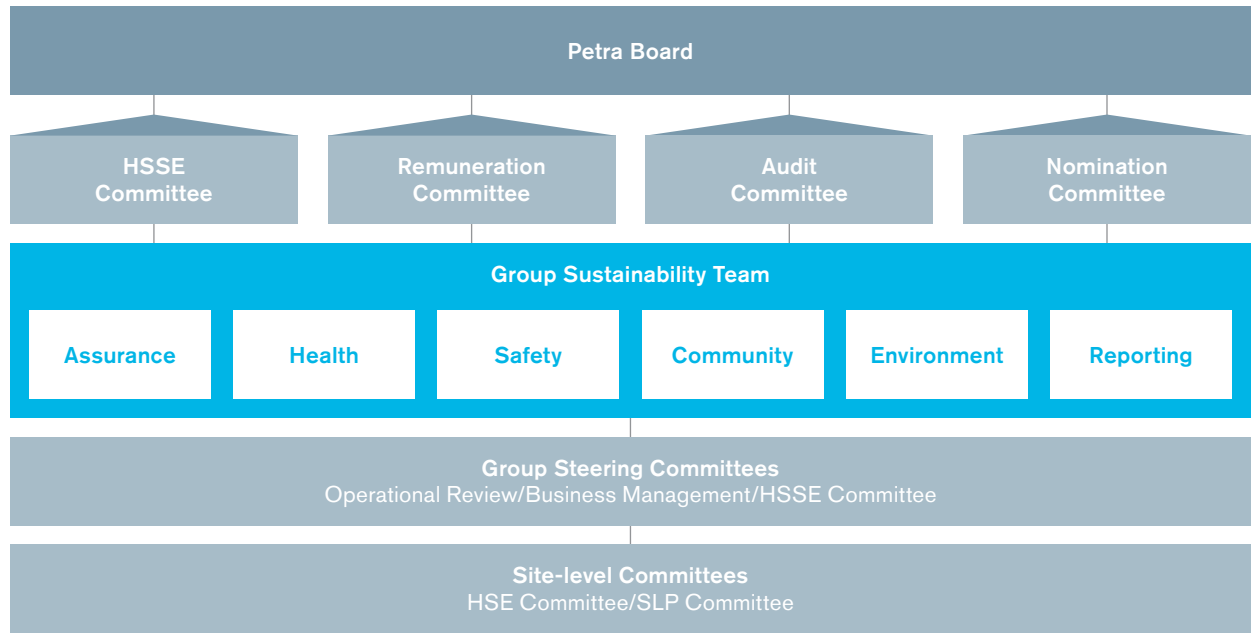
Petra Diamonds Limited is a Bermuda registered company which is domiciled in Jersey. It is listed on the Main Market of the London Stock Exchange under the ticker PDL.

Information on how Petra owns its interests in its operating mines is available at www.petradiamonds.com/about-us/who-we-are/group-structure/.

This Report has covered all the material entities reported on in the Company's Consolidated Financial Statements, which are available at www.petradiamonds.com/investors/results-reports/.

Governance and risk management

Governance and risk management are the overall responsibility of the Board at Petra, with its Committees and the Internal Audit department also playing an important role in the identification, management and mitigation of ESG material issues and risks.



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).

For more information on Petra's approach to sustainability management, and the project in this regard that was initiated during FY 2016 and will be concluded during FY 2017, please refer to page 51 in the Community section of this report.

Petra's relatively flat management structure is important in its approach to sustainability management, with open, timely and effective communication and appropriate levels of accountability throughout the Group.

One of the key roles of the HSSE Committee is to evaluate the effectiveness of the Group's policies and systems for identifying and managing health, safety, social and environmental risks within the Group's operations. To this end, reviews were initiated during the Year with regards to the health and safety and activity-based risk registers within the Group, as well as the Significant Risk controls and effectiveness.

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

Sustainability management

Mining is inherently a long-term business and it is essential to put in place the right actions today which will benefit the future of a project, rather than focusing on short-term outcomes. This is an approach that Petra follows across all aspects of the business, from our operational planning to how we structure our environmental

and social management, in alignment with the mine plan and potential mine life of each asset.

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

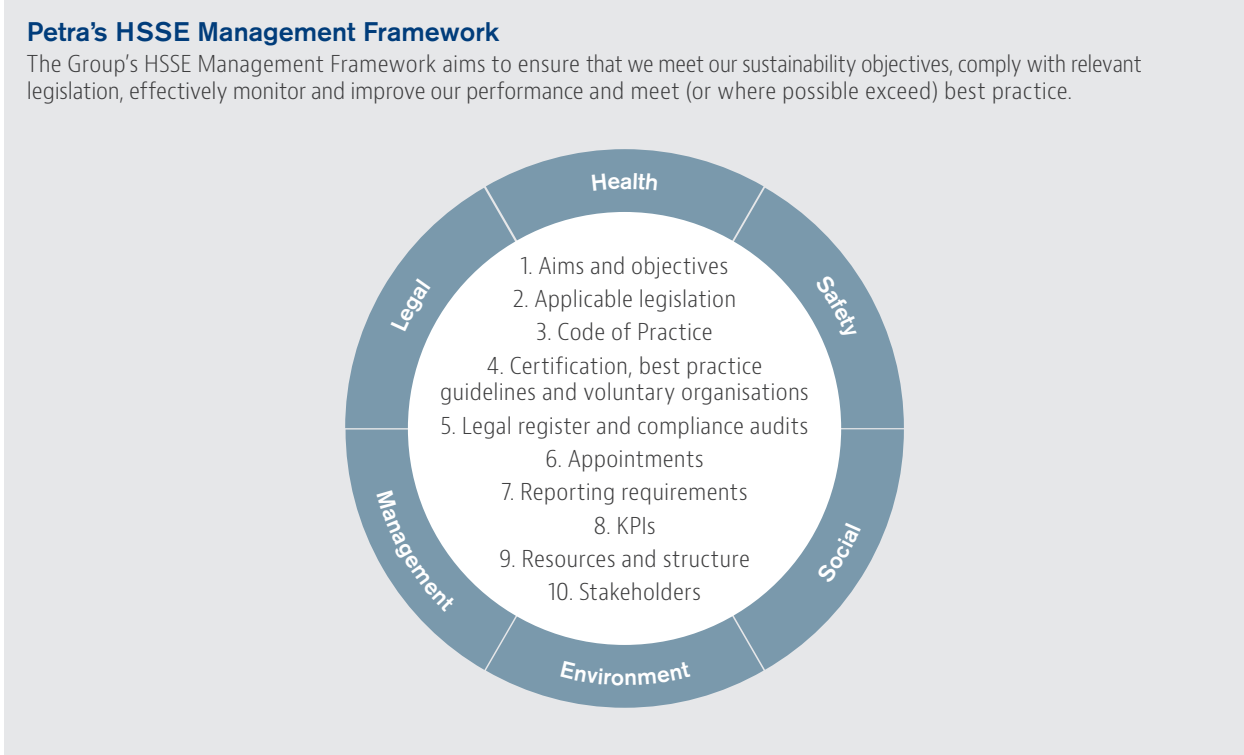
Sustainability objectives exist across our operations and specific indicators are used to monitor and assess performance against targets on a mine-by-mine basis, as well as at Group level. A robust system of reporting on these indicators is in place, with information flowing up from the Health, Safety and Environment Committee ("HSE Committee") at mine level to the Group HSEQ Operational Steering Committee and then to the Board, via the HSSE Committee.

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

If any major or significant incident occurs, Petra's established sustainability governance structure and procedures ensure that there is a clear line of communication whereby the matter is reported timeously to the highest governance body.

Our approach to managing HSSE matters is reinforced through the Group HSSE Management Framework and mine level policies and strategies, covering all key sustainability areas, as well as internationally recognised standards such as OHSAS 18001 (health and safety), ISO 14001 (environment) and ISO 31000 (risk).

Petra complies in all material aspects with all relevant laws and regulations in the countries in which it operates and was not subject to any fines during FY 2016.



Remuneration

Petra's remuneration packages are weighted towards performance-related pay, measured against the Group's strategic objectives (see opposite) with demanding 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.

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 environmental 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").


Our strategic objectives

- 


Increase output

Targeting circa 5.3 million carats by FY 2019
- 

Optimise recoveries

Improving operating margins at each mine
- 

Drive efficiencies

Maintaining a culture of effective cost control
- 

Work responsibly

Committed to responsible development



HSSE Committee

Petra’s HSSE Committee plays an important role in terms of sustainability management for the Group. It 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 assists the Board by assessing the suitability, adequacy and effectiveness of the HSSE systems and processes that the Company has in place; it also monitors the Group’s HSSE performance and reports it to the Board. For more information on the HSSE Committee visit: www.petradiamonds.com/sustainability/overview/our-hsse-committee.

FY 2016 HSSE Committee activity

HSSE STRATEGY AND MANAGEMENT	<ul style="list-style-type: none">▶ HSSE performance was monitored by both the HSSE Steering Committee and the Committee, with quarterly reports then prepared to brief the Board of any material issues.▶ The Committee received regular reports with regards to applicable legislation and Group compliance.▶ The Group’s Human Rights Policy was drafted and approved post Year end.▶ Internal and external stakeholder engagement process to confirm Petra’s material sustainability issues.▶ Review of the risk registers developed for each of the South African operations; Williamson review will commence in FY 2017.
HEALTH AND SAFETY	<ul style="list-style-type: none">▶ The main causes of accidents, risks and incidents across the HSSE spectrum were considered and assessed.▶ A full investigation was carried out into the fatality at Cullinan in July 2015 in conjunction with the Department of Mineral Resources (“DMR”). Remedial action to address the cause of the incident was put in place and new investigation training modules were developed to learn from this incident.▶ A review of the Group’s emergency preparedness and response processes was carried out in order to further standardise the approach and quality across all Group operations.
ENVIRONMENT	<ul style="list-style-type: none">▶ Proposed environmental legislative changes in South Africa were discussed and action plans assessed.▶ Continued review of the Group’s energy conservation strategy activities.▶ Group environmental awareness plan in place consisting of six broad awareness themes.
SOCIAL	<ul style="list-style-type: none">▶ The Integrated Transformation Framework was again reviewed and the draft is pending approval.▶ The strategy to progress and improve stakeholder engagement that was put in place during FY 2015 was rolled out in FY 2016.▶ Formalised Women in Mining forum within the Group starting to implement initiatives.▶ Formal establishment of the Petra Foundation.▶ Continued focus on internal communications, particularly with regards to improvement of both communication skills and available channels.
SUSTAINABILITY REPORTING AND FRAMEWORK	<ul style="list-style-type: none">▶ Consideration and approval of Petra’s transition to reporting as per the GRI G4 core standards.▶ Ongoing review of international guidelines and best practice in respect of Petra’s sustainability reporting.



Upholding the value of diamonds

We are committed to upholding the high value placed on natural diamonds, which are given to celebrate life's most special moments and are considered as prized possessions.

Furthermore, 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, Kimberley, Koffiefontein and Williamson all have rich histories associated with them, as they have produced many of the world's most spectacular and celebrated diamonds.

It is therefore vital that our duty to ensure that every aspect of our business is managed and run in keeping with the high value placed upon our product and we expect a similar commitment from all those involved in the Petra business, including employees, contractors, partners and suppliers.

As such, we monitor and manage each step in the diamond production process to the highest ethical standards and in accordance with our values, from exploration and mining, through to processing, sorting and finally marketing and sale.

Petra's commitment to ethical conduct is set out in our Group Code of Ethical Conduct, which provides a clear moral framework within which all Petra's business must be conducted. The Code of Ethical Conduct and the Group Anti-Bribery Policy are implemented through a training and communications plan, which is covered in some detail in the general induction that all new employees and contractors, as well as those returning after a period of absence (e.g. annual leave) need to complete before being allowed back in the workplace. All contracts concluded with suppliers also make specific reference to their expected compliance with the Code.

Petra has a dedicated and independent whistleblowing hotline in place to allow employees to confidentially raise any concerns they may have about business malpractice.

We will only operate in countries which are members of the Kimberley Process and each of our diamonds is fully traceable to its point of production, thereby providing assurance that 100% of our production is certified as 'conflict free'.

Human rights

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

The Company therefore 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.

While human rights is not considered to be a material risk to Petra's business, given that our operations are located in stable, constitutional democracies and given the robust internal systems we have in place, it was felt appropriate to put in place a Petra Group policy publicly stating our commitment to upholding human rights. The new Human Rights Policy was approved in September 2016 and subsequently published on our website at: www.petradiamonds.com/sustainability/human-rights.

In addition, human rights issues are covered by internal operational policies and procedures, with the Company's Employment Equity policy and its Disciplinary Code and Procedures expressly forbidding any kind of discrimination. 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, human rights training is organised by Petra for union representatives through the Commission for Conciliation, Mediation and Arbitration ("CCMA"), which in turn disseminates its knowledge to its members.

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.

We also do not consider there to be a risk of slavery or human trafficking with regards to our operations or supply chain, due to our due diligence processes with regards to our supply chain management. Petra will publish an annual statement to this effect, in accordance with the requirements of the UK's Modern Slavery Act, by calendar year end.



Governance

Upholding the value of diamonds continued

Security

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

The requirements for effective security extend beyond guarding and securing production only. The effect of crime, which includes illegal 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 which 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 upholding and protecting human rights at Petra.

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

Security in South Africa

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

Petra 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 to it. Although a close working relationship is maintained with public security forces in South Africa, Petra does not provide them with any assistance or materials.

Security in 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. Petra's in-house security managers and all employees of our private security service provider 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.



Security personnel receive intensive specialised training to enable them to fulfil their duties.



Client satisfaction

The Company is committed to a transparent and equitable sales process and is proud to offer the majority of its production for sale in Johannesburg, thereby contributing to beneficiation in Africa.

In line with South African legislation, Petra first offers up to 10% of its production to the State Diamond Trader, before opening up its tenders to all South African licensed diamond dealers, manufacturers and jewellers, in order to help stimulate local industry.

Petra sells primarily to the ‘midstream’ of the diamond pipeline, being the businesses that cut and polish and manufacture diamonds into jewellery; however, in some instances we also supply rough diamonds directly to ‘downstream’ participants, i.e. retailers. Given the midstream is dominated by the cutting and polishing industry in India, Petra’s largest group of customers is Indian businesses, but we also supply to the other key diamond centres globally, including the US, China, Israel and Belgium.

We maintain open and regular communication with our clients via our dedicated marketing team. Customer satisfaction is considered a priority in the marketing and sales process and the Company therefore takes client feedback on production, assortments, market movements and pricing seriously. Any feedback regarding production is noted and considered for the subsequent production cycle.

We maintain an open door policy with our clients (and potential clients), giving them the opportunity to discuss any issues or concerns to allow the Company to assist in an effective and timely manner.

Given the nature of the business, client confidentiality is central to our sales process and we do not divulge specific tender details, such as top buyers and related matters.

Inclusion in the FTSE4Good Index

In January 2016, Petra was confirmed as a constituent in the FTSE4Good Index for the first time.

The FTSE4Good Index is designed to identify and then compare companies demonstrating strong ESG practices and it is useful to investors as a benchmark index to track the performance of responsible investment portfolios.

This achievement is testament to the great emphasis that Petra places on continual improvement of its ESG management and performance, as well as our commitment to transparency and appropriate levels of disclosure.

Furthermore, Petra’s initial ESG rating, according to the FTSE4Good methodology, increased from 3.2 to 3.5 out of 5 following the June 2016 Index review.



FTSE4Good



HEALTH AND SAFETY

Striving for zero harm

We consider the health and safety of all employees, contractors and stakeholders as our top priority.

Achievements in FY 2016

- ▶ Petra has made steady progress in managing health and safety at our operations over the past few years and we are starting to realise the desired change in our performance.
- ▶ All underground mines maintained OHSAS 18001 certification.

Challenges

- ▶ Significant increase in man hours worked are due to a marked increase in activities related to the current stage of the expansion projects; this can be seen by an increase of 3.3 million risk hours worked in FY 2016.
- ▶ Workforce safety maturity – varying levels of safety awareness occasionally lead to non-adherence to safety controls, policies and procedures.

At a glance

Reducing accidents

In line with Petra's value of 'let's do no harm' we follow a proactive and integrated approach, focusing on anticipating and preventing harm to our people. In order to achieve this we apply a robust workplace risk management system where frontline leadership, as well as all employees, play a critical role.



43%

reduction in LTIFR since
FY 2013 was observed

Lowering lost time

We maintained a stable LTIFR in FY 2016, which fell short of our 10% annual reduction target.

A 43% reduction in LTIFR since FY 2013 was observed.

A bolter operator installing rock bolts in a kimberlite production tunnel through aerial support to provide a safe canopy overhead.



Combatting noise-induced hearing loss

A marginal hearing loss shift of greater than 10% from baseline measurement was recorded, which equates to 0.3% of the total workforce.



100%

of employees underwent medical screening

Supporting a healthy body and mind

Supporting healthy lifestyles brings immeasurable benefits to both the Company and the individual.

100% of employees underwent medical screening in FY 2016 and no cases of silicosis were diagnosed.



Health and Safety



Overview

Our commitment to ensuring every employee returns home safely every day is the foundation of how we operate. We remain focused on identifying and reducing all health and safety risks at our operations, as this has the potential to adversely affecting our people, including contractors and suppliers, our operations and our licence to operate.

Our approach

Overview

Our health and safety strategy focuses on improving our ability to proactively identify and prevent harm to our people. In order to prevent unwanted events, our health and safety management system requires us to identify and manage significant risks. In this regard we are committed to maintaining a sound health and safety management system, focused on continual improvement and striving towards a resilient workforce.

System

The foundation of our health and safety management system is based on the ISO 31000 risk management principles and implemented using the OSHAS 18001:2007 system that requires health and safety to be fully integrated into all our activities. Third party certification measures provide assurance on enhancement of performance, compliance, continual improvement and achievement of our stated health and safety objectives. All our underground pipe mines maintained their OHSAS 18001:2007 third party certification.

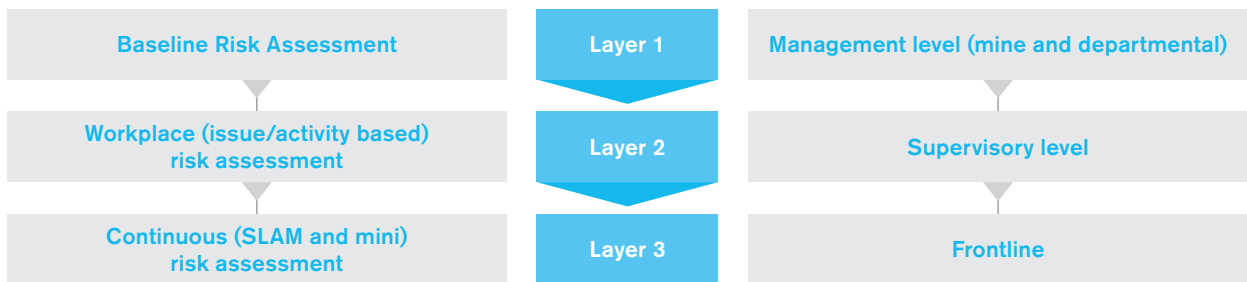
Capacity and competence

Petra's health and safety management structure has been set up to ensure that each operation has adequate resources made available to it for the effective management of health and safety.

Each of our mining operations has its own health and safety department, headed up by a departmental manager, supported by functional specialists covering the following functions: occupational medicine (occupational and primary health), occupational hygiene (hygiene, ventilation and emergency preparedness and response) and safety.

Operational risk management

The Company follows a risk-based operational risk management framework consisting of a layered approach:



Controls are developed to mitigate all risk-rated significant issues and activities in the form of operational procedures and detailed, effective mandatory codes of practice, backed up by the development and delivery of measurable health and safety standards and targets, taking into account both local legislation and industry best practice.

Case study: emergency preparedness at the mines



The Finsch fire team in full gear in front of the Finsch fire station – ready for any contingency.

Emergency preparedness at our operations is of the utmost importance and in this regard various proactive systems have been implemented to ensure effective responses to various risk-based scenarios.

Petra has elected an emergency co-ordination committee, whose purpose is to ensure that all underground operations are prepared and maintain high levels of professionalism.

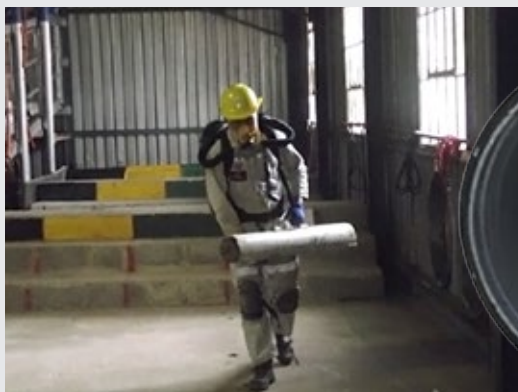
Each of Petra's underground mines has a well equipped and trained emergency rescue team, as required by legislation. Each team is made up of cross-functional, competent individuals, trained by South Africa's Mines Rescue Services ("MRS").

All individuals proceeding underground are equipped with battery-operated cap lamps and belt-worn self-contained self-rescuers to ensure that they are not exposed to the harmful pollutants in the air in the event of an

underground fire. Selected employees are also equipped with monitoring equipment to monitor for gases.

Control rooms are in place and, in the event of an emergency, the relevant Proto Team can be dispatched from this area to attend to the emergency. Meanwhile, escape routes lead employees to refuge bays that are equipped with life-sustaining elements (water, air, communication and first aid equipment). Once employees are safely in the refuge bays, attendance records are checked to ensure that all are present. Once the Proto Team has carried out the work required to ensure a safe exit, employees can be evacuated from the refuge bays.

All of Petra's mines also have Surface Fire Teams which are specifically equipped and trained for any emergency that surface employees could face, as well as emergencies within our mining communities.



Assessment and training of Proto Team members are designed to closely resemble real-life conditions that could be encountered. The Proto logo – proudly worn by those who voluntarily serve to ensure the safety of the mine and their colleagues, regardless of the dangers to themselves.



Health and Safety

Our approach continued Occupational health and hygiene

Supporting healthy lifestyles brings immeasurable benefits to both the Company and the individual. All employees and contractors are subjected to legislative-based minimum standards of fitness to perform work. This is honoured through on-site occupational health centres performing the assessments. Workplace conditions are monitored by the occupational hygiene sections to ensure workplaces are within the occupational exposure limits and standards.

Our significant occupational health risk relates to noise-induced hearing loss. In this regard our approach consists of reducing the hazard at source, isolating employees from the hazard and providing customised protection against any remaining harmful exposures.

Primary health

In South Africa, all employees belong to a recognised medical aid fund, whilst in Tanzania, the employees benefit from a subsidised health care service discharged through the Company hospital and the National Social Security Fund, which provides additional medical support to the insured and their dependants. The primary health risks in the communities which impact on our workforce are: hypertension, diabetes, obesity, HIV/AIDS, tuberculosis and, in Tanzania, malaria. In this regard we have extensive programmes to mitigate the impacts on our people in collaboration with Government entities and NGOs.

Employee wellness

In addition to primary health care and occupational health services, Petra provides employees with an employee assistance programme which includes lifestyle, psychological, financial, legal and substance dependence counselling and assistance. Employee assistance programme information and advice are communicated using various internal communication platforms.

Safety

While Petra's mining methods and operations are inherently safe, accidents can happen. For this reason Petra aims to have a deeply ingrained safety culture, backed up by effective systems and processes, with managers on all levels of the business leading by example.

A risk-based management approach is followed throughout the Group, which entails continual hazard identification, risk assessment and instilling awareness into the workplace culture. Our significant safety risks relate to the moving of mobile machinery, fall of ground, supported and suspended loads, isolation/lockout, uncontrolled detonation of explosives and electrocution.

Health and safety committees

In accordance with legislative requirements, health and safety is managed in a joint manner involving management and employees. Functional health and safety committees (comprising supervisory, union and management members) are established and active at all South African operations. The health and safety committees meet monthly and concerns identified during these meetings are taken to the health and safety collective meeting, which takes place annually.

Employee representation in health and safety committees accounts for 6.4% of our workforce, or one representative for 16 people.

Performance in FY 2016

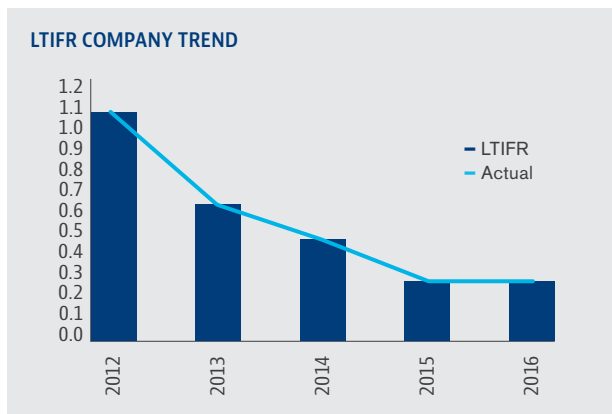
Safety

Petra maintained a stable safety performance, which is a good achievement in light of the heightened activities surrounding the many expansion projects currently underway (an increase of 3.3 million risk hours), as well as in comparison to industry norms, particularly underground operations.

It is with deep regret that Petra experienced a fatality in July 2015 at the Cullinan tailings treatment plant, which was equipment related and happened whilst maintenance work was conducted, leading to a recorded Group aggregate fatal injury frequency rate of 0.01.

The Group aggregate LTIFR has improved by 43% since FY 2013, which can mainly be attributed to the health and safety strategy focus areas, regular health and safety interventions, an effective operational risk management process and quality controls implemented and maintained at all operations.

As displayed below, Petra maintained its LTIFR of 0.29 per 200,000 hours for the financial year under report.



Health

Petra has made solid progress in standardising health surveillance and other related controls in order to improve efficiencies.

A marginal hearing loss shift greater than 10% from baseline was recorded, which equates to 0.3% of the total workforce.

Zero silicosis cases were recorded.

100% of all employees were subjected to medical fitness screening, whilst the voluntary Wellness Day attendance increased by 9% to 41% of the total workforce.

85% of the employees diagnosed with primary health risk issues (hypertension, diabetes, obesity and tuberculosis) are monitored in accordance with their risk profile.

HIV voluntary counselling and testing ("VCT") is provided to all employees and 31% of the workforce participated in this programme.

Petra Diamonds employees – serious about health



Petra employees have their health checked during Wellness Day at Kimberley.

Invest in your health today, or spend on your sickness tomorrow.

The great turnout at the recent Wellness Day events shows just how serious our employees are about investing in their health.

Between 9 and 26 May, Petra Diamonds 2016 Wellness Day events took place across our operations. Our health service providers – Momentum FundsAtWork, Momentum Health, OCSA, Fedhealth, Bonitas, RMA, Careways and Multiply – engaged with employees and educated them on their health benefits.

An important part of a healthy lifestyle is knowing your health status. Tracking key health indicators helps to detect possible health issues earlier rather than later and take steps to improve health status. To ensure as many employees and contractors as possible had an opportunity to know their health status, easy access to health screening stations was arranged. These were available before and after each underground shift and located close to the shaft stations at most operations.

A great turnout

In total, 2,546 employees/contractors completed health assessments, 2,328 employees completed biometric screenings, 586 employees were tested for HIV and 950 employees had a flu vaccination.

Wellness Day participants who provided their mobile phone numbers were registered for ‘Hello Doctor’. This unique service offers direct, confidential interaction with qualified medical doctors through a mobile phone. Employees who are members of private medical funds (Momentum Health, Fedhealth and Bonitas) were referred to a case manager for further education and assistance in managing their health. Employees who indicated that they had stress or anxiety were also referred to Careways to be assisted.

We are looking forward to the next event and to hopefully improve on the good turnout we had.

A first!

Underground stations at Cullinan enabled employees to be screened during their shifts.

Take action

Make simple lifestyle changes that put you on the wellness track.

Better health

We are building a stronger community by investing in programmes to improve their health and wellbeing.



OUR PEOPLE

Harnessing our greatest asset

Helping our employees to realise their full potential will greatly benefit both the Company and the individual.

Achievements in FY 2016

- ▶ Increased investment in focused training programmes to develop our employees and ensure the future success of our operations.
- ▶ Materially stable labour relations in South Africa.
- ▶ Restructuring of our Group and BEE holding structures in South Africa to allow for the IPDET to hold a consistent 12% interest in each operation, effective 1 July 2016.
- ▶ Management development programmes embedded in our education and development pipeline.

Challenges

- ▶ Skills shortages in certain specialist areas.
- ▶ Labour relations, particularly during the planning and initial roll-out phases of the restructuring of Petra's Kimberley operations further to the Kimberley Mines acquisition.
- ▶ The employment of women in the mining industry continues to pose inherent challenges.
- ▶ The challenges facing education in South Africa mean that a small portion of our workforce is not literate.

At a glance

Training and development

We place great emphasis on personal development to help employees to achieve their full potential.

26,055

of legally required training incidences performed in FY 2016

Local employment

Encourages a more stable and cohesive workforce and contributes to the development of local communities.



100%

of new employees hired indicated the operation's host province as their permanent residence

Two Petra operators stand between scrubbers at the central treatment plant, Kimberley Ekapa Mining.



Leadership Development Programme (“LDP”)

Our LDP is a vital tool which enables us to identify candidates and develop employees into future leadership positions.



28%

of candidates on our LDP are female

Graduate work experience

We provide the opportunity for young graduates to gain work experience in the mining and minerals sector.

88%

of our young graduates are HDSAs



Our People

Our approach

Acquiring and making the best use of resources is critical for growing and sustaining any organisation. Petra is therefore cognisant that its people are its most valuable resource, since it is they who can unlock the value of all the Company's other assets and resources.

In line with our can-do culture and values, a high premium is placed on employees being empowered and accountable for their actions as it is our belief that this enables them to work to the best of their ability. Our approach is to foster a culture which encourages and rewards innovation and creativity in the workplace, and we are continuously investigating opportunities to enhance this.

The diversity of our workforce is regarded as one of our biggest strengths, which needs to be nurtured to gain a strategic advantage. In order to improve diversity and reap its advantages, treatment of all employees with respect and dignity is regarded as a given and non-negotiable.

Our approach to the fair treatment and sustainable development of our people is cemented by a suite of Group-wide HR policies which ensure an equitable and well regulated HR environment as well as compliance with all relevant local employment legislation.

Our workforce

As at 30 June 2016, we employed a total of 10,763 people (30 June 2015: 8,268), excluding the five Non-Executive Directors appointed to the Petra Board. See page 58 for the breakdown of the Petra employee and contractor numbers for FY 2016.

The number of permanent employees has increased to 5,005 (FY 2015: 4,425) mainly due to the acquisition of an interest in the Kimberley Mines from De Beers Consolidated Mines on 18 January 2016 and the ongoing development projects at the respective operations that are enabling increased production.

A further substantial increase in the number of contractors to 5,763 (FY 2015: 3,843) related to the progression of Petra's development projects and, in particular, the construction of the new plant at Cullinan.

Local hiring

Recruiting from our local communities makes sound business sense, as it encourages a more stable and cohesive workforce, contributes to the development of local communities and decreases dependence on Company-provided services such as transport and housing.

It is also a regulatory requirement in terms of the South African Mining Charter (the "Charter") and our prescribed Social and Labour Plans ("SLPs"), which 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.

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

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

Of new employees directly recruited by Petra's South African mining operations during FY 2016, 100% indicated the host province of the operation concerned as being their permanent residence.

South African head office personnel, many of whom are located at several satellite facilities at operations, are mostly recruited from the areas where they will be based. For FY 2016, 39% of South African head office recruits were from the Gauteng Province (in which the Bryanston head office and the Cullinan Group offices are located), 42% from the Northern Cape, where the Kimberley satellite office is based, and 19% from the Free State, since the Group Projects office is located in Koffiefontein.

At Williamson, around 30% of Williamson employees are from the local Shinyanga District, while local employment by contractors to the mine vary between 38% and 94%.

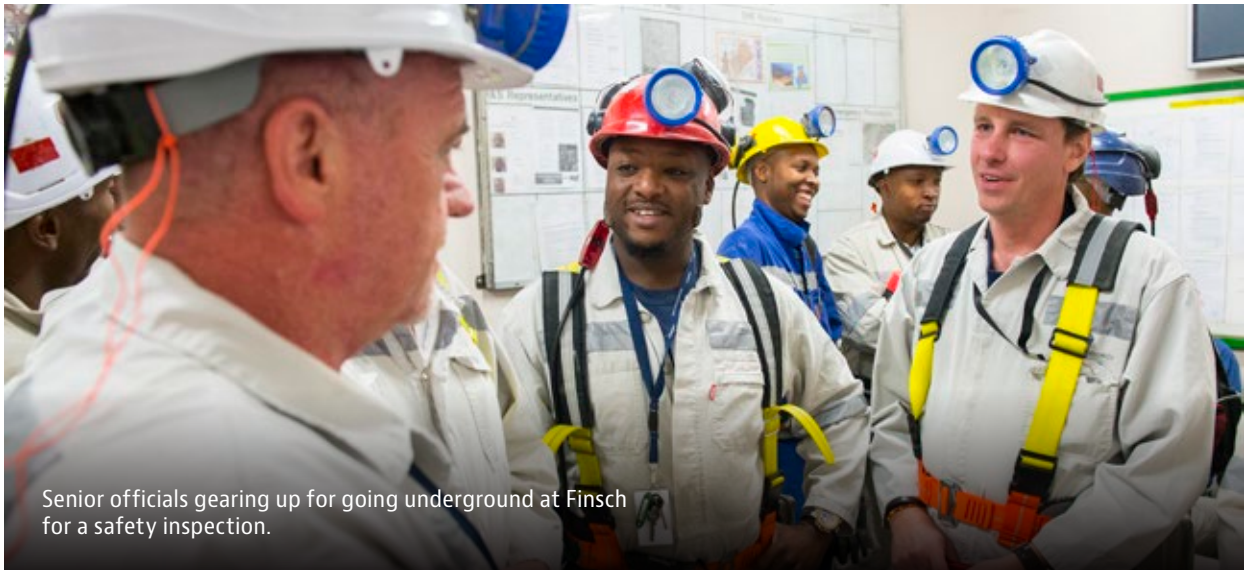
Staff retention

Although there is still competition in the labour market for semi-skilled and skilled employees, and a shortage of certain specialised skills, strained economic conditions in South Africa, in part due to the commodities downturn, has taken some pressure off recruiting for and retaining skills.

What is more, the remote location of most of our operations means that the host communities present a limited pool from which to draw skilled employees and it can be difficult to attract these skills from the larger urban centres.

Staff retention is therefore important and remains a key challenge for Petra. However, it is our belief that our comparatively low staff turnover rates, which are on par with those of the mining sector and industry in general, largely result from the creation of a challenging but pleasant work environment and remuneration policies that are designed to attract, incentivise and retain individuals of a high calibre.

In FY 2016, our total employee turnover improved from 17% to 7%, though figures for FY 2015 were impacted by retrenchments at the Helam fissure mine. The turnover level in FY 2016 is in line with the current average turnover rate for the South African mining industry at 7%, although this has varied considerably during the recent past due to volatile economic conditions. See page 58 for the breakdown of the Petra Group turnover rate for FY 2016.



Training and development

The training and development of employees is a core enabler of a successful and sustainable operation. Apart from ensuring that employees possess the required skills to perform the duties expected of them, it also serves to broaden their horizons from merely performing a duty to building a career. This in turn acts as a motivator, improving commitment and dedication, and contributing to employee satisfaction and retention. For this reason, Petra regards the provision of both legally required and career-oriented training in technical and non-technical disciplines as a key priority.

Our investment in staff training and development in South Africa increased 3.5% in Rand terms for FY 2016 to ZAR84.2 million (circa US\$5.8 million) (FY 2015: ZAR81.3 million (circa US\$6.7 million)), while US\$53,443 was spent in Tanzania. See page 59 for a breakdown of Petra’s training and development expenditure for the Year.

For FY 2016 no Mining Charter target was applicable (FY 2015: 5%) but we planned to achieve an expenditure of at least 5.5% of operations’ payroll. This target was significantly surpassed with an average of 7.4% at Group level.

Main areas of expenditure continued to be in-house safety and technical training, technical training outsourced to specialist external training providers, engineering and rock-breaking learnerships, internships and centralised leadership and management development programmes.

A total of 26,055 instances of legally required training were presented across the operations during the Year (FY 2015: 5,775). These are mostly health and safety-related courses required by legislation and aimed at improving workplace safety. This is a

marked increase from previous years, and correlates with the increase in the number of contractors at the operations due to development projects.

The training programmes at Williamson continue to focus on ‘on-the-job training’, which includes training through regulatory bodies such as OSHAS and Association for Tanzanian Employers (“ATE”), as well as external learning events, such as formal original equipment manufacturer 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.

Leadership Development Programme

Petra’s Leadership Development Programme (“LDP”) remains 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. At the end of the two-year programme all participants receive a Higher Certificate in Generic Management (NQF Level 5).

The LDP 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.

During FY 2016, 61 employees participated in the Leadership Development Programme (excluding five who withdrew from the course during the Year), and a total of 40 learners graduated from the programme this year. The LDP is considered to be an important opportunity to improve management diversity, both by race and by gender, with 28% of participants being female. This focus is evident in the LDP participant categorisation set out below:

	African male	African female	Coloured ¹ male	Coloured ¹ female	White male	White female
Year 1	9	2	3	1	4	2
Year 2	9	3	7	0	2	2
Year 4/5 combined	5	4	1	1	4	2

1. The term ‘coloured’ is the official and accepted term used for historically disadvantaged South Africans (“HDSAs”) of mixed descent.



Profile: Patricia Lubisi

Leadership Development Programme – opening avenues to excellence

Petra's Leadership Development Programme ("LDP") is one of the programmes that assists the Company in identifying leadership talent, can develop both the leadership and technical skills of employees and supports individuals after promotion to achieve their full potential. One of the star candidates on the programme is Patricia Lubisi, who is a Safety Officer at the Kimberley operations.

What stands out about Patricia is that she, whilst being a single parent, worked so hard that she managed to complete the LDP and almost a tertiary qualification in three years, making use of Petra's study assistance scheme for her UNISA studies. During her involvement with the LDP, she was promoted from a Miner position to that of a Safety Officer, which attests to her performance. Being a woman in mining who worked in the operational environment and then in the safety environment, but still underground, is also commendable, since a career in safety is often seen as a way out of working underground. Integrating the value of the LDP and the study assistance scheme empowered Patricia to develop both leadership and technical skills, both being critical to career progression.

Her attitude of making things work despite challenges is strongly aligned with our organisational culture. A few times, she could not be released to attend training schools but, despite that, she submitted her work and was found competent. To cope with a new job and new work environment as well as a new supervisor, also presented her with challenges, which she managed to cope with excellently.

That she joined the Company in 2012 and was selected for the LDP in 2013 is a good indication that her leadership skills must have been recognised straight away. To achieve what she did in four years is not easy.

We sat down with Patricia and asked her a few questions regarding herself and her involvement in the LDP:

Tell us about yourself.

I was born and raised in Koffiefontein in a household with five other siblings, and matriculated at Reikaeletse Secondary School in Koffiefontein in 1992. I am a mother of two beautiful children: a son, Lindokuhle, aged 16, and a daughter, Rhandzu, who is eight years old. Our little family is currently based in Kimberley, where I love fieldwork – visiting people who are in need or troubled, and assisting with what I can – during my free time as a means of putting my religious beliefs into practice. I also love reading and I enjoy cooking.



Tell us a bit about how you became involved in the mining industry and how you became part of the LDP.

I joined the Company in January 2012 as a Development Miner at the Koffiefontein operation. In June 2013, I joined the LDP programme with the hope of equipping myself educationally. When the programme changed, I continued with the streamlined version in June 2014. I also enrolled with UNISA in June 2013 to do my diploma in safety management, which I will complete by the end of 2016.

You moved from mining to safety – how did that happen?

Whilst being a miner my emphasis was totally on the safety of the people I worked with. I was then given an opportunity to act as a relief Safety Officer from June 2013 as the need arose.

I got a Safety Officer position in June 2014 and joined the Kimberley family. My passion for safety grew as I improved my skills, knowledge and experience.

Describe your LDP experience.

I have been ambitious for as long as I've known myself and thrive on being challenged. I joined the LDP to improve on my interpersonal, technical and management skills to make a meaningful contribution to the Company and be 'Proudly Petra'.

I have grown as a person through the LDP by sharpening my existing soft skills as well as identifying my shortcomings to make myself a quality leader in my scope of work and for future endeavours.

I enjoyed project management a great deal and don't see it as a monster anymore – instead I see it as something to involve myself in so as to gain experience and add value from a safety perspective. The highlight for me was the 'Leadership and influence' module of the LDP, as the wellbeing of people is dear to my heart. I have learned to be an active coach in my working environment by understanding the dynamics of teams and teamwork. General management gave me perspective of the Company I work for and how it came into being as well as what the foundation layers are.

I am enlightened on an emotional level and I have gained confidence in decision making, leading, planning as well as accepting accountability for the safety of those who I am responsible for and the broader family of Kimberley Underground.

I really believe that the LDP is a starting place for those who want to improve on their current life status. It is a valuable initiative from the Company in creating an environment of growth through learning by equipping employees with different skills to improve their lives both off and on mine. With hard work, determination and completion of this qualification, for those who did not have the opportunity to obtain one, the LDP is the way to go.

What do you predict for your own future?

My dream now and in the future is to be the best I can be in everything I am doing as a mother, sister, daughter, employee and citizen of Mzansi (South Africa) by using my God-given talent, skills, knowledge and experience to bring change to my surroundings and the lives of those who I come into contact with.

Training and development continued

Adult basic education and training

Due to the country's unique history and the comparatively poor standard of education, South Africa has to deal with relatively high levels of adult illiteracy.

For this reason, we make it possible for all employees who want to improve their literacy and numeracy skills to do so via our Adult Basic Education and Training ("ABET") programme. ABET is provided free of cost or obligation to all learners and the focus is on developing numeracy and literacy skills through the use of multi-media computer-based training or facilitated learning.

ABET training facilities that are equipped for such training are available at all of our South African operations. In total the facilities were used by 106 enrolled learners in FY 2016, including 13 community members.

Due to the comparatively high level of education at Williamson, no ABET programme/facility is currently available at the mine.

Portable skills training

One of the issues facing employees at South African operations is the portability of their skills, i.e. their skills do not allow them to enter self-employment at the end of their careers or at mine closure. Operations therefore plan and budget for portable skills training to equip employees with such skills.

Training is provided through courses such as mechanical repairs, electrical, welding and cutting technology, business skills, carpentry and a number of computer training modules. A new addition to the courses offered is the opportunity for employees to qualify for their driver's licences, without which their opportunities for career progression and self-employment are limited.

Although employee commitment to portable skills training has often proven to be low in the past, significant progress has been made in this regard. In FY 2016, 154 employees entered such training programmes, of whom 116 successfully completed their courses, while 36 were still active on programmes by the end of the Year.

The issue of portability of skills also extends to local residents who are not employed by the mine, but reside in the surrounding communities. For this reason, some of these programmes are also extended to community members. In FY 2016, a total of 33 community members were enrolled, of whom 14 had successfully completed their courses by Year end, while the remainder were still active.

Study Assistance Scheme

Petra provides a Study Assistance Scheme, which is available to support employees to obtain tertiary qualifications or other training relevant to their current positions or positions that they can reasonably be expected to hold in the future.

The objectives of this scheme are to not only promote employability at the end of a career in mining, or in the event of mine closure, but also to provide employees with the opportunity for career progression, thereby qualifying the employee to apply for alternative positions in the Company. Assistance is provided in the form of a service obligation, an interest-free loan or study leave.

Bursary scheme

Petra's bursary scheme focuses on supporting promising students studying towards higher qualifications in the core disciplines of the mining industry, and forms part of the South African mines' SLP commitments. The bursary covers the cost of the studies as well as accommodation and allowances and is only available to South African students.

For the 2015 academic year, the Company sponsored 21 full-time bursars and 1 part-time bursar. For the 2016 academic year, 20 full-time bursars and 1 part-time bursar are now being supported. The tuition fees of the part-time bursars, who are doing postgraduate studies, are sponsored by the Julian Baring Scholarship Fund, which was profiled in last year's Sustainability Report.

The group of full-time bursars is suitably diverse, consisting of 13 African males, four African females, one coloured male, one Indian male, three white males and one white female, meaning that it is comprised of 86% historically disadvantaged South Africans ("HDSAs"). As part of the scheme students are supported to do vacation work or practical modules at operations as required by their respective institutions.

A total of ZAR2.7 million (circa US\$181,131) was spent on the bursary scheme during FY 2016. Budgetary support for the bursary scheme (at the exchange rate for the year in question) and a further ZAR3.3 million (circa US\$225,908) has been budgeted for FY 2017.

Young graduate work experience project

This project was launched in FY 2015 to provide an opportunity for young graduates to gain work experience in the mining and minerals sector, thereby improving their chances of employment, and was evaluated to be very successful.

It was therefore expanded in FY 2016, with the number of young graduates on the programme increasing from 11 in FY 2015 to 25 in FY 2016. Of the participants in this project, 88% are HDSA. Following completion of their studies, graduates are then employed by Petra for a period of time, during which they work with similarly qualified employees to gain experience. Due to the success of this project, this period of employment was increased from six to 12 months as from the start of FY 2017.

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.

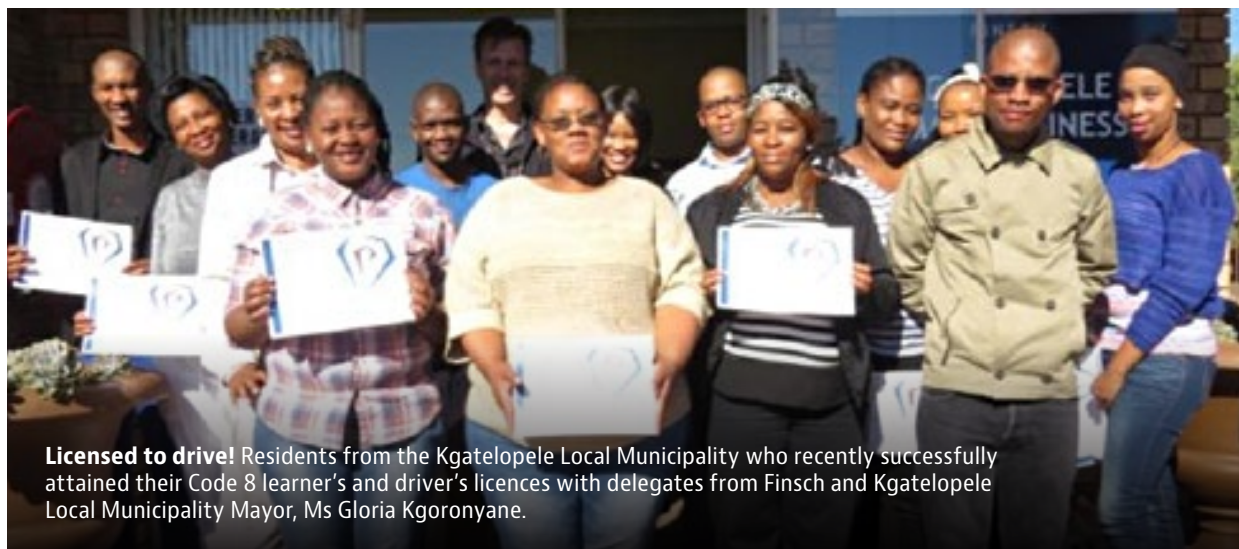
Learners are recruited from inside and outside the Company. Currently we have learners on a number of programmes ranging from various engineering disciplines (e.g. electrical, fitter, instrumentation, etc.) through to rock breaking and metallurgy.

The number of learners participating in FY 2016 was 127, of which 67 were engineering related, while the remaining 60 were in disciplines such as rock breaking and metallurgy.

The total cost of learnerships for FY 2016 was ZAR14.8 million (circa US\$1.2 million) (FY 2015: ZAR16.6 million (circa US\$1.4 million)).



Our People



Licensed to drive! Residents from the Kgatelopele Local Municipality who recently successfully attained their Code 8 learner's and driver's licences with delegates from Finsch and Kgatelopele Local Municipality Mayor, Ms Gloria Kgoronyane.

Giving our communities the tools to empower themselves.

Most successful people ascribe their achievements in their personal or work life to hard work and making use of opportunities that came their way. In keeping with this, Petra believes that upskilling people in our communities is important, as it is one of the most effective ways of overcoming the legacy of unemployment in the region.

Finsch recently identified an opportunity to empower unemployed residents from the Kgatelopele municipal area, where the mine is located, with the skills to enhance their employability or self-employment.

A total of 20 learners were selected by Finsch from the various wards of the local municipality to obtain their Code 8 learner's and driver's licences which would allow them to drive light motor vehicles on public roads.

The learners were given the necessary guidance and skills by an external service provider over a period of a couple of months, depending on the skill level of each person, to ready themselves to do the tests.

They then proceeded to write their learner's licences. Students who failed at their first attempt were given a

second chance to write the exam. To achieve the skills for obtaining their driver's licences, the learners were given a maximum of 15 lessons after which they took their driver's test. Of the 17 applicants who started the training, 14 passed their learner's licences. From the 14 who passed their learner's licence, 12 passed their driver's licence.

At a special ceremony, the successful learners were presented with certificates for their hard work and commitment to the programme. Attending the ceremony with the learners were delegates from Finsch Diamond Mine as well as the Mayor of Kgatelopele Local Municipality, Ms Gloria Kgoronyane.

Speaking at the event, Mayor Kgoronyane thanked Finsch for the continued support that the Municipality receives from the mine to uplift the community of Kgatelopele. She went on to encourage the learners to make the most of the opportunities that they receive.

The Code 8 driver's licence project forms part of Phase 1 of the Community Skills Development Programme and will be followed by Phase 2 (Code 10 driver's licence for vehicles up to 3,500kg) later during the 2016 calendar year.

What some of the learners had to say...

Luctor Roode, General Manager of Finsch, and Mayor Gloria Kgoronyane congratulated the successful learners on their achievements.



"For the last 14 years it has been my dream to get my driver's licence, and now I have it. This has given me the courage to follow my next dream of becoming a Mechanic Helper, as helping to fix cars has always been a hobby and interest of mine since I was small."

Lucretia Slinger



"After just ten lessons I managed to pass my driver's licence. I am so excited as I know this will open doors for my career path."

Gibson Mfumba



"I can't describe how happy and grateful I am to Finsch. Now I can go on to work on my Code 14 driver's licence and become a truck driver."

Moheletsu Mogatle

Diversity

Petra is of the view that diversity is an important business benefit as it allows for a broad range of views, experiences and backgrounds to be drawn upon for the benefit of the Company.

As such, Petra has a policy of no tolerance to discrimination on factors such as gender, race, ethnic origin, colour, nationality, marital status, disability, religion or sexual orientation. Given our commitment to fair employment practices, these criteria are not used to discriminate against individuals, and this is reflected in equitable remuneration scales and benefits.

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.

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.

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

Diversity management workshops were further rolled out to all the South African operations during FY 2016 as planned and we intend to continue to roll out more extensive diversity workshops during FY 2017. The aim is to raise awareness about issues pertaining to diversity and to empower management with skills to effectively deal with diversity matters.

In addition to the above, and cognisant that there are still certain shortcomings in our support and implementation of diversity, we have recently partnered with the University of the Witwatersrand ("Wits") Centre for Diversity Studies ("WiCDS") in raising awareness among those at management level.

The programme consists of the diagnostic phase which was conducted during May/June 2016 at Petra's various South African sites, including the administrative office in Johannesburg. It was followed up by a readiness phase, whereby top management engaged in constructive conversations around diversity. The next programme will be a 'Leading Transformation' initiative,

with management teams simultaneously taking part in a series of diversity workshops with employees at all the operations.

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.

The Company has procedures in place to ensure that cases related to discrimination can be reported appropriately. During FY 2016, three cases relating to discrimination were raised by the trade union. Upon further investigation, the allegations were found to be related to misconceptions and Petra therefore was able to address the matters fully with the trade union concerned.

Women in mining

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

Petra has a number of initiatives which look to develop women into managerial positions, such as the LDP, which has since its inception focused on the advancement of women (currently 28% of learners are female). Furthermore, 43% of the Company's interns and 41% of experiential trainees are women. In addition, 43% of candidates on Managerial and Executive Development Programmes ("MDP" and "EDP") are female, while 58% of the Company's scholarship positions are filled by girls from local schools.

In FY 2016, the number of women as a percentage of our workforce continued its improving trend to 18% (FY 2015: 17%) and the percentage of female senior managers increased to 6% (FY 2015: 3%), with the percentage of females at management level remaining stable at 19% (FY 2015: 19%). Of new recruits during FY 2016, 14% were women.

Women in Mining Committee

Petra's Women in Mining ("WIM") Committee was formed with the aim of creating a platform for women at Petra's South African operations to share experiences, identify challenges in the workplace and promote development opportunities.

The WIM Committee is tasked with reviewing Company policies and procedures, with the goal of attracting and retaining female representation in the Group, as well as providing input and recommendations to management on issues relating to women. The WIM Committee meets every quarter and provides input and feedback to the Petra Group HSEQ Steering Committee.

Breakdown of diversity across the Group in FY 2016

FY 2016	Men		Women		Total
	Number		Number		
Board	7	87%	1	13%	8
Senior Management	32	94%	2	6%	34
Management	200	82%	45	18%	245
Employees	3,873	82%	845	18%	4,718
Total	4,112	82%	893	18%	5,005



Our People

Highlights for the Petra Group WIM Committee in FY 2016

- ▶ Implementation of a Women in Mining Policy.
- ▶ The South African Chief Inspector of Mines issued guidelines for the Mandatory Code of Practice ("MCOP") in relation to the provision of PPE for women in the mining industry. The MCOP has been drafted and implemented and it is currently being enforced.
- ▶ Further to the above, testing to ensure PPE appropriate to WIM has been conducted and new standards agreed upon across all the South African operations.
- ▶ Implementation of a training module specific to WIM, which includes the following:
 - ▶ historical background of WIM in the South African mining industry;
 - ▶ appropriate PPE specific to WIM;
 - ▶ health and wellness;
 - ▶ sexual harassment in the workplace;
 - ▶ pregnancy and breast feeding; and
 - ▶ general dress code.

Women in Mining

An annual Women in Mining Conference is held every year in Johannesburg, thereby providing a platform for South African women to network, share experiences, identify challenges in the workplace and encourage and promote development opportunities for women in South African mining.

Petra was well represented by woman from different technical positions at the 7th Annual Women in Mining Conference held in Johannesburg during February 2016.

Kagiso Mothoa, Operational Foreman OSP from Cullinan, was an excellent ambassador for Petra Diamonds and gave an outstanding presentation during the conference about accommodating pregnant women in mining by catering to their special needs through policies.

WIM slogan: "Wa tinta umfazi wa tinta imbokodo." It's a Zulu saying which basically means: "When you strike a woman you strike a rock."

Labour relations

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

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 70% of the total workforce.

Our employees in South Africa belong to three unions: National Union of Mineworkers ("NUM") (56%), which represents the majority of our workforce; Solidarity (5%); and the United Association of South Africa ("UASA") (9%). 30% of our South African workforce is not affiliated with any union.

In Tanzania, approximately 60% of our employees are affiliated with the National Union of Mines and Energy Workers of Tanzania ("NUMET"), while the Tanzania Mines, Energy, Construction and Allied Workers Union ("TAMICO") represents the balance of the unionised 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.

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 enhance employee relations, Petra has a number of internal communications initiatives in place, and provides economics training for union representatives in order to empower them with business knowledge.

FY 2016 marked the second year of the Company's three-year wage agreement with NUM in South Africa. Labour relations are currently stable, but the Company remains vigilant and continues to monitor the situation across its South African mines.

We are also committed to continuous engagement with the recognised trade unions at our operations in order to resolve concerns as and when they arise. An important part of this approach was the holding of team-building sessions at all the mines in South Africa between mines management and the leadership committees of the recognised trade unions in order to discuss and resolve ongoing issues that affect their relationship.

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 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.

Labour relations continued

Employee communications

Effective workplace communication is regarded as the most important determinant of establishing the desired culture and work environment that will facilitate success. Petra therefore recognises that effective workplace communication and consultation is key to the success of our operations, and the Group endeavours to ensure the appropriate level of employee involvement and communication.

A two-pronged approach is followed to improve workplace communication. Firstly, suitable channels and media for internal communication, such as the installation of digital display screen systems, are created throughout the operations which serve to provide employees with relevant and up-to-date communication on operational performance and issues of general concern, as well as corporate matters, such as Petra’s strategic statements and values and the Petra Code of Ethical Conduct. Regular publications, both at Group and operational level, serve to regularly keep employees informed with regards to Company-related matters.

Secondly, Petra aims to empower employees, notably those in supervisory positions, with the necessary communication skills. This consists of workshops with small groups of line supervisors, during which they are trained in the different elements of effective workplace communication and practical communication skills. Such training commenced during FY 2015 and continued throughout FY 2016, but remains a challenge due to the availability of time and resources.

In addition to the Group’s website (www.petradiamonds.com), which is regularly updated with current news about the Group, Petra maintains an employee-only intranet (on the SharePoint platform), 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. This is being extended to the kiosks system which was initially introduced at some operations during FY 2015 and is now being rolled out to all after a period of testing and some refinements. These information kiosks are particularly important for those employees who do not normally have access to a computer.

Petra’s official social media channels, both Twitter and LinkedIn, also provide a means of communicating real-time Company-related news and information to its stakeholders, including employees.

All mines issue monthly management briefings, which are used to update employees on progress and inform them about achievements, changes and policies. This is supplemented with special briefings whenever issues of such urgency or importance emerge that they require immediate communication to the workforce.

In addition, there are Group and operation-specific employee newsletters, which serve to highlight key operational developments, as well as providing insight into areas such as integrity, accountability, personal finance, safety and wellbeing.

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.

During FY 2016, 575 employees (11% of our workforce) were accommodated in hostels (FY 2015: 15%), as set out in the table below. The increase at Finsch (from 314 people in FY 2015 to 481 in FY 2016) is attributable to the development project underway there and the numbers are therefore expected to reduce in the near future.

	Single quarters	Percentage of the workforce
Finsch	481	44%
Cullinan	63	5%
Koffiefontein	17	3%
Helam	14	19%
Total	575	11%

Petra introduced the Petra Diamonds Assisted Home Ownership Scheme (“PD-AHOS”) in FY 2015 in order to tackle the lack of available housing in South Africa. Unfortunately, the PD-AHOS did not achieve much initial success due to the poor credit records from the commercial banks by those who attempted to utilise it.

The Company’s Accommodation and Housing Task Team, which comprises representatives from management and all recognised trade unions, therefore continued regular engagement in order to assess ways to improve the scheme and further investigations are continuing to see if the Company cannot introduce a better programme to assist in debt management.

Petra has further sourced the services of an architect to design the modular house which our employees can build under the PD-AHOS. The aim for FY 2017 is to build two show houses in empty stands belonging to the Company at Koffiefontein, thereby enabling employees to view and see the houses they can build for themselves.

In Tanzania, Williamson continues to provide accommodation for most of the permanent employees and some contractors, and in Botswana, tented field camps accommodate employees on field operations.



ENVIRONMENT

Protecting the environment

We conduct our operations in an environmentally sustainable manner by using resources responsibly, protecting and restoring the environments where we operate and mitigating the impacts of our operations.

Achievements in FY 2016

- ▶ Petra's continued focus on energy saving initiatives across all the operations realised an improvement in carbon footprint down from 0.18 tCO₂-e/ct in FY 2015 to 0.17 tCO₂-e/ct in FY 2016.
- ▶ Petra is shortlisted by CDP for 'Best year-on-year change in performance' for FTSE 350 companies.
- ▶ All Integrated Water Use Licences received for South African operations, apart from one (due in FY 2017).
- ▶ Petra recorded seven years without a major environmental incident materialising.

Challenges

- ▶ South Africa experienced the worst drought in 30 years, which exposed communities around Koffiefontein and Kimberley by means of water restrictions.
- ▶ Carbon tax implementation for South Africa is scheduled for 2017.

At a glance

Energy efficiency

The total carbon emitted (scopes 1 and 2) by the Group and its joint venture partner increased by 13%, in line with a 12% increase in gross electricity consumption related to the many development projects underway, as well as the new production from the Combined Kimberley Operations. Petra is targeting a 1% reduction in tCO₂-e/ct per annum over five years (2015 to 2020, with FY 2013 being the base year). This target was achieved.

Environmental incidents

We aim to minimise environmental incidents at all our operations and have processes in place to manage any incidents which may occur.



Zero

significant spillages
recorded during the Year

Sarah Sparks, Environmental Specialist, looks at the progress made with rehabilitation of a profiled dump at Finsch.



Waste management

Effective waste management, with an emphasis on reuse or recycling, is an environmental priority for Petra.



5,231t

of waste recycled during the Year

Biodiversity protection

We monitor our impacts on our local habitats in order to protect and preserve indigenous biodiversity.

9,800+ ha

protected land adjacent to our operations



Environment

Overview

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

Environmental responsibility is integrated into our strategic planning, management systems and daily activities, plus we aim to continually improve our environmental management systems and promote environmental awareness amongst our employees and the communities in which we operate.

Our approach

We are committed to full environmental legal compliance in the countries where we operate. Our Group HSE Policy also sets out our commitment to achieve a high standard of environmental performance across all our operations, as well as providing guidance on our Group HSE objectives and key performance areas.

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 initiatives.

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. All our operations, with the exception of one, are ISO 14001:2004 certified through the British Standards Institution ("BSI").

In addition, all operations have approved Environmental Management Programmes ("EMPs") in place. 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. These are 'living' legal documents that are approved by the various competent authorities in each country and updated on an almost continuous basis.

Legal compliance

There are a host of licences, authorisations and permits that apply to our operations, particularly from an HSE perspective. The need for, and periods of, validity of such permits are monitored on an ongoing basis at the operations supported by our dedicated compliance teams. There is continuous interaction with the authorities in this regard.

In South Africa, mining operations are required to follow the integrated water use licence application ("IWULA") process, with filings made to the South African Department of Water and Sanitation ("DWS"). We are pleased to confirm that all but one of our South African operations have now received their water use licences.

In Tanzania, permits have been issued for water extraction for use in our operations.

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 undertaken by external specialists every two years;
- ▶ Environmental Management Programme Performance Assessments carried out by third party specialists. The frequency of these assessments is determined by the commitments and agreements with authorities. 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 performed internally on an annual basis; and
- ▶ External ISO 14001 Audits performed by the certification body on certified operations at least once per year.

The results of external audits are communicated to the Board, while internal audits are communicated on-site only, with learning points distributed to all operations.

Risk management (ISO 31000)

The Company follows a risk-based operational risk management approach process aligned with the ISO 31000 risk management standard, which encompasses continual hazard identification, risk assessment and instilling awareness into the workplace.

Through our annual risk analysis processes, we identify significant environmental risks that provide focus for implementing or improving the required mitigation controls. Some of the top significant environmental risks include resource consumption, chemical management and response to emergency situations.

Environmental incidents

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

We classify incidents according to their severity, ranging from minor to major.

Incidents are recorded and managed on an ongoing basis and are only recorded as closed once all allocated actions have been addressed and the effectiveness of the corrective actions have been verified. Please see page 59 in the supplementary information section for a full list of all "Medium" rated environmental incidents (four in total) reported for the Year.

For the past seven years, no "High" or "Major" environmental incidents were reported at any of the Group's operations.

Environmental incidents continued

Spillage management

We define a significant spillage as any chemical spill that meets the following criteria: “The impact lasts longer than one year, will affect an area outside of the mining area, and the receptor area includes some sensitivity (vulnerable habitat/species).”

According to this criteria, there were no significant spillages at our operations during FY 2016.

Stakeholder engagement

Petra has processes in place to engage with its stakeholders on environmental matters, including the handling of issues raised by its local communities. During these engagements, a number of external complaints have been registered during the Year. The majority of complaints came from the community in Cullinan on noise from the processing plant. Koffiefontein also registered complaints around potential groundwater concerns and vibration. All the complaints were investigated and feedback provided to the complainants. None of the concerns raised are material to the operations concerned.

Climate change and energy usage

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

Our carbon reduction strategy is focused on the following goals:

- ▶ increasing economic viability through energy efficiency;
- ▶ improving the security of energy supply by decreasing dependence on non-renewable energy while evaluating ongoing developments in renewable energy technology;
- ▶ investigating the development of biophysical carbon sequestration strategies; and
- ▶ improving stakeholder awareness and education in order to promote environmental sustainability.

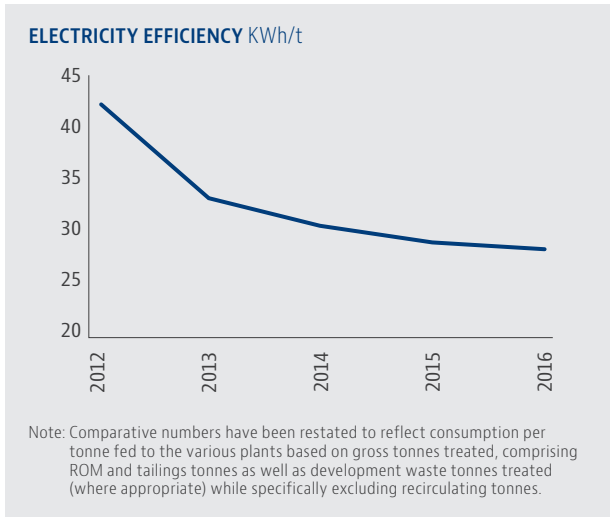
Diamond mining is less energy intensive than other types of mining, as evidenced by the fact that energy consumption (specifically electricity) only represented 15% of total cash on-mine costs in FY 2016. However, such fossil fuel energy sources are recognised as finite and therefore likely to become increasingly scarce over time. As a result, Petra’s short to long-term strategy is to reduce reliance on such energy resources and specifically to minimise its overall energy usage wherever possible. These initiatives have already assisted in reducing Petra’s carbon footprint by 6% since the previous report.

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.

The South African Government has confirmed that a carbon tax will be phased in from 1 January 2017 to 2021. A taxable rate of ZAR120 per tCO₂-e was announced, with this rate increasing by 10% per annum during this first phase of implementation.

Energy management

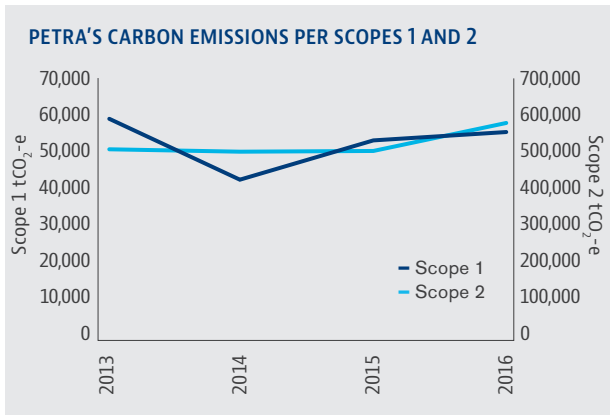
Petra’s total electricity usage for FY 2016 increased 12% to 585,142,068 kWh (FY 2015: 520,177,093 kWh), further to a 15% increase in gross tonnage throughput (including production attributable to its joint venture partner) for the Year and the high level of activity surrounding the Group’s many expansion programmes. These results are attributed to the many energy-saving initiatives which continued throughout FY 2016. See ‘Programmes to reduce emissions intensity’ on page 44 for further information on Petra’s energy reduction initiatives during the Year.



As a result of the increased production, our energy usage per tonne reduced 2% to 28.7 kWh/t (FY 2015: 29.4 kWh/t).

Carbon emissions

In FY 2016, Petra’s total carbon emissions increased 13% to 654,589 tCO₂-e (scope 1 and 2 activities only) (FY 2015: 578,073 tCO₂-e), due to an increase in gross electricity consumption related to the many development projects underway, as well as the new production from the Combined Kimberley Operations.



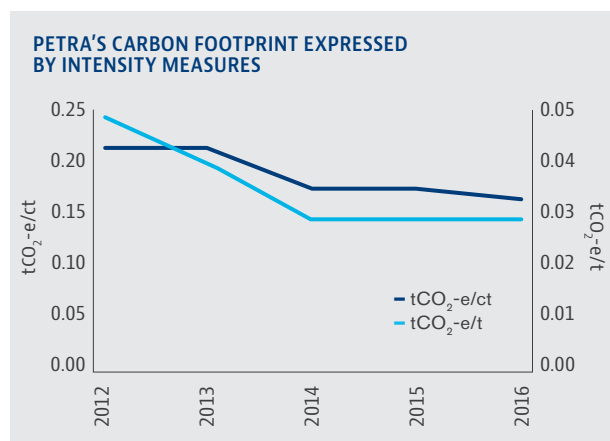
The Group’s target of a 1% reduction in its total carbon emissions per carat as measured per annum over a five-year period (2015–2020) from the 2013 base year was achieved. The graph on page 44 also shows the trend in reduction of Petra’s carbon footprint over five years, which has improved from 0.22 tCO₂-e/ct in FY 2012 to 0.17 in FY 2016.



Climate change and energy usage continued

Carbon emissions continued

Petra's carbon intensity per tonne (total tCO₂-e per production tonne) for scope 1 and 2 activities remained flat at 0.03 tCO₂-e/t (FY 2015: 0.03 tCO₂-e/t). However, this still represents a 16% improvement from the FY 2013 base year.



Another indicator used to display carbon footprint between various organisations with different products is to compare the volume emissions with revenue. According to this indicator, Petra's emissions stayed constantly below 0.002 tCO₂-e per US\$ for the past four years.

Petra is moving towards full reporting of GHG emissions. This is the first year that the carbon dioxide, methane and nitrous oxide emissions of the Company's material activities have been calculated. Methods as specified by the IPCC were used.

Independent verification

In order to test its internal environmental reporting mechanisms, Petra appointed a consultant to conduct an independent verification of greenhouse gas emissions reporting according to the principles and requirements of ISO 16064-3: Specification with guidance for the validation and verification of greenhouse gas assertions, gas emissions and removals at the South African operations for FY 2015. The aim of the assessment was to verify whether the scope 1 and scope 2 emissions as reported were accurate, complete, transparent, consistent, relevant and conservatively determined.

Based on the assessment, the greenhouse gas emissions for scope 1 and scope 2 stated by the Company in the 2016 CDP submission are within 5% materiality and are a fair representation of the data and information assessed. The consultant is of the opinion that the principles and requirements of DEFRA were met, and concludes that the data applied in the GHG calculation sheet represents a faithful, true and fair account of GHG emissions for FY 2015.

The same methodology was applied for FY 2016 and will be applied on future submissions.

Programmes to reduce emissions intensity

Petra's short to long-term strategy is to reduce reliance on fossil fuel energy resources and minimise our overall energy usage wherever possible. This is an economical, environmental and moral prerogative and the Group therefore continuously evaluates opportunities to implement initiatives to reduce energy consumption and contribute to a reduction in emissions intensity.

Renewable energy (mainly solar power through photovoltaic panels) is used in limited projects as tests for a potential roll-out post FY 2020, specifically in office and change-house applications.

Numerous energy efficiency processes have been implemented during the past couple of years. The most important of these are:

- ▶ continuous roll-out of high efficiency electrical motors at all the operations;
- ▶ installation of variable speed drives where applicable;
- ▶ optimisation of the control of all the power factor correction banks at all operations to ensure optimal performance;
- ▶ 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;
- ▶ control of all ventilation fans from a central control room on the mine;
- ▶ 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 is 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; and
- ▶ correct sizing of electrical motors to ensure that they operate in the high efficiency band.

These projects required investments in excess of US\$177,000.

Low carbon energy installation implemented at Petra includes:

- ▶ replacement of all incandescent and fluorescent lights with LED lights; and
- ▶ installation of heat pumps and solar heating systems at change houses, including the replacement of old shower heads with EE (low flow) heads.

Activity	Total consumption	Kg CO ₂	Kg CH ₄	Kg NO ₂
Diesel consumption	16,320,665.35l	46,076,665.62	2,425.09	2,425.09
Petrol consumption	53,670.27l	127,201.76	60.57	5.87
LPG consumption	1,246.47kg	6,533.10	0.10	0.01
Electricity purchased	582,406,798 kWh	591,142,899.97	0	0

Reporting to the Carbon Disclosure Project (“CDP”)

Petra has participated in voluntary reporting to the CDP since 2013, with year-on-year improvement of scores on every report. During FY 2016, Petra was shortlisted by the CDP for ‘Best year-on-year change in performance’ for FTSE 350 companies.

Year of reporting	Disclosure score	Performance score
2013	13	—
2014	79	D
2015	89	C

Significant air emissions

Petra has no significant sources of air emissions. Diamond mining does not involve any chemical process or smelting activities that lead to the generation of nitrous (NOx) or sulphurous oxide (SOx) emissions. Non-point sources (i.e. environmental drop-out dust and particulate matter) as a result of surface activities is strictly regulated and annual results are submitted to authorities for evaluation. Petra has never received any directives or fines as a result of excessive air emissions.

Disclosure of oil and gas reserves

Petra has no oil or gas reserves.

Water management

Water is a scarce resource and we have identified the management of water as one of Petra’s most significant environmental risks. 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.

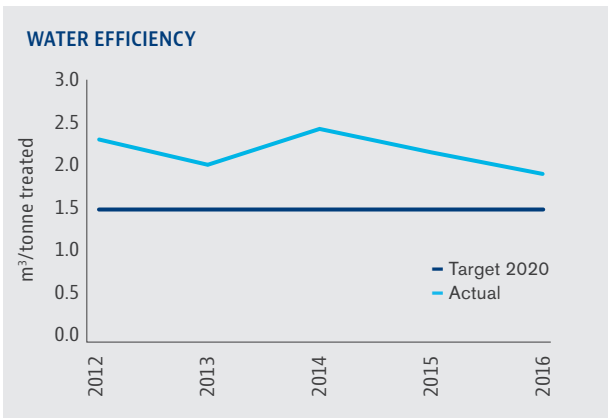
During the Year, Petra continued with the implementation of its comprehensive Group Water Management Strategy with the aim of improving efficiency in water use and eliminating potential contamination. Our operations regularly monitor and manage water consumption and quality. Inspections and audits are performed internally to identify shortcomings in our resource management processes and action plans are communicated to rectify any shortcomings.

Water usage in FY 2016

Total water used by our operations in FY 2016 increased 2% to 40,179,468m³ (FY 2015: 39,442,203m³), further to the acquisition of the Kimberley mines and the resultant enlarged Combined Kimberley Operations.

The table on page 60 indicates the total water used for the Company per source. The majority of water consumed at operations comes from recycling production water. Underground dewatering is a necessity to ensure rock stability and to avoid safety incidents.

In terms of efficiency, our water usage per tonne decreased 11% to 1.97m³/t (FY 2015: 2.23m³/t), which is attributed to the numerous improvement projects currently underway at all operations, as well as the higher overall tonnage throughput for the Year. Petra is targeting a reduction in water consumption on a per tonne basis, with a medium-term objective of 1.55m³/t to be achieved by 2020. The graph below illustrates the Company’s progress towards achieving the target.



Petra works with various neighbours and other stakeholders to optimise the use of water. For example, Finsch co-operates with a neighbouring limestone operation, PPC Lime, to use process water recycled from its operation in Finsch’s diamond recovery process. This reduces the extraction and use of potable and raw water from the Vaal-Gamagara system. In Kimberley, the operations have an agreement with the local municipality to use treated sewerage effluent, as well as grey water, in the recovery process.

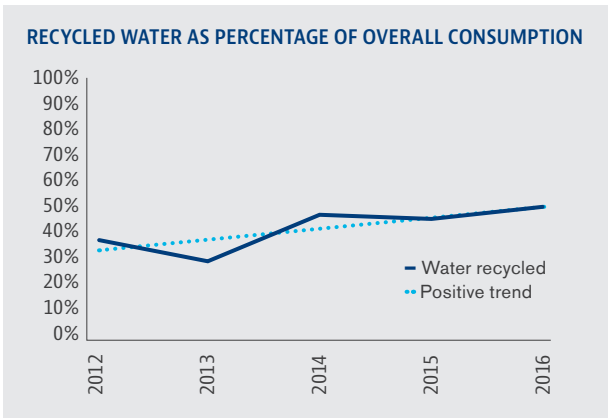
Water scarcity

During the Year, South Africa experienced its worst drought in 30 years. While Petra’s operations were not materially impacted on, the communities surrounding Koffiefontein and Kimberley were particularly exposed to the resultant water scarcity.

Both these operations therefore invested in numerous projects to investigate and implement alternative water sources to be used in both the production and domestic circuit. For example, at Koffiefontein grey water from basins and showers was rerouted into change-house cisterns, effectively doubling the potential use of each unit of domestic water purchased. Koffiefontein also carried out active dewatering to reduce potential groundwater contamination through boreholes, with the groundwater then rerouted into the production circuit to reduce the operation’s dependence on raw water from the Kalkfontein dam.

Water recycling

Water recycling is implemented as a normal operational principle. The graph below shows Petra’s performance over a five-year period, with the trend line showing a positive change towards increased recycling.





Koffiefontein in South Africa.

Saving our resources, one precious drop at a time

Two years of drought have exposed the fragile nature of South Africa's resilience to water shortage. This led to mining operations looking at other previous 'untapped' resources to save on the use of raw water. The impact of diamond mining on water resources in their specific operating areas is usually material to the local communities, as these mines are, more often than not, the only industrial operation that competes with the communities for water. Petra Diamonds initiated a project to re-use process water at Koffiefontein Diamond Mine as well as apply grey water, sourced from the local municipality, together with 70% recycled process water, for use at the Kimberley Operations.

The process water recycling project at Koffiefontein Diamond Mine was initiated in 2014. This project was initially designed to recycle and clean at least 50% of process water for re-use in the processing plant. This was achieved by means of a paddock system that was designed to naturally settle the fine kimberlite particles in the process water. By doing this the water could be pumped back and re-used in the mining process. The project took 12 months to complete and was tested for three months in 2015, with astonishing results. The test work indicated that the paddocks system was actually recycling an astounding 75% of process water. As an additional bonus, tests indicated that the

effluent from the paddocks now had an electrical conductivity level that positively contributed to the diamond recovery process, reducing the reliance on other density-enhancing chemicals such as ferrosilicon and flocculants in the process. Thus, by implementing this water-saving initiative, Koffiefontein Diamond Mine not only saved on operating costs, but also contributed positively to the sustainability of the community.

Kimberley Ekapa Mining ("KEM-JV"), a recent addition to the Petra Group, is currently using grey water from the local municipal sewage system in the operation. This water, after being treated by the Homevale waste water works, is pumped to holding dams close to the operation and is added to the process as much needed make-up water. In addition to the use of grey water, the current paste facility (alternative to slimes dams) recycles up to 70% of its water back to the processing plant. KEM-JV therefore allows for raw water sources that would normally be lost through mining processes to be available for other applications such as agriculture as well as basic human needs.

Through innovative thinking Petra Diamonds Limited is not only improving its own efficiency but also contributing to the community by ensuring a scarce resource such as water is not wasted.

Waste management

The effective management of waste is an environmental priority for Petra. The Group is consistently implementing procedures to assist with waste management and disposal and waste management objectives and targets are set for each operation, with these KPIs regularly monitored through internal assessments. We optimise the recycling of waste generated at our operations and strive to prevent wastage as part of the international waste hierarchy shown below.

During FY 2016, Petra recycled 5,231t of waste (FY 2015: 3,825t), further to a renewed effort placed on recycling commodities that were previously difficult to source off-set areas for. This led to significant increases in the recycling volumes of paper, conveyors and plastic from previous years. In addition, Petra attributes the higher number reported for FY 2016 to improved recordkeeping and reporting processes across the operations. See page 62 for a breakdown of Petra's waste disposal for the Year.

Petra contracts only reputable waste handling companies that are vetted for legal compliance prior to awarding tenders. Most of the waste handling companies are ISO 14001 certified, which adds to the level of assurance provided that waste is handled and disposed of in a responsible manner. All on-site waste handling areas are audited internally as well as externally as part of the mines' ISO 14001 management system. Off-site handling and disposal sites are inspected ad hoc.

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 of within the country of origin.

Waste management continued

Recycled input materials

The information technology hardware used by Petra meets the highest international standards for best practice in manufacturing and optimising the percentage of recycled materials used in assembly. This principle is carried over into the packaging materials of equipment as well, reducing the overall impact through the life cycle of these products.

Petra uses ferrosilicon powders (“FeSi”) in the dense media separation process to liberate diamonds from ore. FeSi works on the principle of ‘heavier liquid’ to separate mineral particles in a sink-float process. This product, although not manufactured from recycled material, is designed with the benefit of magnetic properties to allow for easy recovery. Thus, the product is recovered and re-used on a continuous basis, saving input costs and reducing the impact on the environment.

Biodiversity and land management

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.

Each operation’s Environmental Management System (“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. The importance of alignment of environmental management plans, conceptual 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. The Williamson operation is however situated in the greater Serengeti area, which is renowned for its biodiversity.

Approximately 3,577km² of land under exploration licence by Petra is located in Botswana’s Central Kalahari Game Reserve. Although not rich in species diversity, this area is still noted as sensitive and special measures are in place to protect the native fauna and flora.

As part of Petra’s commitment to conserve our biodiversity, protected habitats are established for local vegetation and wildlife. Operations at Finsch, Cullinan, Kimberley and Koffiefontein have established wildlife areas totalling more than 9,800 ha, while Williamson maintains a large forest reserve of some 906 ha, which protects the indigenous biodiversity unique to the Shinyanga province in Tanzania.

Biodiversity management includes not only protecting or establishing indigenous species, but also the management of invasive plants species.

The table below shows the number of invasive plant species identified at each operation:

Operation	No. of invasive plant species
Cullinan	30
Finsch	6
Koffiefontein	16
Kimberley Underground	22
Williamson	34

All operations conduct baseline biodiversity assessments before they embark on greenfield developments. During these and other assessments, a number of Red Data List species have been identified. Where appropriate, protected plants are relocated to areas where they will not be affected (‘no-go’ areas). Programmes are run with international NGOs to assist with the research into fauna, such as the research programme Koffiefontein has been running in conjunction with BirdLife Africa into the secretary bird (*Sagittarius serpentarius*) over the last few years. See page 64 for a breakdown of Red Data flora and fauna species in the areas where Petra operates.

Although mining in general is known for its environmental impacts over the footprint of the orebody, Petra endeavours to protect a larger area than what is actually disturbed. This is illustrated in the table on page 63 where the total area disturbed by each operation is compared to the total area under protection. These wilderness areas are used to keep indigenous ecosystems intact as well as to promote environmental awareness amongst employees and the community in general.

Rehabilitation and closure plans

We aim to have a standardised approach on concurrent rehabilitation of our operations, with the objective of generating a non-detrimental, sustainable solution for the environment and socio-economic state of our communities that are left after mine closure. Progress on rehabilitation implementation is assessed annually and any necessary changes to the execution plans are communicated to mine management who are responsible for on-site resources.

The environmental impact from Petra’s mining activities is not expected to last long after the cessation of the operations, due to our strategic approach and our commitment to our values at each step of the mining chain. Each project is planned with the end in mind, creating the potential to reduce double-handling of mining waste and, as from FY 2016, each operation also has a ‘Latent Impact Risk Assessment’ which focuses on any impact not addressed during the life of mine. Special post-closure measures are put in place to address these latent impacts, including assigning rehabilitation funds to pay for such measures.

General consensus in the mine rehabilitation community is that it is not possible to reinstate the previous pristine environment after mining has taken place. However, it is possible to restore the productive potential of each site to the benefit of its local communities. Most of our current mining areas were previously used for agriculture, thus having the potential to sustain a community. Care will therefore be taken to reinstate that economic potential, with the most appropriate end land use of each area determined within ten years before mine closure. This is achieved by setting clear rehabilitation and closure objectives for all operations.

All of the organisations in the Company have closure plans. These plans are reviewed and reported on as per legislative requirement of the country of operation and the financial provision for closure is provided for by Petra.



COMMUNITY

Positive local relationships

Mutual support between our operations and the communities around them is vital to the success of our activities and for maintaining our social licence to operate.

Achievements in 2016

- ▶ Continued optimisation of our stakeholder engagement processes.
- ▶ Formalisation of the Petra Foundation ("PF") to contribute to the social upliftment of our communities.
- ▶ The establishment of Enterprise Development Resource Centres at all our South African operations.
- ▶ Education-related projects continued in a number of host communities.
- ▶ The achievement of optimal staffing levels at all operations to ensure effective implementation of our social programmes.

Challenges

- ▶ Implementation of consistent stakeholder engagement across the Group.
- ▶ Managing community expectations, particularly with regards to the delivery of basic services which are not the primary responsibility of the Company.
- ▶ Delays in finalising some of our Social and Labour Plans ("SLPs") in South Africa continue to impact the commencement of certain local economic development ("LED") projects.

At a glance

Investing significant capital

Petra's strategy is to invest its resources, including capital, in its operations in order to extend their lives. FY 2016 represented the Company's peak Capex year.

US\$324.1m

capital invested by Petra in FY 2016

Going 'beyond compliance'

Petra's aim is to better address the needs in our host communities by going 'beyond compliance' and providing support over and above what is required from a mandatory perspective.

c. US\$141,000

funding contributed by the PF to five projects during FY 2016

Students attend class in Hwadi, near Williamson Mine.



Stakeholder engagement

Continuous and direct contact with our stakeholders is considered vital to developing positive relationships and to identifying issues as and when they arise.

97

meetings held with local community stakeholders in FY 2016

Supporting local enterprise

Our operations use local suppliers of goods and services wherever possible, in line with our commitment to support local economic development.

57%

proportion of South African procurement from BBBEE and HDSA suppliers

Overview

Our host communities are regarded as one of the most important of our primary stakeholders and contributing to these groups in a meaningful, sustainable and long-term manner is therefore central to our strategy.

Due to the location of our mines in remote areas, they often present the only major economic activity in the area. Their contribution towards employment and socio-economic development is therefore of critical importance.

Our community development efforts continue to be focused on:

- ▶ sustainable job creation;
- ▶ skills transfer (education and training);
- ▶ enterprise development; and
- ▶ infrastructure development.

Our approach

Given the importance we attach to our local host communities, developing and maintaining positive relationships with them remains a priority for Petra. In line with our mission, which is to unlock value for all our stakeholders, our involvement in community development aims to contribute to alleviating the most critical needs in our local communities and to create life-changing opportunities for community members.

Our operations are predominantly located in regions of relatively low levels of socio-economic development and high unemployment, even where closer to urban areas, such as in the cases of Cullinan and our Kimberley operations. Our most important direct contribution to these areas is therefore the provision of sustainable employment and the associated economic impacts of our operations.

In order to execute its business plan and create sustainable operations, Petra has committed significant capital to extending the lives of its mines and in FY 2016 our capital investment reached a peak of US\$324.1 million (FY 2015: US\$274.1 million). This substantial investment programme, which has been funded by our equity shareholders, our debt providers and out of mine cashflows over the years, will serve to ensure sustainable employment for our employees and contribute to the lasting viability of the communities surrounding our mines.

In addition to providing sustainable employment, we augment our approach with initiatives such as locally focused employment and developing local suppliers to a level where they can supply products and services to the operations. Since all mining takes place on finite resources, any initiatives need to empower local communities to develop the skills and business base required for independent enterprise.

To ensure co-ordination and inclusivity in social planning and development, we strive to establish partnerships with our employees, Governments, communities, NGOs and educational institutions which can contribute to ensuring the optimal impact of our initiatives. We place emphasis on a long-term approach to corporate social investment to ensure its sustainability, particularly in the sphere of education where a focus on learning and skills development is at the core of our approach.

Within the South African mining regulatory framework, all mines need to submit an SLP as part of their Mining Right Application. These SLPs prescribe some mandatory social expenditure as part of the Mining Rights awarded. However, the needs in our host communities require us to go 'beyond compliance' by providing support to community stakeholders over and above what is stipulated in terms of these mandatory requirements.

South Africa

Despite the relative decline in the mining industry and the recent commodity downturn, the mining sector is still regarded in South Africa as a key contributor to sustainable national development. As such, the mining industry is highly regulated to ensure that the country, especially at local community level, optimally benefits from the extraction of its mineral resources.

An SLP which was negotiated and agreed at Local Government level and approved by the DMR is one of the various pieces of documentation that has to be submitted when applying for a Mining Right in South Africa. The SLP defines the operation's obligations in terms of social, labour and community issues, and forms the basis for its social and labour-related activities and performance indicators over a five-year cycle. Following this five-year cycle, a new SLP needs to be consulted with stakeholders and approved by the DMR. The Mining Rights of our South African operations were awarded at different times, and their SLPs are therefore at different stages within the respective five-year cycle as outlined in the table below:

Operation	SLP period
Cullinan	2013–2017
Finsch	2013–2017
Koffiefontein	2013–2017
Kimberley Underground	2015–2019
Kimberley Ekapa Mining	2013–2017

In addition to the performance indicators and commitments contained in the SLP, operations are also subject to the targets set out in the Mining Charter, as well as other laws and regulations such as the Employment Equity Act, the Broad-Based Black Economic Empowerment Act and various codes. 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 ("EE"), preferential procurement, local economic development ("LED") and housing.

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

Tanzania

Although Williamson in Tanzania is not subject to any specific social legislation, Petra's approach to corporate social responsibility goes beyond compliance and we are therefore committed to active and transparent stakeholder engagement as well as striving to make a positive impact on our local communities.

Williamson's Community Development Programme ("CDP") continues to focus on three development areas: Community Development, Community Initiatives and Community Support, thereby ensuring that the mine adequately addresses local community development issues at different social levels.

Botswana

A formal community development approach has not yet been adopted for Botswana, where our exploration operations are still at a relatively early stage. However, Petra Diamonds Botswana's comprehensive Health, Safety, Environment and Quality ("HSEQ") Policy Guidelines and Due Diligence Checklist make provision for the continued assessment of any impact of its drilling programme and development work.

Assessing and managing our impacts

A full Social Impact Assessment ("SIA") was conducted at all South African operations during FY 2016 to assess the impacts of our operations in communities in which we operate. The objective of this study was to define our impacts, in order to put management programmes in place that are guided by a combination of country legislation; identification of and consultation on material issues with our stakeholders; a review of Company performance; and internal and external audits.

As a second part of the study conducted by the same independent consultants, a full materiality assessment was carried out to guide Petra both with its conversion to GRI G4 reporting standards and to ensure the responsible management of issues material to the sustainability of the Company – read more on pages 14 and 15.

The SIA has assisted with the identification and assessment of the key stakeholders, impacts, risks and issues across the full life cycle of our South African operations and therefore serves to inform the integrated and comprehensive Stakeholder Management Engagement Plan ("SMEP") being developed for each of the operations and for the Company as a whole.

The SIA was not extended to Williamson at this stage; however, the materiality assessment was carried out. Petra will consider whether a full SIA is required for Williamson at a future point.

Community and stakeholder engagement

The implementation of a consistent and effective stakeholder engagement approach across the Group remains a priority for Petra in order to build on the robust processes covering engagement that we already have in place across the Group. The finalisation and implementation of a comprehensive and professional SMEP for each operation, which will then inform the Group-level SMEP and corresponding Petra Stakeholder Management Group Policy, is therefore a priority for FY 2017.

Continuing a process that started in FY 2015 to ensure that we have the right people in place to ensure positive stakeholder engagement, we have achieved optimal staffing of this function with qualified and experienced Social Compliance Practitioners during FY 2016.

Appropriate training programmes on the principles of stakeholder engagement and management were also further extended to relevant personnel, including officials from other disciplines who may have a bearing on this area, to ensure effective compilation and management of each individual operation's SMEP.

Petra's Social Compliance Matrix, which was put together following input from all the Group operations, forms an intrinsic part of the operational and Group SMEPs. This matrix records all stakeholder meetings and required frequencies and is aimed at ensuring a consistent approach is followed across the Group.

Stakeholders engaged

The selection of stakeholders, the content and style of the engagement, as well as the medium used, depends on strategic requirements and the specific communication objectives to be reached.

Petra identifies and interacts with the following three broad groups of stakeholders:

Internal stakeholders

This group consists of all people who are actively employed (either permanently or temporarily) by the Company, including the recognised employee representative bodies (trade unions).

Primary external stakeholders

This group consists of all external stakeholders that have an ongoing relationship with the Company. This includes, but is not restricted to:

- ▶ shareholders;
- ▶ official visitors to any of the facilities of the Company;
- ▶ the families of Company employees;
- ▶ communities in the labour-sending areas of the respective operations, via their elected representatives in the local and district municipalities and various community forums;
- ▶ suppliers and contractors, including their representatives that live and work at operations;
- ▶ relevant national, provincial (regional) and Local Government bodies and representatives including:
 - ▶ the DMR in South Africa and various Government departments and agencies in Tanzania;
 - ▶ provincial Government departments; and
 - ▶ relevant Government departments, including those dealing with labour, water and environmental affairs and others;
- ▶ special interest groups, e.g. NGOs and community-based organisations ("CBOs") operating in our communities;
- ▶ other industries, e.g. agriculture, operating within the sphere of influence of operations;
- ▶ enterprise within host communities, including business organisations such as relevant chambers of commerce;
- ▶ customers (i.e. clients who purchase rough diamonds);
- ▶ relevant media institutions, including community news agencies; and
- ▶ representatives of organisations and companies delivering services to our local communities, e.g. churches, insurance companies, educational institutions, etc.

Secondary external stakeholders

This group consists of all external stakeholders with whom the Company has sporadic or incidental dealings, such as:

- ▶ other mining companies; and
- ▶ companies that the operations may do sporadic business with, e.g. one-off suppliers.

Responding to issues

Petra regards direct engagement with its stakeholders as the primary means of building relationships and identifying issues to be resolved, and therefore has a continuous, planned and scheduled engagement process in place at all of its operations. Increased emphasis is being placed on tying these engagements into formal community communication structures, thereby reaching stakeholders more directly and over a broader front.

Petra is playing a pivotal role in some of our South African local communities in the establishment of broad-based facilitation processes which can bring together a range of community interest groups as well as local authorities and other Government institutions. This serves to enhance local issue identification, integrated planning and service delivery by the relevant state or corporate role player. While this initiative was only at an early stage by Year end, we are confident that it will significantly contribute to sustainable development in the communities concerned.

We continuously revise Petra's programmes and community projects to incorporate issues raised, wherever material. Where appropriate and within their area of control, matters are elevated to relevant Government departments and organisations for assistance and/or resolution.



Refurbishing Ditlhake Sports Complex – Adding value to the Koffiefontein community

Sport plays an important role in the smaller communities where many mining operations, including some of Petra's mines, are located. Sports such as football ('soccer'), netball and tennis are often the most important outdoor recreation for the community, and serve as an important cohesive factor in these communities.

The Ditlhake sports field in Koffiefontein, which was constructed some years ago, has over time fallen into disrepair and subsequent disuse, due to both inclement weather and vandalism. This led to a large part of the community not having sporting facilities close to where they live, and rehabilitation of these sports facilities has been a request from the community for a considerable period of time.

For the five-year Social and Labour Plan ("SLP") period between FY 2013 and FY 2017, Koffiefontein Diamond Mine, through consultation with all stakeholders, identified the Ditlhake sports field refurbishment as a community project in terms of the local economic development projects required in an SLP. The project was endorsed by the local municipality.

Implementation of these refurbishments started during November 2015 and they were completed in June 2016. These facilities were officially handed over to the Letsemeng Local Municipality, and officially opened, during September 2016.

Implementation of the project created 62 jobs through the five local SMMEs that benefited from the project to comprehensively refurbish these facilities and ensure that they can be maintained sustainably for the longer-term benefit of the community.

Amongst other work, the refurbishment of the Ditlhake sports field included the installation of a borehole for water supply to irrigation and an automatic sprinkler system, together with a drainage system, soil preparation, the planting of suitable hardy grass on the football field and the upgrade of the stands. In addition, combo courts, which can be used for netball and tennis, were constructed, and the existing buildings, which include change rooms, a clubhouse and an entrance venue, were either constructed or restored. Part of the extensive electric work done at these facilities includes the installation of solar floodlights for the football field.

During the official handover of these facilities to the Municipality, the General Manager of Koffiefontein Diamond Mine, Lino Nkuna, emphasised that the mine and the community must take joint ownership of these facilities and ensure that they will provide enjoyment for many years to come.

Indigenous people

Contact with indigenous people is only relevant to our exploration projects in Botswana and is sporadic in nature. 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.

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

Petra reported no violations involving rights of indigenous people during FY 2016.

Artisanal mining

While the definition can vary from country to country, 'artisanal mining' is generally meant to represent the informal mining sector, whereby an artisanal miner (either working independently or in a team) is in effect a subsistence miner who is not officially employed by a mining company. Such mining activity can at times be illegal, depending on which deposits the artisanal mining is targeting and depending on the specific legislation in the country concerned.

At Petra's underground operations, there is no risk of artisanal mining taking place given the defined outline of the mine site areas and the associated security. However, there is an ongoing risk of artisanal mining taking place at the Williamson mine in Tanzania, due to the vast size of the orebody (146 ha) and the challenges associated with securing such a large perimeter, as well as at the Kimberley Tailings Mineral Resources ("TMRs") in South Africa, which again cover large areas which are harder to secure. The nature of these deposits being at surface also means they can be more easily targeted by artisanal miners.

In terms of various pieces of South African legislation, including the Diamond Act, the Mineral and Petroleum Resources Development Act, the Mine Health and Safety Act, the National Environmental Management Act and others, the prospecting for or extraction of diamonds, and trade in uncut diamonds, without the necessary authorisation is illegal. Generally, instances of such illegal mining is sporadic at our operations and dealt with in terms of the legislation mentioned.

During FY 2016 and to the date of this report, there is some illegal mining activity taking place in Kimberley, which involves illegal diggers targeting some of the outlying tailing mineral resources ("TMRs") situated around the outskirts of the Mining Right area procured from De Beers in partnership with Ekapa Mining (Pty) Ltd. These activities are not impacting the TMRs that are currently supplying the operation's primary tailings production, nor are they impacting the Kimberley Underground Operation. This activity is therefore not expected to have a material impact upon Petra's production in the short to medium term.

However, this is a matter of concern which should not remain unchecked. Petra is therefore committed to finding a long-term solution, via multifaceted stakeholder engagement and co-operation with the South African police, the Department of Mineral Resources and others, in order to deal with this matter decisively.

As mentioned above, some illegal mining activities also sporadically take place at Williamson. Again, Petra's approach is to handle such incidences in accordance with the relevant local legislation and in co-ordination with all the relevant stakeholders.

Group social investment

Our approach

Given that Petra plans to extend the life of its operations for a considerable period of time, we believe in investing in long-term projects which will have a lasting positive impact and which address the socio-economic needs of the communities in which we operate. Our approach to corporate social investment is therefore developmental in nature and aimed at creating sustainability in communities beyond the life of active diamond mining.

A critical part of this is our focus on skills development within local communities in order to build the scarce skills capacity required to grow the economy and create mass employment.

Our mines’ involvement in building skills starts at grassroots level, in the form of the maths and science school support programme and the provision of scholarships. This is continued at tertiary education level with opportunities provided through the bursary scheme, the graduate development programme and the provision of practical experience through our experiential training programme.

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

In addition to delivering support of a financial nature, Petra provides:

- ▶ volunteers who can assist either through manpower or expertise;
- ▶ technical or managerial assistance and advice;
- ▶ portable skills training for community members; and
- ▶ opportunities for local SMMEs with regards to skills transfer and linking in to mine supply chains.

Expenditure in FY 2016

Our Group social spend remained flat in USD terms at circa US\$1.7 million in FY 2016 (FY 2015: circa US\$1.7 million), representing 3% of the Company's net profit after tax. However in ZAR terms, our expenditure in South Africa rose 19% to ZAR19.6 million (FY 2015: ZAR16.3 million).

Expenditure by country	FY 2016 (US\$)	FY 2015 (US\$)
South Africa	1,334,870	1,338,975
Tanzania (Williamson)	407,384	350,000
Group total spend	1,742,254	1,688,975

South Africa

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. The majority of our social spend in South Africa is therefore allocated to Local Economic Development (“LED”) projects, which are defined and agreed with local community representatives and the DMR and stipulated in our SLPs.

Youth Mathematics Support Project

The Youth Mathematics Support Project, as approved by the Petra Foundation for Koffiefontein, was launched in October 2015. The project is aimed at addressing the lack of youths with a Grade 12 (National Senior Certificate) mathematics qualification in the community in which the mine operates. This shortage of mathematics qualifications among youths prevents them from benefiting from opportunities offered by the mine, such as learnerships and entry level positions, as mathematics is a prerequisite. Moreover, this project is also intended to assist the mine's employees who value further training and development for career advancement.

Data from a National Senior Certificate examination diagnostic report clearly demonstrates that there has been a decline in mathematics achievement both in the categories 30% and above as well as 40% and above over the years. This in turn translates to a decline in Grade 12 learners eligible for employment at the mine or in any other sector, and Grade 12 learners qualifying for tertiary education. The Youth Mathematics Support Project thus originated from the need to address this decline in Grade 12 mathematics achievement.

Currently there are 35 beneficiaries of the project who registered with the Department of Education for either the Amended Senior Certificate or the National Senior Certificate, depending on their age. The Department of Education will be monitoring and moderating the standard of assessment to assure that the quality and pace of work done is up to standard.

The project consists of three main areas of support, as follows:

1. Each candidate received stationery, a calculator, a text book and a revision book worth ZAR700.
2. These candidates receive six hours of mathematics lectures per week and extra tutoring when needed to master a topic.
3. Guidance on the answering of examination papers and successful studying is provided.

The official inauguration of the Youth Mathematics Support Project took place at Koffiefontein on 1 February 2016.

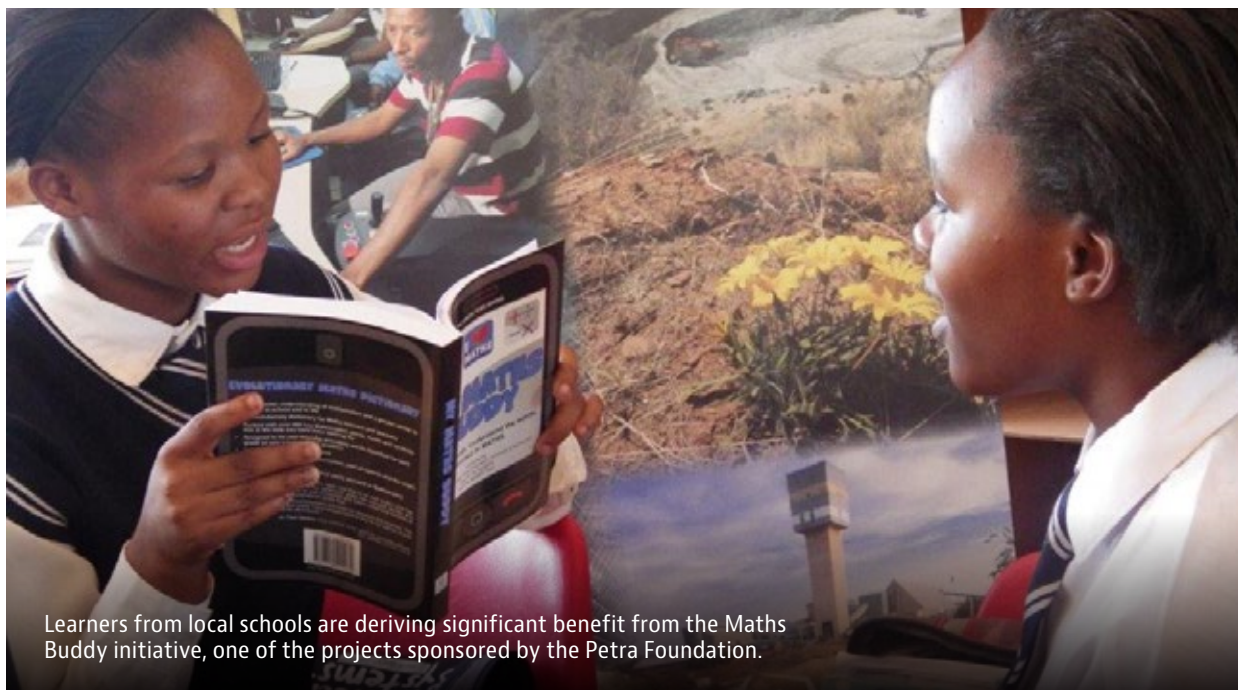
23 learners were asked to complete questionnaires for feedback purposes on the project. The following is the outcome of the survey:

- ▶ Most learners became part of the project because they either did not have a Grade 12 mathematics qualification or they did the subject and got poor marks.
- ▶ Most learners were made aware of the project through the local library, Koffiefontein and word of mouth.
- ▶ Most learners did not encounter any difficulties in attending the scheduled classes.
- ▶ Most learners intend to apply for bursaries, enrol in engineering courses and/or apply for jobs after completion of the programme.
- ▶ Some learners feel that physical science should also be incorporated as part of the project.

Up to this point, the Petra Foundation has contributed a sum of ZAR130,005.49 (approximately US\$9,000) to the project. Future plans for the project include expanding towards the entire local municipal area as well as including physical science and technology as part of the project.



Community



Learners from local schools are deriving significant benefit from the Maths Buddy initiative, one of the projects sponsored by the Petra Foundation.

The Petra Foundation – ready to make a difference

In line with Petra's aim to go beyond compliance in communities, provision for discretionary social development spend, over and above the mandatory requirements, is also made. The Petra Foundation ("PF") was established as a non-profit organisation ("NPO") to co-ordinate and integrate our social expenditure.

There has been significant development since 2014 when Petra Diamonds recognised a need to set up the PF as a social fund. Setting up the PF involves overcoming a number of governance and legal issues in order for the PF to function as a legitimate non-profit organisation and to be able to meaningfully contribute towards development in our community.

The PF received its non-profit status from the South African Revenue Service ("SARS") in April 2016 and can now operate with full income tax exemption status. The implication is that the PF is now enabled to raise funds to contribute towards community development projects.

The PF approved a number of projects during June 2016 which will be implemented over and above the projects implemented in 2015. The PF's focus is mainly on education-based projects and programmes, as the PF believes that education is one of the main contributing



factors towards the sustainability of the Company and communities in which the mines operate.

The mines are requested to submit their nominations for projects or programmes which the PF can consider for funding. These projects need to meet certain prescribed and agreed-to criteria. These criteria were established to ensure that the PF's contribution towards development in communities has maximum impact and is positive and long lasting.

One of the main tasks that the PF would like to achieve during FY 2017 is to improve communication with all PF stakeholders.

The Board of the PF will also visit the operations and some of the projects to see how the projects have been implemented. The PF is also aiming to set up a link on the Petra Diamonds website whereby applications for funding of projects can be received from the community.

The PF is a new avenue through which Petra Diamonds can make a meaningful contribution towards our communities. The impact of the projects must support development and continued sustainability of the communities.

Petra strongly supports a culture of doing – all employees are therefore continuously encouraged to support the objectives of the PF by working together to bring about positive change in their communities.

Group social investment continued

Tanzania

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

Williamson's corporate social responsibility plan, which is informed by the mine's stakeholder engagement plan, concentrated on the following areas for contribution and support during FY 2016:

- ▶ provision of educational infrastructure for relevant local communities;
- ▶ facility improvements of health infrastructure for relevant local communities;
- ▶ assistance to vulnerable groups, i.e. physically disabled groups and orphans;
- ▶ establishment of play parks for the entertainment of young children;
- ▶ improvement to sport infrastructure, including the creation of mini soccer pitches;
- ▶ supply of services (including free potable water) to internal and external communities;
- ▶ educational services to schools on important topics, including environmental and HIV awareness; and
- ▶ provision of 1,000+ desks to the Kishapu District for distribution to other village schools.

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

Generating economic benefits

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

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

In FY 2016, the Group paid a total of US\$49.6 million in taxes and royalties (FY 2015: US\$25.7 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 operation. 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\$125.9 million on wages in FY 2016 (FY 2015: US\$141.0 million), a lower figure in USD mainly due to the weakening of the Rand during the Year. The generally accepted 'multiplier effect' in South Africa and Tanzania is x10, which means that whilst Petra directly employs 5,005 permanent employees and 5,763 contractors, a significantly larger number of people are dependent on our operations.

Value added statement

For the year ended 30 June 2016

	30 June 2016 US\$ million	30 June 2015 US\$ million	30 June 2014 US\$ million
Revenue	430.9	425.0	472.6
Paid to suppliers for material and services	(136.6)	(145.1)	(144.2)
Value added	294.3	279.9	328.4
Income from investments	1.7	4.1	7.6
Wealth created	296.0	284.0	336.0
Wealth distribution:			
Employees			
Salaries, wages and other benefits	(125.9)	(141.0)	(140.0)
Net salaries, wages and benefits	(98.9)	(112.0)	(116.9)
Salary-related taxes	(26.9)	(29.0)	(23.1)
Providers of capital	(44.5)	(16.7)	(11.4)
Finance cost	(29.1)	(16.7)	(11.4)
Dividends paid	(15.4)	—	—
Governments			
Tax (paid)/received	(22.7)	3.3	(30.0)
Reinvested in the Group	103.0	129.6	154.6
Depreciation and capital items	369.7	305.4	250.8
Retained earnings	(266.7)	(175.8)	(96.2)
	296.0	284.0	336.0

Tax summary per country – 2016 (US\$ million)

	South Africa	Tanzania	Botswana	United Kingdom
Total	35.2	13.9	0.2	0.3

Petra did make certain charitable donations during FY 2016, but not of a material financial size.

The Company did not make any political donations during FY 2016.

The Company received no financial assistance from Governments in FY 2016.

Local procurement

Local procurement plays an important role in our approach to stimulate and benefit the local economy at our mining operations in South Africa and Tanzania, and at our prospecting activities in Botswana.

Country	Procurement spend (US\$m)		Percentage spent with local/regional suppliers	
	FY 2016	FY 2015	FY 2016	FY 2015
South Africa	375.0	333.0	61%	58%
Tanzania	64.0	45.5	78%	53%
Botswana	1.6	3.7	65%	77%

South Africa

Our operations use local suppliers of goods and services wherever possible, in line with our commitment to support local economic development. Preference is given to local suppliers, i.e. suppliers in the immediate vicinity (host municipality or wards thereof, as defined) of the operation and then (in order of precedence) 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 suppliers within the country in which operations are situated.

Despite significant progress being made in this regard, certain challenges remain, notably the availability of Black Economic Empowerment ("BEE") suppliers in South Africa and the fact that suppliers of high value capital goods are very seldom situated, or have a presence, in the host community.

With 'preferential procurement' being one of the measurements of the South African Mining Charter and a part of the mines' SLPs, Petra has introduced a project to help develop local suppliers to the point where they will be able to supply goods and services to our operations.

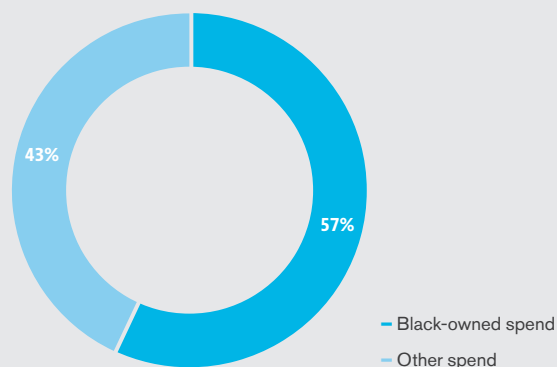
Key objectives of the programme are to increase the value and volume of transactions with local SMMEs, increase the number of local SMMEs that are suppliers to the mines and provide development and growth support to local SMMEs in general. This programme has now been enhanced by the introduction of Enterprise Development Resource Centres at all our South Africa operations, which largely fulfil the same function but with more capacity to assist SMMEs.

Apart from being a business imperative, Broad-Based Black Economic Empowerment ("BBBEE") is also legislated in South Africa. Our preferential procurement therefore also takes into account the BBBEE status of suppliers, as outlined in the Mining Charter and various pieces of legislation, apart from their location.

For FY 2016, the proportion of South African procurement from both BBBEE and HDSA suppliers was around 57% (FY 2015: 57%).

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.

BLACK EMPOWERMENT PROCEDURE





Supplementary Information

Additional Disclosures

Governance

Memberships

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

Petra is a founding member of the Diamond Producers Association, which aims to support the development of the diamond industry by maintaining and enhancing consumer demand for, and confidence in, diamonds. Petra is represented by its CEO, Johan Dippenaar, who sits on the board of the DPA, and the Company provides annual funding to the organisation by way of its membership fees, as well as contributing funds towards generic diamond consumer marketing.

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 Chamber of Mines' 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 Mining Industry Occupational Health and Safety ("MOSH") Adoption Team, where MOSH initiatives are discussed and implemented at an operational level. The Group Legal Services Manager is a member of the Chamber of Mines Mining Title Committee.

In addition, two of the Group Security Managers are members of the Standing Committee on Security, the Group Support Manager represents the Company on the Labour Policy Committee, The Communication Manager-Operations currently serve as President of the Northern Cape Chamber of Commerce and Industry ("NOCCI") and is Regional Chairperson of the Public Relations Institute of Southern Africa ("PRISA") for the Northern Cape.

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

Company structure

Petra Diamonds Limited is a Bermuda-registered company which is domiciled in Jersey. It is listed on the Main Market of the London Stock Exchange under the ticker PDL.

Information on how Petra owns its interests in its operating mines is available at www.petradiamonds.com/about-us/who-we-are/group-structure.

This report has covered all the material entities reported on in the Company's consolidated financial statements, which are available at www.petradiamonds.com/investors/results-reports.

Health and safety

Mine-by-mine performance in FY 2016

Operations	LTIFR				FIFR				Shifts lost as a result of injuries and fatalities			
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2013	FY 2014	FY 2015	FY 2016	FY 2013	FY 2014	FY 2015	FY 2016
Finsch	0.24	0.10	0.12	0.32	0.00	0.00	0.00	0.00	304	92	24	406
Cullinan	0.30	0.27	0.36	0.31	0.00	0.04	0.00	0.03	923	362	651	968
Koffiefontein	0.79	0.75	0.42	0.30	0.00	0.00	0.00	0.00	222	210	115	96
Kimberley												
Underground	1.59	0.95	0.74	0.67	0.00	0.00	0.00	0.00	153	286	320	766
Helam	0.20	0.63	0.30	0.00	0.00	0.00	0.00	0.00	9	156	3	0
Williamson	0.00	0.07	0.06	0.00	0.00	0.00	0.00	0.00	0	25	75	0
Group	0.67 ²	0.32	0.29	0.29	0.00	0.01	0.00	0.01	1,875 ²	1,131	1,188	2,236

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

2. Includes performance from Sedibeng and Star, which were placed on care and maintenance in FY 2014.



Supplementary Information

People

Employee and contractor breakdown

Operation	Permanent part time	Reportable contractors ¹	Non-reportable contractors ¹	Total
Cullinan	1,319	1,622	356	3,297
Finsch	1,093	1,320	747	3,160
Koffiefontein	602	338	36	976
Kimberley Underground ²	734	170	233	1,137
Kimberley Ekapa Mining ²	327	125	0	452
Helam	66	6	0	72
Helam Projects	83	0	17	100
Williamson	591	0	771	1,362
Botswana	13	—	22	35
Head office	166	0	0	166
Board	8	0	0	8
London office	3	0	0	3
Total	5,005	3,603	2,160	10,768

1. In South Africa, reportable contractors refer to core contractors who are assessed and identified as core through the Company Contractor Risk Profile Matrix, while non-reportable contractors are direct support, core or non-core contractors who have little impact on the surrounding communities or labour-sending areas and who pose a low risk to the reputation and sustainability of the mining operation. Non-reportable contractors are not involved in the Social and Labour Plan implementation and reporting process, although their compliance to applicable legislation is monitored.

2. For the purpose of this report, Kimberley Underground and Kimberley Ekapa Mining (the old De Beers assets in Kimberley that were bought in partnership with Ekapa Mining (Pty) Ltd) are treated as separate, since the merging of these business units into Kimberley Ekapa Mining Joint Venture (an unincorporated JV) took effect at the start of FY 2017. Technically, the total of 452 employees of Kimberley Ekapa Mining should not form part of the total, as Petra was a minority shareholder until 1 July 2016.

Group turnover rate for FY 2016

Group turnover by type and gender

Operation	Voluntary turnover	Terminations	Gender	
			Male	Female
Cullinan	27	71	86	12
Finsch	26	46	58	14
Koffiefontein	19	23	38	4
Kimberley Underground	10	50	57	3
Kimberley Ekapa Mining ¹	4	2	4	2
Helam	0	7	7	0
Helam Projects	5	1	6	0
Head office	5	12	11	6
Williamson	5	24	25	4
Botswana	1	25	25	1
Total	102	261	317	46

Please refer to footnote above regarding inclusion of employee numbers for Kimberley Ekapa Mining.

Group turnover by age group

Age group	South Africa	Williamson	Botswana	Total	%
19–25	36	0	n/a	62	17.08
26–30	48	6	n/a	54	14.88
31–35	45	3	n/a	48	13.22
36–40	38	1	n/a	39	10.74
41–45	29	1	n/a	30	8.26
46–50	27	3	n/a	30	8.26
51–55	25	1	n/a	26	7.16
56–60	44	12	n/a	56	15.43
61–65	11	2	n/a	13	3.58
66 and older	5	0	n/a	5	1.38
	308	29	26¹	363	100

Detailed breakdown not available for Botswana.

Summary of Petra’s training and development expenditure in FY 2016

Item	Expenditure US\$
Social and Labour Plan (mandatory) related expenditure	2,471,333.69
In-house training expenditure	1,842,204.34
Outsourced training expenditure	1,115,504.18
Other expenditure	375,760.63
Total Spent	5,804,802.83
Planned labour cost for operation	78,127,944.97
% of planned labour budget	7.43%

Environmental

Severity rating¹ of environmental incidents and non-conformances

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 which 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 which 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 5km from 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 bye-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.



Supplementary Information

Environmental continued

Medium environmental incidents recorded in FY 2016

MINE	INCIDENT DATE	DESCRIPTION
Cullinan	25 February 2016	No.2 Pollution Control Dam water overflowed. Water was contained within the mine premises.
Finsch	12 June 2016	The overflow drain from the slimes dams to Bonza quarry is silted to the top which resulted in slimes overflowing, running into the road and then flowing approximately 200m into a pan, overflowing from this pan and flowing a further 300m to a second pan.
Kimberley Underground	16 January 2016	At the CTP slimes pipeline a large slimes spill occurred originating from the CTP. The spill affected both KEM and KUM property.
Williamson	23 December 2015	Cracks on the extension slimes dam wall resulted in slimes seepage through the walls.

Resource usage

Water withdrawal by source in FY 2016

Element	Total m ³
On-mine potable water consumption	3,725,858
Off-mine potable water consumption	962,117
Raw water	10,073,226
Re-used/recycled water	21,029,818
Underground dewatering	4,388,449
Total water use	40,179,468

Environmental continued

Resource usage continued

Water sources significantly affected by withdrawal of water in FY 2016

Operation	Water source	Quantity withdrawn m³
Finsch	Groundwater	1,823,905
Cullinan	Wilge River	271,399
	Groundwater	169,160
Koffiefontein	Riet River	219,612
	Groundwater	724,000
Kimberley Underground	Groundwater	1,671,384
Kimberley Ekapa Mining	Kamfers Dam and Du Toits Pan	1,877,635
Williamson	Groundwater	6,121,929
Botswana	Groundwater	>1,500

Quality and total volume of water discharged

Operation	Quality ¹	Destination	Amount allowed to be released m³	Actual amount released in FY 2015 m³
Finsch	n/a	n/a	n/a	n/a
Cullinan	550–950	Premiermyntloop	2,886,000	318,921
Koffiefontein	2,000–2,800	Mine Lake	2,264,256	n/a
Kimberley Underground	2,000–3,800	Du Toits Pan	Not specified	n/a
Kimberley Ekapa Mining	n/a	n/a	n/a	n/a
Williamson	n/a	n/a	n/a	n/a

1. Expressed in terms of total dissolved solids (TDS mg/l). South African Water Quality Guidelines 1996 for Category 4 Industrial Processes: 1600mg/l.

Materials used by weight or volume

Operation	FeSi (t)				Steel (t)				Grease (kg)				Lubricating oils (l)			
	2016	2015	2014	2013	2016	2015	2014	2013	2016	2015	2014	2013	2016	2015	2014	2013
Finsch	1,061	1,462	1,067	1,277	n/a ¹	n/a ¹	n/a	n/a ¹	15,666	20,015	10,170	10,170	410,346	325,655	243,966	174,166
Cullinan	1,756	2,253	2,260	1,927	n/a ¹	n/a ¹	n/a ¹	n/a ¹	16,214	14,120	11,218	12,571	182,720	261,780	202,370	125,150
Koffiefontein	417	386	344	464	188	262	129	102	4,370	2,470	420	550	69,810	86,295	80,133	74,523
Kimberley Underground	560	707	435	469	152	105	352	188	5,649	3,832	4,997	4,501	35,277	31,065	21,902	15,595
Kimberley Ekapa Mining	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Helam	0	0	21	52	0	0 ²	149	84	0	0 ²	5,730	10,596	0	0 ²	4,565	11,235
Williamson	183	287	307	312	185	205	218	197	2,753	3,035	4,438	6,190	13,235	18,154	19,758	13,573
Group total	3,977	5,094	4,434	4,537 ³	525	573	849	656 ³	44,652	43,472	36,973	46,033 ³	711,388	722,949	572,695	427,342 ³

1. n/a: information is not available.

2. Due to the acquisition of KEM-JV in the middle of the financial year, some of the environmental parameters have not been monitored as per the other Petra operations. These elements will be reported on during the next financial year as monitoring and reporting standards are implemented.

3. Includes materials used by Sedibeng and Star (not shown in table), which were placed on care and maintenance in FY 2014.



Supplementary Information

Environmental continued

Resource usage continued

Total weight of waste by type and disposal method

Element	Disposal		Recycling								Incineration	
	Hazardous waste m ³	Non-hazardous waste m ³	Cans t	Cardboard/ paper kg	Conveyor belting t	Lead acid batteries units	Plastic t	Scrap metal t	Toner/ink cartridges units	Tyres units	Used oil l	m ³
Finsch												
2013	160	2,191	0	2,500	80	36	—	716	458	30	47,917	4
2014	232	1,717	—	200	51	343	—	802	424	—	66,919	4
2015	149	3,263	—	12	182	293	7	1,253	415	—	101,659	4
2016	1,064 t	17,686 t	0	18	187	20 t	28	1,157	0	0	96 t	3 t
Cullinan												
2013	47	309	0.50	19,260	219	147	118	1,377	—	390	35,700	21
2014	137	568	0.40	9,860	136	—	42	1,243	—	541	45,430	6
2015	253	780	0.18	5	203	—	19	2,089	—	426	53,820	69
2016	80 t	799 t	0	6 t	216	6 t	6	1,988	0	29 t	42 t	2.5 t
Koffiefontein												
2013	44	1,236	—	—	6	—	—	789	—	—	39,915	—
2014	35	188	—	—	8	—	—	539	—	25	21,000	—
2015	35	475	—	4	18	527	—	769	—	—	34,500	—
2016	21 t	392 t	0	0	0	0	4	625	0	66 t	19 t	—
Kimberley Underground												
2013	37	1,416	—	883	27	315	0.03	393	58	153	10,743	—
2014	54	1,005	—	—	417	52	—	79,780	25	128	15,935	—
2015	174	368	—	0.20	48	352	—	459	135	54	10,188	—
2016	19 t	207 t	—	— .4 t	4 t	0	0	479	0.02 t	0	6 t	—
Kimberley Ekapa Mining												
2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Williamson												
2013	—	110	—	—	12	25	—	31	105	—	11,595	32
2014	—	—	—	—	66	50	3	85	175	142	9,950	15
2015	—	1,201	—	—	25	69	1,104	94	172	190	11,800	16
2016	—	288 t	—	—	—	0.4 t	75	40	0.2 t	10 t	5 t	13 t

1. Helam put under care and maintenance in FY 2015.

2. As from FY 2016, waste volumes are expressed in tonnes. This was required in order to refine carbon footprint calculations for scope 3 activities.

Direct energy consumption by source (primary and intermediate) in FY 2016

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.

Operation	Electricity kWh	Diesel l	LPG kg
Finsch	211,653,624	4,253,892	0
Cullinan	189,041,275	3,077,877	240
Koffiefontein	55,669,926	1,335,739	0
Kimberley Underground	50,031,319	616,160	675
Kimberley Ekapa Mining	46,616,160	1,334,409	n/a
Williamson	32,129,764	5,702,588	332
Group total	585,142,068	16,320,665	1,247

Environmental continued

Resource usage continued

Carbon emissions in FY 2013–2016

Operation	Direct (scope 1) (t)				Indirect (scope 2) (t)				Intensity measure (tCO ₂ -e/ct)			
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2016	FY 2015	FY 2014	FY 2013	FY 2016	FY 2015	FY 2014	FY 2013
Finsch	11,213	10,768	9,267	8,351	218,215	206,771	190,489	182,921	0.12	0.11	0.11	0.14
Cullinan	8,131	8,706	5,823	6,387	194,902	190,157	190,524	185,499	0.32	0.29	0.26	0.22
Koffiefontein	3,518	2,749	2,768	3,432	57,396	49,831	44,667	48,812	1.11	1.28	0.82	1.57
Kimberley Underground	1,657	1,298	1,400	1,536	51,582	56,508	53,196	50,893	0.44	0.43	0.51	0.49
Kimberley Ekapa Mining	3,510	n/a	n/a	n/a	48,061	n/a	n/a	n/a	0.10	n/a	n/a	n/a
Williamson	29,304	31,526	24,717	40,487	27,101	27,455	28,925	24,531	0.27	0.29	0.29	0.47
Group total	57,333	55,048	44,201	60,906	597,256	523,025	518,733	523,480	0.21	0.20	0.18	0.23

Ozone depleting substances

Element	Total FY 2016 kg	Total FY 2015 kg	Total FY 2014 kg	Total FY 2013 kg
1,1,1-trichloroethane ("TCA")	60.0	51.5	—	10.2
CFC	46.0	130.0	—	27.2
HCFC	0.0	39.0	32.0	—
Halon	95.0	40.0	35.0	35.0
Halocarbon-22-chlorodifluoromethane	0.0	—	26.0	37.6
Total ozone depleting substances	201.0	260.5	93.0	110.0

Amount of land disturbed or rehabilitated in FY 2016

Operation	Total area disturbed ha	Total area considered as rehabilitated during FY 2016 ha	Cumulative area rehabilitated ha	Cumulative area undergoing rehabilitation ha	Total area still requiring rehabilitation ha
Finsch	1,406	0	111	124	1,171
Cullinan	1,642	0.3	8.5	0	1,634
Koffiefontein	1,642	0	6	0	1,636
Kimberley Underground	718	9	44	0	674
Kimberley Ekapa Mining	3,981	n/a	n/a	n/a	n/a
Williamson	654	31	349	0	304
Helam	19	—	—	—	19
Botswana	3	—	0.2	—	3
Petra Group	10,042	41	519	124	5,418¹

1. Excluding KEM-JV.

Protected habitats within the control of Petra operations

Operation	Habitat description	Size (ha)
Finsch	Two game farms	1,410+498
Cullinan	Two game farms	1,800+800
Koffiefontein	Game farm	2,000
Kimberley Underground	n/a	n/a
Kimberley Ekapa Mining	Game farm	2,900
Williamson	Williamson Forest Reserve and Old Golf Course	906
Helam	n/a	n/a
Botswana	Exploration project located inside the CKGR	3
Petra Group		9,881



Supplementary Information

Environmental continued

Resource usage continued

Protected species

Operation	Number of Red Data species	
	Fauna	Flora
Botswana	0	0
Helam	4	1
Cullinan	1	0
Finsch	0	2
Kimberley Underground	0	1
Koffiefontein	4	2
Kimberley Ekapa Mining	1	2
Williamson	0	0

List of protected species and extinction risk

Status

Protected fauna in Petra's area of operation include:

Blue cranes (<i>Anthropoides paradiseus</i>)	Vulnerable
Blue korhaan (<i>Eupodotis caerulea</i>)	Near threatened
Ludwig's bustard (<i>Neotis ludwigii</i>)	Endangered
Black harrier (<i>Circus maurus</i>)	Vulnerable
Secretary bird (<i>Sagittarius serpentarius</i>)	Vulnerable
Cullinan ant (<i>Solenopsis taenaria</i>)	Data insufficient
Black/Verreaux's eagle	Least concern
Spring hare (<i>Pedetes capensis</i>)	Least concern
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>)	
Sclater's golden mole (<i>Clorotalapa sclerati</i>)	Vulnerable
Short-eared elephant shrew (<i>Macroscelides proboscideus</i>)	
Black-footed cat (<i>Felis nigripes</i>)	Vulnerable

Protected flora in Petra's area of operation include:

Adenia repanda	Least concern
Devil's claw (<i>Harpagophytum procumbens</i>)	Protected
Albuca	Vulnerable
Papier Duiweltjie (<i>Gladiolus</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

Community

The table below outlines social expenditure per operation and per type for South African operations, and as a total for Williamson:

Operation	CSI and sponsorship projects	LED projects	Foundation projects	Total spend
Cullinan	40,370.53	246,036.75	691.77	287,099.05
Finsch	130,995.85	458,351.90	28,008.28	617,356.03
Koffiefontein	43,922.82	233,225.17	16,525.53	293,673.52
Kimberley Underground	34,425.69	96,111.46	6,204.24	136,741.39
Williamson				407,384.00
	249,714.89	1,441,109.27	51,429.83	1,742,254.00

Community continued

Stakeholder Engagement Issues

The issues below were raised by stakeholders during FY 2016:

Operation	Issue	Action taken by Petra to mitigate concerns
Relevant to most operations	<p>Allegations that contractors do not employ local residents</p> <p>Contractor behaviour and employment practices</p> <p>Opportunities for local suppliers and SMMEs</p> <p>Lack of visibility in terms on mine community development initiatives</p>	<ul style="list-style-type: none"> ▶ Contractors are encouraged to give priority to local recruitment, but candidates for skilled positions are sometimes not available ▶ Scheduled and special meetings with all the relevant stakeholders such as community leaders, the municipality and the regulator ▶ Proactive communication with contractors and formal reporting of incidents to the mine's HR department for investigation ▶ Enterprise Development Centres established at all South African operations to assist local suppliers and SMMEs ▶ Participation in External forums to discuss mine initiatives and sharing information on the project progress with various stakeholders
Finsch	<p>Incidences of social unrest in local communities related to unemployment and poverty</p> <p>The youth especially feel that they do not get opportunities</p>	<ul style="list-style-type: none"> ▶ Scheduled and special meetings with all the relevant stakeholders such as elected community representatives, the municipality and the regulator ▶ Finsch meets with the Local Municipality, participates in Integrated Development Plan ("IDP") forums and processes and attends IDP ward meeting each quarter.
Cullinan	Closure of R513 Road related to concerns about the proximity to the Cullinan open pit and the use of a Temporary road	<ul style="list-style-type: none"> ▶ Community task team established ▶ Public meetings conducted ▶ EIA public participation process is underway
	Land Donation and provision of housing for both Chris Hani Flat Residents and Community Members	<ul style="list-style-type: none"> ▶ Presented to the Housing task team ▶ Awaiting the land swap process outcome with the Department of Public Works
	Request from the community for the construction of Further Education and Training College in Cullinan	<ul style="list-style-type: none"> ▶ Engage the DMR, however the proposal was not approved ▶ Tshwane North College approached Cullinan for possible availability of property or buildings to rent for the same purpose – this process is underway
Kimberley Operations	Development of external relationships is challenging due to lack of trust in the communities, due to legacy issues related to mining	<ul style="list-style-type: none"> ▶ Engagement with district municipalities and other government bodies ▶ Forums have been established to build relationships ▶ Focus on transparency and building trust
	Internal disputes regarding Employment Equity, Human resource training and development , and recruitment issues	<ul style="list-style-type: none"> ▶ Planned internal workshops to engage with relevant stakeholders



Supplementary Information

Community continued

The table below outlines the details of the local procurement of our South African operations for FY 2016:

		Capital value	Services value	Consumables value	Total value
Cullinan					
H2 2015	Local	2,726,552	1,312,396	573,039	4,611,987
H1 2016	Local	1,482,622	1,415,500	269,876	3,167,998
FY 2016	Local	4,209,174	2,727,896	842,915	7,779,985
H2 2015	Total	65,718,634	15,518,763	12,113,863	93,351,260
H1 2016	Total	64,102,896	13,657,998	9,252,306	87,013,199
FY 2016	Total	129,821,530	29,176,760	21,366,169	180,364,459
FY 2016		3%	9%	4%	4%
Finsch					
H2 2015	Local	1,607,266	1,709,522	738,206	4,054,994
H1 2016	Local	2,213,637	1,725,830	564,119	4,503,586
FY 2016	Local	3,820,903	3,435,351	1,302,325	8,558,579
H2 2015	Total	23,619,469	29,977,892	11,876,135	65,473,496
H1 2016	Total	23,983,211	28,480,014	10,170,085	62,633,310
FY 2016	Total	47,602,680	58,457,905	22,046,221	128,106,806
FY 2016		8%	6%	6%	7%
Kimberley					
H2 CY 2015	Local	1,071,691	3,608,466	1,612,463	6,292,620
H1 CY 2016	Local	983,983	2,354,598	1,258,654	4,597,235
FY 2016	Local	2,055,673	5,963,064	2,871,118	10,889,855
H2 CY 2015	Total	5,911,466	4,208,075	2,897,526	13,017,067
H1 CY 2016	Total	7,218,641	5,712,210	2,579,966	15,510,817
FY 2016	Total	13,130,107	9,920,285	5,477,491	28,527,884
FY 2016		16%	60%	52%	38%
Koffiefontein					
H2 CY 2015	Local	1,941,868	562,382	221,596	2,725,846
H1 CY 2016	Local	972,563	438,685	192,794	1,604,042
FY 2016	Local	2,914,431	1,001,067	414,390	4,329,888
H2 CY 2015	Total	11,682,109	3,633,512	5,125,008	20,440,629
H1 CY 2016	Total	7,116,712	6,406,115	3,731,178	17,254,004
FY 2016	Total	18,798,821	10,039,626	8,856,186	37,694,633
FY 2016		16%	10%	5%	11%
Total Petra					
H2 CY 2015	Local	7,347,376	7,192,766	3,145,305	17,685,447
H1 CY 2016	Local	5,652,805	5,934,612	2,285,443	13,872,860
FY 2016	Local	13,000,182	13,127,378	5,430,748	31,558,307
H2 2015	Total	106,931,678	53,338,241	32,012,533	192,282,452
H1 2016	Total	102,421,460	54,256,336	25,733,534	182,411,330
FY 2016	Total	209,353,138	107,594,577	57,746,067	374,693,782
FY 2016		6%	12%	9%	8%

GRI Navigator

General standard disclosures

Strategy and analysis

GRI Reference	Indicator	Page/Notes
G4-1	Statement from the most senior decision-maker	p.6-7
G4-2	Provide a description of key impacts, risks and opportunities	Annual Report p.42-43 Sustainability Report p.18

Organisational profile

G4-3	Report the name of the organisation	Front cover
G4-4	Report the primary brands, products, and services	p.2
G4-5	Report the location of the organisation's headquarters	p.4
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	p.4
G4-7	Report the nature of ownership and legal form	https://www.petradiamonds.com/about-us/who-we-are/group-structure/
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	p.8-9
G4-9	Report the scale of the organisation	p.4-5, 8-9
G4-10	Report the total number of employees by employment contract and gender	p.37, 58
G4-11	Report the percentage of total employees covered by collective bargaining agreements	p.38
G4-12	Describe the organisation's supply chain	p.56
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	p.4
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Annual Report p.42-43 Sustainability Report p.18 https://www.petradiamonds.com/sustainability/overview/dpa-member-commitment/
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	p.1
G4-16	List membership of associations (such as industry associations) and national or international advocacy organisations	p.57

Identified material aspects and boundaries

G4-17	List all entities included in the organisation's consolidated financial statements or equivalent documents	Annual Report
G4-18	Explain the process for defining the report content and the Aspect Boundaries	p.14-15
G4-19	List all the material Aspects identified in the process for defining report content	p.14-15
G4-20	Report the material Aspect Boundary within the organisation	p.14-15
G4-21	Report the material Aspect Boundary outside the organisation	p.14-15
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	p.10, 43
G4-23	Report significant changes from previous reporting periods in the scope and Aspect Boundaries	p.14-15

Stakeholder engagement

G4-24	Provide a list of stakeholder groups engaged by the organisation	p.12-13
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	p.51
G4-26	Report the organisation's approach to stakeholder engagement	p.12-13, 51
G4-27	Report key topics and concerns that have been raised through stakeholder engagement	p.51, 65

Report profile

G4-28	Reporting period (such as fiscal or calendar year) for information provided	p.1
G4-29	Date of most recent previous report (if any)	p.1
G4-30	Reporting cycle (annual, biennial etc.)	p.1
G4-31	Provide the contact point for questions regarding the report or its contents	p.1
G4-32	GRI content index	p.1
G4-33	External assurance	p.1



Supplementary Information

General standard disclosures continued

Governance

GRI Reference	Indicator	Page/Notes
G4-34	Report the governance structure of the organisation	p.18–20

Ethics and integrity

G4-56	Organisation's values, principles, standards, and norms of behaviour	p.21
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Specific standard disclosures

Category: Economic

Aspect: Economic performance

G4-DMA	Disclosures on Management Approach	p.12
G4-EC1	Direct economic value generated and distributed	p.55–56, https://www.petradiamonds.com/wp-content/uploads/16-12-29-FY-2016-Full-Payments-to-Government-Report.pdf

Category: Environmental

Aspect: Materials

G4-DMA	Disclosures on Management Approach	p.42
G4-EN1	Materials used by weight or volume	p.61

Aspect: Biodiversity

G4-DMA	Disclosures on Management Approach	p.14
G4-EN12	Significant impacts on biodiversity	p.47
MM1	Amount of land disturbed or rehabilitated	p.63
MM2	Total sites identified as requiring biodiversity management plans	p.47

Aspect: Emissions

G4-DMA	Disclosures on Management Approach	p.14
G4-EN20	Emissions of ozone-depleting substances (ODS)	p.43–45, 63
G4-EN21	NOx, SOx, and other significant air emissions	p.45

Aspect: Effluents and waste

G4-DMA	Disclosures on Management Approach	p.14
G4-EN23	Total weight of waste by type and disposal method	p.46–47, 62
G4-EN24	Total number and volume of significant spills	p.40
MM3	Total amounts of overburden, rock, tailings, and sludges	Currently unavailable

Category: Social

Sub-category: Labour practices and decent work

Aspect: Employment

G4-DMA	Disclosures on Management Approach	p.15
G4-LA1	Total number and rate of employee turnover	p.32, 58

Aspect: Labour/management relations

G4-DMA	Disclosures on Management Approach	p.15
G4-LA4	Minimum notice periods regarding operational changes	p.38–39
MM4	Number of strikes and lock-outs exceeding one week's duration	There were no strikes in FY 2016

Aspect: Occupational health and safety

G4-DMA	Disclosures on Management Approach	p.14
G4-LA5	Workforce represented in health and safety committees	p.28
G4-LA6	Rates of injury, occupational disease, lost days, absenteeism, and work-related fatalities	p.28, 57
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	p.28

Specific standard disclosures continued

Category: Social continued

Sub-category: Labour practices and decent work continued

GRI Reference	Indicator	Page/Notes
Aspect: Training and education		
G4-DMA	Disclosures on Management Approach	p.15
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	p.33–36

Aspect: Diversity and equal opportunity

G4-DMA	Disclosures on Management Approach	p.15
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	p.37–38

Sub-category: Human rights

Aspect: Indigenous rights

G4-DMA	Disclosures on Management Approach	p.52
MM5	Total number of operations taking place in or adjacent to indigenous people' territories, and number and percentage of operations or sites where there are formal agreements with indigenous people's communities	p.52

Sub-category: Society

Aspect: Local communities

G4-DMA	Disclosures on Management Approach	p.15
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	p.50–56
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous people	p.52
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	There were no such disputes therefore no disclosure is required

Aspect: Compliance

G4-DMA	Disclosures on Management Approach	p.14
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions	p.18
MM8	Number (and percentage) of Company operating sites where artisinal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate there risks	p.52
MM9	Sites where resettlement took place, the number of households resettled in each, and how their livelihoods were affected in the process	No resettlement has been required and therefore we do not report on this

Aspect: Closure planning

G4-DMA	Disclosures on Management Approach	p.47
MM10	Number and percentage of operations with Closure Plans	p.47



Supplementary Information

Glossary

ABET	Adult Basic Education and Training, aimed at improving literacy levels and providing learners with nationally recognised qualifications	EMP	Environmental Management Programme
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	EMS	Environmental Management System
ART	antiretroviral treatment for HIV/AIDS	FFS	Fatality Free Shifts; FFS is calculated by multiplying the number of shifts worked with the number of people who worked the shifts
BBBEE	Broad-based Black Economic Empowerment	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
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	FIFR	Fatal Injury Frequency Rate: the number of fatal injuries per million hours worked
Beneficiation	the refining of a commodity; in the case of diamonds, refers to the cutting and polishing of a rough stone	FOG	fall of ground
BMP	biodiversity management plan	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
CCMA	the Commission for Conciliation, Mediation and Arbitration Charter	GVA_r	giga-volt-amperes reactive
CDP	Carbon Disclosure Project	ha	hectares
CO₂-e	carbon dioxide equivalent	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
Commercial goods	Commercial goods refers 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	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
CSI	corporate social investment	HPDs	hearing protection devices
CSR	corporate social responsibility	HR	human resources
Ctpa	carats per annum	HRD	human resources department
dB	decibel	HSE	Health, safety, environment
DEEC	Diamond Export and Exchange Centre in South Africa	HSEC	Health, safety, environment, community
DMR	Department of Mineral Resources, South Africa	HSEQ	Health, safety, environment and quality
DWEA	Department of Water and Environmental Affairs, South Africa	HSSE	Health, safety, social and environment
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	ILO	International Labour Organization
Effluent	mine effluent is a regulated discharge from a point source like a treatment plant or dam spillway	IPDET	the Itumeleng Petra Diamonds Employee Trust
EIA	Environmental Impact Assessment	ISO 13000	an international risk management process adopted by Petra
EITI	Extractive Industries Transparency Initiative	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
		IUCN	International Union for the Conservation of Nature
		IWULA	integrated water use licence applications

Glossary continued

JBSF	Justin Baring Scholarship Foundation, an organisation which grants scholarships to deserving students wanting to study mining-related degrees in South Africa	MOSH	Mining Occupational Safety and Health, an initiative of the South African Chamber of Mines to improve health and safety standards
kg	kilogram	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
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)	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
KPIs	key performance indicators	MVA	mega-volt ampere
kWh	kilowatt hour	NCPDPSA	National Council for People with Physical Disabilities in South Africa
l	litres	NGOs	non-governmental organisations
LDP	leadership development plan, a Petra initiative to assist in the identification and development of future leaders within the Group	NIHL	noise induced hearing loss
LED	Light emitting diode (when used in reference to lighting)	NOx	mono-nitrogen oxide
LED	local economic development (when used in reference to socio-economic development)	NUM	National Union of Mineworkers
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	OHSa	Occupational Safety and Health Administration
LHD	load haul dumper	OHSAS 18000	an international occupational health and safety management system specification
LOM	life of mine	OH&S	Occupational Health and Safety
LPG	liquefied petroleum gas	pa	per annum
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	PDF	Petra Diamonds Foundation
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	PD-AHOS	Petra Diamonds Assisted Home Ownership Scheme
Mctpa	million carats per annum	PDS	proximity device systems
Mcts	million carats	pH	the pH scale essentially measures the acidity or alkalinity of a solution
MDP	Mwadui Community Development Programme	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
MHSA	Mine Health and Safety Act (29 of 2002), South Africa	PPE	personal protective equipment
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	PV	photovoltaic
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	PWYP	publish what you pay
		Q&As	questions and answers
		rehabilitation	the process of restoring mined land to a condition approximating to a greater or lesser degree its original state
		SDL	Skills Development Levy
		SEP	Stakeholder Engagement Plan



Supplementary Information

Glossary continued

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	TSR	total shareholder return
SHE	safety, health, environment	UASA	United Association of South Africa, a South African trade union
SLC	sub-level cave	Underground pipe mines	Petra's underground kimberlite pipe mines, being Finsch, Cullinan, Koffiefontein and Kimberley Underground
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	UIF	Unemployment Insurance Fund, a mandatory deduction from salaries, met in equal by the employer and paid to the state in South Africa
SMEP	Stakeholder Management and Engagement Plan	VCT	voluntary counselling and testing, a programme aimed at encouraging voluntary HIV testing in order for individuals to know their status
SMME	Small, Medium and Micro Enterprise	VFL	visible felt leadership
t	tonne	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
tailings	the waste products of the processing circuit which may still contain quantities of the economic mineral	WHO	World Health Organization
TAMICO	Tanzania Mines, Energy, Construction and Allied Workers Union	WIM	Women in Mining
tCO₂-e/t	tonne CO ₂ -e per tonne processed		
TMM	trackless mobile machinery		
TBL	triple bottom line ("TBL") accounting expands the traditional reporting framework to take into account social and environmental performance in addition to financial performance		

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