

Community and social investment

Our community development process focuses on contributing to the most important issues our mine communities face, in a sustainable manner. This includes creating social upliftment through job creation, skills transfer (education and training), enterprise and supplier development and sustainable infrastructure projects.

Our ambition

Our ambition is to foster meaningful relationships with all our stakeholders in a manner that builds trust, ensures transparent communication and creates shared value opportunities. To mitigate reputational, financial and social risks and enhance shared value opportunities, all stakeholder engagement and management is conducted in line with our stakeholder engagement and management policy and mine-specific procedures.

Our approach

Due to our operations' remote locations, predominantly in areas of relatively low levels of socio-economic development and high unemployment, three of Petra's four mines present the only major economic activity in the local area. This results in increased expectations and pressure on Petra to create employment and increase procurement opportunities to uplift the communities.

With the deteriorating socio-economic conditions in South Africa (inflation, increase in fuel prices, load shedding and corruption), Petra recognises the importance of having programmes in place to prepare and equip our communities with the skills they require. These initiatives include support to selected schools to improve performance in mathematics and science, as well as scholarship and bursary schemes. Our support also extends to our LED and CSI projects, that have an educational focus.

We strive to establish partnerships with our employees, communities, Governments, local business forums, NGOs and educational institutions to optimise the impact of our initiatives. The structure of our community engagement and development programmes is guided by the Company's stakeholder engagement and management approach. In addition to the above, each mine also considers the following when developing its engagement programmes:

- ▶ Initial SIAs based on participatory processes prior to drafting SLPs
- ▶ Stakeholder engagements and committee feedback
- ▶ Internal and external grievances registered
- ▶ Applicable legislation relating to diversity/employment equity
- ▶ Environmental impact assessments and ongoing monitoring
- ▶ Local community development programmes based on local communities' needs
- ▶ SEPs based on stakeholder mapping
- ▶ Local municipality's Integrated Development Plans (IDPs)
- ▶ Broad-based local community consultation committees and processes that include vulnerable groups
- ▶ Worker representation bodies that provide input to our initiatives and projects

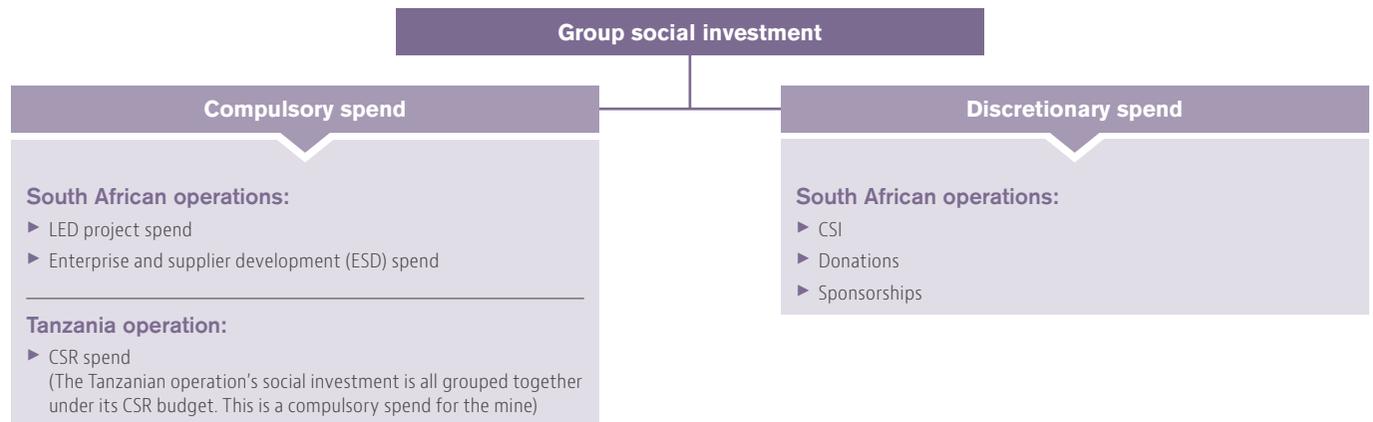
Social investment

Petra's social investment extends beyond its commitment to LED projects, enterprise development and socio-economic development. We also contribute through our discretionary spend (CSI), our Petra Foundation and staff contributions and community volunteering initiatives.

Considering the length of the potential mine lives of our operations, we focus on investing in long-term projects, which will have a lasting positive impact and address the socio-economic needs of the communities where we operate. Our approach to social investment is therefore developmental in nature and aimed at creating sustainability in communities beyond the life of active diamond mining and ensuring we are adhering to our SLP commitments.

Expenditure in FY 2022

Petra's social investment contribution is made up of compulsory and discretionary spend as depicted in the diagram below.



**Community and social investment** continued**Social investment** continued**Expenditure in FY 2022** continued

The Group's total social investment spend increased by 43% to US\$0.94 million (FY 2021: US\$0.66 million). This increase can be attributed to Williamson Mine exiting care and maintenance as well as an increase spend by local operations on CSI and ESD.

Petra South Africa's LED project spend continues to be an area of focus as only US\$0.34 million of our planned US\$1.8 million LED project budget was spent in FY 2022. The contributing factor to this shortfall is that Koffiefontein Mine could not complete the feasibility study for the proposed US\$0.33 million brick making and crusher plant in FY 2022. The mine is expected to finalise the feasibility study in FY 2023. In addition, Cullinan Mine and Finsch Mine continued to experience challenges in aligning stakeholders with suitable LED projects, as well as ongoing changes in local and regional Government appointments.

Social investment spend by country

	FY22 US\$m	FY21 US\$m
South Africa	0.81	0.63
Tanzania (Williamson Mine)	0.13	0.03
Group total social investment spend	0.94	0.66

More detail on the Group's social investment in FY 2022 is provided below.

South Africa

Social investment in South Africa consists of both compulsory and discretionary spend. A breakdown of the contributing vehicles is provided below:

Local economic development is mandatory spend and corresponds with the Company's SLP commitments for each South African operation. LED projects are identified using feedback from SIAs, community engagements and Government's local IDPs. Projects are agreed with local municipality (representing local communities) and the DMRE and approved by the latter.

In FY 2022 Petra spent US\$0.5 million (FY 2021: US\$0.4 million) on LED/CSR projects with the bulk of the funding being spent at our Finsch and Williamson Mines. As discussed, Koffiefontein Mine did not spend the planned US\$0.33 million on the proposed brick making project.

The following are the most significant LED projects we invested in:

- ▶ Eradication of conservancy tanks in Kuilsville and Danielskuil that provided a sewer gravitational network to 369 properties, by constructing a network of sewer pipes to existing sewer pump stations
- ▶ Ongoing planning and construction of a community multi-purpose centre in Leyden Village, one of Cullinan Mine's host communities
- ▶ Finsch Mine supported an emergency water project at Danielskuil that included the augmentation of water sources as the existing water sources were contaminated and not safe for human consumption

Enterprise and supplier development spend forms part of the overall LED spend as per the mine's SLP. This forms part of our compulsory spend and is aimed at supporting and developing our SMMEs in local mining communities. In FY 2022 Petra spent US\$0.28 million (FY 2021: US\$0.07 million) on LED projects with the majority invested in the onboarding of SMMEs, training and development opportunities for local enterprises and providing loans to local SMMEs, as part of growing the local economy and creating jobs.

Corporate social investment spend is discretionary and includes donations and sponsorships and any funding contributed to our Petra Foundation. CSI spend is a one-off expenditure, granted on a case-by-case basis, by a specific Petra operation, following a request received from the local community or NGOs. The level that can be spent on qualifying projects is agreed upon by each operation's CSI Committee, that was established to review, approve and oversee the roll-out of the projects. Projects eligible for support are outlined in Petra's Group Corporate Social Investment Policy.

In FY 2022 Petra spent US\$0.20 million on CSI (FY 2021: US\$0.16 million) with the largest CSI commitments made at Cullinan Mine and Finsch. As a responsible corporate citizen, Petra continues to commit to CSI spend to relieve socio-economic pressures and to support struggling local communities. The following were some of the most significant CSI projects supported by our local operations:

- ▶ Cullinan Mine received a R200,000 donation to the Petra Foundation in FY 2022 for distribution of educational and dignity packs to female learners in the local schools (refer to case study for more information)
- ▶ Finsch continued to support its Adopt-a-School project that provides funding to five local schools to support learning and development projects
- ▶ Koffiefontein purchased screens and overhead projectors for eight Letsemeng high schools and purchased a mobile kitchen for a local NPO that is using it to supply soup to local community members

The Petra Foundation (PF) was established in FY 2016 with the purpose of attracting funding from our large suppliers, contractors and multi-nationals, as well as securing contributions from other donors. These funds are used for community projects in areas adjacent to our operations, which meet the criteria of the funds Memorandum of Incorporation. The Group continues to work on improving the collections from our large suppliers and contractors as part of their contractual commitments. Our procurement processes are currently being updated to cater for these collections and our contractor terms and conditions are also being updated to clearly stipulate the compulsory contribution to the PF. This process will be a focus for the Group in FY 2023 to ensure more contributions are received for re-distribution to the local communities. Refer to the case study for more detail on a £20,000 donation made to the PF.

The Petra Hardship Fund (PHF) was an initiative set up specifically to assist distressed host communities and qualifying employees in response to COVID-19. This fund was discontinued in FY 2022 because of COVID-19 restrictions being lifted.



Community and social investment continued

Social investment continued

Social investment spend by country continued

Tanzania

In Tanzania, Williamson contributes directly towards community development through the advancement of social, commercial, industrial, educational, medical and administrative infrastructure for the benefit of local communities. All funds allocated to communities are part of the mine's CSR budget that is equivalent to the LED spend in South Africa. CSR spend is compulsory spend; however, Williamson did not have a CSR budget for FY 2022 as it was moving out of care and maintenance. Williamson nonetheless committed US\$0.13 million (FY 2021: US\$0.03 million) towards community and infrastructure development projects across all 11 local communities. This amount is in addition to the £1 million escrow account, funded by Petra, that has been allocated to the implementation of the RJPs as part of the Leigh Day settlement agreement (for more information on these projects please refer to  page 87 of this report).

In terms of supporting local education, Williamson owns the Mwadi Primary School, providing subsidised English education for its pupils. This is the only primary school in the district that has formalised computer training and a computer centre and continues to be considered a top achiever at district, regional and national level.

Williamson also provided resources (building materials and heavy machinery) and technical support to various public schools for clearance and lifting purposes as part of construction and renovation activities. It also provided free utility support (annual free electricity and water) to six primary and secondary schools.

In addition to the above, Williamson CSR plan, which is informed by the mine's updated SEP, also concentrated on the following initiatives, among others:

- ▶ Donated a vehicle and fuel to the Kishapu District Council to improve policing and inspections
- ▶ Supported various local and regional community events and festivities
- ▶ Provided timber and firewood to surrounding communities

- ▶ Supported the local sports clubs
- ▶ Distributed 14,380 seedlings to various institutions located within the surrounding villages to prevent deforestation and erosion

Community training and development

Petra considers providing training, education and development to local community members just as important as training its own workforce, as this enables us to contribute to community economic upliftment and prepare potential labour for our operations.

To address the skills scarcity in our local communities, our involvement starts at a grassroots level, in the form of the maths and science school support programme and scholarships. This is continued at tertiary education level with opportunities provided through the bursary scheme, the graduate development programme and practical experience through our experiential training programme.

US\$0.4m

SPENT ON COMMUNITY TRAINING
AND EDUCATION PROGRAMMES
(FY 2021: US\$0.3 MILLION)

Our community training and development spend increased from US\$0.3 million in FY 2021 to US\$0.4 million in FY 2022, mainly due to community training programmes relaunching post COVID-19, and an increased contribution to the Minerals Education Trust Fund (METF).

Bursary scheme and support to tertiary students

Petra's bursary scheme focuses on supporting promising students studying towards higher qualifications in the core disciplines of the mining industry as well as supporting skills (teaching and social work) which are required in the communities. These bursaries form part of the South African mines' SLP commitments. The bursary covers the cost of the studies as well as accommodation and allowances and are only available to South African students.

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FULL-TIME BURSARY STUDENTS FROM
OUR COMMUNITIES WERE SUPPORTED
BY PETRA IN FY 2022
(FY 2021: 11)

The group of full-time bursary students supported during FY 2022 consists of 92% HDSAs (FY 2021: 100%) and 67% female participation (FY 2021: 75%). Students are supported in carrying out vacation work or practical modules at operations as required by their respective institutions. Many tertiary courses require a component of vocational training. Therefore, Petra provides opportunities for experiential training or vacation work opportunities. 11 students from local communities (FY 2021: 11) were supported during FY 2022.

Portable skills for community members

The issue of skills portability also extends to local residents who are not employed by the mine but reside in the surrounding communities. For this reason, some of these programmes are also extended to community members. Portable skills training includes computer literacy training, technical training, plumbing training, basic building techniques and carpentry training, sewing training, driver's licence training and agricultural training, as well as other opportunities related to local economic activity.

In FY 2022, 92 community members (FY 2021: 20) were enrolled for portable skills training. This increase is due to the lifting of COVID-19 restrictions, where we focused on training more community members on portable skills, which are relevant to the local labour market.



Community and social investment continued

Community training and development continued

School support project

The school support project, which is intended to elevate the general level of mathematics and science education for more students to achieve quality passes in these subjects, is currently implemented at four schools in the communities surrounding our operations. This project aims to improve opportunities to access tertiary studies and to secure employment. It focuses on developing both teacher and student competence, targeting Grades 8 to 12. Advocacy campaigns to involve parents in their children's education and to assist pupils in making career choices were also included during FY 2022, as well as Grade 12 motivation workshops.

Five additional schools were supported by the provision of the 'My Maths Buddy' dictionary, which aims to assist teachers and pupils in mastering the language of mathematics.

Scholarships

Scholarships are awarded to learners from schools in our communities to attend high-performance schools where possible, which helps alleviate the financial pressure that the learners and their parents face. 43 learners (FY 2021: 44) were supported during FY 2022; 60% (FY 2021: 80%) were female and 100% (FY 2021: 100%) were HDSAs.

Supporting the Minerals Education Trust Fund (METF)

The METF is a body which provides a means to pool resources in South Africa's minerals industry to address and resolve challenges facing tertiary education. Petra provides annual contributions and invested US\$69,229 in FY 2022 (FY 2021: US\$13,000). This increase is due to Petra's contribution being based on actual numbers of professional employees in the geology, metallurgy and mining environment, as opposed to a donation in FY 2021.

Case study The Boodles Sponsorship Programme



"Through receiving these products, a big burden has been lifted financially for both me and my family at home. I look forward to being in class every day of the month now."
– Angelina Mashloanne, a female learner at Chipa Tabane Secondary School.

Cullinan Mine, in partnership with Boodles, distributed 200 dignity packs to girl learners in Refilwe in March 2022. The Boodles Sponsorship Programme supports two topical and worthy causes including promoting basic hygiene and self-care amongst girl learners, and supporting additional scholarship programmes for the girl learners that do not have access or the financial means to address these social issues. Unemployment and poverty remain some of the biggest contributing factors to high incidents of not attending or failing to finish schooling programmes. Two schools were identified to benefit from this – Chokoe Primary School and Chipa Tabane Secondary School.



Learners from Chokoe Primary School, educator Sindy Langa (Institutional Development and Support Official) and Cullinan Mine representatives

Case study The Boodles Sponsorship Programme



On 8 April 2022, 20 learners and their teachers attended a prestigious event hosted at Cullinan Mine. These learners form part of the 2022 Cullinan Mine Scholarship Programme.

This Year, apart from the ten scholarships awarded annually, an additional ten scholarships were awarded in partnership with the Boodles Scholarship Programme. The intention of the programme is to support the learners both financially and academically through different school support programmes.



Mbali Mkwanzazi, Training Manager, and Thabo Manne, Social Performance Manager, represented Cullinan Mine's management team at the event. They addressed the students, motivating them to focus academically on the year ahead and to make the best of their final school year. Other guests on the day were members from the Department of Education (DOE), Mr Thabo Makoe and Mr Nthabiseng Ramorula, as well as Mr Johan Becker, Councillor of Ward 100.

**Community and social investment** continued**Socio-economic impacts**

By creating sustainable employment opportunities, we can support our local communities, by investing in ethical and, where possible, local supply chains and assisting small businesses. We also aim to support our local economies and by paying taxes and royalties, we aim to contribute to our countries of operation.

Creating stakeholder value and providing an economic contribution to the countries and communities in which we operate are important Group objectives. Through local employment, the payment of taxes and royalties, procurement from local suppliers and CSI, we can make a positive contribution to our stakeholders.

The benefits of stable and sustainable employment

c.52,650
PEOPLE DEPENDENT
ON PETRA'S OPERATIONS

The Company currently employs 5,265 employees and contractors (FY 2021: 4,895) but given the generally accepted 'multiplier effect' in South Africa and Tanzania of x10, c.52,650 people (FY 2021: 48,950) are dependent on our operations.

Ongoing capital investment in our mines ensure sustainable employment for our workforce and the associated socio-economic development opportunities for the wider local communities in the longer term. This is subject to external influences such as the state of the diamond market. Read more about our social investment and how we work to generate sustainable development on  pages 88.

The Group spent US\$146.0 million (FY 2021: US\$108.1 million) on wages and benefits in FY 2022, increasing largely due to Williamson resuming operations, coupled with general increases across the rest of the Group.

Payments to Governments

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

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

In FY 2022, the Group paid a total of US\$57.6 million in taxes and royalties (FY 2021: US\$18.6 million), driven by increased royalties following higher revenues and improved profitability. It should be noted that Petra's operations are currently subject to varying levels of tax shields, due to the significant level of investment having been made by the Company at each operation.

The Company made certain charitable donations during FY 2022 but not of a material amount. The Company did not make any political donations during FY 2022 and received no financial assistance from Governments, other than Temporary Employer/Employee Relief Scheme (TERS) payments in relation to the COVID-19 pandemic.

Taxes and royalty summary per country – FY 2022 (US\$ million)

	FY 2022	FY 2021	Variance
South Africa	43.5	22.0	97.7%
Tanzania	14.6	1.3	>100%
United Kingdom	(0.5)	(4.7)	(89.4)%