

Community Relations and Development

Our ambition

In line with our mission to unlock value for all our stakeholders, our involvement in community development aims to contribute to alleviating the most critical needs in our local communities and to create life-changing opportunities. We target long-term positive impact in the communities in which we operate, which can continue to be sustained following the cessation of our mining activities guided by our mine closure plans.

Our approach

Due to the remote locations of our operations, predominantly in areas of relatively low levels of socio-economic development and high unemployment, Petra's mines in most cases present the only major economic activity in the local area.

Our community development work is focused on contributing meaningful and long-term development of our host communities via sustainable job creation, skills transfer (education and training), enterprise development and infrastructure development.

We also recognise that in order to develop the next wave of employees in our local communities, it is imperative that we have programmes in place to prepare and equip them with the skills they require. These initiatives include support to selected schools in our communities to improve performance in mathematics and science, which are considered as gateway subjects to feed the education pipeline, as well as the scholarship and bursary schemes.

To ensure coordination and inclusivity in social planning and development, we strive to establish partnerships with our employees, Governments, communities, NGOs and educational institutions in order to optimise the impact of our initiatives.

The structure of our community engagement and development programmes is guided by both the Company's stakeholder engagement and management approach (see pages 72 and 73) and the SLPs and EMPs (read more on pages 17 to 18) in place for each operation.

These plans include the following:

- initial social impact assessments based on participatory processes prior to drafting SLP;
- applicable legislation relating to diversity/employment equity;
- environmental impact assessments and ongoing monitoring;
- public disclosure of results of environmental and social impact assessments;
- local community development programmes based on local communities' needs;
- Stakeholder Engagement Plans ("SEP") based on stakeholder mapping;
- broad-based local community consultation committees and processes that include vulnerable groups; and
- worker representation bodies to deal with impacts.

Social investment

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 which address the socio-economic needs of the communities in which we operate. Our approach to corporate social investment is therefore developmental in nature and aimed at creating sustainability in communities beyond the life of active diamond mining.

The success of several of our social investment projects is dependent on our local communities having the necessary skills to implement and eventually manage them, and Petra therefore aims to provide the required training and advice wherever possible. We also facilitate steering committees to assess, implement, monitor and evaluate the progress of our projects, consisting of our employees, members of the local community and municipality, and other service providers.

Expenditure in FY 2021

Our Group social spend in FY 2021 decreased 50% to US\$0.7 million (FY 2020: US\$1.4 million). Only ca. 44% of budgeted spend was committed in South Africa in FY 2021 due to the continued challenge to get stakeholders to align on suitable local economic development projects, which hinders the implementation of larger projects in the community, as well as due to the disruptive impact of the COVID-19 pandemic. The operations are continuously engaging with local authorities and representatives to identify suitable projects, but community stakeholders must first come to a consensus on their desired projects.

Expenditure by country

	FY 2021 (US\$m)	FY 2020 (US\$m)
South Africa	0.63	1.2
Tanzania (Williamson)	0.03	0.2
Group total spend	0.66	1.4

Social spend in South Africa related to the completion of two projects at Daniëlskuil in the Northern Cape, being the refurbishment of pump stations and the construction and installation of public lighting (high masts and streetlights). Community spend in Tanzania remained curtailed to a minimum as a result of the mine's liquidity constraints, further exacerbated by the COVID-19 pandemic and the mine being placed on care and maintenance in April 2020.

Community Relations and Development continued

Social investment continued

Expenditure in FY 2021 continued

South Africa

Social investment in South Africa is partially mandated and is provided in the following areas:

- **Local economic development ("LED")** is mandatory spend and corresponds with the Company's commitments as per the approved SLPs for each of the South African operations. LED projects are agreed with local municipality representatives and the DMRE and approved by the latter.

Current projects include:

- the refurbishment of pump stations in Daniëlskuil which was completed in partnership with Kgatelopele Municipality and the Department of Water and Sanitation in the Northern Cape;
- the construction and installation of public lighting in partnership with Eskom and Kgatelopele municipality, which included the installation of streetlights and six high mast lights to help combat crime; and
- the completion of electrification of households and upgrading of bulk infrastructure (excluding substation), which involved the supply and construction of MV/LV Distribution networks to informal dwellings in Kgatelopele, complete with house connections.

- **Corporate social investment ("CSI")** spend is discretionary and the level that can be spent on qualifying projects in the local community is agreed upon by the Company's CSI Committee. These projects and their criteria are outlined in Petra's Group Corporate Social Investment Policy. Each operation has an established CSI Committee to approve and oversee the roll-out of the projects.

Current projects include:

- the provision of food security for local primary schools, including the distribution of nutritional shakes to local school learners in Refilwe;
- the donation of an administrative office to the Smart Start Early Childhood Development Centre in Kgatelopele local Municipality;
- the adopt-a-school project – this project entails implementing a small project at under-privileged schools, i.e. the upgrading of the Media Centre for Daniëlskuil Intermediate;
- the provision of reusable sanitary pads to school learners in Daniëlskuil;
- the provision of face masks for community members during the COVID-19 lockdown period in Daniëlskuil;
- the provision of food hampers to vulnerable groups in the Refilwe community, in collaboration with the Department of Social Development;
- the provision of resources for the Matric Awards to the Department of Education in order to create a better learning environment for students entering university;
- the donation of stationery to orphaned and vulnerable learners in local schools in Region 5, in collaboration with the Department of Education and the City of Tshwane; and
- the purchasing and installation of an overhead projector for Koffiefontein's comprehensive school hall.

- **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 other contributions, to be used for community projects in areas adjacent to our operations, which meet the criteria of the PF's Memorandum of Incorporation.

- Through the Petra Foundation, the Petra Hardship Fund was established to assist communities during the COVID-19 pandemic and lockdown period (see below).

- **Sponsorships** are one-off expenditures, granted on a case-by-case basis, usually by a specific Petra operation, following a request received by the local community. Such requests are also considered in light of meeting the criteria set out in the PF's Memorandum of Incorporation.

- **The Petra Hardship Fund.** The PHF was an initiative set up specifically to provide assistance to distressed host communities and qualifying employees in response to COVID-19. The PHF was funded by salary and fee sacrifices from Petra Directors and Senior Management over the period April to June 2020. The PHF partnered with the lead Government relief agencies in order to optimise its reach and included measures such as the distribution of food parcels and sanitary bags to communities that were struck by floods in Daniëlskuil community.

Other aid included:

- supporting the Department of Health with food parcels to make soup for the elderly whilst waiting to be vaccinated in Letsemeng Local municipality;
- food parcels to vulnerable communities; and
- PPE such as face masks and sanitisers to local clinics and schools.

Community Relations and Development continued

Social investment continued

Expenditure in FY 2021 continued

Tanzania

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

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

Williamson's Corporate Social Responsibility Plan, which is informed by the mine's SEP, concentrated on the following areas for contribution and support during FY 2021:

- supporting Kishapu District and Shinyanga Region at large by providing fuel in order to complete important official Government duties and operations;
- facilitating timber planks to be used in the construction of the first ever Kishapu Girls District Secondary School in Mwadui;
- the provision of building material in the form of aggregate, a water bowser, fuel and 50 bags of cement to aid in the construction of a classroom in Mwadui Lohumbo; and
- a donation to Mwadui Football Club to participate in the Tanzanian Premier League, representing the Shinyanga Region.

Once the mine is no longer in care and maintenance, a formal CSR plan will be developed for implementation in FY 2022.

Restorative Justice in Tanzania

As part of the actions taken in response to the findings of the Tunajali Committee into the alleged breaches of human rights at the Williamson mine (read more on pages 21 and 22), Petra has committed funds to community initiatives that aim to provide sustainable benefits through income generating projects. Shortly after Year end, PDL paid in excess of £1 million into an escrow account to fund these restorative programmes. Synergy has been formally appointed to manage these funds and they will work closely with the communities and local NGOs on the formulation and implementation of the programmes identified as part of the settlement agreement.

These projects include:

- feasibility studies into a formalised artisanal tailings project at the mine and an agribusiness project and the implementation of these projects, based on the outcomes of these studies;
- the establishment of enhanced community clinical and medical support;
- managed access to parts of the SML to collect firewood and graze animals; and
- the launch of a gender-based violence ("GBV") campaign to support community capacity to counter GBV and provide support to victims of GBV.

For all the restorative projects listed above, PDL and WDL will work with the surrounding communities and local NGOs to investigate their feasibility and, where feasible, to support the design and implementation of these projects. Where projects are deemed not feasible or not applicable to the needs of the surrounding communities, alternative projects will be identified and implemented with the approval and participation of all relevant parties.

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 it to not only directly contribute to the economic upliftment of the community but also to prepare a pool of potential labour for its operations.

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

US\$0.3 million

SPENT ON COMMUNITY TRAINING AND EDUCATION PROGRAMMES

Our community training and development spend decreased 40% for the Year to US\$0.3 million (FY 2020: US\$0.5 million), mainly due to the COVID-19 pandemic impacting delivery of such programmes. The main areas of expenditure for the community training and education programmes in South Africa were the school support projects and bursary scheme. In Tanzania, Williamson's spend was focused on support to the local primary school in the form of exam registration fees, as well as the human rights training programmes carried out for both Williamson managers, internal security personnel and the external security contractor, as well as the TPF.

Community Relations and Development continued

Community training and development continued

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, and forms part of the South African mines' SLP commitments. The bursary covers the cost of the studies as well as accommodation and allowances and is only available to South African students.

12

FULL-TIME BURSARY STUDENTS FROM OUR COMMUNITIES WERE SUPPORTED BY PETRA IN FY 2021

The group of full-time bursary students supported during FY 2021 is suitably diverse, consisting of 100% HDSAs and 75% female participation. As part of the scheme, 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. Petra provided opportunities for students from local communities to fulfil this requirement by providing opportunities for experiential training or vacation work opportunities. 11 students were supported in this manner during FY 2021.

Portable skills for community members

The issue of portability of skills 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, basic building techniques and carpentry, sewing, driver's licence training and agricultural training, as well as other opportunities related to local economic activity. In FY 2021, 20 community members were enrolled for portable skills training.

School support project

The school support project, which is intended to elevate the general level of mathematics and science education in order for more students to achieve quality passes in these subjects (see Case Study 'Building career progression paths in the community' to follow), is currently implemented at four schools in the communities surrounding our operations. This project is aimed at contributing to improving opportunities to access tertiary studies and to securing employment. It is focused 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 the Year, as well as Grade 12 motivation workshops.

Due to the school closures during the COVID-19 pandemic, the school support project continued to implement innovative technological solutions to support learners. This included the use of WhatsApp groups, assisting with access to educational support programmes on various TV channels, and access to educational videos via formats such as YouTube, the Khan Academy and Siyavula.

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 deserving learners from schools in our communities. The purpose of a scholarship is to alleviate the pressure that financial burden can place on both the learner and parent by supporting learners to attend high-performance schools where possible. 41 learners were supported in this manner during FY 2021, 80% of which were female and 100% were HDSA.

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 some of the many challenges facing tertiary education. Petra provides annual contributions and committed ca. US\$13,000 in FY 2021.

Case Study: My Maths Buddy

The Cullinan mine strives to make a real contribution to the people of its surrounding communities through various initiatives, including its long-standing partnership with the Department of Education.

In addition to its investment in scholarships and bursaries, during the Year Cullinan, in partnership with My Maths Buddy, donated My Maths Buddy Dictionaries to local schools, being Rethabiseng Primary, the Lesedi Primary, Chokoe Primary, Sedibeng Primary and Kutumela Molefi.

The My Maths Buddy Dictionary helps students and teachers from grade three to grade 12 with maths terminology. The programme enables struggling and under-performing learners to improve their marks significantly and has helped 35,000 learners across South Africa since the launch of the programme. Through this initiative Petra hopes to nurture the talent and abilities of those that would otherwise be unable to access this support, thereby providing an important knowledge and learning opportunity, and in turn develop key skills for life.

Value: Let's make a difference