



PetraDiamonds

**SUSTAINABLE
DEVELOPMENT
REPORT 2012**

Petra Diamonds Limited

Overview

Contents



Petra Diamonds is committed to the responsible development of its assets to the benefit of all stakeholders. The Company operates according to the highest ethical and corporate governance standards and seeks to achieve leading environmental, social and health and safety performance.

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Discover more about Petra
www.petradiamonds.com

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 2.2 million carats in FY 2012 to 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 is 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 which are members of the Kimberley Process.

SCOPE OF THIS REPORT

This Report is the fourth 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 2012 (“FY 2012” or “the Year”).

- ▶ This Report covers the operations managed by the Company in FY 2012, including the Finsch mine (from the date of acquisition on 14 September 2011) and the Fissure Mines (the Helam, Sedibeng and Star mines in South Africa), although Petra and its BEE partners announced the initiation of a sale process for the Fissure Mines in July 2012.
- ▶ This Report aims to provide a comprehensive overview of the Group’s performance in the areas of health, safety, social and environment during FY 2012, 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 2012 Annual Report, which is also available to download on the Petra website at 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 45 for more information.
- ▶ In addition, Petra’s sustainability policies and reporting processes 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 documentation and 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
52-53 Conduit Street, London W1S 2YX, UK

Overview

Petra's production cycle

▶▶ Petra's PRODUCTION CYCLE

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

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

Once ore has been mined, it is processed through the plant in order to disaggregate the material and extract the rough diamonds.

4



Sorting

Once cleaned and acidised, the rough diamonds are sorted by in-house experts who assign them to parcels according to their shape, size, clarity and colour.

5



Marketing and sales

Our marketing team sells the rough diamond parcels by competitive tender in both Johannesburg and Antwerp.

Overview

FY 2012 highlights

►► FY 2012

HIGHLIGHTS

GOVERNANCE

- Board-represented HSSE Committee formed during the Year to lead and progress the development of Petra's sustainability policies, to ensure the Board takes account of mining corporate social responsibility best practice and to drive performance improvements
- Improvement in level of disclosure in terms of sustainability reporting from C level to B level for FY 2012's Report (according to GRI guidelines)

HEALTH AND SAFETY

- OHSAS 18001 re-certification achieved for Finsch and Cullinan
- Finsch and Cullinan achieved 1,000,000 Fatality Free Shifts¹
- Helam achieved 7,000 and Sedibeng achieved 8,000 Fatality Free Production Shifts¹; Star achieved 6,000 Fatality Free Production Shifts¹
- Williamson achieved three years without a lost time injury

SOCIAL (EMPLOYEES AND COMMUNITIES)

- US\$3.3 million² spent on corporate social investment (approximately 1% of Group revenues)
- US\$3.3 million² spent on training (approximately 4% of operations payroll)
- Skills Audit Project launched to inform the development of training programmes of our employees
- Development commenced of a Group-wide Stakeholder Engagement Policy

ENVIRONMENTAL

- Successful development of a Group Environmental Management Strategy to be implemented across the Group during FY 2013
- ISO 14001 re-certification achieved for Finsch and Cullinan
- Roll-out of carbon emissions monitoring across all operations, ahead of reporting deadline for London listed companies
- Williamson awarded the National Presidential Environmental Conservation Award for Forestry Conservation and Water Management in Tanzania

1. Fatality Free Shifts ("FFS") and Fatality Free Production Shifts ("FFPS") are two different measures used to calculate an operation's fatality-free safety record. FFS is calculated by multiplying the number of shifts worked with the number of people who worked the shifts, whereas FFPS does not account for the number of people on shift, but only for the actual shifts worked. For this reason, smaller operations prefer to use FFPS, as it would take them many years to reach an equivalent million FFS.

2. The following average exchange rate has been used for this Report: US\$1:R7.77.

IN DETAIL



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STRATEGY AND GOVERNANCE



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HEALTH AND SAFETY



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OUR PEOPLE



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ENVIRONMENTAL PERFORMANCE



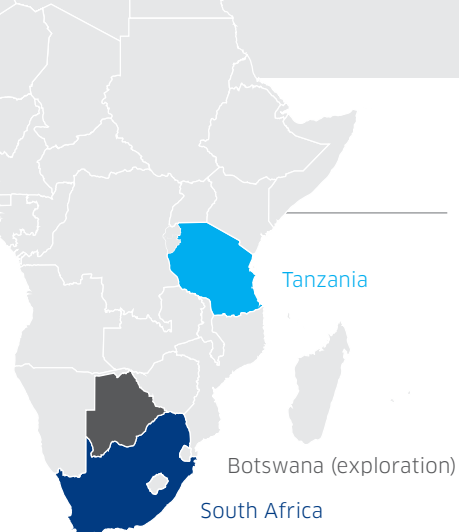
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COMMUNITY

Overview

Our operations

Petra's OPERATIONS



The Petra Group encompassed 4,768 permanent employees and 807 contractors as at 30 June 2012.

Finsch

A major producer with world-class infrastructure



KEY FACTS

- ▀ Finsch produces a number of +50 carat stones annually
- ▀ Production of 1,104,618 carats and revenue of US\$136.9 million in FY 2012
- ▀ 816 people: 762 employees, 54 contractors
- ▀ Petra ownership 74%; BEE partners 26% (21% Senakha Diamonds Investments (Pty) Ltd, 5% Petra Diamonds Employee Share Trust)

Cullinan

The world's most celebrated diamond mine



KEY FACTS

- ▀ 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
- ▀ Production of 867,780 carats and revenue of US\$112.0 million in FY 2012
- ▀ 1,120 people: 1,081 employees and 39 contractors
- ▀ Petra ownership 74%; BEE partners 26% (14% Thembinkosi Mining Investments (Pty) Ltd, 12% Petra Diamonds Employee Share Trust)

Koffiefontein

One of the world's top kimberlite mines by diamond value



KEY FACTS

- ▀ Regularly produces exceptional white diamonds of between five and 30 carats in size
- ▀ Production of 40,117 carats and revenue of US\$18.9 million in FY 2012
- ▀ 521 people: 460 employees, 61 contractors
- ▀ Petra ownership 74%; BEE partners 26% (Re Teng Diamonds (Pty) Ltd)

Overview

Our operations continued

Kimberley Underground

Operation comprises Bultfontein, Dutoitspan and Wesselon kimberlite pipes



KEY FACTS

- Historic source of large diamonds and fancy yellows
- Production of 68,422 carats and revenue of US\$19.8 million in FY 2012
- 581 people: 581 employees and 0 contractors
- Petra ownership 74%; BEE partners 26% (Sedibeng Mining (Pty) Ltd)

Fissure Mines

Portfolio of three mines (Helam, Sedibeng and Star)



KEY FACTS

- Petra has, along with its BEE partners, commenced a public disposal process in respect of the Fissure Mines, as they are no longer core to the Group's portfolio
- Production of 70,874 carats and revenue of US\$17.7 million in FY 2012
- 1,219 people: 1,209 employees and ten contractors
- Helam ownership: Petra 74%, BEE partner 26% (Sedibeng Mining (Pty) Ltd)
- Sedibeng ownership: Petra 74.5%, 25.5% BEE partner (Sedibeng Mining (Pty) Ltd 17.85% and Bokone Properties (Pty) Ltd 7.65%)
- Star ownership: Petra 74%, BEE partner 26% (Sedibeng Mining (Pty) Ltd)

Other Departments

Sorting, Marketing and Sales



KEY FACTS

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

Williamson

Tanzania's most important diamond producer



KEY FACTS

- Renowned for high value white and 'bubblegum' pink diamonds
- Production of 57,050 carats and revenue of US\$11.6 million in FY 2012
- 1,201 people: 563 employees, 638 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



KEY FACTS

- Petra holds 12,725km² of diamond exploration ground
- US\$3.0 million exploration spend in FY 2012
- 11 people: eight employees and three contractors

Group/Corporate/ Central Technical and Operations Support



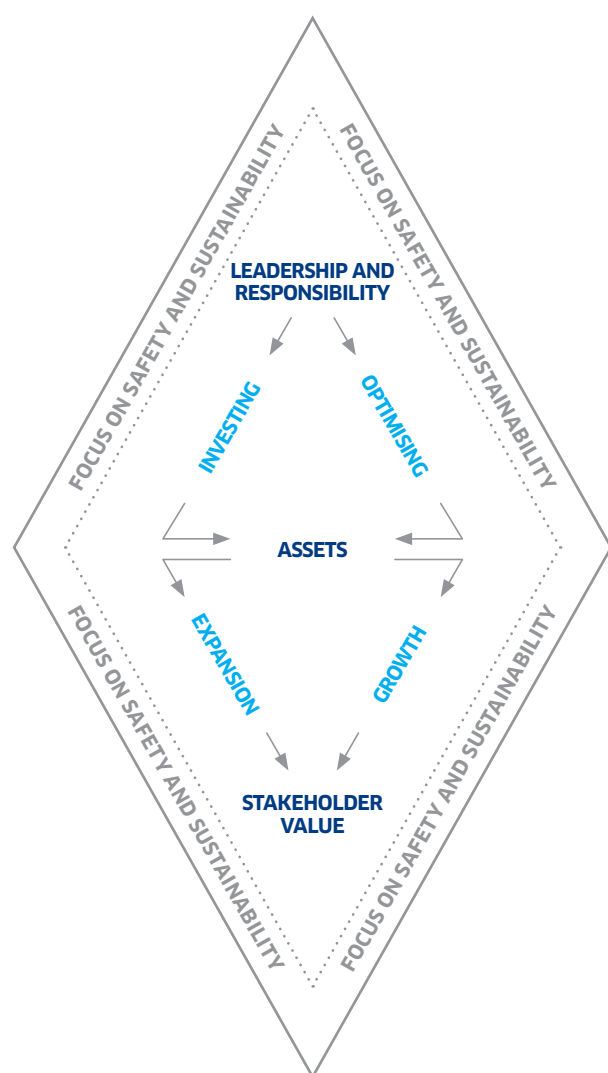
KEY FACTS

- Petra is headquartered in Jersey, with administrative offices also in Johannesburg and London
- US\$10.0 million corporate overhead spend in FY 2012

►► Uncover OUR STRATEGY

Business model

Through its strong and responsible leadership, Petra is investing in the expansion and optimisation of its world-class assets in order to deliver significantly increased production in the years to come. Underpinning Petra's strategy is a focus on safety and sustainability, thereby driving value for all stakeholders.



LEADERSHIP AND RESPONSIBILITY

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

FOCUS ON SAFETY AND SUSTAINABILITY

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

INVESTING

Petra has committed significant capital in order to extend the lives of its mines.

OPTIMISE RECOVERIES

Petra is focused on 'value' as opposed to 'volume' production and plans its mining and processing to capture a mine's optimal rough diamond profile.

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.

EXPANSION OF MINES AND EXPLORATION

Petra has expansion plans in place at each of its operations and is seeking to discover new, economic kimberlites through its exploration programme in Botswana.

PRODUCTION GROWTH

Petra has set out a transparent growth path which is expected to see production rising from 2.2 million carats in FY 2012 to 5 million carats by FY 2019.

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.

Overview

Business model continued

Commitment to sustainable, long-life operations

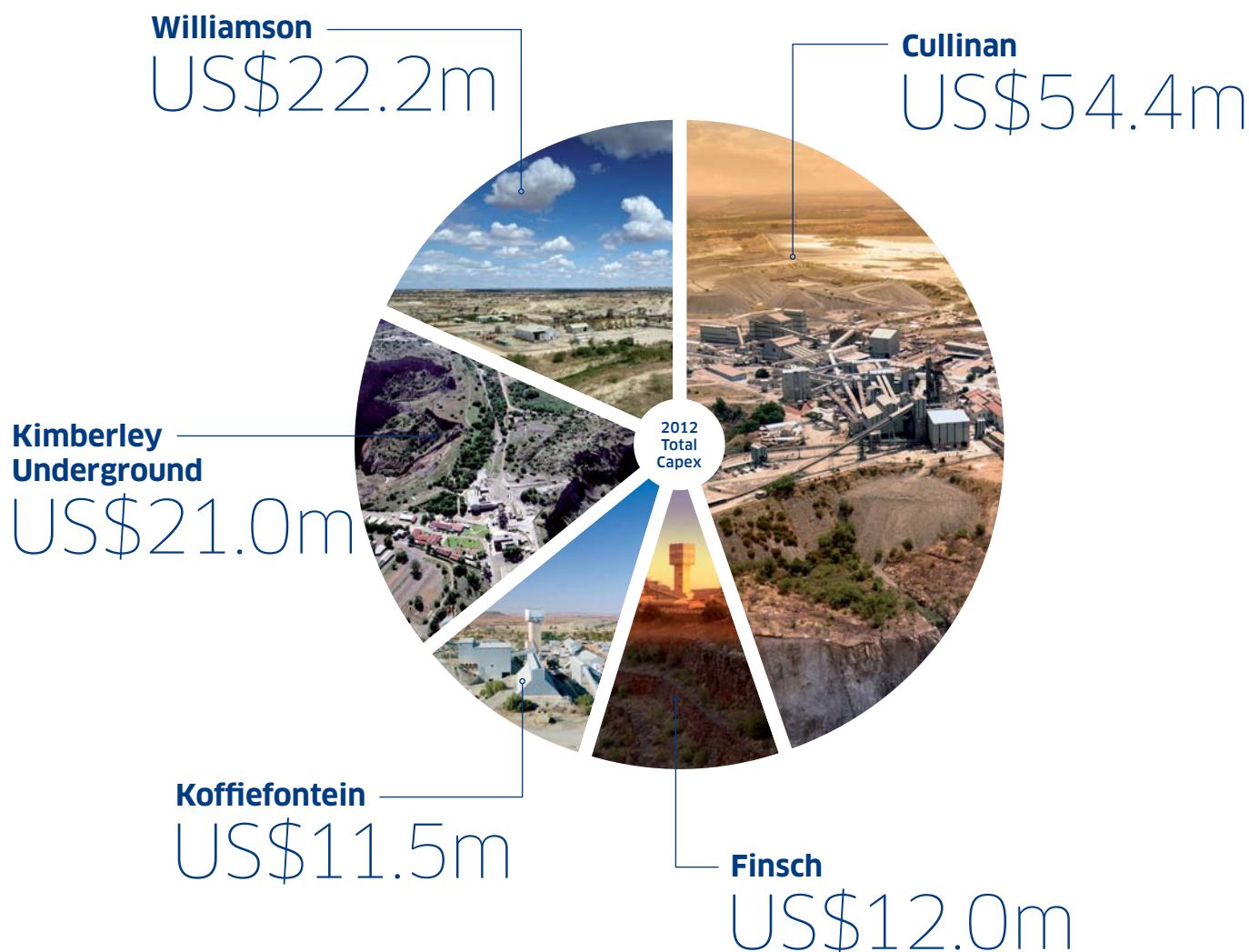
Perhaps Petra's biggest contribution to sustainability is the commitment of significant capital to extend the life of its mines, some of which could otherwise have been closed down.

The Company's currently disclosed Capex profile runs to FY 2019 (please review the 'Capex Guidance' on Petra's website for further information on this Capex profile at: <http://www.petradiamonds.com/investors/analysts/analyst-guidance.aspx>).

The table below shows the capital invested in FY 2012.

	Cullinan	Finsch	Koffiefontein	Kimberley Underground	Williamson
Expansionary Capex (US\$m)	46.9	8.7	6.1	15.4	20.6
Sustaining Capex (US\$m)	7.5	3.3	5.4	5.6	1.6
2012 Total Capex (US\$m)	54.4	12.0	11.5	21.0	22.2
Current LOM (based on current mine plan)	18 years (actual LOM could be +50 years)	18 years (actual LOM could be considerably longer)	13 years (actual LOM could be considerably longer)	10 years (actual LOM could be longer)	18 years (actual LOM could be considerably longer)

Note: further to the disposal process underway, the Fissure Mines have not been included in the table above.



Overview

Key Performance Indicators

Key Performance Indicators

During FY 2012, Petra identified a range of non-financial KPIs to measure its performance on sustainability issues at a Group level.

KPI	2012	Description
LTIFR	1.13	Lost Time Injury Frequency Rate ("LTIFR") is defined as an occurrence that resulted in a time lost from work of one day or shift or more. LTIFR is an industry-wide measure of overall safety performance. The team is very focused on driving improvements in line with the Group's objective of zero-harm.
FIFR	0.03	Fatal Injury Frequency Rate ("FIFR") represents the number of fatalities per 200,000 hours worked. Very regrettably there was a fatality in January 2012 at Kimberley Underground; a full investigation was carried out into the accident. Fatalities are unacceptable and we target a FIFR of zero.
CSI SPEND	ca. US\$3.3 million ¹	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 our communities. Further detail on these projects can be found in the Community section of this Report.
TRAINING SPEND	ca. US\$3.3 million ¹	Training spend represents the total amount invested in training schemes for our workforce during the Year. Our training schemes include Adult Basic Education and Training, the Leadership Development Programme and the Bursary scheme. There is more information on these in the Our People section of this Report.
WOMEN IN THE WORKFORCE	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.
STAFF TURNOVER	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.
WATER USAGE	14,593,831m ³	The total volume of water used by Petra during the Year. Water is a scarce resource in the countries where we operate so we carefully monitor its usage.
ENERGY USAGE	444,509,579kWh	This represents the amount of energy used by Petra for the Year. Our main sources of energy consumption are electricity and diesel. Diamond mining is an energy-intensive activity and rising electricity prices have led Petra to focus on increasing energy efficiency and reducing our usage through energy saving initiatives.
CARBON EMISSIONS	476,552t CO ₂ -e ²	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 in FY 2012.

1. Calculated using an average exchange rate of US\$1:R7.77.
2. Metric tonne carbon dioxide equivalent.

Overview

Letter from the CEO

“Petra considers sustainable development policies and practices to be essential to the long-term health of our business and they are therefore integral to the way we plan and structure our operations.”

Johan Dippenaar

CEO's Statement



SUMMARY

- We have built our business by acquiring world-class diamond mines in Africa and investing in them to create sustainable long-term operations
- To ensure we continue to deliver on our strategy, we have begun a review of policies across the Group, led by the HSSE Committee
- The health and safety of our employees remains our top priority and any loss of life is unacceptable
- We contribute to local communities through initiatives which address poverty alleviation, job creation and local economic development

It gives me pleasure to introduce our fourth Sustainability Report, which outlines Petra's key safety, social and environmental impacts and the way these are managed and mitigated by the Group. We consider sustainable development policies and practices to be essential to the long-term health of our business and they are therefore integral to the way we plan and structure our operations.

Building a world-class diamond group

FY 2012 was a further transformative year for Petra as the Company stepped up from AIM to the Main Market of the London Stock Exchange and completed the acquisition of the Finsch mine in South Africa. As a result we are now well established as London's largest listed diamond producer and a constituent of the FTSE 250 index.

We have built our business by acquiring world-class diamond mines in Africa and investing in them to create sustainable long-term operations with significantly increased production. The results have been striking – over the last five years, production has grown tenfold from just over 200,000 carats to more than two million carats, revenues have grown from US\$77 million to US\$317 million and the Petra Group now encompasses over 4,700 employees, as well as just over 800 contractors.

The resultant benefits to Petra's stakeholders are significant. Our revitalised operations provide secure long-term employment (US\$110.4 million on salaries, wages and benefits in FY 2012), training and career development opportunities (US\$3.3 million on training in FY 2012), sustained community investment (US\$3.3 million on CSI expenditure

in FY 2012) and significant tax payments to Governments (US\$51.1 million in FY 2012).

Following a period of rapid growth through acquisition and consolidation, Petra is now embarking on the next important stage of its expansion. We will be delivering further growth to our stakeholders through the development of our existing assets and we are targeting to more than double FY 2012 production levels by FY 2019.

Evolving governance and Group policies

To ensure we are well positioned to deliver on our continued growth strategy, we have begun a review of policies across the Group, led by the Board-represented Health, Safety, Social and Environmental (“HSSE”) Committee, which I chair. This process will lead to the development of an overarching series of Group-level strategic policies, which will aim to ensure consistent and improving standards across the Group's operations, whilst also taking account of international best practice.

This is a wide ranging process, covering areas as diverse as stakeholder engagement, corporate social responsibility and community health, and reflecting the changed risks we face as a maturing company with a focus on the long-term development of our assets. Please review the section on Strategy and Governance on pages 12 to 17 for further information on developments in this area.

Of key importance is the development of a revised Group Code of Ethical Conduct to provide clear guidance to all staff on the standards which the Company expects in

Overview

Letter from the CEO continued

Evolving governance and Group policies continued

areas such as fairness and equality, human rights, anti-bribery and appropriate business conduct. Whilst we have not detected any weaknesses in existing processes in this area, the Board considers that recent legislative changes and the growing scale of our operations means that a formalisation and strengthening of policies in this area was necessary. We intend to finalise the updated Code shortly and to roll it out across our operations during FY 2013.

Our sustainability reporting is also continuing to evolve and this Report represents a significant progression on our FY 2011 Sustainability Report. For the first time, we have set out key performance indicators ("KPIs") to measure our performance against the most material issues that we face in the area of sustainability, and we will be able to track our performance against comparative periods from FY 2013 onwards. We have also progressed from a 'C' to a 'B' level of reporting, according to the GRI Guidelines, which demonstrates the substantial increase in disclosure provided for FY 2012.

Health and safety is our number one priority

The health and safety of our employees remains our top priority and any loss of life is unacceptable. I am therefore saddened that one person lost their life at our Kimberley Underground operation during FY 2012. I would once again like to extend our sincere condolences to the family and friends of the deceased.

Individual operations within the Group continue to achieve a good health and safety performance, in particular the Williamson mine which has now recorded three years without an LTI, a remarkable achievement. Finsch achieved the milestone of 1,000,000 Fatality Free Shifts in FY 2012, and both Finsch and Cullinan again achieved OHSAS 18001 certification, which is the mining industry best practice. We will aim to roll out this accreditation across all the smaller operations in due course.

It is disappointing that our FY 2012 LTIFR slightly increased to 1.13 per from 0.80 in the prior year. A key focus for the Group going forward is to improve on this performance, in line with our objective of a zero harm workplace. Please review the section on Health and Safety on pages 18 to 22 for further information on our performance for the Year.

Focus on employee development

Our people play a vital role in the successful delivery of our strategy. We have therefore begun a detailed Skills Audit of our workforce to ensure we have the right mix of skills across the organisation to deliver our targeted production growth. The audit will provide us with a true representation of the skills required for each job profile within the organisation and will thereby

ensure that training programmes are correctly targeted and focused. The audit will focus on profiling and developing the skills of our existing employees who have already made a significant contribution to our development.

Playing a positive role in our local communities

Petra takes a holistic and structured approach to corporate social responsibility and contributes to its local communities through a variety of initiatives which address poverty alleviation, job creation and local economic development. We identify sustainable projects in conjunction with local authorities, as the elected representatives of the communities affected by our operations.

In FY 2012, we began the development of a new Group Stakeholder Engagement Policy and expect this to help us build on existing strong relationships once it is rolled out. Please refer to the section on Community on pages 39 to 44 for further information on the breadth of our engagement with local communities.

Environmental stewardship

During FY 2012, we developed and approved a new Group-wide Environmental Policy, which formalised our commitment to conduct environmentally sustainable prospecting, mining and related activities. Each Petra operation is focused on minimising its environmental impact and in some cases we are able to actively protect and enhance our local area. This is certainly the case at Williamson, which was the winner of Tanzania's Presidential Award on Water Management and Forestry Conservation (see the case study on page 38). Please refer to the section on Environment on pages 29 to 38 for further information on our commitment to this area.

Labour relations in South Africa

Over recent months, labour unrest in South Africa and the tragic events at Marikana have increased attention on the challenges facing the country. We at Petra 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.

A positive and lasting solution can only come from sustainable operations, which are structured to ensure that all stakeholders receive maximum benefit from their presence through fair and sustained employment, investment in community initiatives, preservation of the environment and through the taxes and other benefits which flow from our investment in our operations. We are fully committed to ensuring this is the case at our operations.

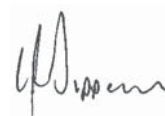
South Africa is home to Kimberley, where the world's first kimberlite diamond deposits were found in the 1800s, and the country remains one of the world's top producers by value. In many ways it is

Petra is proud to contribute to a long-term future for South Africa's diamond industry.

a wonderful place to do business, with excellent infrastructure, world-class resources and expertise built up from generation to generation working on the mines. Petra is proud to contribute to a long-term future for South Africa's diamond industry.

Looking ahead

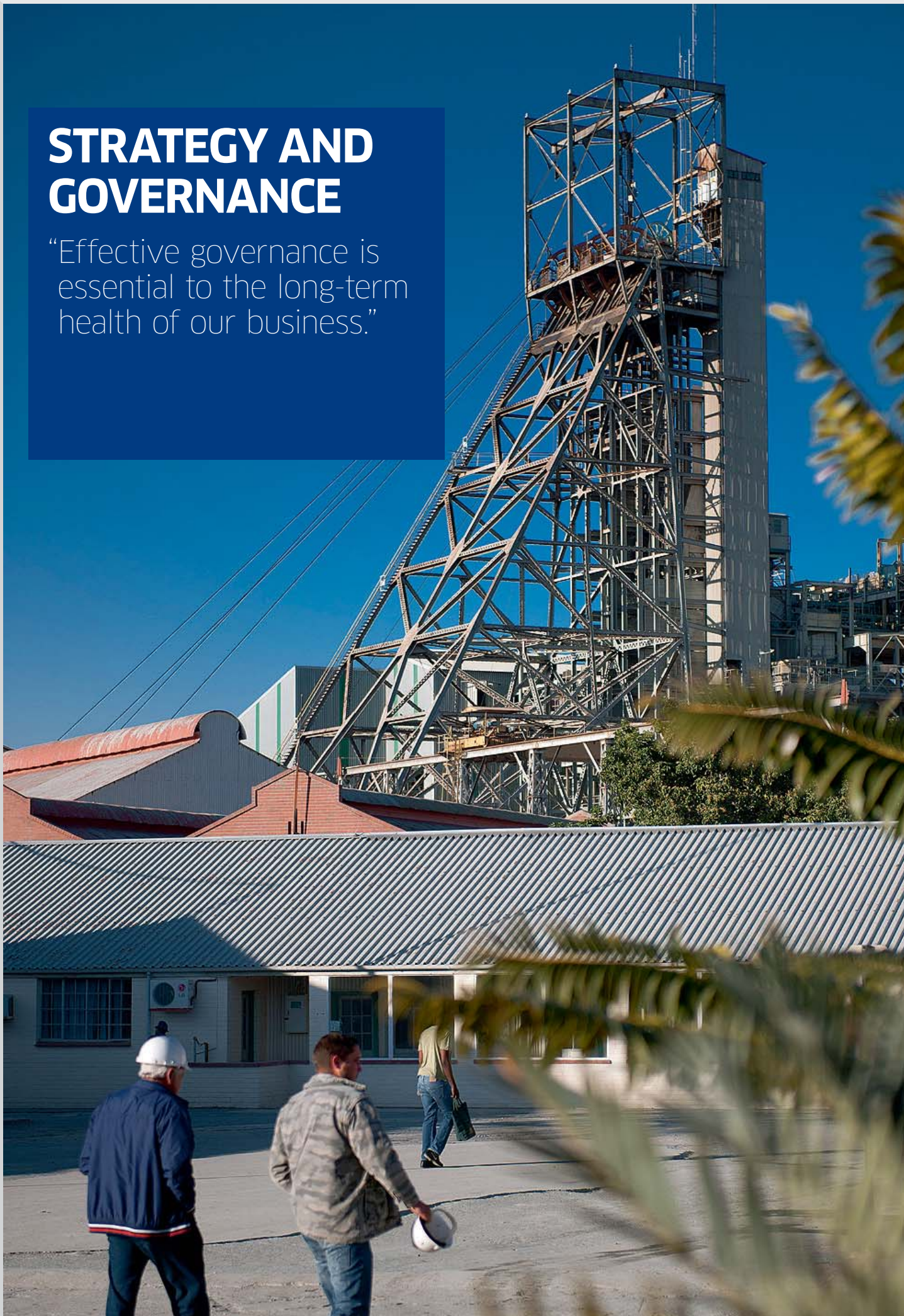
We made significant progress in FY 2012 and have continued to carry this forward into FY 2013. We are putting in place the requisite policies and processes to support our corporate development and continue to improve our internal and external reporting on sustainability issues. I believe these initiatives will continue to bear fruit in FY 2013 and we will strive for further improvement in our key performance metrics.



Johan Dippenaar
Chief Executive Officer
28 February 2013

STRATEGY AND GOVERNANCE

“Effective governance is essential to the long-term health of our business.”



Strategy and Governance

Petra's strategy is to structure and plan our operations to ensure that all stakeholders receive maximum benefit from our presence.

SUMMARY

- Prior to Petra's step-up to the Main Market of the London Stock Exchange in December 2011, we reviewed the governance standards and processes across the Company
- As a rapidly growing organisation, we are now developing an overarching hierarchy of Group-level policies to guide and enhance the policies we already have in place
- We are committed to ensuring that all stakeholders are made aware of the Company's current and future operations and recognise the benefits which result from such operations
- We will only ever sell diamonds that have been mined from Petra-owned operations, thereby providing assurance that 100% of our production is certified as 'conflict-free'

Sustainability strategy

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

From its beginnings as an exploration company with a market capitalisation of less than £10 million, we have built Petra into the largest listed diamond mining company on the London Stock Exchange, with a diamond resource in excess of 300 million carats, production of 2.2 million carats in FY 2012 and a market capitalisation of approximately £600 million.

This growth has been achieved through the acquisition of operational diamond mines in both South Africa and Tanzania, and in the process long-term futures have been secured for these assets. The five important mines acquired by the Company are:

- Koffiefontein, acquired July 2007;
- Cullinan, acquired July 2008;
- Williamson, acquired February 2009;
- Kimberley Underground, acquired May 2010; and
- Finsch, acquired September 2011.

Petra's strategy is to structure and plan our operations to ensure that all stakeholders receive maximum benefit from our presence.

Governance

Prior to Petra's step-up to the Main Market of the London Stock Exchange in December 2011, we reviewed the governance standards and processes across the Company to better address international best practice standards, including those of the UK Corporate Governance Code.

Petra's Board currently consists of three Executive Directors, the Non-Executive Chairman and three independent Non-Executive Directors, including the nominated Senior Independent Non-Executive Director.

Our governance policies are set out in detail in the 2012 Corporate Governance Statement of our 2012 Annual Report, which is available to download on the following link: <http://www.petradiamonds.com/about-us/corporate-governance>.

Ultimately, the role of the Board is to protect and enhance shareholder value. To fulfil this role, the Board:

- provides leadership of the Company within a framework of prudent and

effective controls which enable risk to be assessed and managed;

- sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance;
- develops and promotes its collective vision of the Company's purpose, culture, values and the behaviours it wishes to promote in conducting business and ensures that its obligations to its shareholders and others are understood and met; and
- carries out all duties with due regard for true sustainability and the long-term success of the Company.

To assist in the execution of the Company's strategy, the Board has established an Executive Committee to manage 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

As a rapidly growing organisation created through the bolt-on acquisition of a number of different assets, we are now developing an overarching hierarchy of Group-level policies to guide and enhance the policies we already have in place at an operational level.

In November 2011, we formed the dedicated Group HSSE committee ("the Committee") with the mandate to formulate and recommend to the Board the Group's policies and strategies on all relevant health, safety, social and environmental issues as they affect the Group's operations. The Committee is also tasked with ensuring that the Board is cognisant of, and takes account of, mining corporate social responsibility best practice. The full charter of the Committee is available on the following page of our website: <http://www.petradiamonds.com/sustainability/hsse-committee>.

The Committee is chaired by Johan Dippenaar, CEO of Petra, and is comprised of members of Petra's Senior Management team. It reports

Strategy and Governance

Developing our approach continued

HSSE Committee continued

to the Board and meets formally at least twice a year, or more as required. As it was formed part way through the financial year, only one meeting was held in FY 2012.

During FY 2012, the Committee began a process of reviewing existing sustainability policies across the Group, prior to the development of a series of strategic policies to ensure consistent and improving standards across all our operations. A number of new Group policies are now being developed to further improve on the existing policies in place and these are expected to provide consistency of standards across all Petra operations.

The Committee is also leading a progressive improvement in our reporting of sustainability matters in order to increase

transparency and disclosure in line with evolving best practice and reflecting the growing maturity of the Company. As part of this process we have this year set out a number of KPIs for sustainability reporting. In some cases, comparative data from previous years for selected KPIs was unavailable, either because this is the first year Petra has collected data or because of significant improvements to the methods for collecting data implemented during FY 2012.

Risk management

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. The Group has not established a separate Risk Committee. Instead, the Board, as part of its usual role and through direct involvement in the

management of the Group's operations, ensures 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 16 which sets out the sustainability areas considered to be most material to the Group.

Incidents or infringements are classified as minor, moderate or major. Major incidents are those which 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:

**SITE
PERSONNEL**

**SENIOR
MANAGEMENT**

**EXECUTIVE
TEAM**

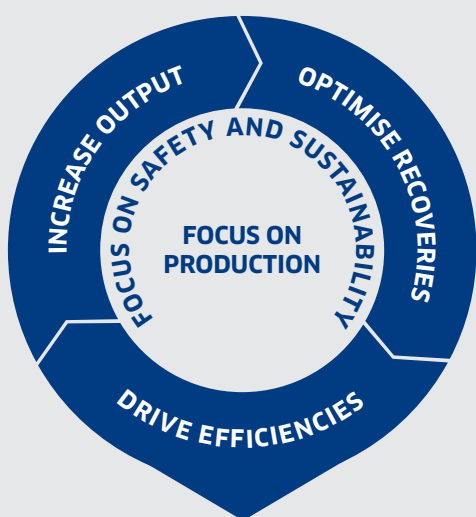
**THE
BOARD**

Remuneration

Petra's remuneration packages are weighted towards performance pay linked to Petra's strategic goals and targets, including 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?

OUR STRATEGIC OBJECTIVES



Steadily growing annual production

Improving operating margins

Culture of effective cost control

MAXIMISE RETURNS

PERFORMANCE MEASURES FOR INCENTIVES

Production

- Project delivery and carat production are at the core of Petra's strategy. These measures are therefore fully embedded in the performance measurement framework.

Expansion project delivery

- Progress is measured as part of the short-term bonus, and the long-term share awards include stretching targets supporting Petra's long-term ambitions.

Profit and costs

- Petra remains focuses on managing costs and profitability. Profit and cost measures form part of the annual bonus metrics.

HSSE

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

Total shareholder return

- Share awards are linked to value created for shareholders by measuring both relative and absolute total shareholder return ("TSR").

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.

Although Petra has to date recorded a creditable sustainability performance, as evidenced by the information disclosed in the Sustainability Reports from our last three financial years, we are now undertaking a process to standardise the approach to key issues across our operations. We believe this process has the potential to improve performance by raising standards towards best practice and enabling the sharing of operational efficiencies.

We are currently revising our Group Code of Ethical Conduct, which will set out Petra's 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, whistle-blowing and anti-bribery policies. Once the new Code of Ethical Conduct is available, it will be made public on the Group's website.

The revised Code of Ethical Conduct will become an intrinsic part of our employee/contractor induction and training on key ethical matters, and will complement the comprehensive anti-bribery policies and procedures that the Company is in the process of updating in FY 2013.

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. In addition, we began the development of a Group Stakeholder Engagement Policy which we expect to roll out across our operations in due course.

Petra complies with all relevant laws and regulations in the countries in which it operates and was not subject to any legal actions or fines during FY 2012.

POLICY HIERARCHY (INDICATIVE)



Stakeholder engagement

We are committed to ensuring that all stakeholders are made aware of the Company's current and future operations and recognise the benefits which result from such operations. We are in the process of developing an overarching Stakeholder Engagement Policy in order to ensure consistent standards are applied across the Group.

All of our operations have a defined Stakeholder Engagement Plan in place, which is supported by Community Development Programmes. This includes our exploration operations, as Petra Diamonds Botswana's policies on Communication and Consultation are clearly spelt out in its HSEC Policy Document.

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.

We are committed to ongoing engagement and meet with a wide range of stakeholders on a regular basis.

Stakeholders we engage with include:

- employees and trade unions;
- contractors;
- local communities and their representatives;
- local, regional and national Governments;
- regulators;
- suppliers;
- customers;
- joint-venture partners;
- non-Governmental organisations;
- shareholders;
- analysts; and
- the media.

Issues raised during the stakeholder engagement process in FY 2012 included:

- unemployment in the region and local recruitment issues;
- poverty alleviation in the communities around the mines;
- mine closure and legacy issues;
- skills development programmes for employees; and
- lack of community health services in the area local to Finsch mine.

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.

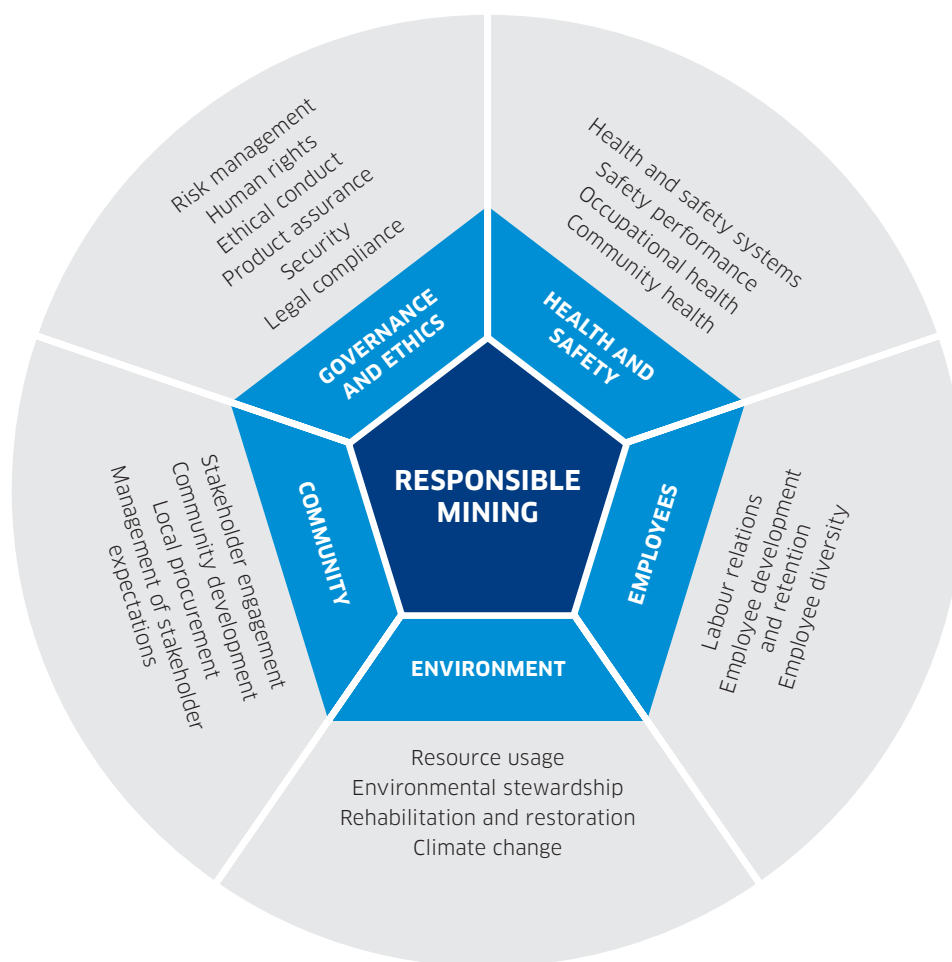
All operations focus on engaging with local community representatives to report on the progress of projects, which can then be communicated back to the community.

Strategy and Governance

Developing our approach continued

Material issues

Using a combination of our risk management and stakeholder engagement process, as well as consultations with key Group and operational management responsible for issues relating to sustainability, we have defined the material sustainability issues facing Petra in FY 2012.



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, Sheridan Rogers, is on the Board of the Mining Qualifications Authority and Petra has representation on the Mining Education Trust Fund (Petra only provides funding in line with member requirements).

In Tanzania, Petra is a member of the Chamber of Mines and its sub-committees. Ignas Balyorguru, 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.

Product stewardship and assurance

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

We will only operate in countries which 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 the majority of our production for sale in Johannesburg, thereby contributing to beneficiation in Africa.

During FY 2012, there were no incidents of 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 its primary 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.

Petra and IFC

Petra is proud to count IFC as a key financing partner to the Group. IFC's support is an important and independent validation of the quality of Petra's asset base and its strong management team.



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

Commenting on the partnership, Tom Butler, IFC Global Head of Mining, said, "Petra Diamonds is committed to working with local communities and implementing projects that follow best practice environmental and social standards. We are pleased to be able to support the company in its African expansion plans."

Commenting on the relationship with IFC, Johan Dippenaar, Petra Diamonds' CEO, said, "IFC's continued support endorses the quality of our asset base, as well as our strong commitment to corporate social responsibility. Our operations clearly demonstrate the positive role that diamond mining can play in terms of development in Africa."

Petra is proud to count IFC as a key financing partner to the Group. IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector. Its objective is to help developing countries achieve sustainable growth by financing investment and mobilising capital in the international financial markets, therefore providing opportunities for people to escape poverty and improve their lives.

IFC's first financial commitment to Petra focused on providing financing to the Williamson mine in Tanzania, as recognition of the important socio-economic benefits that this operation brings to its local community. After carrying out a detailed due diligence process, IFC agreed to provide funding of US\$40 million to Petra in 2010, marking its first time providing financing to a diamond mining group.

Since this time, the relationship between Petra and IFC has continued to develop and strengthen. As IFC has become more familiar with the wider Petra Group, it has recognised the important contributions that each of the Company's projects make to their local communities. In November 2012,

IFC participated in a consortium of banks to provide new debt facilities to the Group of ca. US\$244 million, of which US\$60 million were provided by IFC.

In South Africa, Petra has acquired four major kimberlite mines (Finsch, Cullinan, Koffiefontein and Kimberley Underground), which could otherwise have been closed down, and is providing long-term security to the mines' employees and their dependents. Petra has extensive local community projects in place across its South African operations, with a focus on poverty alleviation, job creation and skills development.

In Tanzania, Petra's Williamson mine plays a vital role in terms of supporting the Mwadui community, including providing potable water to the local township. The mine has a long legacy of corporate social responsibility ever since its inception in 1940. Amongst its many valued contributions are the Mwadui Hospital, which provides comprehensive medical services to employees and their families free of charge, and the Mwadui primary school, which provides free education and is considered one of the top schools in the country.

HEALTH AND SAFETY

“The safety of all employees is our number one priority”

Hard Hats

A place for everything
Everything in it's place



Health and Safety

The health and safety of our employees is our top priority. Our approach to health and safety is centred upon a process of continuous risk assessment.

SUMMARY

- We undertake regular internal and external audits to ensure we meet developing best practice standards and comply with international standards
- We continuously communicate and engage with employees on health and safety issues
- We recognise that our health and safety policies have to tackle issues which impact local communities and cannot be restricted to operational issues
- We focus safety programmes on reinforcing correct, while correcting errant, behaviour

Our approach and key issues

The health and safety of our employees is our top priority. Our approach to health and safety is centred upon a process of continuous risk assessment. 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.

At an operational level, our Group Health and Safety Strategy is implemented through a hierarchy of policies and codes of practices, which are regularly reviewed. These include:

- Codes of Practices, some of which are mandatory and some voluntary;
- policies;
- procedures;
- working practices;
- visual control standards;
- risk assessments;
- planned task observations;
- special instructions;
- permits and licences; and
- SHE registers and a reporting structure.

In order for us to drive continuous improvement of our health and safety performance we undertake regular internal and external audits to ensure we meet developing best practice standards and comply with international standards such as OHSAS 18001, 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.

Our Finsch and Cullinan mines have OHSAS 18001 certification, an international occupational health and safety management system specification, and we expect to implement this standard across the other underground pipe mines in due course.

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.

We recognise that our health and safety policies have to 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 a 20% improvement in our LTIFR year on year. In pursuit of this target, we have adopted Mining Industry Occupational Health and Safety ("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.

Through MOSH, Petra has implemented initiatives to fit proximity devices sensors ("PDS") on vehicles (refer to case study on page 22), significantly improve noise and dust suppression and decrease fall of ground ("FOG") incidents.

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.

During FY 2012, we very regrettably recorded one fatality at our Kimberley Underground operation in South Africa following an accident in the underground engineering mechanical workshop at the Bultfontein mine whilst an LHD was being serviced. We express our sincere condolences to the family and friends of the deceased.

Various corrective measures such as revision of the Trackless Mobile Machinery Code of Practice, load tests being done on all support units and the retraining of employees on risk assessments were put in place to prevent a reoccurrence.

We achieved a LTIFR for the Year of 1.13 per 200,000 hours worked, in comparison to a LTIFR of 0.80 in FY 2011. Despite this, our performance in relation to comparable underground mining operations in South Africa is good. Going into FY 2013, we are working hard to improve on this performance.

Health and Safety

Instilling a safety culture continued

Safety continued

Although the majority of our recorded LTIs are of a low level of severity, we remain focused on improving our performance further. We take a range of steps to mitigate high risk issues, including:

- encouraging reporting of incidents and near misses;
- reviewing and updating policies, codes of practices and methods for risk assessments;
- the standardisation of documentation;
- initiatives to address employee behaviour as well as our health and safety culture, such as training and competitions;
- improved control of contractors; and
- increased safety inspections.

Dealing with the human factor

Following careful analysis of historic LTIs we have concluded that the primary cause of most accidents recorded at our operations is human error rather than intrinsically unsafe conditions.

Behaviour we have identified that leads to injuries includes complacency, failure to follow procedures, wearing incorrect Personal Protective Equipment ("PPE"), incorrect use of equipment, failure to recognise hazards, 'poor housekeeping' and inadequate warning, amongst others. We believe that health and safety-consciousness is a way of life that needs to extend to outside the workplace.

We therefore focus safety programmes on reinforcing correct, while correcting errant, behaviour. This is mostly achieved via special safety initiatives, competitions and awareness campaigns (especially over holiday periods) 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.

Petra's safety philosophy

Despite this focus on behaviour, it remains vital to Petra 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 (i.e. electrical, gravitational, kinetic, etc.) are removed, the likelihood of an accident occurring decreases dramatically. The following generic risks have been identified for special attention:

➤ Vehicles – Trackless Mobile Machinery ("TMMs") including light vehicles, and underground Railbound Machinery:

At South African mines, it is mandatory to have Codes of Practice in place for TMMs and Railbound Machinery, due to the high incidence of accidents and injuries involving these vehicles in the mining industry. We go beyond the legal requirements and take great care to limit the risk involved with the use of vehicles by closely regulating how they come into contact with other vehicles and pedestrians.

➤ **Guarding of machinery:** Preventing access to the moving parts of machinery and the prevention of 'nip points' by the installation of proper guards on all machinery remains an important consideration in the avoidance of accidents. It is therefore also regarded to be one of the '10 Deadly Sins' (which carry heavy disciplinary sanction) to operate any machine without proper guards in place.

➤ De-energise and isolation/lockout:

Working on machinery which is not correctly isolated or fully locked out has the potential to cause serious injuries or death. We have therefore implemented stringent lock-out procedures which are considered fail-safe if applied correctly. No work is to be performed until the energies involved (electrical, gravitational, kinetic, etc.) have been removed or locked out as far as is possible, and normal operations do not proceed until the area has been declared safe and the lock-out removed or the system has been re-energised.

➤ **Lifting operations:** Lifting operations are one of the daily activities at Petra's mines with the greatest potential for causing injury. Not only do gravitational forces present hazards of injury through falling objects and physical strains, but there is also potential for nip points developing as well as significant damage to facilities and equipment. For this reason, thorough risk assessments are performed on all lifting operations and procedures put in place to minimise the risks involved with lifting.

➤ **Working at heights:** When employees need to perform any tasks at height, the risk of injury increases. Although there are mandatory standards for any work at heights, great care is taken to optimise the conditions and procedures followed when such work is performed.

All Petra's mines have well-equipped and trained emergency response teams to deal with major incidents such as fire, flooding and FOG. 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.

Safety performance in FY 2012¹:

Operation	LTIFR	FIFR	TIFR	Shifts lost as a result of injuries and fatalities	Milestones in FY 2012
Cullinan	0.28	0.00	3.02	206	1 million FFS
Finsch	0.58	0.00	1.95	134	
Koffiefontein	1.79	0.00	2.24	327	
Kimberley Underground	1.15	0.13	7.55	449	
Helam	0.85	0.00	13.26	112	7,000 FFPS
Sedibeng	4.82	0.00	13.75	947	8,000 FFPS
Star	5.72	0.00	5.72	84	6,000 FFPS
Williamson	0.00	0.35 ²	0.35	17	Three years without an LTI to March 2012
Group	1.13	0.03	5.93	2,276	

Notes:

1. The safety statistics above include all permanent employee and contractor incidents.
2. In FY 2012, a traffic accident occurred within the Williamson mine lease perimeter, involving two contractors from Zenith Security Services; one of the two was seriously injured and the other very sadly passed away. The accident was reported to the local authorities. Whilst the accident is considered to be the responsibility of the direct employer (i.e. the contractor) according to local law, the Williamson mine carried out its own investigation into the matter.

Health and Safety

Instilling a safety culture continued

Occupational illnesses

We have stringent occupational illness policies in place across our operations in line with our objective of recording zero harm. However, the nature of our operations and the long latency of many occupational illnesses means 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 informal 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, as well as the provision of PPE in the case of NIHL and respiratory illnesses.

We have a particular focus on reducing NIHL, in line with 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 protection equipment to affected staff and provided additional training.

We recorded seven new cases of occupational illnesses during FY 2012, comprising five cases of NIHL, one case of respiratory illness and one case of occupational dermatitis.

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.

Community

The key community health issues which impact our operations are HIV/AIDS, tuberculosis and, at the Williamson mine, malaria.

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 in the process of developing a Group wide HIV/AIDS policy.

We devote significant resources to tackling the problem and during FY 2012 we conducted more than 6,000 examinations of employees and dependents.

We provide Voluntary Counselling and Testing ("VCT") and Anti-Retroviral Treatment ("ART") free of charge to all employees and dependants. More than 1,600 employees underwent VCT during FY 2012, 187 individuals were registered on our Chronic Disease Management Programme and 40 were placed on ART.

Throughout the Year we undertook a number of initiatives at our operations 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.

Tuberculosis is completely curable and we have implemented the internationally recommended Directly Observed Treatment Short Course Strategy at our South African and Tanzanian operations.

We recorded five new cases of tuberculosis at our operations during FY 2012.

Malaria and waterborne diseases

Malaria is a significant health issue at the Williamson mine in Tanzania, representing 17% of all reported illnesses at the nearby Mwadui village hospital.

Williamson has put in place a plan to control mosquitos through the rehabilitation of disturbed land that offers breeding places and has provided mosquito nets in cooperation with Government programmes.

The Mwadui hospital at Williamson services between 400 and 600 people on a monthly basis

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 Mwadui village and other surrounding communities via established potable water points. In addition, all water sources, dams and discharge ponds undergo quarterly testing.

Mwadui Hospital at Williamson

The Williamson mine is based in Mwadui, a rural town southeast of Mwanza in the Shinyanga region of northern Tanzania. The Mwadui Hospital was established by the Williamson mine in the 1950s to provide comprehensive medical services free of charge to Williamson employees and their families. In addition, the hospital also services members of the surrounding community at a nominal cost.

The Mwadui hospital, which Petra owns and operates, is the only hospital in the Kishapu district where the Williamson mine is located and is fully equipped for small to medium surgical procedures and includes a pharmacy, reproductive health facility, outpatient department, laboratory, X-ray and mortuary. The facility services between 400 and 600 people on a monthly basis.

In addition, the hospital has been designated to pilot various health programmes in conjunction with the Tanzanian Government and the relevant NGOs. The programmes include mother and child health, malaria prevention, VCT and ART. These services are provided free of charge to Mwadui and the contiguous communities.

Installation of a collision warning system at Finsch

The Booyco Collision Warning system has been successfully deployed at Finsch to help prevent vehicle collisions, a key risk facing underground mining methods.



One of the earthmoving vehicles at Finsch Diamond Mine fitted with the Booyco PDS system

An important safety consideration for underground mines is the prevention of potential vehicle collisions underground. Petra's Finsch mine suffered its last fatality in 2007 as the result of such an accident, which involved an earthmoving vehicle and a contractor employee who was working on another vehicle that had broken down.

This fatality highlighted the urgency and importance of introducing a warning system that would notify both the operators of trackless earthmoving machinery and pedestrians of the proximity of the other, and thus prevent a similar situation from recurring.

In 2010, Finsch Mine decided to install the Booyco Collision Warning system on 24 machines operating on 63 production level

(630 metres underground) as a test phase, with the intention to roll out the installation to the rest of the underground fleet during subsequent phases should the first phase prove to be successful.

The test phase consisted of providing a warning system to pedestrians via an audible alarm and a flashing light fitted on the cap lamp if a vehicle was in close proximity to the pedestrian. The driver of the vehicle is also warned of the presence of pedestrians in the immediate vicinity by a warning alarm and flashing light fitted in the driver cabin.

Although some teething problems have been encountered – mostly related to the environment in which the vehicles are used – and are being addressed, the system

performs as expected and warns pedestrians and vehicle operators when in close proximity of each other.

The warning system was found to be suitable for underground operation where there is an interaction of machines and people and is now required to be fully operational before any relevant vehicle or equipment can be operated.

Given the success of the first phase, the intention is to roll out the system to all vehicles and also to implement a vehicle to vehicle detection system, which should further contribute to both vehicle and pedestrian safety for those working underground.

OUR PEOPLE

“Our people play a vital role in the successful delivery of our strategy.”



Our people

We recognise that our team is our greatest asset and essential to the delivery of our long-term strategy. We aim to foster a company culture that is dynamic and motivational, giving our employees the opportunity to fulfil their true potential.

SUMMARY

- We believe that employees who are empowered and accountable for their actions work to the best of their ability
- We are committed to the training and development of employees in order to ensure the current and future skills needs of the organisation are met
- Our Leadership Development Programme works to develop the future 'leaders' within our Company
- We are focused on attracting and retaining skilled women in mining and aim to fill as many positions as possible with suitably qualified female candidates

The success of our business depends on our workforce. We believe that employees who are empowered and accountable for their actions work to the best of their ability, and have fostered a culture whereby innovation and creativity in the workplace is encouraged and rewarded. Through our health, safety and development programmes, we seek to create a healthy and motivated workforce within a safe, productive and efficient environment.

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.

Organisational review

Petra's rapid, acquisition-led growth has resulted in an influx of new staff to the Company. Consequently, our workforce has grown rapidly from a few hundred employees in 2006 to 5,575 today, including 807 contractors.

In order to ensure all employees are familiar with Petra's HR policies and procedures we began an Organisational Culture Scan, a review of the organisational culture across our operations in FY 2012. The review will be conducted via focus groups, questionnaires and interviews involving staff in supervisory or decision-making roles.

Once the review is complete, we will align practices at each of Petra's mines and embed an employee culture that supports the realisation of Petra's business objectives through appropriate behaviour, skills and processes. The project will be launched across the Group in FY 2013.

Our workforce

We are committed to providing stable employment for our workforce. As at 30 June 2012, we employed a total of 5,575 people, including 807 contractors.

Operation	Permanent	Contractors	Total
Finsch	762	54	816
Cullinan	1,081	39	1,120
Koffiefontein	460	61	521
Kimberley Underground	581	0	581
Fissures	1,209	10	1,219
Williamson	563	638	1,201
Botswana	8	3	11
Marketing	7	0	7
Head office	97	2	99
Total	4,768	807	5,575

Our People

Fostering our team continued

Local hiring

All Petra operations follow a policy of preferential local recruitment.

In South Africa, it is part of the mines' Social and Labour Plan ("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	57%	18%	25%
Cullinan	64%	16%	20%
Koffiefontein	84%	5%	11%
Kimberley			
Underground	100%	0%	0%

In Tanzania, Petra's entire workforce at Williamson is of Tanzanian nationality apart from eight expatriates. The breakdown of the Tanzanian workforce is as follows:

	Local	Regional	National
Williamson	14%	12%	74%

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 (and dismissals).

Petra is taking a number of steps to foster a vibrant company culture, in which employees are engaged in the development of the business, able to share in its success and encouraged to reach their full potential. Current internal projects underway include the Organisational Culture Scan (see Organisational Review section on page 24) and the Skills Audit Project (see Training and Development section to follow).

In addition, Petra's employment terms and incentivisation structures are designed to attract, incentivise and retain individuals of a high calibre.

In FY 2012, employee turnover was 12%; much of this was the result of competitor actions, which illustrates the ongoing skills shortage in our sector and the retention challenges we face. The breakdown of this Group turnover rate is provided below:

		South Africa	Tanzania	Botswana	Total
Terminations and voluntary turnover		423	22	0	445
Age group	20-25	67	2	0	69
	26-30	75	4	0	79
	30-35	86	4	0	90
	36-40	49	0	0	49
	40-45	47	2	0	49
	46-50	41	1	0	42
	51-60	58	9	0	67
Male		371	19	0	390
Female		52	3	0	55

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. In FY 2012 we invested ca. US\$3.3 million in staff training and development across the Group.

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 will help us refine our approach to training and employee development, clarify job descriptions, increase the focus on individual training and career development, and, ultimately, produce a more competent and engaged workforce.

In order to match the skills required by our business, in particular the technical skills necessary for diamond mining, we have an ongoing need to train our workers. The Mining Charter of South Africa stipulates a training expenditure target of 4% of operations payroll for 2012, and at most of our South African operations we achieved this. Two of our Fissure Mines, Helam and Sedibeng, did not meet the target due to capacity and budgetary constraints. Spending at our other mines takes our average training expenditure above the 4% target as stipulated in the Mining Charter and in FY 2013 we aim to achieve the stipulated expenditure target at all of the operations.

Leadership development programme

As a growing company, Petra requires a productive and effective workforce who can lead the Company through its next stages of development. In addition to technical skills, this requires the ability to lead and motivate teams, to measure and manage team performance, manage resources, systems and processes, and develop and implement action plans to ensure operational objectives are met. 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 are potentially managers and supervisors. These employees have been earmarked as potential leaders and have a career path into management positions.

Currently, 36 out of the 47 LDP candidates are HDSAs. The shortage of women in technical fields was identified as a key challenge for FY 2012 and we have made good progress with improving female participation, with the number in the scheme increasing from 14 to 17. 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 are introducing two additional programmes, the Supervisory Development Programme and the Executive Management Development Programme. These will focus on the development of employees currently in supervisory positions and ensure the management skills required for the growth of our Company are available.

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.

Our People

Fostering our team continued

Adult basic education and training

One challenge facing Petra and our employees is the poor standard of education in South Africa, which has an illiteracy rate of 23%. 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 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.

ABET programmes may be run internally and presented by Company-employed facilitators or outsourced to other accredited, regulated providers, or a combination of the aforementioned, depending on the facilities available at each operation.

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 in Botswana, where our workforce is comparatively very small, ABET is not necessary.

Portable skills training

To support the continued employability of our workforce, Petra has established portable skills training programmes at all our 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 in South Africa. The bursaries give promising students the opportunity to study for a degree in a relevant discipline. In FY 2012, a total of 14 students were on the bursary scheme, although three have now been suspended for poor academic performance.

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

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 are aligned to the Company's business plan and therefore aim to address skills shortages and job vacancies both at our mines and within the mining industry as a whole, with the objective therefore being to increase the pool of available labour both internally and externally.

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

In calendar 2012, 11 learners completed their programme. This number will increase to 36 in calendar 2013. Most of these learners will be absorbed into our workforce.

The table below indicates the number of learnerships across Petra's South African operations currently and the expected pass out rate over the next four years.

Equality

Our Disciplinary Code and employment policies prohibit any kind of discrimination.

In South Africa, we have an Employment Equity Policy and have set up Employment Equity Committees at all of our mines, 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. Our Employment Equity Policy and plans are currently being reviewed to enable the Company to comply with the targets set in the Mining Charter. Diversity Champions have been trained and a diversity awareness workshop was conducted with Petra's Senior Management in FY 2012.

Learnerships

	Expected completion date					Vacant earliest finish 2015	Part-time	Total
	2012	2013	2014	2015	Total			
Engineering: Diesel Mechanic	1	2	2		5			5
Engineering: Electrical	1	6	3	4	14	4		18
Engineering: Fitter	1	5			6	2		8
Engineering: Fitter and Turner	1	2		3	6	2		8
Engineering: Instrumentation				1	1			1
Engineering: Mechanician	1	1		1	3			3
Engineering: Plater/Boilermaker	5		3	8	16			16
Engineering: Plater/Welder		2	1	3	6	2		8
Engineering: Rigger	1		1	1	3	2		5
Metallurgy Learnership		5			5		8	13
Mining: Rockbreaking L2 and L3		13	7		20		2	22
	11	36	17	21	85	12	10	107
Section 18.1 Candidates ¹ :	61							
Section 18.2 Candidates ² :	25							
Engineering Section 28 Candidates ³ :	6							

Notes:

1. Section 18.1 Candidates refer to learners who are our employees.

2. Section 18.2 Candidates refer to learners who are not our employees but come mainly from our host communities.

3. Engineering Section 28 Candidates refer to learners who complete an apprenticeship following a more experiential approach and not a formal learnership.

Our People

Fostering our team continued

Equality continued

Zero incidents of discrimination (on grounds of race, colour, sex, religion, political opinion, national extraction, or social origin) were reported in FY 2012.

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 our key challenge is to attract and retain skilled women. Our approach to gender diversity complies with the South African Mining Charter.

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 is 669, 14% of the Group's workforce.

The total number of women employed by Petra in management positions is 39, 0.8% of the Group's management.

We have identified Williamson as a target for improving the proportion of women in the workforce as social stereotypes in Tanzania, together with a very small personnel turnover ratio at the mine, have limited employment opportunities for women. As and when employment opportunities become available at Williamson, affirmative action and measures are being taken by Petra to promote the employment of women, thus gradually improving the female to male ratio.

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 of our operations. Any union that has achieved sufficient representation in the workplace may request recognition. Union membership across our operations represents 77% of the total workforce. Our employees in South Africa belong to three unions: the NUM, which represents the majority of our workforce in South Africa, the United Association of South Africa ("UASA") and Solidarity. 23% of our South African workforce is not affiliated with a union.

In Tanzania, 84% of our employees are affiliated with the Tanzania Mines, Energy, Construction and Allied Workers Union ("TAMICO"), while 16% are unaffiliated.

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, but further to the labour unrest which was experienced in South Africa in calendar 2012, the Company remains vigilant with regards to this area and continues to monitor the situation across its South African mines. We at Petra 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.

There were zero strikes and lockouts exceeding one week's duration at any of our operations in FY 2012.

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, school subsidies, etc. 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 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, changes can be implemented with 24 hours' notice. In Botswana, the minimum notification period can be between one week to 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. In FY 2012 the hostels at Cullinan and Finsch were upgraded to private single accommodation. In FY 2013 we will complete the upgrading of the facilities at Helam and Star.

The total number of employees currently residing in hostels/single quarters is 466, 10% of the total number of permanent employees across the Group.

Mines	Hostel (room sharing)	Single quarters	Percentage of the workforce
Finsch	–	160	22%
Cullinan	–	105	10%
Helam	145	–	25%
Sedibeng	–	16	3%
Star	40	–	20%

Plans are in place to convert all hostels into family units or at least single quarter accommodation by 2014, in accordance with 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.

Our People

Case study: The Leadership Development Programme

The Leadership Development Programme

Petra's 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.



Precious Mazwi in action with her colleagues

Precious Mazwi commented, "I was elected to participate in Petra's Leadership Development Programme in 2010. The programme develops future leaders of Petra, so I decided to put all my strength and hard work into it. My efforts have paid off as I was the best performer for the past two years in the programme and I'm very proud to say the LDP has played a big role in my development. I am grateful for the opportunity given to me by Petra because my development and growth is very important to me."

Two of the key employee priorities identified by Petra are developing skilled employees and achieving gender diversity in the workforce. The Leadership Development Programme was designed to address these two objectives and, with its focus on the advancement of HDSAs and women, it is now creating skilled women leaders, such as Precious Mazwi.

Precious started her career at Cullinan in 2005 as a diamond sorter. In 2007, she joined the sort house operational crew as a Technical Process Supervisor. As her career progressed, she was promoted to Technical Process Foreman at the Caustic plant in 2008. Subsequently she was transferred to the washing plant section in 2009 and to the recovery section in 2012, where she is currently working. Her commitment to developing her career, dedication to her work and persistence in achieving her goals are characteristics that contributed to her success in progressing through a technical field.

Precious was elected to participate in Petra's Leadership Development Programme in 2010. She recognised the value of the LDP in developing future leaders for the Company and has put in all her strength and effort into progressing on the programme. Her hard work and dedication paid off as she was the top performer in both Year 1 and Year 2 of the course, a great example of what women in mining can achieve.

Precious regards the LDP as instrumental in her personal and professional development over the past two years and is determined to make the best of the opportunity for growth that the programme represents. She, and many others, will continue to be a proud representative both for females entering technical fields and for the commitment of Petra in developing women to excel in technical fields.

A man wearing a red shirt and a bright yellow high-visibility vest is walking through tall, dry, golden-brown grass. He is looking down at the grass. In the background, there is a dirt road or track winding through a dry, open landscape with sparse vegetation and a clear blue sky. The foreground is filled with the tall grass, and some reddish-brown rocks are visible at the bottom right.

ENVIRONMENTAL PERFORMANCE

“Every prospecting, mining and related activity is committed to undertaking all activities in accordance with the highest environmental standards.”

Environment

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

SUMMARY

- We aim to continually improve our environmental management systems and promote environmental awareness among our employees and the community
- We monitor our resource usage carefully, ensuring that materials are reused or recycled wherever possible
- We have identified the management of water as one of our most significant environmental risks due to the impact of climate change
- All our operations have implemented initiatives to reduce energy consumption and increase energy efficiency wherever possible

Our approach and key issues

Petra recognises the need to conduct its operations in an environmentally sustainable manner by using resources responsibly, protecting and restoring the environments where we operate and mitigating the impacts of our operations. We are committed to implementing rigorous environmental management processes, developing long-term sustainable practices and meeting international best practice.

We aim to continually improve our environmental management systems and promote environmental awareness among our employees and the community. 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:

- water consumption in excess of permitted volumes;
- discharge of substandard effluent into nearby water sources;
- unsustainable energy consumption;
- changes in vegetation dynamics and degradation of faunal habitat;
- the impact of climate change, in particular affecting the availability of water; and
- mine stoppages due to non-compliance with regulations.

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

- resource and water usage;
- energy consumption;
- carbon emissions;
- dust and waste management;
- protection and biodiversity management of the land upon which our operations are held; and
- rehabilitation and closure procedures.

We strive to comply in full with all environmental laws and regulations in the countries where we operate. In addition, our Group Environmental Policy ("the Policy") sets out our commitment to achieving a high standard of environmental performance across all our operations. The Policy is supplemented by our Group Environmental Management Strategy which provides guidance on our Group objectives and key performance areas. The Policy was communicated to all operations and implemented across the Group in FY 2012 and our Environmental Management Strategy is currently being rolled out, with full implementation expected by FY 2013.

At an operational level, an Environmental Management System ("EMS"), which sets out detailed processes for mitigating the environmental impacts and risks of our activities, is being put in place for each prospecting and mining licence. This includes a suite of policies that deal with specific environmental issues at each operation.

Our objective is that all EMSs should comply with ISO 14001, which is a voluntary international environmental management standard. Finsch and Cullinan have already achieved this goal, whilst Koffiefontein and Kimberley Underground are scheduled for certification by the end of FY 2013. The South African operations also have Environmental Management Programmes ("EMPs") in place, which relate to compliance with the Mineral and Petroleum Resources Development Act ("MPRDA") in South Africa.

The Williamson mine has an EMS that is compatible with ISO 14001 and complies with Tanzanian legislation. Subject to approval by Tanzanian authorities, we expect it to be finalised later this year, with certification to follow.

The Fissure Mines are currently in the process of developing and implementing procedures in order to implement an EMS compatible with ISO 14001.

A full EMS is not yet required for our exploration project in Botswana, but in FY 2012 we completed a Social and Environmental Strategic Risk Report related to the progression of exploration work on kimberlite KX36 and associated drilling programmes.

Environmental Performance

Protecting our environment continued

Environmental incidents

Environmental incidents represent a major risk to our reputation and long-term licence to operate. We aim to minimise environmental incidents at all our operations and have put in place processes to manage, as effectively as possible, any incidents which 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.
- 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.
- An environmental near-hit incident is one with no effect on the natural environment, but with the potential to cause an effect.

There are two reporting systems in place for operations to report environmental incidents. The underground pipe mines (Finsch, Cullinan, Kimberley Underground and Koffiefontein) have an electronic data management system in place called IsoMetrix. Incidents are recorded and managed on an ongoing basis and are only recorded as closed once all allocated actions have been addressed.

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 FY 2012 one moderate environmental incident was reported at Kimberley Underground, when a pump failure resulted in considerable amounts of slimes overflowing and eventually flowing into Paardebergvlei (a seasonal wetland on a neighbouring De Beers property). No rehabilitation work was required as the ecosystem for the vlei has not been affected, but should a future need be identified, Petra will work together with De Beers on this in the future.

The incident was reported to the authorities as required by law and we are undertaking significant work to prevent similar incidents in future, including:

- creating additional capacity at pollution control facilities (sumps) and installing bigger pumps;
- installing a back-up power supply system to ensure that power failures will not cause such negative impacts in future; and
- inspecting the slimes lines at least once a day to check for leaks.

Minor incidents recorded were mostly water pollution related incidents at Cullinan, Kimberley Underground and Star. We are taking steps to ensure that further discharges of contaminated water into water bodies do not take place.

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

Performance

Resource usage

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

The main materials used at our operations are fuel, LPG, lubricating oils, steel and timber.

Weight of materials used by weight or volume in FY 2012:

Operation	Timber (kg)	Steel (kg)	Fuel ¹ (litres)	Gases ² (kg)	Lubricating oils (litres)
Finsch	n/a ³	n/a	1,878,908	0	126,948
Cullinan	n/a	n/a	1,719,599	2,009	219,163
Koffiefontein	n/a	368,000	921,491	0	44,094
Kimberley Underground	n/a	415,000	413,343	153	15,572
Helam	134,576	147,661	84,957	0	12,305
Sedibeng	n/a	167,000	154,246	288	21,883
Star	463,302	10,920	55,178	18	7,375
Williamson	7,650	108,000	2,145,552	Cooking gas: 540 Gas welding: 14,073	11,250
Group total	605,528	1,216,581	7,373,274	17,081	458,590

Notes:

1. Figures expressed as a combination of diesel and petrol consumption.

2. LPG only.

3. Figures for certain materials usage at certain operations are not available.

Recycling 2012

Materials recycled in FY 2012:

Operation	Metal (t)	Used oil (litres)	Conveyor belting (t)	Tyres (number)	Paper (kg)
Cullinan	959	54,040	32	380	3,160
Finsch	469	42,898	75	0	3,868
Koffiefontein	286	0	1	0	1,360
Kimberley Underground	337	12,035	6	275	978
Helam	79	0	0	0	0
Sedibeng	n/a	20,400	0	0	0
Star	n/a	n/a	0	0	0
Williamson	45	12,000	0	150	0
Group total	2,175	141,373	114	805	9,366

Environmental Performance

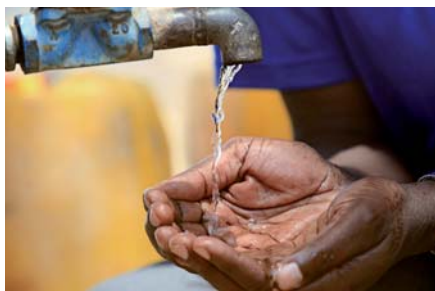
Protecting our environment continued

Performance continued

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 does not have a specific Water Management Policy, but our operations comply with all applicable laws and regulations and regularly monitor and manage water consumption and quality. In terms of the South African National Water Act, one Integrated Water Use License ("IWUL") has been issued to Finsch, while applications for four more operations have been submitted. Regular inspections and audits are performed internally to identify shortcomings in our resource management processes. In Tanzania, permits have been issued for water extraction for use in our operations. These cover the extraction of a total of 26,870m³ per day from three dams.



Botswana is an arid country and water use is managed at all times.

Total water used by our operations rose by 62% in FY 2012 to 14,593,831m³, while our diamond production effectively doubled, demonstrating our keen focus on this important area. Controlling our water usage will remain a core environmental priority. Practical initiatives we are undertaking include the establishment of a water purification plant at Cullinan to increase the re-use of water and limit the water usage per carat produced.

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 42% of water used across our operations was recycled in FY 2012.

Water withdrawal by source in FY 2012

Operation	Municipal (m ³)	Groundwater (m ³)	Total	% recycled 2012 ¹
Finsch	1,579,973	1,105,225	2,685,198	65
Cullinan	352,161	494,174	846,335	99
Koffiefontein	396,438	928,108	1,324,546	99
Kimberley				
Underground	116,159	3,397,481	3,513,640	0
Helam	84,288	200,750	285,038	32
Sedibeng	1,054	1,367,999	1,369,053	55
Star	81,158	453,571	534,729	30
Williamson	0	4,033,792	4,033,792	62
Botswana	0	>1,500	>1,500	0

1. There is considerable variation on the amount of water that can be recycled per operation, as it is dependent on the type of system in place at each mine.

Water sources significantly affected by withdrawal of water in FY 2012

Operation	Water source	Quantity withdrawn (m ³)
Finsch	Vaal River	1,579,973
Cullinan	Wilge River	570,264
Koffiefontein	Kalkfontein Dam	800,000
Kimberley Underground	None	0
Helam	Elands River	84,288
Sedibeng	None	0
Star	None	0
Botswana	Groundwater	>1,500
Williamson	None	0

Water scarcity

There has been no impact on any operation or the communities in which we operate due to water scarcity, except in Botswana where water often has to be transported over considerable distances. Closer boreholes have been drilled to Petra's exploration sites to alleviate this issue.

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.

We monitor closely the quality of water from our operations that is released into surrounding water sources.

Results from the monitoring indicate that discharges from the mines are high in salts but do not indicate acid mine drainage.

Environmental Performance

Protecting our environment continued

Performance continued

Water monitoring continued

Percentage and total volume of water discharged

Operation	Quality ¹	Destination	Amount allowed to be released (m ³)	Actual amount released in 2012 (m ³)
Cullinan	750	Premiermynloop	2,886,000	69,947
Finsch			0	0
Koffiefontein	2,000	Mine Lake	2,264,256 ²	n/a
Kimberley Underground	3,800	Du Toits Pan	Not specified	n/a
Helam			0	0
Sedibeng	4,700	Ghaap Escarpment	1,460,000 ³	474,500
Star	2,400	Theronspruit	730,000 ⁴	62,112
Botswana	Unknown			
Williamson	In slurry form	Slimes dam	2,520,000	2,314,466

1. Expressed in terms of Total Dissolved Solids (TDS mg/l).

2. Volume specified in Water Licence Application, yet to be approved.

3. Volume specified in Water Licence Application, yet to be approved (≤4,000m³/day).

4. Volume specified in Water Licence Application, yet to be approved (2,000m³/day).

Water discharge

Discharge of polluted water into surrounding water sources represents a significant challenge for the Company. Two water bodies are affected by discharge from our operations:

1. Theron Spruit

The discharge/seepage from Star's two fine tailings dams enters the Theron Spruit stream. The stream is non-perennial but the character has changed to perennial due to the seepage from the mine.

2. Du Toits Pan

The Du Toits Pan is adjacent to the Kimberley Underground operation and is the lowest point in Kimberley. Thus all water (storm water as well as any affected water not contained in a system) drains into this area.

During the Year both these water sources were affected by discharges:

- slimes spillages and effected water discharge into the Du Toits Pan in Kimberley – see section on Environmental incidents on page 31 for more information; and
- contaminated water discharge at Star Diamonds.

We are taking steps to mitigate the impact of these discharges and ensure that further discharges of contaminated water into water bodies do not take place.

In all our operations where figures are available the amount of water discharged to external sources is considerably below the permitted limits.

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.

At Williamson, the Mwadui power station, which is run by Tanesco and located at the mine, generates power directly for its use. In FY 2012, the power station generated 590,560 kWh of electricity. Petra has also installed backup diesel generators at Williamson sufficient to run the existing plant at the mine should there be power supply disruptions.

Indirect energy consumption broken down by primary source

Operation	Electricity (kWh)	Diesel ¹ (litres)	Other ² (litres)
Finsch	133,360,095	1,946,713	50,962
Cullinan	156,212,008	8,250,652	13,066
Koffiefontein	47,689,310	937,092	32,958
Kimberley Underground	42,880,188	369,893	43,450
Helam	11,243,938	86,026	9,616
Sedibeng	15,074,497	127,868	12,309
Star	6,366,084	37,883	0
Williamson	17,682,480	2,082,491	0
Group total	430,508,600	13,838,618	162,361

Our total energy consumed increased by 92% in FY 2012, further to the acquisition of the Finsch mine during the Year and the effective doubling of production.

All our operations monitor energy usage and have implemented initiatives to reduce energy consumption and increase energy efficiency wherever possible. Petra utilises accurate real time energy measurement and equipment control. In South Africa, operations focus on continuous improvement through energy saving initiatives including the use of fluorescent light bulbs and the introduction of more efficient machinery, such as smaller compressor units at Cullinan. In Tanzania, operations focus on the continuous quality improvement and increasing the efficiency of machinery. In Botswana, operations are exploring the use of solar energy where possible.

Initiatives undertaken at all our operations during the Year include:

- the standardisation of Premium Efficiency Motors, which led to an average 2.1% energy saving on installed motors;
- load control during peak times, saving 8 MVA in FY 2012;
- energy efficient lighting for plants and the underground mines;
- Power Factor Correction Optimisation (i.e. improved monitoring conditions to enable the more efficient use of power and to minimise wastage), which reduced power consumption by 46 GVAR during the Year; and
- usage of energy saving devices and power sources.

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

Whilst we monitored emissions data for three of our operations in FY 2011, in FY 2012 we have put in place monitoring criteria for all of our operations so that we can now determine the Group's total direct and indirect emissions. This is in advance of the mandatory reporting of greenhouse gas emissions that will come into place for London listed companies from April 2013.

We are also raising awareness of climate change and carbon emissions amongst our employees through environmental awareness training carried out at our mines.

Notes:

1. Diesel used for transportation.

2. Unleaded petrol for transportation.

Environmental Performance

Protecting our environment continued

Climate change continued

Carbon emissions continued

Carbon emissions in FY 2012

Operation	Direct (tonnes)	Indirect (tonnes)	Other (tonnes)
Finsch	4,928	137,361	64
Cullinan	4,520	160,898	14
Koffiefontein	2,421	49,120	5
Kimberley Underground	1,074	44,167	80
Helam	208	11,581	5
Sedibeng	377	15,527	0
Star	103	6,557	50
Williamson	35,899	1,593	0
Group total	49,529	426,804	218

The Petra Group emitted a total of 476,551 tonnes CO₂ equivalent of carbon in FY 2012. Going forward, we will be able to provide comparable figures to demonstrate year-on-year performance in this area and ensure that we are managing our emissions responsibly.

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 and protect and conserve habitats and vegetation wherever possible. We are currently developing rehabilitation and closure plans to assist in returning land to its previous state on 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 will develop a BMP within the next 18 months.

None of our South African or Tanzanian operations are located in or adjacent to protected areas or areas of high biodiversity value. Approximately 12,726km² of land under exploration licence by Petra in central Botswana is in a biodiversity-rich area and we have a BMP in place there to ensure the land is managed responsibly.

A Group-wide Biodiversity Action Plan setting out our principles and policies at a Group level is envisaged for the future, but is complicated by the vastly diverse biomes in which the respective operations are located.

As part of our environmental management strategy, studies are undertaken to identify indigenous fauna and flora before the development of greenfield areas and measures taken to protect endangered species. These measures include the relocation of the species 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 be affected by the expansion of the Brits Fine Residue Deposit and Koffiefontein financially supporting a BirdLife research project on the endangered Secretarybird which nests in the trees on the mine's game farm (see case study on page 37 for further information).

We have also established protected habitats for local vegetation and wildlife. Operations at Finsch, Cullinan, Koffiefontein and Helam have established game farms totalling over 5,400 hectares. These game reserves 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 9,060,000m² which protects different species of trees (mainly indigenous), animals and birds. In FY 2012 the mine won the Presidential Award on Water Management and Forestry Conservation (see case study on page 38 for further information).



Environmental Performance

Protecting our environment continued

Land management and biodiversity continued

Protected habitats

Operation	Habitat description	Size in Ha
Cullinan	Game farms	1,800 plus 800
Finsch	Game farms	1,410 plus 498
Koffiefontein	Game farm	2,000
Kimberley Underground	None	n/a
Helam	Game farm	n/a
Sedibeng	None	n/a
Star	None	n/a
Williamson	Williamson Forest Reserve and Old Golf Course	906
Botswana	None	n/a

Environmental Impact Assessments and permits

Prior to commencing operations, all mines are required to undertake Environmental Impact Assessments ("EIAs") and receive the appropriate permits for water usage. During FY 2012, assessments and permits were required for the following locations:

- ✓ Cullinan received a licence for the closure of the Village of Cullinan Landfill Site; application was made during FY 2012;
- ✓ Koffiefontein identified the need to complete a Basic Assessment for the Ebenhaezer Pit Expansion project, which is scheduled for FY 2013; and
- ✓ Petra Diamonds Botswana undertook an EIA for its exploration activities and a permit was awarded.

No water use licences were approved/issued during FY 2012.

Rehabilitation and closure plans

At present 176 hectares of the approximately 5,800 hectares of land disturbed by Petra's operations are undergoing rehabilitation and a further 340 hectares have already been rehabilitated. Concerted measures are in place to improve these efforts by developing rehabilitation strategies for all our operations.

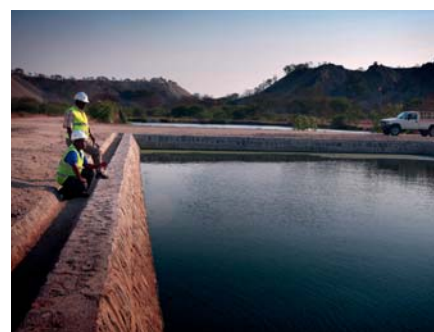
All of our mine sites are developing closure plans to protect the long-term viability of the land after mining operations cease. Our South African operations successfully revised and updated their Environmental Closure Liabilities in line with the requirements of the MPRDA during FY 2012. A closure plan for Williamson is also in place.

Amount of land disturbed or rehabilitated

Operation	Total area disturbed (hectares)	Total area considered as rehabilitated during FY 2012 (hectares)	Cumulative area rehabilitated (hectares)	Cumulative area undergoing rehabilitation (hectares)	Total area still requiring rehabilitation (hectares)
Finsch	1,818.2	17.6	114.2	163.0	786.8
Cullinan	1,642.0	6.0	0.0	6.0	1,636.0
Koffiefontein	1,642.0	0.0	0.0	6.0	1,636.0
Kimberley Underground	378.9	0.0	0.0	0.0	378.9
Helam	n/a	n/a	n/a	n/a	n/a
Sedibeng	n/a	n/a	n/a	n/a	n/a
Star	246.0	0.0	0.0	0.0	246.0
Botswana	3.0	0.2 ¹	0.2	0.0	3.0
Williamson	325.6	215.4	215.4	1.2	110.2

Note:

1. 500m of 4x4 tracks rehabilitated.



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 Department of Mineral Resources ("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 performed internally on an annual basis; and
- ✓ External ISO 14001 Audits performed by the certification body on certified operations at least once per year.

Environmental Performance

Protecting our environment continued

Environmental audits continued

The table below summarises the audits carried out in FY 2012 and the main outcomes.

Operation	Audit	Outcome
Cullinan	Internal EMS	A number of opportunities for improvement were identified and actioned in preparation for the external audit.
	External ISO 14001 (recertification)	Successful recertification.
Finsch	Legal Compliance	A number of non-conformances were identified. The action plans to address these issues are in various stages of implementation.
	EMP Performance Assessment	It was identified that an update to the current document is required. The mine is in the process of drafting an updated EMP.
	Internal EMS	A number of repeat findings were identified. The mine is implementing action plans to address the identified non-conformances.
	External ISO 14001 (recertification)	Successful recertification.
Koffiefontein	Legal Compliance and EMP Performance Assessment	This was the first time the mine had such an audit and a number of issues were identified to receive attention. Most of the areas identified during the audit will require long-term plans to rectify.
Kimberley Underground	Legal Compliance and EMP Performance Assessment	This was the first time the mine had such an audit and a number of issues were identified to receive attention. Most of the areas identified during the audit will require long-term plans to rectify.
Williamson	Legal Compliance and EMP Performance Assessment	In 2006 a comprehensive external audit was carried out. Annual internal on-mine audits take place and issues raised are identified and addressed. Negotiations have started to conduct the next comprehensive audit to meet regulatory requirements.

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.

Total weight of waste by type and disposal method

Waste generated	Unit	Finsch	Cullinan	Koffiefontein	Kimberley Underground	Helam	Sedibeng	Star	Williamson
Cans sent for recycling	t	0	0.3	0	0.2	0	0	0	0
Cardboard/paper sent for recycling	kg	3,800	3,160	1,360	978	0	0	0	0
Conveyor belting sent for recycling	t	74	32	1.1	6	0	0	0	0
Glass sent for recycling	t	0	0	0	0	0	0	0	0
Lead acid batteries sent for recycling/re-use	units	321	154	0	271	0	0	0	9
Plastic sent for recycling/re-use	t	0	44	0	0	0	0	0	0
Scrap metal sent for recycling	t	469	959	286	337	79	0	30	45
Toner/ink cartridges sent for recycling	units	150	0	0	29	0	0	0	0
Tyres sent for recycling	units	0	380	0	275	0	0	0	150
Used oil/grease sent for recycling	l	42,898	54,040	0	12,035	0	20,400	0	12,000
Hazardous waste disposed	m ³	64	21	61	14	0	5	0	0
Non-hazardous waste to landfill	m ³	1,186	211	40	1,618	108	0	1,040	5,400
Waste incinerated	m ³	381	20	0	0	0	0	0	500

The following table indicates the total areas of depositions on the various mines:

Land disturbance type	Unit	Finsch	Cullinan	Koffiefontein	Kimberley Underground	Helam	Sedibeng	Star	Williamson
Area of pits	Ha	57	41	53	103	0	0	4	146
Area of excavations	Ha	0	–	0	0	0	0	4	146
Area of overburden dumps	Ha	30	–	0	0	0	0	52	0
Area of waste rock dumps	Ha	208	8	118	0	48	8.86	3	60
Area of fine residue deposits	Ha	621	339	152	175	11	12.27	17	32
Area of coarse residue deposits	Ha	178	275	140	101	17	19.39	11	85
Area of ore stockpiles	Ha	0	1	7	8	0	0	0	5
Area of infrastructure	Ha	80	51	152	n/a	27	n/a	14	1,600

Environmental Performance

Case study: Koffiefontein champions the Secretarybird

Koffiefontein champions the Secretarybird

Petra is proud to be a BirdLife Species Champion in order to actively contribute to the future protection of the Secretarybird and to raise awareness about the importance of bird conservation.



Images courtesy of Albert Froneman (photographer)

Koffiefontein has long provided a home to the beautiful 'Secretarybird', a large, mostly terrestrial bird of prey endemic to Africa, which nests in the trees on the mine's game farm. In FY 2012, Koffiefontein elected to become a BirdLife Species Champion in order to actively contribute to the species' future protection and to raise awareness about the importance of bird conservation. BirdLife International is a global partnership of conservation organisations that strives to conserve birds, their habitats and global biodiversity.

The species' status was recently downgraded from 'Near-threatened' to 'Vulnerable' by BirdLife International, with early indications of a considerable decline

in the species' range and numbers in South Africa. Evidence collated to date suggests that its population is under threat, due to factors such as habitat degradation, disturbance, hunting and capture for trade, and potential man-made dangers such as power lines, cars and electric fences. However more research is needed to properly assess the species and the reasons for its decline.

By becoming a BirdLife Species Champion, Koffiefontein will financially support a new BirdLife research project. The key objectives of this project are to accurately determine the territory size, habitat and foraging range of the species, record juvenile dispersal and obtain information about the species' distribution and reasons for mortality.

The main research method will be to fit GPS trackers to a number of Secretarybirds in order to monitor their daily movements.

The project will then also launch an awareness campaign to inform the public about the conservation plight of the Secretarybird and about the threats that are responsible for the decline.

Ester van der Westhuizen-Coetzer, the environmental practitioner at Koffiefontein, commented, "Birds are the forgotten ones when it comes to conservation and funding thereof, but they actually play a very important role in the ecosystem, not only as bio indicators but also in the whole cycle of ecology. Therefore we here at Koffiefontein thought it would set a great example for Petra to support the BirdLife project, so that we can start spreading the word about the importance of bird conservation."

By providing this support, Petra is making a considerable contribution to ensuring the future of this vulnerable species.



Ester van der Westhuizen-Coetzer and one of the Secretarybirds at Koffiefontein

The Secretarybird (*Sagittarius serpentarius*) is a large and charismatic terrestrial bird of prey that is familiar and easily recognised. It uses a variety of habitats across its range in sub-Saharan Africa. It lives predominantly on small terrestrial mammals, smaller birds and their eggs, insects, reptiles and amphibians, and snakes and forms an important link in the food chain.

Environmental Performance

Case study: Williamson wins the presidential award for water management and forestry conservation

Williamson wins the Presidential Award on Water Management and Forestry Conservation



Donatus Mukungu, Williamson's HSE Officer, and Charl Barnard, Country and Williamson Mine Manager, proudly holding the award

The Williamson mine's long-standing environmental efforts were officially recognised in FY 2012, when the mine received the Presidential Award on Water Management and Forestry Conservation, at both district, regional and national level.

This prestigious award by the President of the United Republic of Tanzania, His Excellency Jakaya Mrisho Kikwete, was made during the World Environmental Day celebrations held in Moshi, Tanzania on 5 June 2012.

The environmental competition was initiated by the President in 2010 to promote awareness about environmental management in the country and is carried out from household level to national level, involving different investment institutions, Government institutions, schools, private companies and NGOs. It is held every two years and this is the second time that Williamson has been honoured, as the mine was named winner at district and regional level in 2010.

Water management

Williamson has three dams (Nhumbu, Songwa and New Alamas) 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 supplied to the township for general use. Various controlled water points have been put in place to supply the neighbouring villages with potable water.

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.

Forestry conservation

Williamson carries out exceptional work in the area of environmental conservation and maintains a large forest reserve of some 9,060,000m². The mine's protection of this area is crucial, as it is under immense pressure as a source of food, fuel and construction. The Williamson Forest comprises of different species of trees (mainly indigenous), animals and birds. The forest provides firewood for neighbouring villages through controlled, sustainable tree harvesting.

Williamson's HSE Manager, Donatus Mukungu, commented, "It is an honour for Williamson's focus on environmental management and conservation to be recognised by this award at a national level. Water is a highly precious commodity in Tanzania and one of our most important contributions is the provision of potable water to the Mwadui township. Our forest conservation also plays a vital role in preserving this key resource for future generations."



COMMUNITY

“Positive relationships with local communities are vital to securing support for our activities.”

Community

Our operations are predominantly located in remote areas where the mine is the primary economic contributor to the area and our community development efforts aim to make a positive contribution to these local communities.

SUMMARY

- Our plans take into account the full lifecycle of an operation, so as to properly assess the impacts and measures required upon entering, operating and exiting a project
- Effectively managing stakeholder expectations requires open and transparent communication
- Where possible we train the local community in the skills required to maximise the benefit of our CSI projects
- The multiplier effect of our mines means that whilst we directly employ 4,768 permanent employees and 807 contractors, a significantly larger number of people are dependent on our operations

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 seek to engage openly and 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 the maximum, long-term positive impact on host communities and to minimise any negative impacts.

Some of Petra's operations have a defined Stakeholder Engagement Plan ("SEP") in place and we are in the process of 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 which have a low level of socio-economic development and high unemployment, as characterised by the estimated unemployment rate in South Africa during 2012 of ~25%. Our community development efforts aim to contribute to these local communities through initiatives which focus on alleviating these issues, as well as the key areas 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.

Our Group CSI spend in FY 2012 totalled ca. US\$3.3 million, which represents approximately 1% of our revenues. We expect to maintain CSI spend at or around this level on an ongoing basis.

We have committed over R5 billion in South Africa to extending the lives of our mines, and believe this will ensure long-term employment for our workers and contribute to the future sustainability of the communities surrounding our operations.

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. These plans take into account the full lifecycle of an operation, so as to properly assess the impacts and measures required upon entering, operating and exiting a project, and are in accordance with the requirements of our mining rights.

In South Africa, the SLPs in place for each mine define their obligations in terms of social, labour and community issues. All our SLPs have been approved by the DMR, with the exception of the Helam and Sedibeng SLPs, which are still going through the approval process.

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 South African 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.

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. Details of progress towards these targets is contained in detailed reports submitted to the DMR, as referred to above, and a summary can be found within the Group Social Spend Summary on page 41.

Community

Enhancing our communities continued

Assessing and managing our impacts continued

In Tanzania, the Williamson mine is implementing the Mwadui Community Development Programme ("MDP"), which focuses on three development areas: community development, community initiatives and community support.

In Botswana, our exploration operations remain at an early stage but in FY 2012 we completed a Social and Environmental Strategic Risk Report related to the progression of exploration work on kimberlite KX36 and associated drilling programmes.

Community engagement

Effectively managing the expectations of all stakeholders is an increasingly important challenge for the Company, which can only be mitigated through open and transparent communication. We believe we have robust processes covering engagement in place across the Group, however we are in the process of developing a Group Stakeholder Engagement Policy, which we expect to roll out across our operations in FY 2013. This is in line with our strategy of developing Group-wide policies in order to codify best practice and drive improvements in our performance.

We meet regularly with community 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.

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 as well as Community Development Co-ordinators. We employ two regional Community Development Co-ordinators who are responsible for, amongst other things, the successful roll-out of LED projects as committed to in our SLPs.

Due to the size of the Finsch mine, this operation has an additional Community Liaison Officer. Furthermore, the Company has recently recruited a Group Social Compliance and Sustainability Practitioner who will manage and guide all operations' SLP commitments.

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 SEP, which clearly defines and provides a framework for how Company representatives are to engage with all stakeholders. Community grievance processes are incorporated into SLPs in South African operations as well as into Williamson's SEP.

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 in 2005, we have operated in a fully transparent manner and proactively communicated our activities with the appropriate stakeholders.

Group social spend summary

In South Africa, Petra's operations are involved in LED projects as part of their SLPs. Additionally, our South African mines also provide further discretionary social expenditure on initiatives which may not be 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.

Petra's total discretionary and non-discretionary spending on CSI projects in FY 2012 was US\$3,259,589, which represents approximately 1% of the Company's total revenue.

Expenditure by country	Spend (US\$) ¹
South Africa	2,981,703
Tanzania (Williamson)	277,886
Group total spend (US\$)	3,259,589

Note:
1. Exchange rate of US\$1: R7.7685.

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 sustainable job creation; poverty alleviation; skills transfer; and enterprise development. Projects are generally undertaken in partnership with local communities, municipal authorities and NGOs and receive funding and technical advice from Petra.

Projects currently supported by Petra include:

- a multi-stakeholder initiative to increase the literacy and numeracy levels in rural schools benefiting some 6,000 children;
- a joint project with the local municipality at the Finsch mine to improve poorly maintained electrical infrastructure following power outages that have caused significant negative effects on the local community;
- a partnership between our Cullinan mine and the Tshwane University of Technology to support the Vukuzenzele Project, an agricultural co-operative, by providing training and equipment in conjunction with The Department of Agriculture (see the case study on page 44 for further information on this project);
- 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;
- the establishment of an independent brick plant and aggregate business to create much needed local employment and help diversify the local economy at the Koffiefontein mine (these projects are currently in feasibility stage);
- support for the establishment of a market garden in Magareng to create employment and tackle food security;
- the provision of food, shelter and educational programmes for street children in the town of Warrenton near our Sedibeng mine; and
- the development of a brickmaking business in partnership with other mining companies with regional operations and the local municipality near the Star mine.



Group social spend summary continued

A number of the Company's CSI projects are undertaken in partnership with local, Government and industry stakeholders. The success of these projects is dependent not just on ongoing support and funding from Petra, but also the continued commitment of these stakeholders.

Projects – Tanzania

Since the mine's inception in 1940, Williamson has played a very important role in supporting its local communities. Funds are made available for community projects through three sub programmes: community development, community initiatives and community support.

During FY 2012, projects supported by these three programmes included:

- numerous upgrades to local school facilities and buildings;
- technical support to the Tanzania Police (Shinyanga region) in improving their community policing;
- seed funding for various cultural heritage projects;
- continued contributions towards the Dar es Salaam University, Engineering Faculty graduate ceremonies;
- new equipment and upgrades to the Mwaui hospital, including the installation of a state-of-the-art X-ray machine and the purchase of a new ambulance;
- provision of infrastructure, logistics and manpower to run a mother and child health clinic as part of the Mwaui Reproductive Child Health project, a collaboration between the Mwaui hospital and Tanzanian Government;
- continued support for small businesses through the provision of free property within the Mwaui 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 Mwaui township and neighbouring villages through the installation of controlled water access points. Williamson also owns and operates the Mwaui 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.

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 requirements across all our operations. The Group paid a total of US\$51.0 million in taxes and royalties in FY 2012.

The multiplier effect of our mines means that whilst Petra directly employs 4,768 permanent employees and 807 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 more than 26,000 people. In Tanzania, it is estimated that the overall number of dependants on wages earned from the mine is more than 7,000 people.

The Group spent US\$110.4 million on wages in FY 2012.

In addition to benefiting from stable employment, Petra's workforce enjoys relatively high standards of living. This is particularly the case at the Williamson mine in Tanzania, where conditions of employment include additional benefits such as the provision of housing and accommodation, free access to water, subsidised 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 2012

	30 June 2012 US\$ million	30 June 2011 US\$ million
Revenue	316.9	220.6
Paid to suppliers for material and services	138.5	77.7
Value added	178.4	142.9
Income from investments	8.8	4.9
Wealth created	187.2	147.8
Wealth distribution:		
Employees		
	30 June 2012 US\$ million	30 June 2011 US\$ million
Gross salaries, wages and benefits	110.4	75.0
Providers of capital	7.8	4.5
Finance cost	7.8	4.5
Dividends paid	0	0
Governments	51.0	30.5
Total tax paid	51.0	30.5
Reinvested in the Group	18.0	37.8
Depreciation, amortisation and capital items	178.8	133.2
Retained earnings	(160.8)	(95.4)
	187.2	147.8

Taxes and royalties: South Africa

	FY 2012 US\$ million	FY 2011 US\$ million
PAYE	18,302,480	9,424,475
UIF	1,042,440	779,938
SDL	1,018,117	638,155
Diamond royalties	1,437,915	858,995
VAT	23,766,014	16,765,954
Total	45,566,966	28,467,517

Tanzania

	FY 2012 US\$ million	FY 2011 US\$ million
PAYE	1,587,241	1,165,855
SDL	394,164	335,881
Diamond royalties	580,641	484,000
VAT	2,889,272	2,867,167
Total	5,451,317	6,354,639

Botswana

	FY 2012 US\$ million	FY 2011 US\$ million
PAYE	142,730	105,350
Total	142,730	105,350

The Company did make certain charitable donations during FY 2012, but not of a material financial size.

The Company did not make any political donations during FY 2012.

The Company received no financial assistance from Governments in FY 2012.

Community

Enhancing our communities continued

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.

In FY 2012, Petra's South African operations spent US\$172 million (ZAR1.4 billion) on goods and services, of which 37% was spent with companies owned or operated by HDSAs. We help local HDSA/BEE businesses to develop their commercial offerings so that they can be added to the Company's future preferred suppliers list. The nature of our operations means that we need to ensure that all services and products are of a high standard, comply with the necessary health and safety requirements and are available with minimal lead times to avoid disruptions to production.

Petra's target for FY 2013 HDSA procurement spending is 30% capital, 60% services and 40% consumables.

In FY 2012, Williamson spent US\$28.9 million on goods and services, of which 65% was spent with local and regional suppliers.

In FY 2012, Petra Diamonds Botswana spent US\$3.1 million (BWP22.3 million) on goods and services, of which 74% was spent with local and regional suppliers.

Additionally, Petra has established its core marketing operation in Johannesburg. This 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 local authorities, individuals and NGOs, since we began our exploration programme in 2005.

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

Petra reported no violations involving rights of indigenous people during FY 2012.

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 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. However, as all our operations are based in constitutional democracies, where human rights are formally recognised under such constitutions, there is not the same level of risk with regards to human rights as can be found in certain other emerging markets.

The Company is in the process of revising its Group Code of Ethical Conduct and will formally state its commitment to human rights within this. This Code will be made public on the Company's website at www.petradiamonds.com once finalised.

The Company's Employment Equity policy and its Disciplinary Code and Procedures forbid any kind of discrimination. There were no cases of discrimination involving the Company or its employees reported during FY 2012.

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.

A public grievance procedure (i.e. for external stakeholders) is being developed as part of an integrated stakeholder management approach and will be

included in the revised Group Code of Ethical Conduct.

Security

Petra places significant importance on the safety and security of its workforce.

Within South Africa, Petra undertakes and regularly updates risk assessments relating to security 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. Petra provides no assistance or materials to public security forces in South Africa.

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, assists the local police by offering fuel and maintenance to enhance community policing.

At the Williamson mine in Tanzania, we have identified significant trespassing and illegal mining on the Special Mining Lease ("SML") as a potential, but unlikely, risk. Petra manages this through frequent consultation, patrols and relationship management. Williamson's SML is viewed as a diamond protection area but small scale, artisanal mining occasionally takes place. Control measures, early warnings and a well-established information system provide the mine with pre-emptive action plans should such instances occur.

Vukuzenzele Agricultural Project

The Vukuzenzela Agricultural Project in Refilwe, near the Cullinan mine, fulfils all our local community project objectives, in that it assists with job creation; poverty alleviation; skills transfer; and enterprise development.



Cabbages ready for sale at the Tshwane Market

Rachel Kgomo, Director of the Vukuzenzele project, commented, "The Vukuzenzele project plays an important role in the community and all our lives. I joined the project in 1998, after I was retrenched from my previous job. I wanted to do something that could help put food on the table for my family, as well as contributing to my community. The fresh vegetables and produce help feed families who now no longer need to travel all the way to Cullinan in order to buy vegetables. The project members, their families and the local community are thankful to Petra Diamonds because they have played a very significant role in insuring this project is a success. They have supported the project financially and also through the mentoring scheme. If it wasn't for Petra, the project wouldn't be where it is today."

One of the priority CSI projects at the Cullinan mine is the Vukuzenzele Agricultural Project in Refilwe. Refilwe (Region 5, in the City of Tshwane Municipality) is an area with a high unemployment rate and the key objectives of the project are therefore to reduce poverty and unemployment in the area.

The Vukuzenzele Agricultural Project was founded in 1997 by a local women's group, who saw an opportunity to use land for agricultural purposes. Whilst the project has faced numerous challenges, during recent years it has gathered momentum. The project remains a predominantly female co-operative, consisting of 15 women and two men.

Petra has partnered with the Tshwane University of Technology, Sombhulula (a local NGO) and the Department of Agriculture to help provide training, mentorship and advice to the project members. So far, training has focused on core business skills, such as computer skills, business management and product marketing.

Currently the project sells its vegetables to the Tshwane Fresh Produce market and the local community. A key focus has been to generate more income streams to sustain the business and, as part of this objective, initiatives including a seedling nursery, chicken farming and flower production have been successfully developed, and plans are well underway for the development of a restaurant and craft centre for visitors.

Plans for the future development of the project include the potential for the municipality to donate the land to the project and the development of a packing house, to be donated by the Department of Agriculture. The construction of a packing house could enable the project to supply the Pretoria Market and other supermarkets, generating further revenues for the local community. In addition, there is the potential for an on-site chicken broiler and for seedlings to be sold to other co-operatives involved in vegetable farming.

Strategy and Analysis

Indicator	Description of indicator	Level of reporting 2012	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.10-11
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 2012	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.5-6
2.4	Location of organisation's headquarters.	Fully	Overview, Scope of this report p.2
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.5-6
2.6	Nature of ownership and legal form.	Fully	2012 Annual Report p.58 and p.118
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Fully	2012 Annual Report, Discover Petra Diamonds p.1-7
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.5-6 and 2012 Annual Report, Discover Petra Diamonds p.1-7
2.9	Significant changes during the reporting periods regarding size, structure or ownership, including the location of, or changes in operations, including facility openings, closings, and expansions; and changes in the share capital structure and other capital formation, maintenance and alteration operations.	Fully	Overview, Scope of this report p.2
2.10	Awards received in the reporting period.	Fully	Overview, FY 2012 highlights p.4

Report Parameters

Indicator	Description of indicator	Level of reporting 2012	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 p.13-17
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.45-50
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 2012	Reference
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	Strategy and governance, Governance p.13-14
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reason for this arrangement).	Fully	Strategy and governance, Governance p.13-14
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Strategy and governance, Governance p.13
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Strategy and governance, Stakeholder engagement p.15
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, Remuneration p.13-14 and Annual Report, Directors' Remuneration Report p.61-72
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Annual Report 2012, Corporate governance p.50
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.13-14, and Annual Report 2012, Corporate governance p.49-50
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.15
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.10-11 and Strategy and governance, Risk management p.14
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Fully	Annual Report 2012, Corporate governance p.49
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.14 and Material issues p.16
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
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.16
4.14	List of stakeholder groups engaged by the organisation.	Fully	Strategy and governance, Stakeholder engagement p.15
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Strategy and governance, Stakeholder engagement p.15
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Strategy and governance, Stakeholder engagement p.15 and Community, Community engagement p.41
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.15 and Community, Community engagement p.41

Economic Indicators

Indicator	Description of indicator	Level of reporting 2012	Reference
DMA EC	Management approach to economic aspects, goals and performance, policy, additional contextual information.	Fully	Community p.40-44
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.42
EC 2	Financial implications, other risks and opportunities for the organisation's activities due to climate change.	Partial	Environmental performance, Water usage and Climate change p.32-33
EC 3	Coverage of the organisation's defined benefit plan obligations.	Fully	Annual Report 2012, Group accounts p.118-122
EC 4	Significant financial assistance received from government.	Fully	Community, Generating economic benefits p.42
EC 6	Policies, practices and proportion of spending on locally based suppliers at significant locations of operation.	Fully	Community, Local procurement p.43
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.25
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.41-42
EC 9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Community p.40-44

Environmental Indicators

Indicator	Description of indicator	Level of reporting 2012	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 performance p.30-38
EN1	Weight of materials used by weight or volume.	Fully	Environmental performance, Resource usage p.31
EN2	Percentage of materials used that are recycled input materials.	Fully	Environmental performance, Resource usage p.31
EN3	Direct energy consumption by primary energy source.	Partial	Environmental performance, Energy usage p.33
EN4	Indirect energy consumption broken down by primary source.	Fully	Environmental performance, Energy usage p.33
EN5	Energy saved due to conservation and efficiency improvements.	Not reported	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Environmental performance, Energy usage p.33
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Environmental performance, Energy usage p.33
EN8	Total water withdrawal by source.	Fully	Environmental performance, Water usage p.32-33
EN9	Water sources significantly affected by withdrawal of water.	Partial	Environmental performance, Water usage p.32-33
EN10	Percentage and total volume of water recycled and reused.	Fully	Environmental performance, Water usage p.32-33
EN11	Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.	Partial	Environmental performance, Land management and biodiversity p.34-35
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Partial	Environmental performance, Land management and biodiversity p.34-35
MM1	Amount of land disturbed or rehabilitated.	Fully	Environmental performance, Land management and biodiversity p.35
EN13	Habitats protected or restored.	Fully	Environmental performance, Land management and biodiversity p.34-35
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	Fully	Environmental performance, Land management and biodiversity p.34-35
MM2	The number/percentage of sites identified as requiring biodiversity management plans and the number/percentage of sites with plans in place.	Fully	Environmental performance, Land management and biodiversity p.34-35

Environmental Indicators continued

Indicator	Description of indicator	Level of reporting 2012	Reference
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not reported	
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Environmental performance, Carbon emissions p.33-34
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	Environmental performance, Carbon emissions p.33-34
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Not reported	
EN19	Emissions of ozone-depleting substances by weight.	Not reported	
EN20	NOx, SOx and other significant air emissions by type and weight.	Not reported	
EN21	Total water discharge by quality and destination.	Fully	Environmental performance, Water discharge p.33
EN22	Total weight of waste by type and disposal method.	Fully	Environmental performance, Waste management p.36
MM3	Total amounts of overburden, rock, tailings and sludges and their associated risks.	Partial	Environmental performance, Waste management p.36
EN23	Total number and volume of significant spills.	Partial	Environmental performance, Water discharge p.33
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.	Not reported	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partial	Environmental performance, Performance p.31-36
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	Environmental performance, Environmental incidents p.31
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 2012	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.24-28
LA1	Total workforce by employment type, employment contract and region.	Partial	Our people, Our workforce p.24
LA2	Total number and rate of employee turnover by age group, gender and region.	Fully	Our people, Retention p.25
LA3	Benefits provided to full-time employees.	Fully	Our people, Labour relations p.27 and Accommodation p.27
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Our people, Labour relations p.27
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Our people, Labour relations p.27
MM4	Number of strikes and lock-outs exceeding one week's duration, by country.	Fully	Our people, Labour relations p.27
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 and key issues p.21

Labour Practices and Decent Work continued

Indicator	Description of indicator	Level of reporting 2012	Reference
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region.	Fully	Health and safety, Safety performance in FY 2012 p.20
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.21
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, Adult basic education and training and Portable skills training p.26
LA12	Percentage of employees receiving regular performance and career development reviews.	Partial	Our people, Leadership development programme p.25
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.27
LA14	Ratio of basic salary of men to women by employee category.	Fully	Our people, Equality p.27

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	Community, Human rights p.43
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	Community, Human rights p.43
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, Introduction p.24
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Fully	Community, Human rights p.43
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	Community, Human rights p.43
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.43
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.43
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Community, Indigenous people p.43

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.40
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.40-41
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	Fully	Community, Indigenous people p.43
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.43
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.	Fully	Community, Security p.43
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.35
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.42
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.15
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.15

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.16 and 2012 Annual Report, Corporate social responsibility p.42-43
MM11	Programmes and progress relating to materials stewardship.	Fully	Strategy and governance, Product stewardship and assurance p.16
PR1	Life cycle 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.16
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.16

Glossary

ABET	Adult Basic Education and Training, aimed at improving literacy levels and providing learners with nationally recognised qualifications	Kimberley Process	a joint Governments, industry and civil society initiative to stem the flow of conflict diamonds (i.e. rough diamonds used by rebel movements to finance wars against legitimate Governments)
AIDS	Acquired Immune Deficiency Syndrome, a disease of the immune system caused by the HIV infection. HIV/AIDS poses serious challenges; South Africa is one of the countries worst affected by the pandemic	KPIs	key performance indicators
ART	anti-retroviral treatment for HIV/AIDS	kWh	kilowatt hour
BEE	Black Economic Empowerment is a programme launched by the South African Government to redress the inequalities of apartheid by giving previously disadvantaged groups of South African citizens economic privileges previously not available to them	l	litres
BMP	biodiversity management plan	LDP	Local Development Plan
CCMA	the Commission for Conciliation, Mediation and Arbitration Charter	LED	local economic development
CSI	corporate social investment	LHD	load haul dumper
CSR	corporate social responsibility	LPG	liquefied petroleum gas
DEEC	Diamond Export and Exchange Centre	LTI	lost time injury
DMR	Department of Mineral Resources, South Africa	LTIFR	lost time injury frequency rate per million hours worked; refers to work-related injuries which result in the employee being unable to attend work on the day following the injury
DWEA	Department of Water and Environmental Affairs, South Africa	MDP	Mwadui Community Development Programme
EE	Employment Equity Act (55 of 1998) - these guidelines enable employers to ensure that their human resource policies and practices are based on non-discrimination and reflect employment equity principles at the commencement of, during and when terminating employment	MHSA	Mine Health and Safety Act (29 of 2002), South Africa
EIA	Environmental Impact Assessment	Mining Charter	Broad-Based Socio-Economic Empowerment for the South African mining industry. The goal of the charter is to bring about an industry that reflects the promise of a non-racial South Africa
EMP	Environmental Management Programme	MPRDA	Mineral and Petroleum Resources Development Act, which came into effect in South Africa on 11 May 2004 and regulates the granting of mining authorisations and prospecting permits
EMS	Environmental Management System	MQA	Mining Qualifications Authority, a Sector Education Training Authority for the Mining and Minerals Sector in South Africa, whose mission is to facilitate and promote human resources development in the sector
FFS	Fatality Free Shifts	MVA	megavolt ampere
FFPS	Fatality Free Production Shifts	NGOs	Non-governmental Organisations
FIFR	Fatal Injury Frequency Rate: the number of fatal injuries per million hours worked	NIHL	noise induced hearing loss
FOG	fall of ground	NUM	National Union of Mineworkers
GRI	Global Reporting Initiative, a multi-stakeholder process and independent institution the mission of which is to develop and disseminate globally applicable sustainability reporting guidelines. These standards set out principles and indicators that organisations can use to measure and report their economic, environmental and social performance	OHSA	Occupational Safety and Health Administration
GVar	Giga-Volt-Amperes Reactive	OHSA 18000	an international occupational health and safety management system specification
ha	hectares	PDS	proximity device systems
HDSAs	the term Historically Disadvantaged South Africans refers to all persons and groups who have been discriminated against on the basis of race, gender and disability	pH	the pH scale essentially measures the acidity or alkalinity of a solution
HIV	Human Immunodeficiency Virus which causes AIDS by infecting the helper T cells of the immune system. This virus is transmitted through blood or bodily secretions	PV	photovoltaic
HPDs	hearing protection devices	rehabilitation	the process of restoring mined land to a condition approximating to a greater or lesser degree its original state
HR	human resources	SEP	Stakeholder Engagement Plan
HSE	Health, Safety, Environment	SHE	safety, health, environment
HSEC	Health, Safety, Environment, Community	SLP	social and labour plan stipulated in the MPRDA and aimed at promoting the employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development
HSSE	Health, Safety, Social and Environment	SMME	Small, Medium and Micro Enterprises
ILO	International Labour Organization	t	tonne
ISO 14001	an international standard on environmental management; it specifies a framework of control for an Environmental Management System against which an organisation can be certified by a third party	tailings	the waste products of the processing circuit which may still contain quantities of the economic mineral
IUCN	International Union for the Conservation of Nature	TMM	trackless mobile machinery
kg	kilogram	UASA	United Association of South Africa, a South African trade union
		VCT	voluntary counselling and testing, a programme aimed at encouraging voluntary HIV testing in order for individuals to know their status
		WHO	World Health Organization