

Report of the HSSE Committee



Members of the HSSE Committee

Johan Dippenaar, Chairman

Pat Bartlett, Non-Executive Director

Luctor Roode, Chief Operating Officer

Charl Barnard, Group HSEQ Manager

Egbert Klapwijk, Group Support Manager

Craig Kraus, Group Legal Services Manager



To mitigate the surge of fatalities experienced by the Company in recent years, an analysis of significant accidents and incidents, as well as a review of internal risk control effectiveness, was initiated. This contributed to improved safety performance for FY 2018.

Given the importance we attach to the HSSE Committee, we took the decision to strengthen its membership at Board and Senior Management level with the appointment of Dr Pat Bartlett and Luctor Roode.

Johan Dippenaar

Chairman of the HSSE Committee

● **HSSE Committee Terms of Reference**
petradiamonds.com/about-us/corporate-governance/board-committees

Introduction

I am pleased to present the Petra HSSE Report for FY 2018. The role and purpose of the HSSE Committee is to assist the Board in obtaining assurance that appropriate systems are in place to deal with the management of health, safety, social and environmental risks.

Increasing capacity

The HSSE Committee has been strengthened in its membership at Board and Senior Management level with the appointment of Non-Executive Director Pat Bartlett and Group Chief Operating Officer, Luctor Roode.

Activities and achievements

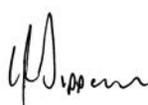
In addition to the Committee's principal functions and corresponding activities, the following achievements are noted:

- ▶ No fatalities, certified occupational diseases or major environmental incidents were recorded, supported by a downward trend in lost time injuries whilst maintaining BSI HSE management systems certification.
- ▶ As part of the continual improvement of processes and systems, all South African operations successfully transitioned from the ISO 14001:2004 to the new ISO 14001:2015 version of the standard and a programme was initiated for the migration from OHSAS 18001:2007 to the new international standard ISO 45001:2017.
- ▶ The continual analysis of significant accidents and incidents within the industry, and the subsequent review of internal risk control effectiveness at all mines as a proactive measure to mitigate the potential of serious injuries and fatalities in the Company, contributed to zero fatalities being recorded for the Year.
- ▶ Our Carbon Disclosure Project (currently known as the "CDP") reporting has shown a continuous improvement year on year since 2013.
- ▶ A programme was adopted to address the challenges posed by climate change at our operations.
- ▶ A review of the formal Mine Closure Plan for Williamson was initiated to include the positive continual rehabilitation, carried out during the previous five years.

HSSE Committee role and activities

The principal functions of the HSSE Committee are listed below, along with the corresponding activity and performance in FY 2018.

ROLE	ACTIVITIES IN FY 2018	OUTCOMES
To evaluate the effectiveness of the Group's policies and systems for identifying and managing health, safety, social and environmental risks within the Group's operations.	<p>Review of material risk management process. Improvement and management of health and safety related operational risk management processes, and effective controls for all significant hazards and risks. Environmental risk management processes were aligned to the operational risk management process.</p> <p>Development of Group standards on significant HSEQ processes.</p> <p>Improvement and management of stakeholder engagement and social development processes and systems (including training initiatives).</p>	<p>Complete operational risk management policy, procedures and system implementation, with significant controls linked to standards and legislation, as well as effectiveness review at all South African operations. The development and implementation of an ISO 31000-aligned Petra operational risk management standard and an electronic risk register for the Group.</p> <p>Continued emphasis on ensuring suitable and effective HSSE policies and systems, stakeholder engagement and social development practices are in place across the Group.</p>
To assess the policies and systems within the Group for ensuring compliance with applicable legal and regulatory requirements with respect to health, safety, social and environmental aspects.	<p>Levels of compliance were monitored across the Group. Third party legal specialists were sourced to conduct legal compliance audits at all South African operations as part of the Committee's annual assurance verification process.</p> <p>The continual review, updating and management of a HSEQ legal register, consisting of relevant legislation, laws and standards applicable to mining, in a timely manner.</p> <p>Reviews of the communication, human resources management, development and social compliance policies were carried out.</p> <p>Local Economic Development policy was finalised.</p>	<p>The Board is updated regularly with regards to Petra's levels of compliance.</p> <p>Six internal audits (performed by the Group HSEQ Leads), six third party audits (BSI) and 32 ad hoc inspections were conducted. Audit reports were issued and concluded.</p> <p>Continual review, updating and communication of regulations and standards.</p> <p>Development of various Group policies related to stakeholder engagement and Enterprise Development.</p>
To assess the performance of the Group with regards to the impact of health, safety, social and environmental decisions and actions upon employees, communities and other stakeholders.	<p>Monitoring of HSSE performance throughout the Year and review of annual Group occupational health, safety and environmental objectives and key performance indicators.</p> <p>Consideration of the main causes of accidents, risks and incidents across the HSSE spectrum both internally and within the industry more broadly.</p> <p>Migration of certified environmental management systems to the ISO 14001:2015 standard.</p> <p>Introduction of Stakeholder Engagement Module.</p>	<p>The Board was kept informed of the Group's HSSE performance.</p> <p>Performance targets and objectives aligned with the Mine Health and Safety Council industry milestones and international environmental best practice.</p> <p>Continual real time HSEQ performance trending and intervention from Group HSSE leads to drive zero harm, a safe workplace and a sustainable environment.</p>
To review management's investigation of any fatalities and/or serious HSSE-related accidents or incidents within the Group and the efficacy of the resultant remedial actions implemented.	<p>The Company recorded no fatal accidents during FY 2018 and achieved a continual reduction in significant injuries (LTIFR) of 82% over the past seven consecutive years.</p> <p>Two MPRDA Section 93 notifications were received during FY 2018 due to non-compliance to social and labour plan objectives from the Department of Mineral Resources ("DMR").</p>	<p>The continual analysis of significant accidents and incidents within the industry, and the subsequent review of internal risk control effectiveness at all mines as a proactive measure to mitigate the potential of similar occurrence in the Company.</p> <p>Responses generated with remedial action plans to meet these objectives and submitted to the DMR to meet the requirements of the MPRDA Section 93 notifications.</p>
To evaluate the quality and integrity of reporting to external stakeholders concerning HSSE aspects.	<p>Continued annual reporting to GRI, CDP, MSCI and FTSE4Good. Updated data collection processes for full GHG reporting and accurate carbon footprint calculations as identified through external data verification assessments.</p> <p>Ongoing review of international guidelines and best practice in respect of Petra's sustainability reporting.</p> <p>Engagement with communities on social initiatives and issues.</p>	<p>Petra's FY 2018 Sustainability Report is compiled in accordance with GRI Standards.</p> <p>Scope 3 activities for the calculation of the carbon footprint were further expanded. This improvement is reflected in the FY 2018 Sustainability Report as well as the 2018 CDP submission.</p> <p>The introduction of additional social media accounts with an employee and local community focus has provided the Company with a platform to directly, and in real time, respond to social issues raised.</p>



Johan Dippenaar

Chairman of the HSSE Committee
12 October 2018