

Petra Diamonds Limited Sustainability Report 2013

# Delivering sustainable growth



PetraDiamonds





Above: Johannes Louw and Tsepso Kido, who work on the ground handling section on 620m level at Finsch.

Front cover: The Vaal River, one of South Africa's major rivers and a supplier of water to large areas of the country, including Finsch and its local communities.



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



▶ Health and Safety  
Page 24



▶ Our People  
Page 30



▶ Environment  
Page 37



▶ Community  
Page 50

Petra aims to operate according to the highest ethical and governance standards and seeks to achieve leading environmental, social and health and safety performance.



➕ Discover more about Petra online  
[petradiamonds.com](http://petradiamonds.com)

1	<b>Overview</b>
2	Company profile
2	Scope of this report
3	FY 2013 highlights
4	Our business
6	Our operations
8	Our commitment
9	Key Performance Indicators
12	CEO's statement
14	<b>Strategy and Governance</b>
15	Responsible leadership
21	The regulatory environment for mining in South Africa
22	Case study: Induction of new Non-Executive Directors
23	Case study: Cullinan inspires new generation of South African artists
24	<b>Health and Safety</b>
25	Striving for Zero Harm
28	What is OHSAS 18001?
29	Case study: Combatting the 'Silly Season'
29	What is "MOSH"?
30	<b>Our People</b>
31	Fostering our team
36	Case study: Engaging and empowering employees
37	<b>Environment</b>
38	Protecting our environment
43	What is ISO 14001?
48	Case study: Williamson launches sustainable biogas energy project at local communities
49	Case study: Contributing responsibly to Botswana
50	<b>Community</b>
51	Enhancing our communities
57	Case study: Williamson wins Presidential Award in Corporate Social Responsibility
58	<b>GR Index</b>
63	<b>Glossary</b>



Overview

Company profile and scope of this report

Company profile

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

- Petra offers an exceptional growth profile, with a core objective to steadily increase annual production from 2.67 million carats in FY 2013 to ca. 5 million carats by FY 2019. The Group has a major resource base in excess of 300 million carats, which provides a solid foundation for sustainable operations over the long term.
- Petra has developed a dynamic company, in which employees are encouraged to fulfil their true potential, and underpinning our success is a 'can do' attitude.
- The Group conducts all its operations according to the highest ethical standards and will only operate in countries that are members of the Kimberley Process.

 **Our operations**  
**Page 6**

Scope of this report

This Report is the fifth annual Sustainability Report (the "Report") produced by Petra and covers the Company's performance in the area of sustainability for the year to 30 June 2013 ("FY 2013" or "the Year").

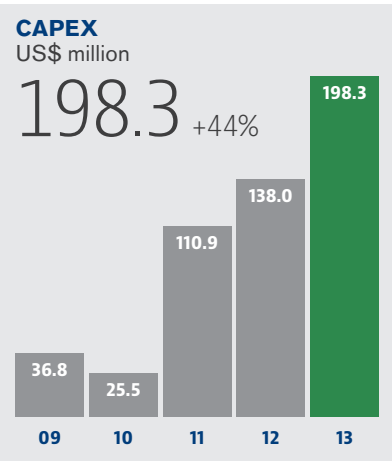
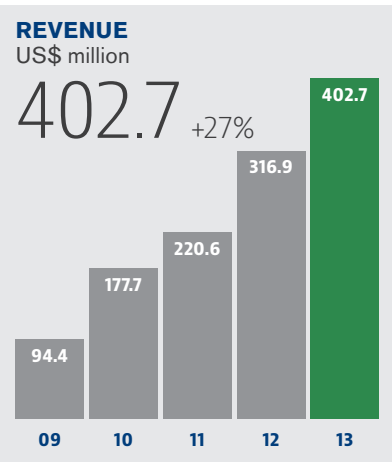
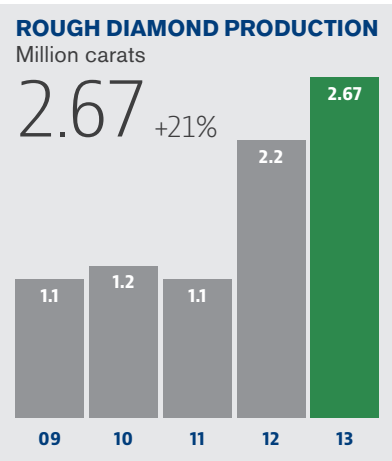
- This Report covers the operations managed by the Company in FY 2013, including the Fissure Mines (the Helam, Sedibeng and Star mines in South Africa), although Sedibeng and Star have since been placed on care and maintenance post Year end.
- This Report aims to provide a comprehensive overview of the Group's performance in the areas of health, safety, social and environment during FY 2013, and to set out the Group's strategy towards managing sustainability going forward. The sustainability issues that are deemed to be most material to the Group are discussed and, where applicable, illustrative case studies are provided. This Report should be read in conjunction with the Company's 2013 Annual Report, which is also available to download on the Petra website at [www.petradiamonds.com](http://www.petradiamonds.com).
- This Report has been produced in compliance with the Global Reporting Initiative's ("GRI") G3 Guidelines and the Mining and Metals Sector Supplement. Petra has self-declared a B level of reporting for this Report, according to the GRI Guidelines – see the GRI Index on page 58 for more information.
- In addition, Petra is continuously developing policies and reporting processes that are 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 and OHSAS 18001 and the ILO Declaration on Fundamental Principles and Rights at Work.
- All data contained in this Report is subject to internal review processes but is not audited or assured by an external agency.
- This Report is only available in electronic format, with due consideration for the environment.

**For more information on our sustainability reporting, please contact:**

Cathy Malins  
Corporate Communications Manager  
Tel: +44 20 7494 8203  
Email: [cathym@petradiamonds.com](mailto:cathym@petradiamonds.com)  
52–53 Conduit Street  
London W1S 2YX, UK



# FY 2013 highlights



## Governance

- Tony Lowrie joined the Board as Petra's first Senior Independent Director
- Revised Group Code of Conduct published and rolled out to employees
- Anti-Bribery Policy put in place and training programme initiated

## Health and Safety

- Group LTIFR reduced by 41% to 0.67, despite significant increase in activities of expansion programmes
- OHSAS 18001 re-certification achieved for Finsch and Cullinan
- Koffiefontein and Kimberley Underground achieved OHSAS 18001 certification for the first time
- Finsch achieved 1,300,000 Fatality Free Shifts; Helam achieved 8,000, Sedibeng achieved 9,000 and Star achieved 7,000 Fatality Free Production Shifts
- Williamson achieved 2,721,485 man hours worked without recording an LTI

## Social (Employees and Communities)

- US\$0.9 million<sup>1</sup> spent on corporate social investment, lower than expected due to delays approving the new Local Economic Development ("LED") projects in South Africa
- US\$4.5 million<sup>1</sup> spent on training across the Group, in line with commitments
- Completion of first phase of an Organisational Culture Review; final phase to be implemented in FY 2014
- Completion of Group Skills Audit Project to inform the development of employee training programmes
- Launch of the Group's Local Supplier Development Programme
- Launch of several internal communications initiatives as part of focus on employee relations
- Williamson won Presidential CSR Award in Tanzania

## Environment

- ISO 14001 re-certification achieved for Finsch and Cullinan
- Koffiefontein and Kimberley Underground achieved ISO 14001 certification for first time
- Multiple energy efficiency initiatives in place at all operations, leading to a reduction in energy consumption per tonne (31 kWh/t in FY 2013 versus 46 kWh/t in FY 2012)
- Significant improvements in environmental management and monitoring, including carbon emissions, water usage and recycling of materials

Note:

1. The following average exchange rate has been used for this Report: US\$1:R8.84.



Petra’s strategy is to create value by optimising and extending the lives of its world-class diamond mines to deliver sustainable, long-term operations and significantly increased production.

How we add value

Focus on  
Safety and sustainability

Corporate social responsibility is integral to the way the Group structures and operates its mining, development and exploration projects.

World-class  
Assets

Petra has acquired five of the world’s important diamond mines and in so doing has compiled a major diamond resource of over 300 million carats.



Our strategy

Underpinning Petra’s strategy is a focus on safety and sustainability, thereby driving value for all stakeholders.

▶ Strategy and Governance  
Page 14

1 Increase output  
Targeting 5 million carats  
by FY 2019



2 Optimise recoveries  
Aiming to improve  
operating margins






Petra operates an integrated and transparent business, with commitment to our values being present at every step of the production cycle.

## Stakeholder Value

Petra’s exceptional growth profile is expected to deliver substantially higher revenues and earnings over time, which will in turn deliver value to all stakeholders.

## World-class Leadership

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

 Our Assets and Expansion  
Page 19

## 3 Increase efficiencies

Maintaining a culture of effective cost control



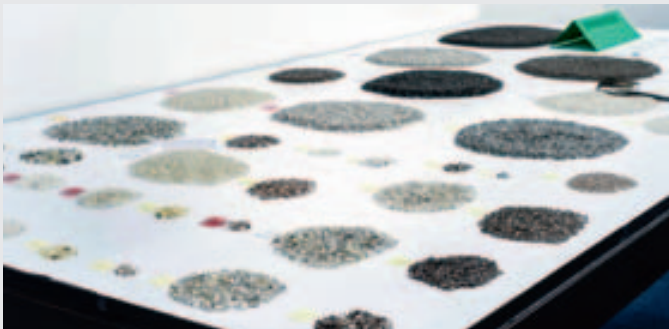
## Where we apply it



**1 Exploration**  
Petra’s exploration programme is focused in Botswana, where modern exploration techniques offer the potential to make new discoveries in previously explored areas.



**2 Mining and development**  
Petra operates both underground and open-pit operations in South Africa and Tanzania. The Company has expansion plans in place at each of its core assets.



**3 Processing, sorting and sales**  
After processing through the plant, the extracted rough diamonds are sorted by in-house experts and our marketing team sells the parcels by competitive tender.



Petra is focused on Africa – source of ca. 60% of the world’s diamonds by value.

Our operations



**Finsch**

**A major producer with world-class infrastructure**

- Produces a number of +50 carat stones annually, highly commercial goods of +5 carats and is rich in gem quality smaller diamonds
- FY 2013 production of 1,412,465 carats and revenue of US\$160.6 million
- 1,520 people: 895 employees, 625 contractors
- Petra ownership 74%<sup>1</sup>; BEE partners 26% (21% Senakha Diamonds Investments (Pty) Ltd, 5% Petra Diamonds Employee Trust)



**Cullinan**

**The world’s most celebrated diamond mine**

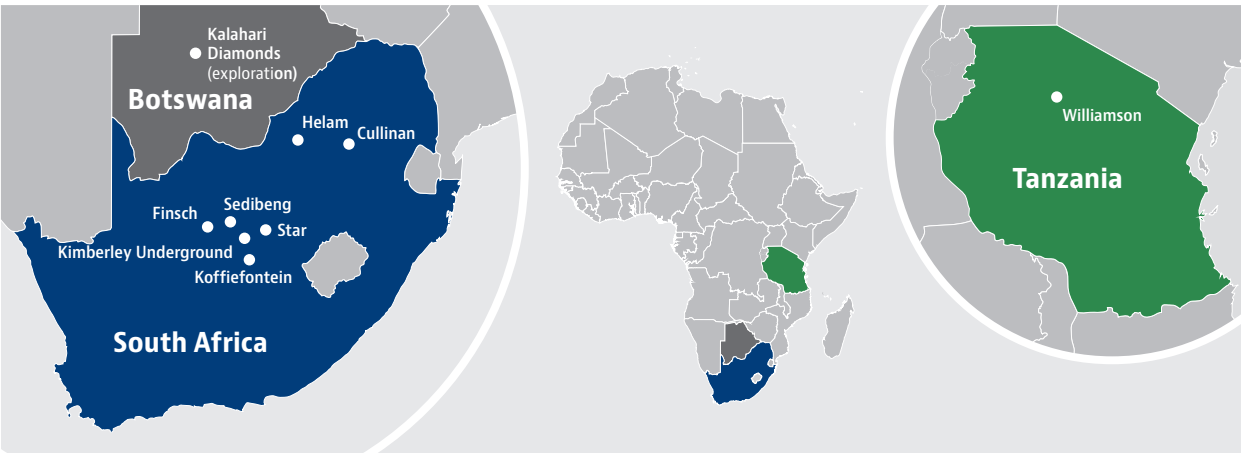
- Renowned for large, top quality gem diamonds (has produced over 750 diamonds of +100 carats and a quarter of all diamonds of +400 carats) and only reliable source of highly prized, rare blue diamonds
- FY 2013 production of 868,975 carats and revenue of US\$133.0 million
- 1,812 people: 1,302 employees and 510 contractors
- Petra ownership 74%<sup>1</sup>; BEE partners 26% (14% Thembinkosi Mining Investments (Pty) Ltd, 12% Petra Diamonds Employee Trust)



**Koffiefontein**

**One of the world’s top kimberlite mines by diamond value**

- Regularly produces exceptional white diamonds of between five and 30 carats in size
- FY 2013 production of 34,800 carats and revenue of US\$16.6 million
- 738 people: 497 employees, 241 contractors
- Petra ownership 70%<sup>1,2</sup>; BEE partners 26% (21% Re Teng Diamonds (Pty) Ltd, 5% Petra Diamonds Employee Trust)



Notes:

1. Other than the percentage interests listed, Petra has an interest in Sedibeng Mining (Pty) Ltd, one of its BEE partners – refer to document 'Effective Interest in Mines' at [petradiamonds.com/investors/analyst-guidance](http://petradiamonds.com/investors/analyst-guidance).

2. Petra holds a further 4% effective interest in the Koffiefontein mine through its 13.33% interest in Re Teng Diamonds (Pty) Ltd, the BEE partner at the mine.



The Petra Group encompassed 5,139 permanent employees and 2,117 contractors as at 30 June 2013.



**Kimberley Underground**

**Operation comprises Bultfontein, Dutoitspan and Wesselton kimberlite pipes**

- Production characterised by the better colour commercial white diamonds highly sought after by manufacturers
- FY 2013 production of 115,400 carats and revenue of US\$33.4 million
- 641 people: 641 employees and 0 contractors
- Petra ownership 74%; BEE partners 26% (Sedibeng Mining (Pty) Ltd)



**Williamson**

**Tanzania's most important diamond producer**

- Renowned for beautifully rounded white goods and 'bubblegum' pink diamonds
- FY 2013 production of 164,376 carats and revenue of US\$41.9 million
- 1,215 people: 519 employees, 696 contractors
- Petra ownership 75%; United Government of the Republic of Tanzania 25%



**Petra Diamonds Botswana**

**Botswana is the world's largest diamond producer by value**

- Petra holds 21,520 km<sup>2</sup> of diamond exploration ground
- Work progressed on the KX36 discovery
- US\$4.8 million exploration spend in FY 2013
- 42 people: nine employees and 33 contractors



**Fissure mines**

**Portfolio of three mines (Helam, Sedibeng and Star)**

- In FY 2013, Petra and its BEE partners commenced a public disposal process in respect of the Fissure Mines, which did not result in any acceptable offers; the Company is continuing to run Helam on a commercial basis, whilst Sedibeng and Star have been placed onto care and maintenance
- FY 2013 production of 72,287 carats and revenue of US\$17.1 million
- 1,165 people: 1,157 employees and eight contractors
- Helam, Sedibeng, Star ownership: Petra 74%, BEE partner 26% (Sedibeng Mining (Pty) Ltd)



**Other departments**  
**Sorting, Marketing and Sales**

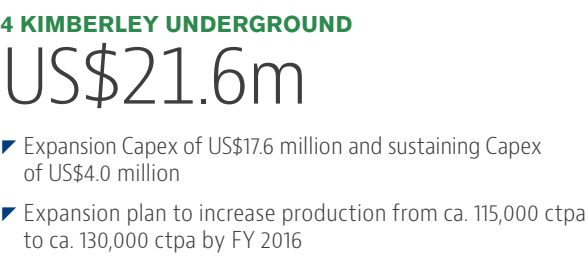
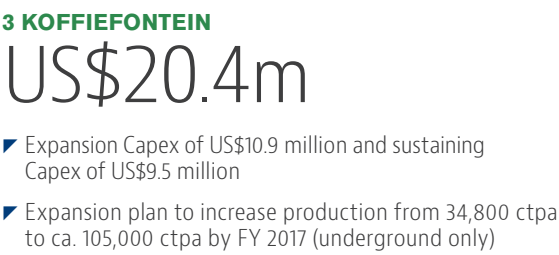
- Petra cleans and sorts its rough diamonds mined in Tanzania and South Africa
- Sales tenders are carried out in both South Africa (Johannesburg) and Belgium (Antwerp)

**Group/Corporate/ Central Technical and Operations Support**

- Petra is headquartered in Jersey, with administrative offices also in Johannesburg and London
- US\$11.3 million corporate overhead spend in FY 2013



## Our commitment





The following non-financial KPIs are considered by management to be the most appropriate in terms of tracking Petra’s sustainability performance year on year.

KPI AND FY 2013 PERFORMANCE	Description	Performance in FY 2013	Objectives for FY 2014
Safety			
<b>LTIFR</b> 0.67 2012: 1.13	Lost Time Injury Frequency Rate ("LTIFR") is defined as the number of lost time injuries multiplied by 200,000 and divided by the number of hours worked. LTIFR is an industry-wide measure of overall safety performance.	Group LTIFR for the Year reduced to 0.67. This is an encouraging trend considering the increase in activities as the capital programmes progress.  The team is very focused on driving improvements in line with the Group's objective of zero harm.	Petra will continue to remain highly vigilant with regards to ensuring its employees can work safely; the Company's wide range of initiatives, training and awareness programmes all aim to foster a zero harm workplace and target a minimum 20% reduction per annum.
<b>FIFR</b> 0.00 2012: 0.03	Fatal Injury Frequency Rate ("FIFR") represents the number of fatalities per 200,000 hours worked.	There were no fatalities in FY 2013.	Fatalities are unacceptable and we target an FIFR of zero, as achieved in FY 2013.
Social			
<b>CSI SPEND</b> ca. US\$0.9 million <sup>1</sup> 2012: ca. US\$3.3 million	Corporate Social Investment ("CSI") spend represents the total amount of expenditure on community and social projects in the Year. It shows how Petra's revenues are channelled to support its communities.	Expenditure was lower than expected due to delays approving the new Local Economic Development ("LED") projects in South Africa.	Social expenditure is highly regulated in South Africa, according to commitments made in the SLPs accepted and approved by the DMR. Once approved, Petra will adhere to its commitments as per its SLPs.

Notes:

1. Calculated using an average exchange rate of US\$1:R8.84.



KPI AND FY 2013 PERFORMANCE	Description	Performance in FY 2013	Objectives for FY 2014
Our People			
<b>TRAINING SPEND</b> ca. US\$4.5 million <sup>1</sup> 2012: ca. US\$3.3 million	Training spend represents the total amount invested in training schemes for our workforce during the Year. The development of people also takes place through offerings such as adult basic education and training, the Leadership Development Programme and the bursary scheme.	Training spend has remained in line with the South African Mining Charter stipulation for 2013 to be ca. 4.5% of operations payroll.	It is anticipated that Petra's training spend in South Africa will increase to ca. 5% of operations payroll, as required by the Mining Charter from 2014 onwards.
<b>WOMEN IN THE WORKFORCE</b> 14% 2012: 14%	The percentage of female employees in our total workforce. Attracting and retaining women is a major part of establishing gender diversity in our workforce and is one of Petra's priorities.	The percentage of female employees in the workforce remained stable during the reporting period.	Increasing the number of female employees is an important aspect of improving on equity in the Company. Despite the challenges inherent to employing women in the mining industry, preference is given to the recruitment of women as a historically disadvantaged group.
<b>STAFF TURNOVER</b> 11% 2012: 12%	Staff turnover is calculated using the total number of employees who have left the Group during the Year, including voluntary turnover and terminations. High employee turnover can negatively impact the human capital of the Company and affect productivity. We aim to maintain low staff turnover rates.	Staff turnover rates consistent with national and industry levels were maintained.	Although turnover rates are consistent with the industry and national norm, these are monitored to ensure that appropriate action is taken should staff turnover rates start rising unacceptably.

Notes:

1. Calculated using an average exchange rate of US\$1:R8.84.



**KPI AND  
FY 2013 PERFORMANCE**

**Description**

**Performance  
in FY 2013**

**Objectives  
for FY 2014**

Environment			
<b>WATER USAGE</b> 31,993,403m <sup>3</sup> or 1.95m <sup>3</sup> /t 2012: 14,593,831m <sup>3</sup> or 2.18m <sup>3</sup> /t	The volume of water used by Petra during the Year expressed as a total for the Group and on a per tonne treated basis ("m <sup>3</sup> /t").	The higher volume of water consumption is attributed to increased production and improved reporting of consumption from all mines. As the accuracy of water monitoring improved in FY 2013, the usage recorded for the Year is not directly comparable to FY 2012.	It is expected that water consumption will increase in the future as most of our operations are expanding or increasing production. Petra will mitigate this impact by focusing on increasing the re-use of water and by minimising water losses. Petra will target a reduction in water consumption measured in m <sup>3</sup> /t.
<b>ENERGY USAGE</b> 511,806,719kWh or 31 kWh/t 2012: 444,509,579kWh or 46 kWh/t	This represents the amount of energy used by Petra for the Year expressed as a total for the Group and on a per tonne treated basis ("kWh/t"). Our main sources of energy consumption are electricity and diesel.	Total energy usage increased in line with the Group's increase in production for the Year; however Petra combatted the required increases by driving energy efficiency initiatives across all its operations leading to a reduction in energy usage per tonne.	Minimising energy use is an economical and an environmental prerogative and the Group therefore has a number of energy efficiency initiatives in place across all its operations – see pages 42 and 43 for more information. Petra will target a reduction in energy consumption in kWh/t.
<b>CARBON EMISSIONS</b> 584,386t CO <sub>2</sub> -e 2012: 476,552t CO <sub>2</sub> -e	This includes all carbon emitted by the Company during the course of its activities, both direct and indirect.	We have substantially improved monitoring of the consumables which account for such emissions, and therefore the emissions recorded for the Year are not directly comparable to FY 2012.	As most of the emissions are as a result of electricity consumption, Petra will continue to focus on energy efficiencies, as noted above.



# Letter from the CEO

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



**Johan Dippenaar**  
Chief Executive Officer

## SUMMARY

- As Chair of our HSSE Committee I have sight of any critical HSSE matters facing the Group and how they should be managed.
- It was particularly pleasing that our safety record improved for the Year, demonstrating our focus on this area.
- Career-oriented training is one of the most important contributions we can make for our employees.
- We believe that active long-term engagement with local communities is fundamental to our business.

I am delighted to introduce our fifth Sustainability Report, which outlines the holistic approach that we apply with regards to our operations, covering health and safety, environmental management and caring for the people who are both directly and indirectly supported by the Group. We are focused on a long-term, successful future for Petra, which cannot be achieved without this approach.

FY 2013 has been a further period of growth for Petra, both in terms of production (up 21% to 2.67 Mcts), revenue (up 27% to US\$402.7 million) and the underlying profitability of the business (profit from mining activity up 34% to US\$138.6 million, adjusted EBITDA up 36% to US\$122.4 million, adjusted operating cashflow up 57% to US\$132.8 million and a net profit after tax of US\$27.9 million) as well as in the size of the Group by the number of employees and contractors (5,139 employees and 2,117 contractors as at 30 June 2013).

The benefits of this growth to Petra's stakeholders are significant, in terms of employment (ca. US\$148.1 million on salaries, wages and benefits in FY 2013), training and career development opportunities (ca. US\$4.5 million on training in FY 2013), community investment (ca. US\$0.9 million on CSI expenditure in FY 2013) and significant tax payments to governments (ca. US\$29.8 million in FY 2013).

This fast growth rate brings both risk and reward, and one of the key challenges for the last few years has been to consolidate our newly acquired operations into the existing Petra organisation and to strive for consistency of standards across the Group. My role as Chair of our HSSE Committee assists in this regard, as I thereby have sight of any critical HSSE matters facing the Group and how they should be managed to ensure that Petra can continue upon a sustainable growth path going forward.

### Health and safety

Health and safety of all Petra people is of course our greatest priority. It was therefore particularly pleasing that our safety record improved for the Year to an LTIFR of 0.67, which is a great achievement considering the acceleration of activity associated with the major expansion plans underway at Finsch and Cullinan. This safety performance can also be considered of a good standard taking into account that the majority of our operations are underground mines; however we will not be complacent and will continue to strive for a zero harm working environment.



All our operations have high levels of safety standards and performance and it was an excellent achievement that all our underground pipe mines achieved OHSAS 18001 certification during the Year (see 'What is OHSAS 18001?' on page 28 for more information). Williamson, our open pit operation, also continued to excel in this area, recording a remarkable 2.7 million hours without a single LTI in FY 2013. My congratulations to all our mine management teams for their efforts in driving our improved safety performance for the Year.

### Contributing to our communities

We believe that active long-term engagement with local communities is fundamental to our business and therefore devote considerable time and resources to such engagement. This inclusive engagement process has over time identified the following as the critical issues which should be the key focus of our activities: sustainable job creation; poverty alleviation; skills transfer; and enterprise development in local communities. Having defined our objectives, we are therefore able to identify relevant projects for support, in conjunction with the relevant local authorities, as well as with those appointed to represent our local communities.

Our spend for such programmes in South Africa is highly regulated in accordance with the set parameters of our various approved Social and Labour Plans. Agreeing and approving new projects can therefore cause timing differences in the roll-out of the spend allocated to such projects.

In Tanzania, the Williamson mine gained national recognition for its commitment to Corporate Social Responsibility by winning awards in two areas of Tanzania's Presidential Award on Corporate Social Responsibility and Empowerment in August 2013. The mine won certificates for Empowerment and Employment and was the runner up in a further three areas (Procurement, Water Programs and Education). Williamson was also presented with a trophy as overall winner for the Year 2012 in the category Large Scale Minerals Projects (see case study: Williamson wins Presidential Award in Corporate Social Responsibility on page 57 for more information).

### Environmental management

Continuous improvement is a key tenet of the Petra 'way of doing things' and we made good progress in terms of our environmental performance in FY 2013, with all the underground pipe mines now ISO 14001 certified (see 'What is ISO 14001?' on page 43 for more information).

In order to achieve the ISO 14001 standards, we have made a number of improvements across all the operations in terms of environmental management and monitoring, including of carbon emissions, water usage and recycling of materials.

Water management is one of our key focus areas and to this end we have recently integrated all our water management plans in South Africa, aligning them with industry best practice and the Integrated Water Use Licence Applications commitments. This is a long-term plan and will be implemented in a phased approach and the ongoing monitoring results will inform the subsequent phases.

### Labour relations

Our South African operations were affected by brief work stoppages during October 2012 and, post Year end, in September 2013. These disruptions were not as significant as those experienced in the platinum and other sectors, and Petra was able to resume operations in a timely manner. Currently labour relations are stable, but we remain vigilant in terms of monitoring the situation and are highly focused on this area. We believe that open and effective dialogue is key, and to this end we have put in place a range of methods via which we can communicate with our employees, being one of our most important stakeholders.

### Outlook

We have made a number of important achievements in the area of sustainability in FY 2013, but we will continue to seek to improve our performance, as well as the monitoring and reporting of such performance. I am confident that this will be the case, given the many passionate and hard-working individuals who make up the Petra Group and who each contribute so much to a long-term, sustainable future for our business.



**Johan Dippenaar**  
Chief Executive Officer  
28 November 2013





## Strategy and Governance

Anthonie Afrika, Clerk of Works at the Finsch underground expansion project, conducts an essential risk assessment before work commences.



# Strategy and Governance

Effective governance is integral to achieving the Group's long-term objectives.

## SUMMARY

- Tony Lowrie was appointed to the Board in September 2012 as Senior Independent Director, fulfilling a key corporate governance requirement.
- The HSSE Committee formulates and recommends to the Board the Group's policies and strategies on all relevant health, safety, social and environmental issues as they affect our operations.
- Our remuneration packages are weighted towards performance pay linked to Petra's strategic goals and targets, including matters pertaining to sustainability.
- In FY 2013, we revised our Group Code of Ethical Conduct, which sets out our expectations of employees in regards to areas such as appropriate conduct in the workplace and fraud prevention, as well as including new and revised recommendations on key areas such as human rights, whistleblowing and anti-bribery policies.

## Sustainability strategy

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

The Company has grown rapidly over recent years and ended FY 2013 with annual production of 2.67 million carats, annual turnover of US\$402.7 million and a total staff complement of 5,139 employees and 2,117 contractors. This growth has been achieved through the acquisition of operational diamond mines in South Africa and Tanzania. Petra's strategy is to invest in and optimise these assets, thereby extending their lives and providing stable employment for each mine's workforce.

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

Petra's core sustainability objectives to ensure responsible mining are to:

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


## Governance

Petra's strategy is to build a sustainable long-term future for the business and continued effective governance, in line with the Company's growing size and stature, is considered integral to achieving these aims.

As a company listed on the Main Market of the London Stock Exchange, Petra is required to comply with the UK Corporate Governance Code or to explain why it has not complied in certain areas. Our governance policies and performance for FY 2013 are set out in detail in the 2013 Corporate Governance Statement of our 2013 Annual Report, which is available to download on the following link: [www.petradiamonds.com/about-us/corporate-governance](http://www.petradiamonds.com/about-us/corporate-governance).

Petra's Board currently consists of the Non-Executive Chairman, three Executive Directors and three independent Non-Executive Directors. During the Year, Tony Lowrie was appointed to the Board in September 2012 as a Senior Independent Director, thereby fulfilling a key UK Corporate Governance Code requirement.

Ultimately, the role of the Board is to protect and enhance shareholder value and, to this end, all duties are carried out with due regard for true sustainability and the long-term success of the Company.

 Petra's 2013 Corporate Governance Statement is available at [petradiamonds.com/about-us/corporate-governance](http://petradiamonds.com/about-us/corporate-governance)



Governance continued

To assist in the execution of the Company's strategy, the Executive Directors are tasked with managing the Company on a day-to-day basis. In addition, Petra currently has the following primary committees: the Audit Committee, the Remuneration Committee, the Nomination Committee and the HSSE Committee. The purpose of these committees is to delegate responsibility to Directors with specific skills and knowledge and to facilitate the Board's overall role.

HSSE Committee

The HSSE Committee's ("the Committee") role is to ensure that the Group has systems in place to deal with all relevant health, safety, social and environmental issues as they affect the Group's operations and to report to the Board on such matters. The Committee is also tasked with ensuring that the Board is cognisant of, and takes account of, corporate social responsibility best practice.

The Committee is Board-represented by CEO Johan Dippenaar, as Chairman of the Committee, and is comprised of members of Petra's Senior Management team. The Committee meets formally at least twice a year. The Terms of Reference of the Committee are available at: [petradiamonds.com/sustainability/hsse-committee](http://petradiamonds.com/sustainability/hsse-committee).

FY 2013 was the first full year of operation for the Committee and two meetings were held. The key focus for the Committee is to assess the critical sustainability issues facing the Group, particularly in light of the high growth rate of the business year on year.

FY 2013 Committee highlights

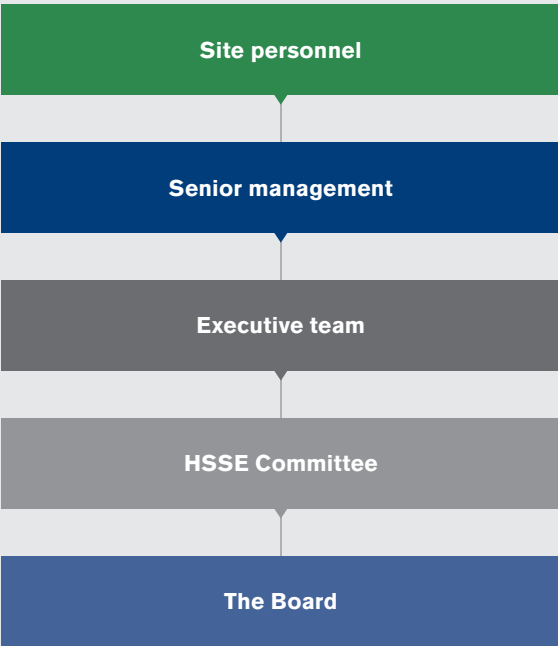
- Review of relevant legislation and regulations, reporting to the Board on levels of compliance as appropriate.
- Review of international guidelines and best practice in respect of Petra's sustainability reporting.
- Introduction of a revised Group Code of Ethical Conduct, providing a reference point on the high standard of conduct we expect from all Petra employees.
- Focus on labour relations and improved employee communication, with a number of internal communications initiatives launched and rolled out.
- Oversight of the commencement of Group carbon emissions reporting and consideration of the various emissions disclosure mechanisms.
- Monitoring of HSSE performance and reporting to the Board on any material issues.
- Review of the Group's compliance with the Global Reporting Initiative Guidelines.

Risk management

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. As part of its usual role and through direct involvement in the management of the Group's operations, it ensures that risks are identified, assessed and appropriately managed.

The sustainability risks considered to be most material to the Group are categorised in the areas of Health and Safety, Governance and Ethics, Community Relations, Employees and Environment – see the schematic on page 20 which sets out the sustainability areas considered to be most material to the Group.

Incidents are classified as minor, moderate or major. Major incidents are those that are deemed material to the Group's performance as a whole. Should such a major incident occur, then there is a clear line of communication to ensure that the matter is reported to the highest governance body immediately, as follows:





Remuneration

Petra's remuneration packages are weighted towards performance pay linked to Petra's strategic goals and targets, which include matters pertaining to sustainability, and take into account best practice developments applied in a manner which is appropriate for Petra's industry and specific circumstances.

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

Performance measures for incentives

Production	<ul style="list-style-type: none"> <li>Growth in carat production is at the core of Petra’s strategy and is therefore fully embedded in the performance measurement framework</li> </ul>
Expansion project delivery	<ul style="list-style-type: none"> <li>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</li> </ul>
Profit and costs	<ul style="list-style-type: none"> <li>Petra remains focused on managing costs and profitability. Profit and cost measures form part of the annual bonus metrics</li> </ul>
HSSE	<ul style="list-style-type: none"> <li>Health, safety, social and environmental measures are explicitly included as part of the annual bonus framework, reflecting Petra’s commitment to corporate responsibility</li> </ul>
Total shareholder return	<ul style="list-style-type: none"> <li>Share awards are linked to value created for shareholders by measuring both relative and absolute TSR</li> </ul>

Memberships

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

In South Africa, Petra is a member of the South African Chamber of Mines. Petra's Group Human Resource Development Manager is on the Board of the Mining Qualifications Authority and Petra has representation on the Mining Education Trust Fund (Petra provides funding in line with member requirements). The Group Environmental Coordinator is a member of the Chamber of Mines' Environmental Policy Committee, which is involved in evaluating and commenting on new and proposed environmental legislation. The Group SHE 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, and the Group Support Manager represents the Company on the Labour Policy Committee.

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



**Policies and standards**

Petra’s policies on issues relating to sustainability operate at three distinct levels: strategic, group, and operational. Care is taken to ensure that these policies and related procedures are vertically as well as horizontally integrated.

In FY 2013, we revised our Group Code of Ethical Conduct, which sets out Petra’s expectations of employees with regards to areas such as appropriate conduct in the workplace and fraud prevention, as well as including new and revised recommendations on key areas such as human rights, whistleblowing and anti-bribery policies. The revised Code of Ethical Conduct is an intrinsic part of our employee/contractor induction and training on key ethical matters. This Code is an internal document and is available to all employees via the Company intranet.

During the Year, Petra also implemented a Group Anti-Bribery Policy, which sets out Petra’s zero tolerance approach to bribery or corruption and is in line with the UK Bribery Act legislation. The policy is available for download at [www.petradiamonds.com/about-us/corporate-governance/the-uk-bribery-act](http://www.petradiamonds.com/about-us/corporate-governance/the-uk-bribery-act). The Company also established an international whistleblowing hotline and email address

to be used by all Petra employees, details of which are included in the Code of Ethical Conduct.

During FY 2012 we developed and implemented a Group Environmental Policy and Strategy, which covers all of our operations, as well as a Health and Safety Strategy, which covers our South African operations. Both these strategies are subject to continuous review and improvement.

The implementation of a standardised Group Stakeholder Engagement Policy and related processes, to tie together the sound stakeholder relationship processes in place at the respective operations, is ongoing.

Petra complies in all material aspects with all relevant laws and regulations in the countries in which it operates and, although in FY 2013 some directives were received from the Department of Mineral Resources that have a bearing on social and environmental matters, these directives are commonplace in the South African mining industry and are seen as an invitation to comply, as opposed to a sanction for non-compliance; these directives were subsequently addressed by the Company.

Petra was not subject to any fines during FY 2013.

**Human rights**

Petra is fully committed to upholding the human rights of all of its stakeholders, including its employees, contractors and partners, and as such has a policy of fair dealing and integrity in place in terms of the conduct of its business. This commitment is based on the belief that business should be conducted honestly, fairly and legally. We expect all employees to share our commitment to high moral, ethical and legal standards.

The Company’s Code of Ethical Conduct formally states Petra’s commitment to human rights and sets out and communicates our values right down through the organisation, and the Company’s Employment Equity policy and its Disciplinary Code and Procedures forbid any kind of discrimination.

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

Human rights issues are covered by Petra’s operational policies and procedures. Any human rights grievances are either managed through the operational grievance procedures or, where they are seen as substantive in nature, by the collective bargaining processes that are in place with recognised labour unions.

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

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



Petra’s Anti-Bribery Policy is available at [petradiamonds.com/about-us/corporate-governance/the-uk-bribery-act](http://petradiamonds.com/about-us/corporate-governance/the-uk-bribery-act)



## Stakeholder engagement

Our mission is to develop our assets in a responsible manner, thereby unlocking value for all stakeholders. Likewise, we are committed to ensuring that all stakeholders are made aware of the Company's current and future operations and are kept informed about the benefits which result from such operations. We are committed to ongoing engagement and meet with a wide range of stakeholders on a regular basis.

Stakeholder	Key Issues	Engagement Method
<b>Employees and contractors</b>	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Targets and objectives</li> <li>Performance updates</li> <li>Policies and procedures</li> <li>Training and personal development</li> <li>Remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Safety and other workplace meetings</li> <li>Employee briefs</li> <li>Internal publications</li> <li>Notice boards</li> <li>Electronic channels – email, intranet, digital displays</li> <li>Mandatory committees (e.g. SLP Committees, SHE Committees, Future Forums, EE Committees)</li> </ul>
<b>Trade unions</b>	<ul style="list-style-type: none"> <li>Substantive (rights) issues</li> <li>Interest issues</li> <li>Sustainability</li> <li>Life of mine and mine future</li> </ul>	<ul style="list-style-type: none"> <li>Mine Negotiating Forums</li> <li>Central Negotiating Forum</li> <li>Representation on Mandatory Committees</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>Mandatory commitments</li> <li>Economic impacts</li> <li>Compliance</li> <li>Public-private partnerships (PPPs)</li> </ul>	<ul style="list-style-type: none"> <li>Continuous consultation</li> <li>Scheduled meetings</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Employment</li> <li>Local economic development</li> <li>Social development, including education</li> <li>Sustainability</li> <li>Mining and prospecting right consultations</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder Engagement Plans</li> <li>Public Participation processes</li> <li>Public meetings</li> <li>Community newsletters</li> <li>Local Economic Development project involvement</li> </ul>
<b>Non-governmental organisations</b>	<ul style="list-style-type: none"> <li>Social and economic development projects/partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Continuous liaison</li> <li>Community meetings and newsletters</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Compliance with Petra Code of Ethical Conduct</li> <li>Local supplier development</li> <li>Commercial transactions</li> </ul>	<ul style="list-style-type: none"> <li>Supplier days</li> <li>Local supplier development events</li> <li>Continuous liaison</li> </ul>
<b>Joint venture partners</b>	<ul style="list-style-type: none"> <li>Performance updates</li> <li>Consultation on critical issues</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings and communications flow</li> </ul>
<b>Customers and end users</b>	<ul style="list-style-type: none"> <li>Product assurance ("conflict-free")</li> <li>Reliability of supply</li> </ul>	<ul style="list-style-type: none"> <li>Full certification of product and commitment to only operate in countries that are members of the Kimberley Process</li> <li>High level of business transparency</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Financial and operational performance</li> <li>Corporate governance</li> <li>Risk management</li> <li>Market information</li> </ul>	<ul style="list-style-type: none"> <li>Regular briefings via public announcements, meetings, conferences, webcasts, site visits</li> <li>Annual and sustainability reporting</li> <li>Consistent and transparent information flow</li> <li>Open door policy</li> <li>Dedicated investor relations department</li> </ul>
<b>Financial community (including analysts and the media)</b>	<ul style="list-style-type: none"> <li>Financial and operational performance</li> <li>Corporate governance</li> <li>Risk management</li> <li>Market information</li> </ul>	<ul style="list-style-type: none"> <li>Regular briefings via public announcements, meetings, conferences, webcasts, site visits</li> <li>Annual and sustainability reporting</li> <li>Consistent and transparent information flow</li> <li>Open door policy</li> <li>Dedicated investor relations department</li> </ul>





**Material issues**

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

**Material issues**

**Health and safety**

- Health and safety systems
- Safety performance
- Occupational health
- Community health

**Employees**

- Labour relations
- Employee development and retention
- Employee diversity

**Environment**

- Resource usage
- Environmental stewardship
- Rehabilitation and restoration
- Water management
- Climate change
- Licensing

**Community**

- Stakeholder engagement
- Community development
- Local procurement
- Management of stakeholder expectations

**Governance and ethics**

- Risk management
- Human rights
- Ethical conduct
- Product assurance
- Security
- Legal compliance



**Product stewardship and assurance**

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

We will only operate in countries that are members of the Kimberley Process and only sell diamonds that have been mined from Petra-owned operations, thereby providing assurance that 100% of our production is certified as 'conflict-free'.

We monitor and manage each step in the diamond production process to the highest ethical standards: from exploration and mining, through to processing, sorting and finally marketing and sale. We are committed to a transparent and equitable sales process and are proud to offer all of our South African production for sale in Johannesburg, thereby contributing to beneficiation in South Africa and promoting South Africa as an international diamond hub.

During FY 2013, there were no incidents of regulatory non-compliance or complaints raised with regards to our sales and marketing processes.

**Client satisfaction**

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

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

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

**The regulatory environment for mining in South Africa**


**Introduction**

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

The Mineral and Petroleum Resources Development Act ("MPRDA") that came into effect on 1 May 2004 replaced the Minerals Act, which was the principal legislation governing mineral rights in South Africa since 1991. The MPRDA contains certain transitional measures with regards to mineral rights, prospecting permits, and mining authorisations (Old Order Mining Rights) obtained prior to 1 May 2004. The biggest departure from previous mining legislation was that the MPRDA vests custodianship of all minerals in the South African state.

The MPRDA provides for four principal authorisations regarding minerals: a Reconnaissance Permission, a Prospecting Right, a Retention Permit and a Mining Right.

Three principal documents need to be submitted with the application for a Mining Right, being a Mine Works Programme ("MWP") which outlines the resource, how it is to be mined and the timelines and resources involved; an Environmental Management Plan ("EMP") that outlines the environmental management processes to be followed during operations, as well as the rehabilitation to take place before issuing of a closure certificate will be applied for; and a Social and Labour Plan ("SLP") – see more details online. Granting or transfer of a Mining Right is subject to acceptance and approval of these documents by the Department of Mineral Resources ("DMR"), which will be based on clear demonstration that the resulting mining operations will benefit the "triple bottom line" in a co-ordinated way.

 **Read more about the regulatory environment in South Africa here:**  
[\*\*petradiamonds.com/sustainability/regulatory-environment\*\*](http://petradiamonds.com/sustainability/regulatory-environment)



# Induction of new Non-Executive Directors

Petra’s independent Non-Executive Directors provide valuable input by challenging the opinions of the Executive Directors, providing fresh insight in terms of strategic direction, and bringing their diverse experience and expertise to the benefit of the Board.



iNEDs Pat Bartlett and Gordon Hamilton participating in a company presentation; both bring a wealth of highly relevant expertise to the Petra Board – see [www.petradiamonds.com/about-us/directors-and-company-secretary](http://www.petradiamonds.com/about-us/directors-and-company-secretary) for more information.



CEO Johan Dippenaar, Chairman Adonis Pouroulis and Senior Independent Director Tony Lowrie inspect the open pit at Finsch. Tony joined the Board in September 2012 and is well suited to the role of Senior Independent Director – see [www.petradiamonds.com/about-us/directors-and-company-secretary](http://www.petradiamonds.com/about-us/directors-and-company-secretary) for more information.

Petra’s Board has expanded in line with the Company’s development, with the appointment of three independent Non-Executive Directors (“iNEDs”) over the last two years. Further to the most recent appointment of Tony Lowrie in September 2012, it was considered appropriate to arrange a tour of Petra’s operations to give the new Directors the opportunity to witness the entire lifecycle process of production, from mining to the final sale of the uncut stones.

A full Board visit was therefore arranged to the Group’s South African operations in April 2013. Mine visits were conducted at Finsch and Cullinan, providing the iNEDs with practical insight into the operations, as well as providing the opportunity to ask direct questions of mine management on issues following previous assessments of strategic presentations. The iNEDs’ tour encompassed the underground mining and surface process plant operations, culminating in the final recovery section, affording the iNEDs the chance to see the wide variety of stones that are mined on a daily basis. Throughout the process the Directors were able to interact with staff from the many different areas visited.

The next phase of the visit included a tour of the sort-house in Kimberley, where Petra’s diamonds are initially taken for assortment into sales parcels. The Directors were then taken on a tour of Petra’s marketing and sales department in Johannesburg, where they were provided with insight into the entire competitive tender selling process, being the method by which Petra’s team markets the Company’s diamonds.

Finally, time was spent at Petra Diamonds Southern Africa’s corporate office in Johannesburg, where a series of presentations were given on Petra’s full suite of assets.

The Board was also briefed by the Group Human Resources Development Manager on the broad legislative framework, including the Mining Charter that impacts on social sustainability within a South African context (see ‘The regulatory environment for mining in South Africa’ on page 21 for more information).

A number of elements which arise from this legal framework were identified and two elements in particular were discussed in more detail, being the Human Resources Development element and the Mining Community Development element. The Company’s activities and programmes within these two elements were discussed. Within the context of Human Resources Development, the ‘educational pipeline’ demonstrated how Petra sources local talent to be developed and ultimately employed within the operations with sustainable and relevant skills.

The trip was considered to be an invaluable process for the iNEDs and it was agreed that the full Board would complete such a site visit on an annual basis going forward.

“Having worked in the diamond industry for many years, it is fascinating for me to be involved with helping to take great diamond mines such as Cullinan and Finsch forward; we are breathing new life into these assets.”

Pat Bartlett



# Cullinan inspires new generation of South African artists

The Cullinan mine’s rich history and beautiful location has long captured the imagination, providing inspiration to artists working across a wide range of media.



Phillemon Hlungwani at the Cullinan Drawings exhibition in July 2013.

The Cullinan mine is iconic not only as the source of the world’s most spectacular diamonds, but also as a subject for South Africa’s artists and photographers. Cullinan has even featured in several oil paintings by Jacob Hendrik Pierneef, generally considered to be one of the best of the old South African masters, further to his stay at the mine in 1932.

In 2012, Cullinan once again provided inspiration, this time to one of South Africa’s most exciting new artists, Phillemon Hlungwani. Phillemon spent several months working at Cullinan, during which time he produced a series of drawings depicting life at the mine and the town.

Working in charcoal, with occasional flashes of colour, Phillemon takes us into the everyday world of the many men and women working both above and underground at the mine. The miners most enjoyed Phillemon’s presence and he became temporarily one of the ‘team’.

Phillemon Hlungwani was born near the town of Giyani in the sub-tropical north-east of South Africa. His mother was employed as a domestic worker for a nearby farmer and he, like other boys in the poor rural community, herded the family goats.

He was lucky in that he had a mother who pushed him to excel at school and that he also had a prodigious artistic talent which was recognised early and nurtured well. It requires more than luck to succeed as an artist and Hlungwani combines an extraordinary range of technical skill with a capacity for the kind of hard, grinding work that would daunt most people.

He almost always works on paper and his preferred media are drawing, etching (often using plates over two metres in length) and linocuts of an equally enormous size. His technical ability in handling such huge plates is unsurpassed and the depth

and richness of his images have made him one of South Africa’s most celebrated young artists as he combines a classical, almost academic line with a 21st century aesthetic vision all his own.

Petra Diamonds, recognising Phillemon’s exceptional talent, decided to sponsor a two-week exhibition of the ‘Cullinan Drawings’ at an independent gallery in London’s Mayfair. This afforded the opportunity to introduce Phillemon’s work to an international audience, as well as providing support to the arts in South Africa, which often struggles to find sources of funding.

The exhibition ran from 16 to 26 July 2013 and was well received.

“To most observers a mine is the least glamorous of subjects...but Hlungwani’s genius is to act as Occam’s razor and to show us as viewers the beauty that exists in extraordinary technical engineering achievements and in strong men and women working in a...challenging world.”

Cullinan Drawings catalogue, July 2013



# REMEMBER

# SAFETY FIRST

- MAJOR BLAST TAKES PLACE AT [REDACTED]
- ENSURE CAPLAMP IS WORN WHEN PROCEEDING UNDERGROUND
- ENSURE SELF CONTAINED RESCUER IS WORN WHEN PROCEEDING UNDERGROUND
- ADHERE TO SHIFT TIMES
- ENSURE REGISTER IN LAMPROOM IS COMPLETED FOR "EXTENDED HOURS OF WORK"
- REPORT AND FIX ALL AIR LEAKS

## Health and Safety

Employees at Finsch on their way from the Changehouse to the Shaft – kitted out and ready to start another safe and productive shift.



# Health and Safety

Petra considers the health and safety of all Petra people as its top priority and strives for zero harm. Our approach to managing health and safety is centred upon a process of continuous risk assessment and instilling awareness into the workplace culture.

## SUMMARY

- We systematically review all health and safety processes to ensure they develop in line with the evolution of our operations, with the aim of creating a zero harm environment.
- Finsch and Cullinan achieved OHSAS 18001 re-certification during the Year, whereas Koffiefontein and Kimberley Underground achieved certification for the first time.
- Successful safety awareness campaigns contributed greatly to the improvement in the Group's LTIFR rate for the Year.
- Williamson achieved a remarkable 2.7 million man hours worked without recording an LTI.
- South Africa's MOSH initiative and Leading Practices have been embraced and assist with the management of critical safety issues.

## Our approach

Our approach to managing health and safety is centred upon a process of continuous risk assessment and instilling awareness into the workplace culture. We systematically review all operational tasks, identify and respond to associated risks and ensure our processes develop in line with the evolution of our operations with the aim of creating a zero harm environment.

In order for us to drive continuous improvement of our health and safety performance, we always ensure that the correct statutory appointments are in place and undertake regular internal and external audits to ensure we meet developing best practice standards and comply with international standards such as OHSAS 18001 (see 'What is OHSAS 18001?' on page 28), as well as relevant local laws and regulations. In addition, regular audits enable us to identify best practice at individual mines which can be rolled out across the rest of the Group. Finsch and Cullinan achieved OHSAS 18001 re-certification during the Year, whereas Koffiefontein and Kimberley Underground achieved certification for the first time.

We continuously communicate and engage with employees on health and safety issues in order to get their input and ensure they are aware of developments. We also provide appropriate health and safety training to all of our employees. All mines have formal arrangements in place to help monitor and advise on occupational health and safety programmes.

Petra has adopted Mining Industry Occupational Safety and Health ("MOSH"), an initiative by the South African Chamber of Mines to improve health and safety standards across the industry through the identification, promotion and application of best practice (see 'What is MOSH?' on page 29). Through MOSH, Petra has implemented many best practice initiatives, which have had a positive impact on the Group's safety performance.

We recognise that our health and safety policies must also tackle issues which impact local communities and cannot be restricted to operational issues. Local community health issues such as HIV/AIDS, tuberculosis and malaria all impact the health of our workforce and we have therefore established programmes to both raise awareness of these threats and their possible prevention, as well as offering programmes at certain operations to treat them.

## Safety

We target zero fatalities and aim to achieve an improvement in our LTIFR year on year. We measure our safety performance on a range of metrics including LTIFR, FIFR, Total Injury Frequency Rate ("TIFR"), and shifts lost as a result of injuries and fatalities.



Safety performance in FY 2013<sup>1</sup>

Operation	LTIFR	FIFR	Shifts lost as a result of injuries and fatalities	Milestones in FY 2013
Cullinan	0.30	0.00	923	—
Finsch	0.24	0.00	304	1.3 million FFS
Koffiefontein	0.79	0.00	222	—
Kimberley Underground	1.59	0.00	153	—
Helam	0.20	0.00	9	8,000 FFPS
Sedibeng	2.31	0.00	151	9,000 FFPS
Star	6.05	0.00	113	7,000 FFPS
Williamson	0.00	0.00	0	352,272 FFS
				2,721,485 LTI
				free worker shifts
Group	0.67	0.00	1,875	

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

Safety continued

Petra achieved an LTIFR for the Year of 0.67, in comparison to an LTIFR of 1.13 in FY 2012, which represents a good performance in relation to comparable underground mining operations in South Africa. This is, to a large extent, attributed to successful safety awareness programmes around the holiday period at the end of the calendar year (the so-called ‘Silly Season’), during which a large number of accidents in the mining industry, sometimes leading to fatalities, traditionally take place (see ‘Combatting the Silly Season’ on page 29). Going into FY 2014, we are working hard to further improve on this performance.

Williamson reached the milestone of 2.7 million shifts without an LTI, which is an excellent achievement in terms of safety performance.

Dealing with the human factor

Careful analysis of LTIs over the years has shown that the primary cause of most accidents recorded at our operations is human error rather than intrinsically unsafe conditions.

In analysing our ‘human behaviour’ we have identified the following key characteristics which need to be addressed; complacency, failure to follow procedures, wearing incorrect personal protective equipment (“PPE”), incorrect use of equipment, failure to recognise hazards, ‘poor housekeeping’ and inadequate warning signals, amongst others.

We therefore focus safety programmes on reinforcing positive and correct behaviour, at the same time as correcting negative and inappropriate behaviour, using the traits identified above as key focus areas. This is mostly achieved through special safety initiatives, competitions and awareness campaigns (especially over holiday periods as previously noted) that all form part of the integrated health and safety programmes at operations. We supplement this with strict disciplinary measures for staff who do not adhere to procedures, ranging from mandatory retraining to, in extreme cases, dismissal.

We believe that health and safety consciousness is a way of life that needs to extend to outside the workplace.

Petra’s safety philosophy

We continue to ensure that the physical conditions in which our employees work are as safe as possible. We follow a safety philosophy that recognises that if the energies at play (e.g. electrical, gravitational, kinetic, etc.) are removed, the likelihood of an accident occurring decreases dramatically. The following generic risks continued to be our main focus in 2013:

- vehicles – trackless mobile machinery (“TMMs”) including light vehicles and underground railbound machinery;
- guarding of machinery;
- de-energise and isolation/lockout;
- lifting operations; and
- working at heights.

All Petra’s mines have well-equipped and trained emergency response teams to deal with major incidents such as fire and flooding. In the case of the prevention of falls of ground, Petra has aligned itself to the MOSH Leading Practices in the gold mining industry to prevent falls of ground, adopting those aspects that are relevant to its operations.

However, our philosophy is that ‘prevention is better than cure’, and all necessary systems and procedures are in place to minimise the likelihood of such emergencies occurring.

Occupational illnesses

We have stringent occupational illness policies in place across the Group. However, the nature of our operations and the long latency of many occupational illnesses mean that monitoring plays a key role in addressing these issues. All formal agreements with trade unions at our mines include provisions relating to occupational health and safety (apart from at Kimberley Underground where such an agreement is currently being negotiated). Each South African operation has a formal management–worker committee which provides input into occupational health and safety programmes, whereas Williamson in Tanzania has an internal system whereby the mine’s HSE representatives forward matters for consideration at the senior safety committee meetings.



The major causes of occupational illnesses at our operations are noise induced hearing loss ("NIHL"), respiratory illnesses and injuries resulting from repetitive activities. Our approach to tackling these issues is based on rigorous ongoing monitoring of individuals and workplaces, the provision of PPE in the case of NIHL and respiratory illnesses, and the implementation of relevant MOSH Leading Practices (see 'What is "MOSH"?' on page 29).

We recorded 12 new cases of occupational illnesses during FY 2013 (FY 2012: seven), comprising five cases of silicosis (further to the diagnosis of new contractors during their entrance medicals), four cases of chronic obstructive pulmonary disease ("COPD") and three cases of occupational asthma. The increase in reported occupational illnesses can be ascribed to improved monitoring at and reporting by three of the operations, as well as individuals diagnosed with prior conditions when entrance medical examinations are performed.

#### NIHL

We have a particular focus on reducing NIHL, in line with the South African Mine Health and Safety Council targets. Focusing on employees most exposed to noise, we undertake regular testing of employees and contractors at risk of NIHL and investigate any shifts in which noise levels exceed set levels. In addition we have issued improved hearing PPE for affected staff and provided additional training.

In order to prevent NIHL, all employees who work in an area where the noise levels are higher than the threshold of 85dB are supplied with hearing protection, e.g. noise clippers or variphones. These are custom-made and fitted to each individual optimally, thereby ensuring comfort of use and increasing the likelihood of usage.

Ear plugs are also supplied to employees when leaving the workplace, to be used at home whenever they conduct noisy activities or hobbies such as wood or metalwork. This serves to extend awareness of hearing protection to outside of the workplace, with the aim that it becomes entrenched in daily behaviour.

Elimination of noise at source is a very important element of the prevention of NIHL. For this reason, all ventilation fans are sound attenuated, with silencers placed before and after axial flow fans to ensure that noise emitted is below the maximum of 110dB(A). One of the milestones achieved in FY 2013 was the elimination of the majority of fans and other equipment that emit noise above this level, and we are aiming to eliminate any remaining non-compliant fans and other equipment as soon as practically possible.

The majority of Petra's LHDs are fitted with environmentally friendly cabins ("envirocabs"), and there is a programme to replace all of the older LHDs which do not have the envirocabs. These envirocabs assist in filtering out noise, are air conditioned to ensure a more pleasant working environment, and serve to filter out dust and other airborne pollutants.

#### Respiratory illnesses

To combat respiratory illnesses, dust extraction systems have been implemented at Petra's underground operations, and the Company is currently a leader in this field in terms of the MOSH adoption.

A further MOSH Leading Practice implemented by Petra is the extensive use of environmentally friendly dust suppressants to improve air quality at operations. Surface roads are sprayed with these suppressants, and also sprayed with water on a regular basis, to eliminate the generation of dust. Similar suppressants are also being used in underground workings to suppress dust and other airborne pollutants from being liberated into the atmosphere.

#### Employee wellness programmes

In addition, most of our operations have wellness programmes in place for staff which focus on issues such as diabetes, alcohol and drug usage, obesity, hypertension, mental health and other possible personal health problems that could affect our employees. During the Year, a total of 1,533 flu vaccinations were administered free of charge to employees.

The Company also includes motivational and informative articles on topics relating to healthy lifestyles in its regular employee newsletters.

#### Community

The key community health issues which impact our operations are HIV/AIDS and tuberculosis.

#### HIV/AIDS

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

During FY 2013 we conducted 293 Voluntary Counselling and Testing ("VCT") examinations of employees at Company-owned and operated medical facilities. Due to reasons of confidentiality, the number of tests carried out at Government or private health institutions (which render these services to the majority of Petra operations) are not available. Therefore the seven new HIV cases recorded during the Year are in all likelihood not representative of the workforce as a whole.

Throughout the Year we undertook a number of initiatives to increase awareness and understanding of HIV/AIDS. These included:

- campaigns at our operations to promote uptake of VCT amongst employees and dependents;
- provision of condoms; and
- educational and awareness programmes to dispel myths about the disease and fight discrimination.

We also work closely with trade unions and NGOs at a number of operations to improve the delivery of our HIV/AIDS treatment and prevention programmes.

#### Tuberculosis

The link between HIV/AIDS and tuberculosis is well known and we provide testing and counselling for tuberculosis at a number of our operations, in most cases through external service providers.

We recorded 20 new cases of tuberculosis at our operations during FY 2013, all of which have been cured.



Community continued  
Malaria

Malaria remains one of the key health issues at the Williamson mine in Tanzania, representing 12% of all reported illnesses at the Mwadui Hospital during the Year, though this figure is down from 17% in FY 2012 further to our effective vector control programme.

Williamson continuously improves its programmes to eliminate mosquito breeding places by monitor and control programmes.

Waterborne diseases

Waterborne diseases such as dysentery and typhoid are also a significant issue in the communities around Williamson. The mine's water treatment plant provides clean water to the operation and to the Mwadui village and other surrounding communities via established potable water points, thereby contributing to the prevention of dysentery in these areas. In addition, all water sources, dams and discharge ponds undergo quarterly testing (biological, physical and microbiological).

Mwadui Hospital at Williamson

The Mwadui Hospital was established by the Williamson mine in the 1950s to provide comprehensive medical services to Williamson employees and their families. In addition, the hospital also services members of the surrounding community.

The Mwadui Hospital is the only hospital in the Kishapu district that is fully equipped for small to medium surgical procedures and includes a pharmacy, reproductive health facility, outpatient department, laboratory, x-ray and mortuary.

In addition, the hospital pilots various health programmes in conjunction with the Tanzanian Government and certain NGOs. The programmes include mother and child health, malaria prevention, VCT and ART. These services are provided free of charge to employees and their families, as well as community members. The programmes are financially supported by AGPAHI (Ariel Glaser Paediatric AIDS Healthcare Initiative), with infrastructure and services support from Williamson.

The number of patients treated by the Mwadui Hospital increased to between 600 and 800 patients on a monthly basis in FY 2013 (FY 2012: between 400 and 600).

What is OHSAS 18001?

OHSAS 18001 is an Occupation Health and Safety Assessment Series for health and safety management systems. It comprises two parts, 18001 and 18002, and embraces a number of other publications.

It is intended to help an organisation control occupational health and safety risks, and was developed in response to widespread demand for a recognised standard against which to be certified and assessed.

OHSAS 18001 was created via a concerted effort from a number of the world's leading national standards bodies, certification bodies, and specialist consultancies. A main driver for this was to try to remove confusion in the workplace from the proliferation of certifiable OH&S specifications.

The OHSAS specification is applicable to any organisation that wishes to:

- establish an OH&S management system to eliminate or minimise risk to employees and other interested parties who may be exposed to OH&S risks associated with its activities;
- assure itself of its conformance with its stated OH&S policy;
- demonstrate such conformance to others;
- implement, maintain and continually improve an OH&S management system;
- make a self-determination and declaration of conformance with this OHSAS specification; and
- seek certification/registration of its OH&S management system by an external organisation.

Essentially, OHSAS helps in a variety of respects: it helps to minimise risk to employees, improve an existing OH&S management system, demonstrate diligence, and gain assurance.

Mines need to undergo an external surveillance audit by a suitably accredited institution every year, and a re-certification audit annually in order to retain OHSAS 18001 certification.

Source: [www.ohsas-18001-occupational-health-and-safety.com](http://www.ohsas-18001-occupational-health-and-safety.com)



# Combatting the ‘Silly Season’

Health and Safety Petra’s core safety objective is to work towards a Zero Harm environment, which is fully aligned with the industry objectives as outlined in South Africa’s MOSH initiative (refer ‘What is “MOSH”?’ below).



Proper planning and risk assessment is conducted before any job starts, as demonstrated by these contractor employees who are planning the maintenance work required for a piece of modern mining equipment.

An analysis of historical safety information has revealed that the period at the end/beginning of the calendar year, the so-called ‘Silly Season’ over Christmas and the New Year, will typically see a much higher accident rate. This is because this period has the highest number of public holidays, with most employees taking annual leave, and is when the majority of our operations shut down for a period and focus on doing preventative maintenance. This holiday season environment can therefore encourage negligence and a general laxity of standards.

To combat this issue, Petra launched the ‘Silly Season Campaign’ to improve safety performance during these periods. This campaign, which ran from December 2012 until the end of January 2013, consisted of a number of initiatives, including:

- increasing the visibility of senior officials in the workplace (‘Management by Walking Around’) by conducting management team walk-about weekly at all operations;
- management visiting underground working areas at any time of the day and not only during normal shift hours;
- management being visible in the workplace at all times, even on public holidays;
- changing the working arrangements of SHE Officers so that they would be at work during all shifts, not only on the day shift as was traditionally the case;
- introducing 100% selection for alcohol testing at all operations;
- increasing the focus on mini risk assessments before work commences;

- ensuring that people who do standby or overtime work in a section different to their own are duly trained for the work they need to perform;
- introduction of start-up procedures, after periods of shut-down, that would improve the safety of working conditions; and
- taking all employees returning to work after a shutdown period or annual leave through a refresher induction.

Due to the positive impact of this campaign, there were no LTIs recorded at any Petra operation during the Silly Season period, which is a considerable achievement.

The measures introduced during this campaign are therefore being incorporated into our daily safety approach. This is further strengthened by continuous awareness campaigns to reinforce the culture of safety created.

The success of the campaign is regarded as an important contributor to the 33% improvement in the Group LTI rate for the Year from 81 LTIs in FY 2012 to 54 LTIs in FY 2013 and the resultant drop in the Group’s LTIFR from 1.13 in FY 2012 to 0.67 in FY 2013.

## What is “MOSH”?

The Mining Industry Occupational Safety and Health (“MOSH”) initiative was launched by the South African Chamber of Mines to identify leading practices in health and safety within the industry, and assist with the widespread adoption thereof across industry. It primarily focuses on the ‘People’ issues that help to overcome resistance to adoption.

▶ Read more about MOSH here:  
[petradiamonds.com/sustainability/health-and-safety/mosh](http://petradiamonds.com/sustainability/health-and-safety/mosh)





## Our People

Eddie Olyn, Boilermaker at the Finsch Plant.



# Our People

Our people are integral to our success. We therefore aim to create a stimulating and rewarding work environment, in which they are able to contribute their best.

## SUMMARY

- We seek to encourage a healthy and motivated workforce within a safe, productive and efficient environment.
- We invest substantially in training programmes for our employees, in the knowledge that their personal development will contribute to the successful development of our operations.
- A review of Petra's Organisational Culture was completed in FY 2013 and will be used to identify areas for improvement in FY 2014.
- Our Leadership Development Programme is an important strategic tool to assist the organisation in the identification and development of employees who display the potential to fulfil leadership positions in the future.

## Our approach

We believe that employees who are empowered and accountable for their actions work to the best of their ability. We encourage diversity in our workforce and treat our employees with respect and dignity.

We invest substantially in training programmes for our employees, in the knowledge that their personal development will contribute to the successful development of our operations.

Petra has established a comprehensive set of Group-wide HR policies which, in turn, are augmented at an operational level to ensure they are applicable within the local context of each mine. Our revised Group Code of Ethical Conduct, together with other Group-level initiatives currently under development, will unify our principles and policies and reinforce Petra's existing commitment to the fair treatment and sustainable development of our workforce.

We respect our employees' right to freedom of association and there are no operations within the Petra Group where the right to exercise freedom of association and collective bargaining are at risk; as such, the majority of our members are represented by a union.

## Our workforce

As at 30 June 2013, we employed a total of 7,256 people, including 2,117 contractors.

Operation	Permanent	Contractors	Total
Finsch	895	625	1,520
Cullinan	1,302	510	1,812
Koffiefontein	497	241	738
Kimberley Underground	641	—	641
Fissures	1,157	8	1,165
Williamson	519	696	1,215
Botswana	9	33	42
Head office/Group	119	4	123
Total	5,139	2,117	7,256

Petra's fast, acquisition-led growth has resulted in an influx of new staff to the Company. Consequently, our workforce has grown from a few hundred employees in 2006 to a total complement of 7,256 as at 30 June 2013, which included 2,117 contractors. In FY 2013, there was only a minor increase in the number of permanent employees but a significant increase in the number of contractors, further to the acceleration of Petra's development projects.



### Local hiring

All Petra operations follow a policy of preferential local recruitment. In South Africa, it is part of the mines' SLP commitments to recruit from local communities that are regarded as their main labour sending areas, and is in some cases also contained within agreements with organised labour (e.g. with the National Union of Mineworkers ("NUM") in the case of Finsch).

In practice, only vacancies for positions in the skilled bands, where there could be a skills shortage internally or in the host community, are advertised regionally or nationally. Even when a position has been advertised regionally or nationally, preference will still be given to local applicants. Major contractors to the operations are expected to apply the same recruitment principle when employing workers for contracts at these operations.

Below is a summary of the breakdown of the proportion of Petra's workforce at the core South African operations from the local community:

	Local	Provincial	National
Finsch	74%	4%	22%
Cullinan	69%	16%	15%
Koffiefontein	83%	7%	10%
Kimberley Underground	94%	3%	3%

The breakdown of the Tanzanian workforce is as follows:

	Expatriates	Local	Regional	National
Williamson	3%	45%	13%	39%

### Retention

A key challenge for Petra is workforce retention, especially as the majority of our employees are classified as skilled or

semi-skilled. We operate in remote areas and there is a limited pool from which we can draw our employees. Therefore we try hard to limit staff turnover by fostering a vibrant company culture and remuneration policies are designed to attract, incentivise and retain individuals of a high calibre. In FY 2013, employee turnover was 11%; the breakdown of this Group turnover rate is provided below.

### Training and development

Petra is committed to the training and development of employees in order to ensure the current and future skills needs of the organisation are met, and we offer both legally required and career-oriented training in both the technical and non-technical disciplines. In FY 2013 we invested ca. US\$4.5 million in staff training and development across the Group.

The Mining Charter of South Africa stipulates an annual training expenditure target of 4.5% of operations payroll, which was achieved at a Group level on average. In FY 2014 we aim to achieve the increased Mining Charter expenditure target of 5% at all of the operations.

The training programmes at Williamson focused on 'on-the-job training', which includes training through regulatory bodies such as OSHAS, as well as external learning events, such as formal training courses or visits to other mining operations.

In FY 2012 we launched the Skills Audit Project to evaluate employee skills in the context of the skills required by our business, now and in future. The project helped us to refine our approach to training and employee development, to clarify job descriptions and to increase the focus on individual training and career development. Within FY 2012 and FY 2013, a total of 506 job profiles were developed and 577 out of a planned number of 912 employees were interviewed. The newly developed job profiles will contribute to consistent and focused recruitment and employee development.

### Employee turnover in FY 2013

		South Africa	Tanzania	Botswana	Total
Terminations and voluntary turnover		496	62	2	560
Age group	20–25	70	1	—	71
	26–30	83	5	1	89
	31–35	91	16	1	108
	36–40	57	14	—	71
	41–45	54	2	—	56
	46–50	46	3	—	49
	51–60	74	12	—	41
	61–70	21	9	—	86
Male		417	55	2	474
Female		79	7	—	86



### Leadership Development Programme

Petra’s Leadership Development Programme (“LDP”) is an important strategic tool to assist the organisation in the identification and development of employees who display the potential to fulfil leadership positions in the future.

Candidates for the LDP are selected from employees, with a focus on Historically Disadvantaged South Africans (“HDSAs”), including women, who could become managers and supervisors. These employees have been earmarked as potential leaders and have a career path into management positions.

Currently, 49 out of the 56 LDP candidates are HDSAs. The shortage of women in technical fields was identified as a key challenge for FY 2012 and we made good progress during FY 2013 in improving female participation, with the number in the scheme increasing from 17 to 23, and three female candidates completed the qualifications required for promotion. We hope to continue with this upward trend going forward.

Participants in the LDP receive regular performance and career development reviews. These include annual assessments by supervisors, mentors and the project team, as well as self-evaluation. Personal development plans are reviewed, discussed and signed off each year at the beginning of the programme cycle by participants, their mentors and supervisors. Progress is also assessed through the submission of two individual assignments and a group assignment and presentation.

To complement the LDP, we have introduced two additional programmes, the Supervisory Development Programme (“SDP”) and the Executive Management Development Programme (“EMDP”). These programmes focus on the development of employees currently in supervisory positions and will help ensure the management skills required for the growth of our Company are available. During FY 2013, 32 employees, of whom 22 are HDSAs, participated in the SDP and 17 Senior Managers participated in the EMDP.

Regular performance and career development reviews are currently not available to the wider workforce in South Africa. In Tanzania and Botswana, no formal performance review programme currently exists.

### Adult basic education and training

One challenge facing Petra and our employees is the poor standard of education in South Africa and on average, the illiteracy rate of Petra’s South African workforce is 22%. In order to facilitate communication and understanding, improve our workers’ skills and comply with the South African Mining Charter, Petra is committed to increasing the literacy levels of its employees through adult basic education and training (“ABET”).

The purpose of Petra’s ABET programme is to:

- provide individuals with the opportunity to gain a minimum level of education;
- provide employees with a basic education that allows for further development through South Africa’s further education and training system;
- develop employees’ skills and knowledge through participation in sector specific training opportunities; and
- develop a culture of lifelong learning.

We have access to ABET facilities in place at all of our South African operations. Such facilities are provided by Petra in the case of the larger pipe mines and Sedibeng, whereas the other Fissure Mines (Helam and Star) have access to community ABET centres.

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

### ABET Learners

Operation	ABET number of learners (target) FY 2013	ABET number of learners (actual) FY 2013	ABET number of learners (target) FY 2014
Finsch	20	25	20
Cullinan	29	0 <sup>1</sup>	60
Koffiefontein	25	14	14
Kimberley Underground	15	23	36
Helam	58	22	51
Sedibeng	22	18	n/a <sup>3</sup>
Star	20	0 <sup>2</sup>	n/a <sup>3</sup>

Notes:

- During FY 2013, Cullinan implemented a new system in terms of ABET facilitation and carried out upgrades to its ABET facilities; classes will recommence in FY 2014.
- Star did not complete ABET training in FY 2013 due to unresolved transport issues for employees from the mine to the ABET facility.
- The Sedibeng and Star mines have been placed on care and maintenance since Year end.



Portable skills training

To support the continued employability of our workforce, Petra has established portable skills training programmes at all the South African operations. These programmes provide employees with the opportunity to acquire a portable skill, which may prove useful upon leaving the mining industry. Training on offer includes carpentry, air conditioning repairs, computer skills, plumbing and brick-making. These programmes are also open to the local community to assist with wider skills development.

There are currently no formal portable skills programmes in place in Tanzania and Botswana, although in the former we give continuous training in the workplace and distance learning programmes and short courses are well attended.

Bursary scheme

The bursary scheme is part of Petra’s SLP commitments in South Africa. The bursaries give promising students the opportunity to study for a degree in a relevant discipline. In FY 2013, a total of 13 students were on the bursary scheme.

Budget allocated for FY 2012	ca. US\$193,562 (R1,579,462)
Budget allocated for FY 2013	ca. US\$269,181 (R2,196,520)
Budget allocated for FY 2014	ca. US\$325,044 (R2,873,385)

Learnerships

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

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

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

In FY 2013, 22 learners completed their programme. This number will increase to 26 for FY 2014. Most of these learners will be absorbed into our workforce.

Equality

Our Code of Ethical Conduct as well as our Disciplinary Code and employment policies prohibit any kind of discrimination.

In South Africa, we have established functional Employment Equity Committees at all of our mines in accordance with the Employment Equity Act, with membership drawn from employer and employee representatives, which monitor the implementation of Employment Equity Plans. These plans detail the identified

barriers to equitable employment and specify affirmative measures to be implemented by each operation. Progress was achieved in reviewing Employment Equity Plans and aligning them to targets set in the Mining Charter.

The Company has initiated a diversity management programme in order to inform management and employees about issues affecting women in mining and we regularly consult with unions representing women in mining. Our aim is to fill as many available positions as possible with suitably qualified female candidates and a key challenge is to attract and retain skilled women. Our approach to gender diversity complies with the South African Mining Charter.

Diversity Management workshops were rolled out to three operations during FY 2013 but had to be suspended due to the labour unrest that temporarily affected Petra’s South African operations during the latter part of calendar year 2012.

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

The total number of women employed by Petra as at 30 June 2013 was 702, or 14% of the Group’s workforce, which is the same level as FY 2012. The total number of women employed by Petra in management positions as at 30 June 2013 was 33, representing 19% of the management positions in the Group.

In FY 2013, there was one case of discrimination on grounds of race that was reported at one of the operations. The incident was investigated, the alleged perpetrator was subjected to disciplinary enquiry and the matter has been finalised.

Labour relations

Petra has aligned its principles with the International Labour Organisation Declaration on fundamental Principles and Rights at Work through compliance with the Labour Relations Act (Act 66 of 1995), which regulates collective bargaining and outlaws any form of child forced labour, and the Employment Equity Act (Act 55 of 1998), which prohibits any kind of unfair discrimination.

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

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



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

At an operational level, there are grievance procedures in place for employees, with final recourse to the Commission for Conciliation, Mediation and Arbitration ("CCMA") in South Africa or with the Commission for Mediation and Arbitration ("CMA") in Tanzania.

Petra has historically had a strong track record of stable labour relations due to its willingness to engage with stakeholders whenever necessary; however our South African operations were affected by brief work stoppages during October 2012 and, post Year end, in September 2013. These disruptions were not as significant as those experienced in the platinum and other sectors, and Petra was able to resume operations in a timely manner. Labour relations are currently stable, but the Company remains vigilant and continues to monitor the situation across its South African mines.

In terms of managing labour relations, we believe that dialogue is the key and we are therefore focused on continuing to communicate openly with our employees, trade unions and local community representatives. To improve employee relations, Petra launched a number of internal communications initiatives in FY 2013 (see 'Engaging and empowering employees' on page 36).

Benefits received by employees are negotiated in either collective bargaining agreements or in individual agreements with employees who are not covered in collective agreements. These include issues related to their conditions of employment, and other site-specific benefits such as medical travel assistance, school buses and school subsidies, which can be included in either individual or collective agreements, or in the corporate social responsibility programmes of the operation concerned.

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

In Tanzania, the period of notification changes due to 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.

**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.

Some of our employees are accommodated in hostels. The hostels at Helam and Star were recently upgraded in compliance with the Mining Charter. The total number of employees currently residing in hostels/single quarters is 489, roughly 10% of the total number of permanent employees across the Group.

Mines	Hostel (room sharing)	Single quarters	Percentage of the workforce
Finsch	—	212	20%
Cullinan	—	96	7%
Helam	126	—	29%
Sedibeng	—	16	4%
Star	39	—	22%
Total	165	324	10%

During FY 2013, a Task Team comprising representatives from management and all recognised trade unions was established to consult on the development of Petra's Accommodation and Housing Strategy. Shisaka Development Management Services, a specialist consultancy, was contracted to assist in this process. The draft strategy was developed and is currently under review by all stakeholders to fulfil the requirements of the Mining Charter.

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



# Engaging and empowering employees

As with any company, Petra's success is reliant upon its employees being able to achieve their occupational and personal objectives.



Petra has recently introduced two internal newsletters for Group employees – the quarterly 'Reflections' and the monthly 'Live Sharp!'

“Petra’s internal communications drive provides employees with the information they need to be able to make a positive contribution to the workplace.”

As with any company, Petra's success is reliant upon its employees being able to achieve their occupational and personal objectives. This requires the creation of a work environment in which the diversity of the Company's workforce can be utilised at best, and in which each individual employee can reach his or her full potential. In creating such an environment, understanding the culture of the Company, as well as ensuring effective communication, is of cardinal importance.

Petra has grown rapidly over recent years via a number of bolt-on acquisitions, which can lead to cultural differences or variations. It was therefore deemed appropriate in FY 2013 to carry out a review of the Company culture across the organisation and to assess areas for improvement with regards to employee engagement and empowerment. Such a strategy was considered particularly important in the context of the labour unrest experienced by the mining industry as a whole in South Africa during the Year (though to a much lesser extent at Petra operations).

Petra therefore adopted a two-pronged approach to address the culture and communication in the Company. Whilst Culture and Values surveys were launched at the Company's operational units to get an understanding of the cultural issues within the Company, a focused initiative was launched to improve internal communication in the Company.

The objective of this internal communications drive is to provide employees with the information they need to be able to make a positive contribution to the workplace and engage them as part of productive teams. A holistic approach is thereby being followed, in which employees are seen and approached as whole human beings, taking cognisance of the fact that non work-related issues often impact on their ability to achieve their potential in the work context.

To this end, a monthly publication called 'Live Sharp!' ('sharp' being a colloquial South African term meaning 'good' or 'well') was launched for employees at South African operations. The focus of this publication is to empower employees in their personal capacity by providing life-skills related information, sourced from reliable independent sources. Examples of topics covered include management of personal finances, explanation of terms used in the financial world, wellness related issues such as depression, drug abuse and parenting, and road safety. Some attention has also been paid to issues that drive the business and make it successful. The publication was met with considerable appreciation by employees and their representative bodies.

A new quarterly Group newsletter called 'Reflections' was also launched. The aim with Reflections is to build pride and improve the engagement of employees by better informing them of Company successes and developments, including the many unsung achievements that may not otherwise receive wider recognition.

In addition to the above, a process to improve internal communication at operations by the use of printed and electronic media such as briefs, mine newsletters, digital information screens and physical notice boards is ongoing.

Petra sincerely believes that these initiatives will contribute to its future success by assisting to shape an empowered workforce in tune with the desired culture and values of the Company.





## Environment

Leaving a positive environmental legacy – rehabilitated dumps at Finsch.



# Environment

We aim to continually improve our environmental management systems and promote environmental awareness among our employees and the communities we operate in.

## SUMMARY

- The Group recorded a number of improvements in environmental management and monitoring during FY 2013, including of carbon emissions, water usage and recycling of materials.
- Our Group Environmental Policy ("the Policy") sets out our commitment to achieving a high standard of environmental performance across all our operations.
- All our operations have implemented initiatives to reduce energy consumption and increase energy efficiency wherever possible.
- All our mine sites are developing closure plans to protect the long-term viability of the land after mining operations cease.

## Our approach

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

Environmental responsibility is integrated into our strategic planning, management systems and daily activities and we conduct regular internal and external audits of our operations.

The main environmental risks to our operations are:

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

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

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

We are committed to full environmental legal compliance in the countries where we operate. Our Group Environmental Policy ("the Policy") sets out our commitment to achieving a high standard of environmental performance across all our operations. The Policy is supplemented by our Group Environmental Management Strategy which provides guidance on our Group objectives and key performance areas. The Policy was implemented across the Group and communicated to all operations in FY 2012 and our Environmental Management Strategy was implemented during FY 2013.

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

Our objective is that all EMSs should comply with ISO 14001, which is a voluntary international environmental management standard (see 'What is ISO 14001?' on page 43). All the underground pipe mines have now achieved this goal. The South African operations also all have approved Environmental Management Programmes ("EMPs") in place, which relate to compliance with the MPRDA in South Africa.



In FY 2013, the Fissure Mines worked towards developing and implementing procedures in order to implement an EMS compatible with ISO 14001. Helam will continue this work in FY 2014, while the other two Fissure Mines are now on care and maintenance.

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

### Licensing and permits

There are a host of licences, authorisations and permits that need to be in place at our operations, particularly from an environmental, health and safety perspective. The need for and periods of validity of such permits are monitored on an ongoing basis at the operations and there is continuous interaction with the authorities in this regard. In instances where licences, permits or authorisations are absent or have lapsed, steps are being taken to apply for and obtain the necessary licences.

### Water use licences

The Group has filed applications for integrated water use licences ("IWULA") for all of its South Africa operations (with the exception of Finsch, where an integrated water use licence has already been issued), which are in various stages of finalisation. Government has initiated a process to address the backlog in the processing of these applications.

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

There is ongoing interaction with the Department of Water Affairs with regards to the issue of integrated water licences for the relevant operations and this has been identified as a priority by the HSSE Committee.

In Tanzania, permits have been issued for water extraction for use in our operations. These cover the extraction of a total of 26,870m<sup>3</sup> per day from three dams.

### Environmental management programmes

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

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

### Environmental incidents

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

We classify incidents according to their severity:

- a major environmental incident is associated with widespread, long-term, irreversible (within five years) negative ecological impacts with a high risk of legal liability;
- a moderate incident is associated with a widespread or localised, medium-term, reversible (within five years) significant ecological impact and/or has a risk of legal liability; and
- a minor incident is limited to the immediate area of occurrence associated with a short-term ecological disturbance, environmental nuisance or a transgression of an internal standard (including complaints from interested and affected parties) that does not result in any environmental impact after a once-off internal intervention.

Incidents are recorded and managed (in a SHE database called IsoMetrix) on an ongoing basis and are only recorded as closed once all allocated actions have been addressed and the effectiveness of the corrective actions have been verified.

Williamson and the Fissure Mines have documented systems in place where the Chief Safety Officer on site keeps a record of any reported incidents. The Environmental Officer is responsible for ensuring that appropriate corrective action is taken when necessary.

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

During the Year, no major or moderate incidents occurred at any Petra operation, apart from one minor spill. On 29 April 2013, whilst cleaning the waste yard at Finsch, a 1,000 litre flow-bin of expired Chryso Jet AF 160 was being loaded onto a waste contractor's truck for safe disposal, when the drum was punctured by the teeth of a forklift, resulting in the full spill of the drum's contents. Further to timely identification, the spill was cleaned up very efficiently, at a cost of approximately R5,000, and a post-mortem investigation of the incident indicated that no damage was caused to the vegetation of the rehabilitated area and initial fears of serious soil pollution were unfounded.

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



Awareness reports

Petra encourages employees to proactively submit awareness reports, i.e. to report on potential environmental incidents. Awareness reports are also classified according to severity, but with the critical difference that the awareness reports pose only the potential to impact on the environment, rather than relating to actual incidents.

A total of 1,287 awareness reports were submitted during the Year, which demonstrates the degree to which Petra employees are environmentally conscious and how they are encouraged to report potential impacts. These awareness reports related to matters such as potential water leaks, hydrocarbon spillages and waste management issues, and were very important in terms of preventing environmental incidents from occurring.

Performance

Resource usage

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

The main materials used at our operations are ferrosilicon ("FeSi"), lubricating oils, grease and steel.

Water usage

Water is a scarce resource and we have identified the management of water as one of the Company's most significant environmental risks due to the impact of climate change. Our operations are water intensive and changes in temperature may affect the availability of raw water for treatment processes and impact on natural water sources that sustain the communities around our operations. Petra is therefore committed to utilising water responsibly and efficiently.

Petra is in the process of finalising and implementing a comprehensive Group Water Management Policy and our operations regularly monitor and manage water consumption and quality. Regular inspections and audits are performed internally to identify shortcomings in our resource management processes. Our water monitoring and inspections are continually identifying new improvement initiatives, which are being incorporated into the Group's integrated water management strategy.

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

Water management strategy

Petra commissioned Shangoni Management Services (Pty) Ltd (an established environmental services company that has for approximately 12 years been assisting Petra in relation to water use, water use licensing and other environmental management matters) to align the current Company practices in relation to surface and groundwater with the IWULA commitments (as we anticipate them to be approved, as part of the IWULA process) and consolidate all of these workstreams into an integrated water management plan.

Materials used by weight or volume in FY 2013

Operation	FeSi (t)	Steel (t)	Grease (kg)	Lubricating oils (litres)
Finsch	1,277	n/a <sup>1</sup>	10,170	174,166
Cullinan	1,927	n/a <sup>1</sup>	12,571	125,150
Koffiefontein	464	102	550	74,523
Kimberley Underground	469	188	4,501	15,595
Helam	52	84	10,596	11,235
Sedibeng	12	78	1,050	7,770
Star	25	6	405	5,330
Williamson	312	197	6,190	13,573
Group total	4,537	656	46,033	427,342

Note:  
1. n/a: information is not available.



This integrated plan will form the basis for the Group's water management strategy going forward. The intention is to roll this plan out, with the ongoing involvement of the Department of Water Affairs and other relevant stakeholders. Key infrastructure upgrades have been prioritised and are in various stages of execution. The ongoing analysis of water monitoring results after these upgrades will be used to steer further improvements.

Water withdrawal by source in FY 2013

Element	Unit	Total
Treated potable water	m³	4,785,550
Raw water	m³	7,947,563
Re-used/recycled water	m³	9,889,793
Mine controlled domestic use	m³	2,276,486
Underground dewatering	m³	7,094,009
Total water use	m³	31,993,403
Total water consumption per production tonne	m³/t	1.95
Percentage recycled water	%	31

Total water used by our operations in FY 2013 increased to 31,993,403m³, or 1.95m³ per tonne treated (FY 2012: 14,593,831m³, or 2.09m³ per tonne treated). The increase in total water consumed by our operations was larger than the rate at which production increased for the Year, but this is mainly due to improvements in the accuracy of water monitoring across all Group operations in FY 2013; therefore, the usage recorded for the Year is not directly comparable to FY 2012.

Controlling our water usage will remain a core environmental priority. Practical initiatives we are undertaking include the trial of a water purification plant at Cullinan to increase the re-use of water and limit the volume of raw water usage per carat produced. Another example of improved water management is found at Koffiefontein, where a team of specialists is developing a water reticulation system to reduce the volume of make-up water required from the Kalkfontein dam. This initiative has a double advantage in that it will improve water security to the community, as well as address the potential for contaminated water to leave the property.

We do not use harmful reagents when processing ore to liberate diamonds; however dust and iron silicate used in the processing of kimberlite ore do become trapped in the water as suspended solids. Wherever possible, we recycle water and remove or reclaim solids, reducing the environmental impact of our operations and improving operational efficiency. Approximately 31% of water used across our operations was recycled in FY 2013.

Water sources significantly affected by withdrawal of water in FY 2013

Operation	Water source	Quantity withdrawn (m³)
Finsch	Vaal River	2,610,403
Cullinan	Wilge River	4,366,891
Koffiefontein	Riet River	1,483,631
Kimberley Underground	Groundwater	3,084,951
Helam	Groundwater	202,400
Sedibeng	Groundwater	625,600
Star	Groundwater	488,845
Botswana	Groundwater	>1,500
Williamson	Groundwater	6,027,041

Water scarcity

There has been no impact on any of the communities in which we operate due to water scarcity. The Botswana exploration project does experience some difficulties in that water often has to be transported over considerable distances.

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

Water monitoring

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

Water discharge

Closed water systems are in place at all operations except Cullinan, Star and Sedibeng. The elevated salt levels in the discharge of these mines requires ongoing attention and management intervention.

Recent improvements in water management have reduced Petra's environmental impact on downstream water resources. For example at Star mine, the re-commissioning of evaporation facilities has reduced the volume of effluent reporting into the Theronspuit. The quality of water in the stream has therefore improved and will continue to improve over time.



Water usage continued

Water discharge continued

Quality and total volume of water discharged

Operation	Quality <sup>1</sup>	Destination	Amount allowed to be released (m³)	Actual amount released in FY 2013 (m³)
Cullinan	550–950	Premiermynloop	2,886,000	436,327
Finsch	n/a	n/a	n/a	—
Koffiefontein	2,000–2,800	Mine Lake	2,264,256	1,454,090
Kimberley Underground	2,000–3,800	Du Toits Pan	Not specified	Not measured
Helam	n/a	n/a	n/a	n/a
Sedibeng	4,000–4,700	Ghaap Escarpment	1,460,000	Not measured
Star	700–2,400	Theronspruit	730,000	126,520
Botswana	n/a	n/a	n/a	n/a
Williamson	n/a	n/a	n/a	n/a

Note:

1. Expressed in terms of Total Dissolved Solids (TDS mg/l). SANS 241: 2006 Class I drinking water: 1200mg/l.

Potable water management at Williamson

Williamson has three dams (Nhumbu, Songwa and New Alamasi) that receive water from different catchment areas during the rainy seasons. There is a closed circuit water system and no water is discharged into the environment. The water is used for mining operations, domestic uses and in the neighbouring villages.

Water is treated in Williamson’s water treatment plant and potable water is distributed to the township for domestic use and at controlled water points for consumption by the neighbouring villages.

Williamson samples and monitors the potable water every day for pH levels, turbidity, conductivity and free and combined chlorine. Quarterly samples are also taken for bacteriological, chemical and physical analysis according to the maximum acceptable concentrations set out by the Tanzania Bureau of Standards. A water consumer confidence report is compiled each year.

Energy usage

Diamond mining is an energy intensive activity. Our main sources of energy consumption are electricity and diesel, which represent a growing proportion of our cash on-mine costs due to rising electricity prices. The majority of energy used at Petra’s operations is externally supplied, primarily by South Africa’s national power utility, Eskom, and its equivalent in Tanzania, Tanesco.

Direct energy consumption

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

Direct energy consumption by source (primary and intermediate)

Operation	Electricity (kWh)	Diesel (litres)	LPG (kg)
Finsch	177,420,944	3,113,062	n/a
Cullinan	179,921,702	2,410,205	912
Koffiefontein	47,344,393	1,274,799	1,352
Kimberley Underground	49,362,879	549,948	2,534
Helam	10,903,169	84,048	120
Sedibeng	13,017,740	100,105	n/a
Star	5,976,668	29,022	45
Williamson	27,859,222	195,463	n/a
Group total	511,806,719	7,756,654	4,963

Petra’s total electricity usage for FY 2013 increased to 511,806,719 kWh, in line with the Group’s growth in production (FY 2012: 444,509,579 kWh). However, the Group’s energy consumption per tonne decreased from 46 kWh/t in FY 2012 to 31 kWh/t in FY 2013, which can mostly be attributed to energy-saving initiative during the Year.



Minimising energy use is an economical and an environmental prerogative and the Group has therefore implemented initiatives to reduce energy consumption and increase energy efficiency wherever possible. Such measures focus on equipment in the processing plants (where practicable), the further implementation of energy-efficient motors, re-evaluation of ventilation protocols (i.e. the decision on when to start and stop the fans during full or partial production hours to include potential savings over low production times) and energy savings via using fluorescent light bulbs. All our operations monitor energy usage via accurate real time energy measurement and equipment controls.

A large number of energy efficiency initiatives were undertaken at our operations during the Year, including:

- Cullinan is replacing all fluid drives with soft starts throughout the processing plant;
- Finsch is installing LED lights in the plant, installing automated day/night switches for all workshops and is investing in the continuous roll-out of energy-efficient motors;
- Koffiefontein is replacing all fluorescent lights in the plant area with LED lights. It is planned to replace all change house shower heads with EE (low flow) shower heads from Eskom.
- Kimberley Underground implemented the following initiatives:
  - power factor was amended in order to decrease the effective energy use;
  - variable speed drives and self-starters have been installed where possible, as well as premium efficient motors;
  - hoisting no longer occurs during peak hours; and
  - all dewatering pumps are only allowed to operate after 10.00pm.
- Williamson implemented the following initiatives:
  - a process to replace all incandescent light bulbs with 20W energy savers;
  - the trial of solar lighting systems to replace flood lights and security lights; and
  - the replacement of crushing modules with scalping modules.
- Helam implemented the following initiatives:
  - 500W light fittings have been exchanged for more efficient 110W fittings;
  - incandescent light bulbs are being replaced with 20W energy savers;
  - power factor adjustments;
  - a number of pumps have been swapped out for smaller KW appropriate units;
  - soft start motors have been installed where practicable;
  - plant maintenance times were moved to off-peak times;
  - the potable water pumps are now automated to only pump when water levels are low; and
  - air compressors – piston compressors have been replaced with rotary screw compressors.

## What is ISO 14001?

The ISO 14000 family of standards addresses various aspects of environmental management. It provides practical tools for companies and organisations looking to identify and control their environmental impact and constantly improve their environmental performance. ISO 14001:2004 and ISO 14004:2004 focus on environmental management systems. The other standards in the family focus on specific environmental aspects such as lifecycle analysis, communication and auditing.

ISO 14001:2004 sets out the criteria for an environmental management system which can be certified against. It does not state requirements for environmental performance, but maps out a framework that a company or organisation can follow to set up an effective environmental management system. It can be used by any organisation regardless of its activity or sector. Using ISO 14001:2004 can provide assurance to management and employees, as well as external stakeholders, that a company's environmental impact is being measured and improved.

The benefits of using ISO 14001:2004 can include:

- reduced cost of waste management;
- savings in consumption of energy and materials;
- lower distribution costs; and
- improved corporate image amongst regulators, customers and the public.

Source: [www.iso.org](http://www.iso.org)

## Climate change

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

## Carbon emissions

FY 2012 was the first year that Petra had reported on its carbon emissions, and in FY 2013 we further improved on the way that we gather the necessary information to determine our carbon footprint.

The table to follow indicates the annual total of metric tonnes of carbon dioxide equivalent ("t CO<sub>2</sub>-e") for each operation. Petra's total carbon emissions increased from 476,552t CO<sub>2</sub>-e in FY 2012 to 584,486t CO<sub>2</sub>-e in FY 2013, which can be attributed to the increase in production during the Year and the improved reporting methods. When an intensity indicator is used (t CO<sub>2</sub>-e per carat produced), Petra's carbon footprint has stayed the same at 0.23 t CO<sub>2</sub>-e/Ct.



Climate change continued

Carbon emissions continued

Carbon emissions in FY 2013

Operation	Direct (Scope 1) (tonnes)		Indirect (Scope 2) (tonnes)		Intensity measure (tCO <sub>2</sub> -e/Ct)	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Finsch	8,351	4,928	182,921	137,361	0.14	0.17
Cullinan	6,387	4,520	185,499	160,898	0.22	0.19
Koffiefontein	3,432	2,421	48,812	49,120	1.57	1.38
Kimberley Underground	1,536	1,074	50,893	44,167	0.49	0.58
Helam	237	208	11,241	11,581	0.23	0.24
Sedibeng	333	377	13,421	15,527	1.21	0.98
Star	143	103	6,162	6,557	0.82	1.01
Williamson	40,487	35,899	24,531	1,593	0.47	n/a
Group total	60,906	49,529	523,480	426,804	0.23	0.23

Land management and biodiversity

We recognise that our activities have an effect on biodiversity in the regions where we operate and we aim to monitor these impacts to protect our local habitats. We are currently developing rehabilitation and closure plans to leave the mining areas in an improved environmental condition upon completion of our activities.

Each operation's EMS sets out its commitment to biodiversity management and protection, including the requirements of South Africa's National Environmental Management: Biodiversity Act and additional initiatives applicable to our operations. Additionally, our South African operations require and are in the process of implementing more detailed Biodiversity Management Plans ("BMPs") to manage the ongoing issues of protection and rehabilitation. Finsch, Cullinan and Kimberley Underground have BMPs in place and Koffiefontein is in the process of developing a BMP.

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

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

A number of potential biodiversity impacts on the natural fauna and flora have been identified in relation to Petra's planned exploration activities and the operation has therefore developed a BMP to ensure its operations and the potential land affected are managed responsibly (see case study 'Contributing responsibly to Botswana – the world's biggest diamond producing nation' on page 49 for more information).

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

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

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

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



Protected habitats

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

Protected species

Operation	Number of Red Data Species (fauna)	Number of Red Data Species (flora)
Cullinan	1	—
Finsch	—	2
Koffiefontein	5	2
Kimberley Underground	—	—
Helam	4	—
Sedibeng	—	—
Star	—	—
Williamson	—	—
Botswana	—	—

List of protected species and extinction risk

Protected fauna in Petra's area of operation include:	Status	Protected flora in Petra's area of operation include:	Status
Blue cranes ( <i>Anthropoides paradiseus</i> )	Vulnerable	Adenia repanda	Least concern
Blue Korhaan ( <i>Eupodotis caerulescens</i> )	Near threatened	Devil's Claw ( <i>Harpagophytum procumbens</i> )	Protected
Ludwigs Bustard ( <i>Neotis Ludwigii</i> )	Vulnerable	Albuca	Vulnerable
Black Harrier ( <i>Circus maurus</i> )	Near threatened	Gladiolus sp. ( <i>Papier Duiweltjie</i> )	Near threatened
Secretary Bird ( <i>Sagittarius serpentarius</i> )	Near threatened	Boesmansuring ( <i>Anacampseros lanigera</i> )	Least concern
Cullinan Ant ( <i>Solenopsis taemane</i> )	Data insufficient	Shepherd's Tree ( <i>Boscia albitrunca</i> )	Protected in SA

Rehabilitation and closure plans

At present 509 hectares of the approximately 3,100 hectares of land disturbed by Petra's operations are undergoing rehabilitation and a further 360 hectares have already been rehabilitated. Concerted measures are in place to improve these efforts by developing rehabilitation strategies for all our operations.

All our mine sites are developing closure plans to protect the long-term viability of the land after mining operations cease. Our South African operations successfully revised and updated their Environmental Closure Liabilities in line with the requirements of the MPRDA during FY 2013. Closure plans for Williamson and the Botswana operations are also in place.



Rehabilitation and closure plans continued

Amount of land disturbed or rehabilitated

Operation	Total area disturbed (hectares)	Total area considered as rehabilitated during FY 2013 (hectares)	Cumulative area rehabilitated (hectares)	Cumulative area undergoing rehabilitation (hectares)	Total area still requiring rehabilitation (hectares)
Finsch	1,174	18	114	163	879
Cullinan	716	8	14	8	686
Koffiefontein	612	—	6	—	606
Kimberley Underground	385	—	—	—	385
Helam	30	—	—	—	30
Sedibeng	42	—	—	—	42
Star	22	—	—	—	22
Botswana	3	—	0.2	—	3
Williamson	694	13	240	338	116

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;
- EMP Performance Assessments at our South African operations are carried out by external specialists. The frequency of these assessments is determined by the commitments and agreements of each operation with the DMR. Petra's policy for each operation is to have an audit at least once every two years. Most of the operations combine the Performance Assessments and Legal Compliance Audits;
- Internal Environmental Management Audits are performed internally on an annual basis; and
- External ISO 14001 Audits are performed by the certification body on certified operations at least once per year.

Ozone depleting substances

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

Element	Unit	Total
1,1,1-trichloroethane ("TCA")	kg	10.2
CFC	kg	27.2
Halon	kg	35.0
Halocarbon 22 chlorodifluoromethane	kg	37.6
Total ozone depleting substances	kg	110.0

The following projects are underway to reduce or eliminate the use of these ozone depleting substances:

- Cullinan is in the process of substituting its 'Halon bomb' fire suppressant systems with new technology making use of CO<sub>2</sub> gas;
- Finsch evaluated its use of R22 and this gas is in the process of being replaced by R-134A; and
- Kimberley Underground instructed their Stores Department that all new fridges and air conditioners to come on site must contain R134 and R410 respectively. No new equipment containing R22 may be purchased.



### Total weight of waste by type and disposal method

Element	Unit	Finsch	Cullinan	Koffiefontein	Kimberley Underground	Helam	Sedibeng	Star	Williamson
<b>Disposal</b>									
Hazardous waste disposed	m³	160	47	44	37	4	5	—	—
Non-hazardous waste disposed	m³	2,191	309	1,236	1,416	108	120	104	110
<b>Recycling</b>									
Cans	tonnes	—	0.50	—	—	—	—	—	—
Cardboard/paper	kg	2,500	19,260	—	883	—	—	—	—
Conveyor belting	tonnes	80	219	6	27	—	—	—	12
Glass	tonnes	—	—	—	—	—	—	—	—
Lead acid batteries	units	36	147	—	315	—	—	—	25
Plastic	tonnes	—	118	—	0.03	—	—	—	—
Scrap metal	tonnes	716	1,377	789	393	58	77	6	31
Toner/ink cartridges	units	458	—	—	58	—	—	—	105
Tyres	units	30	390	—	153	—	—	—	—
Used oil	litres	47,917	35,700	39,915	10,743	—	16,200	500	11,595
<b>Incineration</b>									
Total waste incinerated	m³	4	21	—	—	—	—	—	32

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

#### Waste management

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

Waste management presents a number of challenges for our operations, including sourcing suitable waste handling contractors in the Northern Cape Province in South Africa and finding solutions regarding waste tyre recycling across our operations.

- The following improvements with regards to Petra’s waste management were made during the Year:
- new waste management contractors were appointed at four of the mines. These contractors focus specifically on the waste hierarchy as addressed in the National Waste Management Strategy of the Department of Environmental Affairs in South Africa. This improved the ratio of waste recycled versus disposed;
  - where mines underwent the process to obtain ISO 14001 certification, improved procedures and awareness on proper waste management reduced the percentage waste needed to be disposed of; and
  - a total of 3,449 tonnes of scrap metal were recycled, 62% more than for FY 2012.



# Williamson launches sustainable biogas energy project at local communities

In FY 2013, Williamson saw the opportunity to address limited energy supplies at local communities to the mine by establishing a sustainable biogas energy project.



The tranquil local Mwadui community at Williamson.

In FY 2013, Williamson saw the opportunity to address limited energy supplies at local communities to the mine by establishing a sustainable biogas energy project. Biogas is a gas produced by the breakdown of organic matter in the absence of oxygen and as such is a renewable energy source, which can be produced from regionally available raw materials and recycled waste.

This initiative will focus on the promotion of energy-efficient cooking stoves (using charcoal, firewood and sawdust) and biogas in the eight villages surrounding the mine. The project addresses several important environmental concerns for the Williamson team, as it will help to combat local deforestation caused by the cutting down of trees through controlled timber harvesting and will therefore assist with both education and conservation in the area. However, even more importantly, the project will offer local villages an immediate and direct alternative to access better energy services that will contribute to poverty reduction and improve people's lives.

The project supports the policy statement in Williamson's EMP which states that the mine will work to "promote efficient biomass conversion and end-use technologies in order to save resources; reduce rate of deforestation and land degradation; and minimising threats on climate change".

The construction work for the project commenced in August 2012 and was carried out by the Tanzania Traditional Energy Development Organization ("TATEDO"), with funding provided by Williamson. This project marks one of the initiatives undertaken by WDL in environmental upkeep.

In his inauguration speech, the District Commissioner of the Kishapo District mentioned the importance of the project to individual villagers and the fact that access to clean, affordable and reliable energy has a profound impact on economic and social wellbeing. It is essential for improving income, health, education and empowerment of women.

The District Commissioner added that over 90% of the population in Tanzania lives without access to modern energy technologies and services. This is an impediment to achieving millennium development goals, particularly as it is estimated that 80% of the Tanzanian population will remain without access to clean cooking fuels or improved cooking stoves by 2015. Additionally, if electrification programmes follow the current trends and investments, the urban electrification gap will remain high, whilst the rural gap will remain above 90% by 2015.

Biomass has been identified as offering the potential to provide access to modern energy services and can help Tanzania meet rising energy demand in an environmentally safe manner. Bioenergy projects, such as the one launched by Williamson, are therefore being supported by the Government, with the aim to make it easier to serve communities and groups that currently lack access to sustainable modern energy technologies and services.



# Contributing responsibly to Botswana

## The world’s biggest diamond producing nation.

Petra’s considerable expertise and years of local knowledge, together with the advantage of our extensive geophysical and mineral chemistry databases, ensure that we remain at the forefront of diamond exploration in Botswana.

The Company remains aware of its impact on and responsibility to both the physical and social environment in which it operates, hence is fully committed to a holistic and proactive approach to HSSE cornerstones.

In the light of these commitments, Petra has adopted HSSE policies that encompass local legislation and international best practice. Petra aims to ensure that the impact of its activities on the environment is minimal and maintains a responsible and proactive approach to communication with local communities. In addition, it is hoped that Petra’s activities will have long-term benefit to all stakeholders, including the people of Botswana.

### Taking good care of people...

The Petra Diamonds Botswana team, by virtue of the nature of exploration, is a small one mostly consisting of well qualified earth scientists. Work consists, to a large extent, of spending long periods away from home in comparatively harsh and isolated conditions. A major objective therefore is to maintain a motivated workforce in the field, the success of which is attested to by the stability of the workforce and extremely low staff turnover. It is therefore with confidence that this operation is seeking to engage newly qualified earth scientists as interns in FY 2014, with the objective to train them in all aspects of exploration. Emphasis is also being placed on current employees being given the opportunity to advance their technical skills.

Working in field conditions in remote areas, where employees need to stay in the veld in tented camps, requires an approach towards their wellbeing that is different from where operations are more established. A key consideration is the provision of appropriate infrastructure, as well as other important factors such as the provision of suitable and acceptable meals to employees.

Also due to the conditions, it becomes more important to mitigate against risks such as snake bites and vehicle accidents by the wearing of protective clothing and limiting driving speed. The success of these measures, contained in a comprehensive update of the Petra Diamonds Botswana HSEC Policy Guidelines and Due Diligence Checklist, is apparent from the fact that no LTIs have been recorded for these operations, despite the potential obvious risks.

Although the social impact of these operations has to date been minimal, the interests of the people in the communities affected or likely to be affected are also being taken into account. Consultation with the Basarwa people in the town

of Kaudwane has led to the exploration activities’ support of infrastructure development fundraising initiatives for this community, such as purchasing of foodstuffs to support a fundraising for the construction of ablution facilities.

At the same time, the identification of viable community projects for implementation, should this exploration project result in mining operations, is an ongoing process. Given that they are still at a fairly early phase, Petra’s KX36 exploration project does not yet provide scope for employment of local community members; however advancement of this project could have positive economic impacts in due course, in line with Petra’s commitment to responsibly develop its assets to the benefit of all stakeholders.

### ...and looking after the environment

Petra Diamonds Botswana’s objective is that its exploration programme in Botswana should be carried out in a manner that minimises any environmental impact. This presents a number of challenges regarding such matters as the provision of water and energy, especially because the nature of exploration activities means they are away from established services networks.

One of the key highlights of FY 2013 was therefore the introduction of solar power generation at the KX36 campsite. This, in conjunction with a rule that no camp generators are to run between 10.00pm and 5.00am daily, ensures that the carbon footprint of these operations is as small as practically possible.

Botswana is an arid country and water use must be managed at all times. Whereas water still often needs to be transported over long distances, boreholes closer to camp sites have now been drilled to ease the provision of water, decrease the cost thereof and mitigate against the environmental impacts of transporting it. These boreholes also hold potential benefits to local communities in the longer run. Due to the comparative size of these operations, the water use for Petra Diamonds Botswana’s operations has a negligible impact on water sources and the habitats they support, either through extraction or run-off. Total extraction of groundwater for FY 2013 amounted to just over 1,500m<sup>3</sup>.

The objective of minimal environmental disturbance is also realised in the very small surface area (less than three hectares) that has been disturbed due to the KX36 project, and the continuous rehabilitation of 4x4 sand tracks created by operations (500 metres restored in FY 2013). All of this is aimed at minimising changes in vegetation dynamics and degradation of faunal habitat.





## Enhancing our communities

The Mwadui primary school is owned and operated by the Williamson mine and provides free English primary school education to 460 learners.



# Enhancing our communities

Our community development efforts aim to contribute through initiatives which focus on alleviating the issues that have been identified as most critical by our local communities.

## SUMMARY

- We are cognisant that our operations do impact on their local communities and we have practices and programmes in place to evaluate and manage such impacts.
- Where possible we establish partnerships with Government, communities, NGOs and educational institutions to ensure the impact of our initiatives is maximised.
- Our operations are predominantly located in remote areas that have a low level of socio-economic development and high unemployment.
- The 'multiplier effect' applicable in Africa means that the overall number of people dependent on our operations is estimated to be more than ten times the number of direct employees and contractors.

## Our approach

Positive relationships with local communities around our operations are vital to securing support for our activities and maintaining our social licence to operate.

We work in partnership with Governments, communities (through the local municipalities that are elected to represent them) and other identified stakeholders to ensure that our operations have a long-term positive impact on host communities and to minimise any negative impacts.

Some of Petra's operations have a formal Stakeholder Engagement Plan ("SEP") in place and progress is being made with developing an overarching Stakeholder Engagement Policy in order to ensure consistent standards are applied across the Group.

Our operations are predominantly located in remote areas that have a low level of socio-economic development and high unemployment. Petra has committed significant capital to extending the lives of its mines, which will serve to ensure sustainable employment for our workers and contribute to the future viability of the communities surrounding our operations.

Our community development efforts therefore aim to contribute to these local communities through initiatives which focus on the key issues identified through our community engagement programmes:

- sustainable job creation;
- poverty alleviation;
- skills transfer; and
- enterprise development in local communities.

Where possible we establish partnerships with Government, communities, NGOs and educational institutions to ensure the impact of our initiatives is maximised.

## Assessing and managing our impacts

We are cognisant that our operations do impact on their local communities and we have practices and programmes in place to evaluate and manage such impacts across the full lifecycle of an operation.

In South Africa, the approved Social and Labour Plans ("SLPs") in place for each mine define Petra's obligations in terms of social, labour and community issues. The SLPs form the basis for our activities and performance indicators over a five-year cycle, following which a new SLP needs to be consulted with stakeholders and approved by the DMR.

Additionally, each operation is subject to the targets set out in the Mining Charter. The SLPs are generally drafted to incorporate some of the targets of the Mining Charter relating to Human Resources Development ("HRD"), procurement, local economic development ("LED") and housing.

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



#### Assessing and managing our impacts continued

The SLPs for our South African operations are at different stages within their respective five-year cycles and Petra remains committed to honouring all of the commitments made within them. Information on Petra's progress towards these targets is contained in comprehensive reports submitted to the DMR.

In Tanzania, the Williamson mine has implemented the Community Development Programme ("CDP"), which focuses on three development areas: Community Development, Community Initiatives and Community Support. These are the three focus areas through which Williamson has opted to implement its CSR strategy and which ensure that the mine adequately addresses local community development issues at different social levels. During the Year, Williamson gained national recognition for its commitment to corporate social responsibility by winning awards in two areas of Tanzania's Presidential Award on Corporate Social Responsibility and Empowerment in August 2013 (see 'Williamson wins Presidential Award in Corporate Social Responsibility' on page 57).

In Botswana, our exploration operations remain at a relatively early stage but in FY 2013, Petra Diamonds Botswana completed a comprehensive update of its HSEC Policy Guidelines and Due Diligence Checklist to prepare for the acceleration of development work on kimberlite KX36, which will include a second bulk sample drilling programme planned for FY 2014, and the surrounding area. Any impacts in this regard will be dependant on the exploration results and continuously assessed.

#### Community and stakeholder engagement

We believe we have robust processes covering engagement in place across the Group, which will be reinforced by the forthcoming Group Stakeholder Engagement Policy, which we expect to start rolling out across our operations in FY 2014.

Site stakeholder engagement plans contain clearly defined processes for the identification of key stakeholders, the regular and effective communication with such stakeholders, as well as the mechanisms for stakeholders to raise complaints or grievances with the Company. All operations focus on engaging with local community representatives to report on the progress of projects, which can then be communicated back to the community. We meet regularly with these representatives to communicate on issues such as community development, environmental impacts and closure plans, as well as to discuss the programmes and projects we have already put in place.

To ensure a consistent approach, the nature and frequency of Petra's stakeholder meetings is reflected in the Group's Social Compliance Matrix.

Our community engagement is guided by active and fully engaged Community Development Programmes which are in place at each operation. Engagement is managed by Community Liaison Officers, Community Development Coordinators, and a regional Community Development Coordinator, who is responsible for, amongst other things, the successful roll-out of LED projects in South Africa, as committed to in our SLPs. Furthermore, the Company has a Group Social Compliance and Sustainability Practitioner who manages and guides all operations' SLP commitments.

### "Proactive and consistent engagement is central to our community programmes."

We monitor the progress of our various CSI projects on a regular basis and in some cases have established steering committees consisting of Petra employees, members of the local community, municipality, and other service providers.

The success of some of our CSI projects is subject to the local communities having the necessary skills to effectively implement and manage them. In order to mitigate this challenge the Company, where possible, trains the local community in the required skills to maximise the benefit that these projects provide.

In South Africa, all community engagement processes and SLPs are compliant with legislative requirements.

In Tanzania, the Williamson mine has a well-developed Stakeholder Engagement Programme ("SEP"), which clearly defines and provides a framework for how Company representatives are to engage with all stakeholders.

In Botswana, we currently have no formal community engagement programme in place; however we maintain active communications with authorities, individuals, NGOs and local communities as appropriate. Since acquiring our Botswana diamond exploration assets from 2005 onwards, we have operated in a fully transparent manner and proactively communicated our activities with the appropriate stakeholders.

Community grievance processes are incorporated into SLPs in South African operations, as well as into Williamson's SEP.

Issues raised during Petra's stakeholder engagement process in FY 2013 included:

- delays in the issuing of permits and licences;
- local municipal responsibilities around Cullinan;
- unemployment in the region and local recruitment issues;
- poverty alleviation in the communities around the mines;
- mine closure and legacy issues; and
- skills development programmes for employees.

We have taken steps to include these issues in the Company's programmes and community projects wherever possible and elevated matters to relevant Government departments and organisations where appropriate.

#### Group social spend summary

In South Africa, Petra's main social spend is allocated to LED projects, which form part of their SLPs. Additionally, our South African operations may also provide further discretionary social expenditure on initiatives which are formally required as part of their SLPs.



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

Expenditure by country	Spend (US\$) <sup>1</sup>
South Africa	587,035
Tanzania (Williamson)	292,848
<b>Group total spend (US\$)</b>	<b>879,883</b>

Note:

1. Exchange rate of US\$1: R8.84.

Group CSI spend in FY 2013 totalled ca. US\$0.9 million, which represents approximately 0.2% of the Company's revenue for the Year. This expenditure is significantly lower than last year (FY 2012: US\$3.3 million), due to timing differences with expenditure allocated to our SLPs in South Africa.

As previously explained, these projects run for five-year cycles and there can sometimes be delays to the commencement of the new cycle. This was the case in FY 2013, with Finsch, Cullinan and Koffiefontein each consulting on and submitting revised SLPs during the Year, which have not yet been approved by the DMR. This means that there have been delays commencing the new Local Economic Development ("LED") projects associated with these SLPs.

We are continuing to spend in line with our approved SLP obligations, but the updated financial commitments are yet to be finalised, agreed and approved.

Another factor impacting social spend for the Year was the placing of the Star and Sedibeng mines on care and maintenance, further to the suspension of the sale process for the Fissure Mines and the subsequent Section 189 process which followed.

### Projects – South Africa

All projects funded by Petra are rigorously assessed and reviewed in conjunction with local communities to ensure they are sustainable and in line with our key objectives of job creation; poverty alleviation; skills transfer; and enterprise development.

Projects are generally undertaken in partnership with local communities, municipal authorities, NGOs and other industry stakeholders, and receive funding and technical advice from Petra. The success of these projects is therefore dependent not just on ongoing support and funding from Petra, but also the continued commitment of these stakeholders.

Projects currently receiving ongoing support from Petra include:

- a multi-stakeholder initiative to increase the literacy and numeracy levels in rural schools benefiting some 6,000 children; and
- sponsorship of a farming project in partnership with local authorities, the Department of Agriculture and other businesses to develop a sustainable vegetable farming operation in Boschkop near the Cullinan mine.

As already noted, Petra is currently entering into a new five-year SLP cycle and there are a number of new CSI/LED projects that are awaiting approval.

### Projects – Tanzania

Funds are made available for community projects through three subprogrammes: community development, community initiatives and community support.

The projects supported by the mine in FY 2013 are:

- numerous upgrades to local school facilities and housing quarters for the teaching staff, and buildings for health facilities;
- technical support to the Tanzania Police (Shinyanga region) in improving its community policing;
- seed funding for various cultural heritage projects;
- technical support for the artisanal mining;
- continued contributions towards the Dar es Salaam University, Engineering Faculty graduate ceremonies;
- provision of infrastructure, logistics and manpower to run a mother and child health clinic as part of the Mwadui Reproductive Child Health project, a collaboration between the Mwadui Hospital and Tanzanian Government;
- actively supporting the Care and Treatment Clinic for HIV/AIDS;
- continued support for small businesses through the provision of free property within the Mwadui village; and
- a number of local road upgrades and agricultural improvement projects.

In addition to these projects, one of the major community initiatives undertaken at the Williamson mine is the provision of water to the Mwadui Township and neighbouring villages through the installation of controlled potable water access points.

Williamson also 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 region with formalised computer training and a computer centre and is considered to be the top achiever at district level and one of the top schools at regional and national level.





Generating economic benefits

Taxes and royalties make a significant contribution to the countries in which we operate. We support the principles of transparency and believe that publishing details of our tax payments to Governments can help improve community support for the activities of businesses such as ours.

Although only one country where we operate is a member of the Extractive Industries Transparency Initiative (Tanzania), we are committed to complying with the initiative’s disclosure requirements across all our operations. The Group paid a total of US\$54.2 million in taxes and royalties in FY 2013 (FY 2012: US\$51.0 million). The breakdown of these taxes is provided in the ‘Tax summary per country’ tables.

The Group spent US\$148.1 million on wages in FY 2013 (FY 2012: US\$110.4 million). The ‘multiplier effect’ which can be applied in Africa means that whilst Petra directly employs 5,139 permanent

employees and 2117 contractors, a significantly larger number of people are dependent on our operations. In South Africa, it is estimated that the overall number of dependants on wages earned from the mine is 60,000 people. In Tanzania, it is estimated that the overall number of dependants on wages earned from the mine is more than 12,000 people.

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

Value added statement

For the year ended 30 June 2013

	30 June 2013 US\$ million	30 June 2012 US\$ million
Revenue	402.7	316.9
Paid to suppliers for material and services	149.7	138.0
<b>Value added</b>	<b>253.0</b>	<b>178.9</b>
Income from investments	4.7	6.0
<b>Wealth created</b>	<b>257.7</b>	<b>184.9</b>
<b>Wealth distribution</b>		
<b>Employees</b>		
<b>Salaries, wages and other benefits</b>	<b>148.1</b>	<b>109.8</b>
Net salaries, wages and benefits	123.7	87.3
Salary-related taxes	24.4	22.5
<b>Providers of capital</b>	<b>17.8</b>	<b>7.7</b>
Finance cost	17.8	7.7
Dividends paid	—	—
<b>Governments</b>		
Tax paid	29.8	28.5
<b>Reinvested in the Group</b>	<b>62.0</b>	<b>38.9</b>
Depreciation and capital items	233.4	176.5
Retained earnings	(171.4)	(137.6)
	257.7	184.9



### Tax summary per country

	FY 2013 US\$million	FY 2012 US\$million
South Africa		
PAYE	20.3	18.3
UIF	1.2	1.0
SDL	1.1	1.0
Diamond royalties	1.6	1.4
VAT	24.8	23.8
<b>Total</b>	<b>49.0</b>	<b>45.5</b>

	FY 2013 US\$million	FY 2012 US\$million
Tanzania		
PAYE	1.3	1.2
UIF	—	—
SDL	0.4	0.4
Diamond royalties	2.0	0.6
VAT	1.3	2.9
<b>Total</b>	<b>5.0</b>	<b>5.5</b>

	FY 2013 US\$million	FY 2012 US\$million
Botswana		
PAYE	0.2	0.1
UIF	—	—
SDL	—	—
Diamond royalties	—	—
VAT	—	—
<b>Total</b>	<b>0.2</b>	<b>0.1</b>

The Company did make certain charitable donations during FY 2013, but not of a material financial size.

The Company did not make any political donations during FY 2013.

The Company received no financial assistance from Governments in FY 2013.

### Local procurement

In line with our commitment to supporting local economic development, our operations aim to use local suppliers for goods and services where possible.

#### Breakdown of local procurement spend in FY 2013

Country	Procurement spend US\$million	Percentage spent with local/regional suppliers
South Africa	264.0	48%
Tanzania	34.0	85%
Botswana	3.9	74%

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

Petra contributes to beneficiation in South Africa as its core marketing operation is based in Johannesburg, serving to attract diamond buyers from around the world to its tenders, which are held seven times a year. This therefore directly supports the South African Government's aim to stimulate its local diamond industry, to create sustainable employment, attract international industry participants to the country and increase the value and commensurate taxes on diamond exports.

### Indigenous people

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

Although Petra is not currently engaged in production mining activities in Botswana, we are committed to further engaging with the Basarwa people in advance of any decision to develop commercial operations.

Petra reported no violations involving rights of indigenous people during FY 2013.



Security

Illegitimate diamond mining and the illicit trade in diamonds continues to pose a significant threat to the diamond industry and has historically played a major role in the instability of several diamond mining countries. This has given rise to the Kimberley Process, of which Petra is a signatory and which it fully supports.

In order to protect its people, property and product in the interest of good governance and sustaining a profitable business, as well as to promote the objectives of the Kimberley Process, Petra places a high premium on developing and maintaining an effective and appropriate security capability.

In South Africa, security focuses on three main areas:

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

All South African security personnel are suitably qualified and are registered with the Private Security Industry Regulatory Authority ("PSIRA"). The training they receive in order to qualify for registration includes human rights training as part of its legal component.

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

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

Williamson has undertaken a full risk assessment and frequently conducts security meetings with the Regional Police Chief and Regional Crime Officer. The Company, as part of our Community Support Programme, provides technical assistance to the local police thereby enhancing community policing.

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



Petra's mines produce the full range of diamonds, from white to fancy coloured stones



# Williamson wins Presidential Award in Corporate Social Responsibility

Since its inception in 1940, Williamson has been leading the way in terms of responsible mining practices.



The President of Tanzania, his Excellency Dr. Jakaya Mrisho Kikwete, hands over the trophy to the Williamson General Mine Manager, Charl Barnard.

The Williamson mine gained national recognition for its commitment to corporate social responsibility by winning awards in two areas of Tanzania’s Presidential Award on Corporate Social Responsibility and Empowerment in August 2013. The mine won certificates for Empowerment and Employment and was the runner up in a further three areas (Procurement, Water Programmes and Education). Williamson was also presented with a trophy as overall winner for the Year 2012 in the category: Large Scale Minerals Projects.

The Presidential Award on Corporate Social Responsibility and Empowerment was launched on 28 February 2012 by Tanzania’s Mining Inter-stakeholders’ Forum in collaboration with the Ministry for Energy and Minerals.

The inaugural award ceremony was held on 20 August 2013, officiated by his Excellency Dr. Jakaya Mrisho Kikwete, the President of the United Republic of Tanzania. This annual Presidential Award is divided into six categories, including ‘Large scale mineral projects’, within which lies the Williamson Mine, and eight areas, consisting of Health, Education, Water, Infrastructure, Local Procurement, Employment, and Empowerment.

Charl Barnard, General Mine Manager at Williamson, commented: “Excellence in all areas of this prestigious award is integral to the way the Williamson Mine is run and we are therefore pleased to have received such recognition in our efforts to attaining the highest possible levels of corporate social responsibility.”



The Mwadui Hospital provides comprehensive medical services to Williamson employees and their families.



Strategy and Analysis

Indicator	Description of indicator	Level of reporting 2013	Reference
1.1	Statement from the most senior decision maker in the organisation about the relevance of sustainability to the organisation and its strategy.	Fully	Overview, CEO's statement p.12–13
1.2	Description of key impacts, risks and opportunities, including: the organisation's key impacts on sustainability and effects on stakeholders, including rights as defined by national laws and relevant internationally agreed standards; and the impact of sustainability trends, risks and opportunities on the long-term prospects and financial performance of the organisation.	Fully	Throughout report

Organisational Profile

Indicator	Description of indicator	Level of reporting 2013	Reference
2.1	Name of the organisation.	Fully	Overview, Company profile p.2
2.2	Primary brands, products and/or services.	Fully	Overview, Company profile p.2
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	Fully	Overview, Our operations p.6–7
2.4	Location of organisation's headquarters.	Fully	Overview, Our operations p.6–7
2.5	Number of countries where the organisation operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Overview, Our operations p.6–7
2.6	Nature of ownership and legal form.	Fully	2013 Annual Report p.2
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Fully	2013 Annual Report p.14–19
2.8	Scale of the reporting organisation, including number of employees, net sales, total capitalisation and quantity of products provided.	Fully	Overview, Our operations p.6–7 and 2013 Annual Report p.2–5
2.9	Significant changes during the reporting periods regarding size, structure or ownership, including the location of, or changes in operations, including facility openings, closings, and expansions; and changes in the share capital structure and other capital formation, maintenance and alteration operations.	Fully	Overview, Scope of this report p.2
2.10	Awards received in the reporting period.	Fully	FY 2013 highlights p.3

Report Parameters

Indicator	Description of indicator	Level of reporting 2013	Reference
3.1	Reporting period for information provided.	Fully	Overview, Scope of this report p.2
3.2	Date of most recent previous report.	Fully	Overview, Scope of this report p.2
3.3	Reporting cycle.	Fully	Overview, Scope of this report p.2
3.4	Contact point for questions regarding the report or its contents.	Fully	Overview, Scope of this report p.2
3.5	Process for defining report content, including determining materiality, prioritising topics within the report and identifying stakeholders the organisation expects to use the report.	Fully	Overview, Scope of this report p.2 and Strategy and governance, Material issues, p.20
3.6	Boundary of the report.	Fully	Overview, Scope of this report p.2
3.7	State any specific limitations on the scope or boundary of the report.	Fully	Overview, Scope of this report p.2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between reporting organisations.	Fully	Overview, Scope of this report p.2
3.9	Data measurement techniques and the basis of calculations, including assumptions, and technique underlying estimations applied to the compilation of the indicators, and other information in the report.	Fully	Overview, Scope of this report p.2 and throughout report
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement.	N/A	No restatements
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	Fully	Overview, Scope of this report p.2
3.12	Table identifying the location of the standard disclosures report.	Fully	GRI navigator, p.58–62
3.13	Policy and current practices with regard to seeking external assurance for the report.	Fully	Overview, Scope of this report p.2



Governance, Commitments and Engagement

Indicator	Description of indicator	Level of reporting 2013	Reference
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	Strategy and governance, Governance p.16
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reason for this arrangement).	Fully	Strategy and governance, Governance p.15–16
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Strategy and governance, Governance p.15
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Strategy and governance, Stakeholder engagement p.19–20
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements) and the organisation's performance (including social and environmental performance).	Fully	Strategy and governance, Governance p.17 and 2013 Annual Report p.71–81
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	2013 Annual Report p.63
4.7	Process for determining the qualification and expertise of members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics.	Fully	Strategy and governance, HSSE Committee p.16, and 2013 Annual Report p.63
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation.	Fully	Strategy and governance, Policies and standards p.18
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	Fully	Overview, CEO's statement p.12–13 and Strategy and governance, Governance, p.15–18
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Fully	2013 Annual Report p.63, and Strategy and Governance, Governance, p.15–16
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation. Article 15 of the Rio Principles introduced the precautionary approach.	Fully	Strategy and governance, Risk management p.16 and Material issues p.20
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses.	Fully	Overview, Company profile p.2, and Human rights p.18
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation has positions in governance bodies, participated in projects or committees, provides substantive funding beyond routine membership dues, or views membership as strategic.	Fully	Strategy and governance, Memberships p.17
4.14	List of stakeholder groups engaged by the organisation.	Fully	Strategy and governance, Stakeholder engagement p.19–20
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Strategy and governance, Stakeholder engagement p.19
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Strategy and governance, Stakeholder engagement p.19 and Community, Community and stakeholder engagement p.52
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key topics and concerns, including through its reporting.	Fully	Strategy and governance, Stakeholder engagement p.19–20 and Community, Community and stakeholder engagement p.52

Economic Indicators

Indicator	Description of indicator	Level of reporting 2013	Reference
DMA EC	Management approach to economic aspects, goals and performance, policy, additional contextual information.	Fully	Community p.51–55
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and to governments.	Fully	Community, Generating economic benefits p.54–55
EC 2	Financial implications, other risks and opportunities for the organisation's activities due to climate change.	Partial	Environment, Water usage p.40 and Climate change p.43
EC 3	Coverage of the organisation's defined benefit plan obligations.	Fully	2013 Annual Report p.129–130
EC 4	Significant financial assistance received from government.	Fully	Community, Generating economic benefits p.55
EC 6	Policies, practices and proportion of spending on locally based suppliers at significant locations of operation.	Fully	Community, Local procurement p.55
EC 7	Procedures for local hiring and proportion of senior management and workforce hired from the local community at locations of significant operation.	Partial	Our people, Local hiring p.32
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement.	Fully	Community, Projects p.53
EC 9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Community, Assessing and managing our impacts p.51–52



Environmental Indicators

Indicator	Description of indicator	Level of reporting 2013	Reference
DMA EN	Management approach to environmental aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Environment p.38–47
EN1	Weight of materials used by weight or volume.	Fully	Environment, Resource usage p.40
EN2	Percentage of materials used that are recycled input materials.	Not reported	
EN3	Direct energy consumption by primary energy source.	Fully	Environment, Energy usage p.42
EN4	Indirect energy consumption broken down by primary source.	Not reported	
EN5	Energy saved due to conservation and efficiency improvements.	Partial	Environment, Energy usage p.42–43
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partial	Environment, Energy usage p.43 and Case study p.48
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not reported	
EN8	Total water withdrawal by source.	Fully	Environment, Water usage p.41
EN9	Water sources significantly affected by withdrawal of water.	Fully	Environment, Water usage p.41
EN10	Percentage and total volume of water recycled and re-used.	Fully	Environment, Water usage p.41
EN11	Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.	Fully	Environment, Land management and biodiversity p.44–45
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Environment, Land management and biodiversity p.44–45
MM1	Amount of land disturbed or rehabilitated.	Fully	Environment, Rehabilitation and closure plans p.45–46
EN13	Habitats protected or restored.	Fully	Environment, Land management and biodiversity p.44–45
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	Fully	Environment, Land management and biodiversity p.44–45
MM2	The number/percentage of sites identified as requiring biodiversity management plans and the number/percentage of sites with plans in place.	Fully	Environment, Land management and biodiversity p.45
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	Environment, Land management and biodiversity p.45
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Environment, Carbon emissions p.44
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not reported	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Not reported	
EN19	Emissions of ozone-depleting substances by weight.	Fully	Environment, Ozone depleting substances p.46
EN20	NOx, SOx and other significant air emissions by type and weight.	Not reported	
EN21	Total water discharge by quality and destination.	Fully	Environment, Water discharge p.41–42
EN22	Total weight of waste by type and disposal method.	Fully	Environment, Waste management p.47
MM3	Total amounts of overburden, rock, tailings and sludges and their associated risks.	Not reported	
EN23	Total number and volume of significant spills.	Fully	Environment, Environmental incidents p.39
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally.	Fully	Environment, Waste management p.47
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Environment, p38-49
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	N/A	Packaging is not material for a commodity business
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Strategy and Governance, Policies and Standards p.18 and Environment, Environmental incidents p.39
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Not reported	
EN30	Total environmental protection expenditures and investments by type.	Not reported	



## Labour Practices and Decent Work

Indicator	Description of indicator	Level of reporting 2013	Reference
DMA LA	Management approach to labour practices' aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Our people, p.31–36
LA1	Total workforce by employment type, employment contract and region.	Partial	Our people, Our workforce p.31
LA2	Total number and rate of employee turnover by age group, gender and region.	Fully	Our people, Employee turnover in FY 2013 p.32
LA3	Benefits provided to full-time employees.	Fully	Our people, Labour relations p.34–35 and Accommodation and living conditions p.35
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Our people, Labour relations p.34
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Our people, Labour relations p.35
MM4	Number of strikes and lock-outs exceeding one week's duration, by country.	Fully	Our people, Labour relations p.35
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Fully	Health and safety, Our approach p.25
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region.	Fully	Health and safety p.25–26 and Case study p.29
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases.	Fully	Health and safety, Community p.27
LA10	Average hours of training per year per employee by employee category.	Not reported	
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Our people, Training and development p.32–34
LA12	Percentage of employees receiving regular performance and career development reviews.	Partial	Our people, Leadership Development Programme p.33
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Partial	Our people, Equality p.34
LA14	Ratio of basic salary of men to women by employee category.	Fully	Our people, Equality p.34

## Human Rights

Indicator	Description of indicator	Level of reporting 2012	Reference
DMA HR	Management approach to human rights aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Strategy and governance, Human rights p.18
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not reported	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Not reported	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not reported	
HR4	Total number of incidents of discrimination and actions taken.	Fully	Our People, Equality p.34
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	Our people, Our approach p.31
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Fully	Strategy and governance, Human rights p.18
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	Fully	Strategy and governance, Human rights p.18
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Community, Security p.56
MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories and number and percentage of sites where there are formal agreements with indigenous peoples' communities.	Fully	Community, Indigenous people p.55
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Community, Indigenous people p.55



Social Performance Indicators

Indicator	Description of indicator	Level of reporting 2012	Reference
DMA SO	Management approach to society aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Community, Our approach p.51–55
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	Fully	Community, Assessing and managing our impacts p.51–52
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	Fully	Community, Indigenous people p.55 and Community and stakeholder engagement 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.	Fully	Community, Indigenous people p.55
MM8	Number/percentage of company operating sites where artisanal and small-scale mining ("ASM") takes place on, or adjacent to, the site; associated risks and actions taken to manage and mitigate these risks.	Partial	Community, Security p.56
MM9	Sites where resettlements took place, the number of households resettled in each and how their livelihoods were affected in the process.	N/A	
MM10	Number and percentage of operations with closure plans.	Fully	Environment, Rehabilitation and closure plans p.45
SO2	Percentage and total number of business units analysed for risks related to corruption.	Not reported	
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Not reported	
SO4	Actions taken in response to incidents of corruption.	Not reported	
SO5	Public policy positions and participation in public policy development and lobbying.	Not reported	
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	Fully	Community, Generating economic benefits p.55
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	Fully	Strategy and governance, Policies and standards p.18
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	Strategy and governance, Policies and standards p.18

Product Responsibility

Indicator	Description of indicator	Level of reporting 2012	Reference
DMA PR	Management approach to product responsibility aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	Fully	Strategy and governance, Product stewardship and assurance p.21
MM11	Programmes and progress relating to materials stewardship.	Fully	Strategy and governance, Product stewardship and assurance p.21
PR1	Lifecycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.	Not reported	
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Fully	Strategy and governance, Product stewardship and assurance p.21
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	N/A	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Strategy and governance, Product stewardship and assurance p.21



<b>ABET</b>	Adult Basic Education and Training, aimed at improving literacy levels and providing learners with nationally recognised qualifications	<b>GRI</b>	Global Reporting Initiative, a multi-stakeholder process and independent institution the mission of which is to develop and disseminate globally applicable sustainability reporting guidelines. These standards set out principles and indicators that organisations can use to measure and report their economic, environmental and social performance
<b>AIDS</b>	Acquired Immune Deficiency Syndrome, a disease of the immune system caused by the HIV infection. HIV/AIDS poses serious challenges; South Africa is one of the countries worst affected by the pandemic	<b>GVAr</b>	Giga-Volt-Amperes Reactive
<b>ART</b>	anti-retroviral treatment for HIV/AIDS	<b>ha</b>	hectares
<b>BEE</b>	Black Economic Empowerment is a programme launched by the South African Government to redress the inequalities of apartheid by giving previously disadvantaged groups of South African citizens economic privileges previously not available to them	<b>HDSAs</b>	Historically Disadvantaged South Africans refers to all persons and groups who have been historically discriminated against on the basis of race, gender and disability
<b>BMP</b>	biodiversity management plan	<b>HIV</b>	Human Immunodeficiency Virus which causes AIDS by infecting the helper T cells of the immune system. This virus is transmitted through blood or bodily secretions
<b>CCMA</b>	the Commission for Conciliation, Mediation and Arbitration Charter	<b>HPDs</b>	hearing protection devices
<b>CO<sub>2</sub>-e</b>	carbon dioxide equivalent	<b>HR</b>	human resources
<b>Commercial goods</b>	'Commercial' goods refer to affordable gem diamonds of mass market quality – i.e. around 0.3 to 0.5 carat or below in the polished, ranging from VS to SI in terms of clarity, and classed as H or lower in colour; such diamonds form the basis of the consumer mass market for diamond jewellery	<b>HSE</b>	Health, Safety, Environment
<b>CSI</b>	corporate social investment	<b>HSEC</b>	Health, Safety, Environment, Community
<b>CSR</b>	corporate social responsibility	<b>HSSE</b>	Health, Safety, Social and Environment
<b>CTPA</b>	carats per annum	<b>ILO</b>	International Labour Organization
<b>dB</b>	decibel	<b>ISO 14001</b>	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
<b>DEEC</b>	Diamond Export and Exchange Centre in South Africa	<b>IUCN</b>	International Union for the Conservation of Nature
<b>DMR</b>	Department of Mineral Resources, South Africa	<b>IWULA</b>	integrated water use licence applications
<b>DWEA</b>	Department of Water and Environmental Affairs, South Africa	<b>kg</b>	kilogram
<b>EE</b>	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	<b>Kimberley Process</b>	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)
<b>EIA</b>	Environmental Impact Assessment	<b>KPIs</b>	key performance indicators
<b>EMP</b>	Environmental Management Programme	<b>kWh</b>	kilowatt hour
<b>EMS</b>	Environmental Management System	<b>l</b>	litres
<b>FFS</b>	Fatality Free Shifts; FFS is calculated by multiplying the number of shifts worked with the number of people who worked the shifts	<b>LDP</b>	Local Development Plan
<b>FFPS</b>	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	<b>LED</b>	Light Emitting Diode (when used in reference to lighting)
<b>FIFR</b>	Fatal Injury Frequency Rate: the number of fatal injuries per million hours worked	<b>LED</b>	local economic development (when used in reference to socio-economic development)
<b>FOG</b>	fall of ground	<b>Leading Practice</b>	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
		<b>LHD</b>	load haul dumper
		<b>LPG</b>	liquefied petroleum gas



<b>LTI</b>	lost time injury. An LTI is a work-related injury resulting in the employee/contractor being unable to attend work and perform all of the tasks for which he/she was appointed on the next calendar day after the day of the injury; note: fatalities are recorded as LTIs	<b>rehabilitation</b>	the process of restoring mined land to a condition approximating to a greater or lesser degree its original state
<b>LTIFR</b>	lost time injury frequency rate is calculated as the number of LTIs multiplied by 200,000 and divided by the number of hours worked	<b>SDL</b>	Skills Development Levy
<b>MCTPA</b>	million carats per annum	<b>SEP</b>	Stakeholder Engagement Plan
<b>MCTS</b>	million carats	<b>Section 189 Process</b>	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
<b>MDP</b>	Mwadui Community Development Programme	<b>SHE</b>	safety, health, environment
<b>MHSA</b>	Mine Health and Safety Act (29 of 2002), South Africa	<b>SLP</b>	social and labour plan stipulated in the MPRDA and aimed at promoting the employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development
<b>Mining Charter</b>	The Broad-Based Socio-Economic Empowerment Charter for the South African mining and minerals industry. The goal of the Mining Charter is to facilitate sustainable transformation, growth and development of the mining industry	<b>SMME</b>	Small, Medium and Micro Enterprises
<b>Mining's Tripartite</b>	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	<b>t</b>	tonne
<b>MPRDA</b>	Mineral and Petroleum Resources Development Act, which came into effect in South Africa on 1 May 2004 and regulates the granting of mining rights and prospecting rights	<b>tailings</b>	the waste products of the processing circuit which may still contain quantities of the economic mineral
<b>MQA</b>	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	<b>tCO<sub>2</sub>-e/Ct</b>	Total CO <sub>2</sub> -e per carat produced
<b>MVA</b>	megavolt ampere	<b>TMM</b>	trackless mobile machinery
<b>NGOs</b>	non-governmental organisations	<b>triple bottom line</b>	triple bottom line ("TBL") accounting expands the traditional reporting framework to take into account social and environmental performance in addition to financial performance
<b>NIHL</b>	noise induced hearing loss	<b>UASA</b>	United Association of South Africa, a South African trade union
<b>NUM</b>	National Union of Mineworkers	<b>Underground pipe mines</b>	Petra's underground kimberlite pipe mines, being Finsch, Cullinan, Koffiefontein and Kimberley Underground
<b>OHSA</b>	Occupational Safety and Health Administration	<b>UIF</b>	Unemployment Insurance Fund, a mandatory deduction from salaries, met in equal by the employer and paid to the state in South Africa
<b>OHSAS 18000</b>	an international occupational health and safety management system specification	<b>VCT</b>	voluntary counselling and testing, a programme aimed at encouraging voluntary HIV testing in order for individuals to know their status
<b>OH&amp;S</b>	Occupational Health and Safety	<b>vector control</b>	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
<b>PDS</b>	proximity device systems	<b>WHO</b>	World Health Organization
<b>pH</b>	the pH scale essentially measures the acidity or alkalinity of a solution		
<b>Power Factor</b>	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		
<b>PV</b>	photovoltaic		