

Petra Diamonds 2021 TCFD Report

Theme	TCFD Recommendation	What Petra Does	References
Governance	a) Describe the board's oversight of climate related risks and opportunities.	<p>Petra's Board duly formed and appointed a sub-committee responsible for Health, Safety and Environmental matters ("HSE Committee") which is chaired by an iNED. The CEO is a permanent member and the Group HSEQ Manager a permanent co-opted member of the HSE Committee. The HSE Committee meets at three-monthly intervals with a set annual discussion plan. The HSE Committee produces quarterly reports for the Board, which are reviewed and discussed at Board meetings. The topics of risk and strategy are scheduled for discussion at every meeting as the need arises. Therefore, there is the continuous opportunity to have insight into the risks, opportunities and strategies around climate change and adaptation planning.</p> <p>Further to the finalisation of the Petra Climate Change Adaptation Strategy, Petra's performance against its carbon emissions targets will be monitored and reviewed by the Board at least quarterly.</p> <p>The Board will receive ongoing training on climate-related risks and opportunities in order to stay abreast of this rapidly changing area.</p>	<p>CDP Disclosure:</p> <p>C1.1b; C1.2; C1.2a</p>
	b) Describe management's role in assessing and managing climate related risks and opportunities.	<p>With the implementation of the Petra Climate Change Adaptation Strategy, the HSE Committee has access to the information to monitor progress against targets and action plans for addressing climate-related issues.</p> <p>At an operational level, the assigned responsibilities for climate-related issues are aligned to the well-entrenched Environmental Management System and structures for risk management.</p>	
Strategy	a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.	<p>The Climate Change Vulnerability Assessment of FY 2021 identified 80 potential impacts at an operational and corporate level. Of these, none were rated as 'high' vulnerabilities, but 17 were rated to be of 'moderate' significance.</p> <p>The Vulnerability Assessment process also identified a number of opportunities.</p>	<p>CDP Disclosure:</p> <p>C2.1a; C2.3; C2.3a; C2.4; C2.4a; C3.1; C3.1a</p> <p>C3.1b; C3.1d; C3.1e; C3.1f</p> <p>Petra ESG and SR pg.60</p>
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>As climate change has been identified as a key environmental risk, particularly when considering its impact on the availability of water and the related financial implications, it is considered as part of one of Petra's principal risks – 'license to operate'.</p> <p>Due to the nature of its product and market, Petra must consider market requirements, including being a signatory to the Kimberley Process; a member of the Natural Diamonds Council; and partaking in the CDP, as part of its financial planning.</p> <p>Market requirements (and market analysts) for good governance are increasingly including carbon emissions and climate change indicators into the evaluation of companies such as Petra. These related ratings influence the level of confidence of investors and could thereby influence the share price / market value of the Company.</p>	
	c) Describe the resilience of the organization's strategy, taking into consideration	<p>Petra uses the World Bank Climate Change Knowledge Portal ("CCKP") to determine climate change impacts and opportunities. It also assesses its vulnerabilities based on climate change scenarios. The projections used in the CCKP are based on a combination of 35</p>	

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	different climate-related scenarios, including a 2°C or lower scenario.	<p>Global Climate Models and specifically those that are used by the IPCC in the AR5 (Climate Change 2014 Synthesis Report Summary for Policymakers).</p> <p>Petra's scenario analysis:</p> <ul style="list-style-type: none"> is based on two scenarios. Firstly the Company looks at a RCP 2.6 scenario (best-case scenario). This refers to the concentration of carbon that delivers global warming at an average of 2.6 watts per square metre across the planet. The RCP 2.6 pathway delivers a temperature increase of about 1.8°C by 2100, relative to pre-industrial temperatures. The second scenario considered by Petra is the RCP 8.5 scenario (worst-case scenario), which would deliver a total warming of about 4.3°C by 2100; focuses on site-specific watersheds rather than regional or country-specific views, as this is more accurate and appropriate to our operations; involves the analysis of eight identified climate change indicators; and is done for three timeframes of 20-year intervals relevant over the timespan of the current Petra operations for most of the scenarios: 2020 - 2039 (operational); 2040 - 2059 (decommissioning); 2060 - 2079 (post-closure). 	
Risk Management	a) Describe the organization's processes for identifying and assessing climate related risks.	<p>The climate change vulnerability assessment process is based on climate-related risk categories (acute physical risk; chronic physical risk; financial risk; reputational risk; legal risk; and climate change opportunity), exposures, sensitivities, potential impacts and adaptive capabilities. Estimation criteria to be used when performing the vulnerability estimation are: extent of the risk/vulnerability, duration of the risk, intensity of the impact of the risk, likelihood of the impact and the significance determined as a combination of all these criteria.</p>	<p>CDP Disclosure: C2.1; C2.2; C2.2a</p> <p>Petra ESG and SR pg. 61</p>
	b) Describe the organization's processes for managing climate related risks.	<p>The Petra Climate Change Adaptation Strategy consists of eleven steps. Step 8 of the PCCAS requires operations to evaluate the adaptive needs and allocate suitable 'Adaptation Action Plans' to all of these. The climate change adaptation plans include the action steps, timeframes for completion, responsible employees and all other resources required to successfully complete each action step.</p> <p>Step 9 requires the prioritisation of the documented adaptation plans. This is done by taking account of the vulnerabilities' significance as well as the financial and operational capability to implement the action plans.</p> <p>Quarterly progress reviews are completed as part of the operational environmental management systems. The progress of all Climate Change Adaptation Plans is presented to the HSE Committee, on an annual basis. The HSE Committee has full oversight of the process and may require an adjustment to prioritisation of plans, depending on strategic or operational needs.</p>	
	c) Describe how processes for identifying, assessing, and	Climate-related risk management is integrated into the operational environmental management system.	

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	managing climate-related risks are integrated into the organization's overall risk management	All high-rated climate-related risks will be included in Petra's ERM process with full Board oversight.	
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>Petra sets annual objectives and targets (KPIs) at an operational level. These objectives aim to address some of the climate-related risks and opportunities that are identified through the risk assessment and climate change vulnerability assessment processes. In FY 2021, Petra focused on the following climate-related matrices:</p> <ul style="list-style-type: none"> • Electricity efficiency (kWh/tonne) • Diesel efficiency (L/tonne) • Water efficiency (m³/tonne) • Water recycling (% recycled) <p>Waste reduction (tonne waste disposed)</p>	<p>CDP Disclosure: C4.1; C4.1a; C4.1b; C4.2; C4.2a; C4.2b; C6.1; C6.3; C6.5; C9.1</p> <p>Petra ESG and SR pg. 51 – 64</p>
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>Scopes 1, 2 and 3 GHG emissions are calculated on a quarterly basis and disclosed on an annual basis in the Company's ESG and Sustainability Report as well as to the CDP. Trends of tCO₂e per Scope as well as the normalised carbon footprint (tCO₂e/Ct.; tCO₂e/t; tCO₂e/USD) since FY 2013 are available with restated base years.</p> <p>Associated risks are also available in the Company's ESG & Sustainability Report and the CDP reports.</p>	
	c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.	<p>Short-term targets are set annually and focus on resource efficiency and waste management practices.</p> <p>Medium-term targets aim to reduce the Company's carbon footprint (measured in tCO₂e/Ct.) over five-year intervals.</p> <p>Performance against these targets is presented at Board level, disclosed to the CDP and included in the Company's annual ESG and Sustainability Reports.</p>	