



PetraDiamonds

23 October 2018

Petra Diamonds Limited
("Petra", "the Group" or "the Company")

2018 Modern Slavery and Human Trafficking Statement

Petra Diamonds Limited is committed to upholding high ethical standards throughout all aspects of its business, as well as respecting and safeguarding the human rights of all its stakeholders. This commitment is based on the belief that business should be conducted honestly, fairly and legally. We expect all employees, suppliers, contractors and other stakeholders to share our commitment to high moral, ethical and legal standards.

This statement is published in compliance with section 54 of the Modern Slavery Act, 2015 and sets out the steps that Petra has taken to prevent occurrences of slavery or human trafficking in our business and supply chain in the year ended 30 June 2018 ("FY 2018").

About Our Business

Petra is a leading independent diamond mining group and a consistent supplier of gem quality rough diamonds to the international market. The Company has a diversified portfolio incorporating interests in three underground producing mines in South Africa (Finsch, Cullinan and Koffiefontein) and one open pit producing mine in Tanzania (Williamson). It announced in July 2018 the proposed disposal of its interest in the Kimberley Ekapa Mining JV in South Africa. The Company also maintains an exploration programme in Botswana and South Africa, which is currently under review. Our Group structure can be viewed at: <https://www.petradiamonds.com/about-us/who-we-are/group-structure/>

The Group employed 5,502 permanent employees and 3,984 contractors as at 30 June 2018, with the majority of our people based at our mining operations in South Africa and Tanzania. Petra also has diamond marketing operations in Kimberley, Johannesburg and Antwerp, as well as corporate offices in London and Johannesburg.

The core of Petra's business is the mining, processing, recovery, sorting and sale of rough diamonds. We only sell diamonds that have been produced at our operations, thereby ensuring that 100% of our production is certified 'conflict-free'. The Company produced 3.8 million carats of rough diamonds in FY 2018 and generated sales of US\$495.3 million (excluding KEM JV).



Petra conducts all operations according to the highest ethical standards and will only operate in countries which are members of the Kimberley Process. Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL' and is a constituent of the FTSE4 Good Index. For more information about the Company, visit the Company's website at www.petradiamonds.com.

Our Commitment to Ethical Behaviour and Human Rights

Petra has established and enforces policies that reflect our values (<https://www.petradiamonds.com/about-us/who-we-are/our-vision-values/>). Our commitment to ethical behaviour is clearly set out in the Group's Code of Ethical Conduct ("the Code"), which is supported by the Group's Human Rights policy and our Anti-Bribery Policy, all of which are available at <https://www.petradiamonds.com/about-us/corporate-governance/business-ethics/>. We expect all employees, contractors and suppliers to conduct themselves in accordance with these policies.

The Code explicitly includes 'Principle 4: Not only do we respect human rights, but we actively advance them'. It also states that the Company places a high premium on human rights, and is committed to support and advance the human rights principles set out in the United Nations ("UN") Universal Declaration of Human Rights and supporting legislation in the jurisdictions in which we operate, including gender equality, respect for freedom of thought and association, the prohibition of slavery, child labour and discrimination of customs and cultures.

Petra sets out in the Code that it expects all employees and business associates to be aware of, and to uphold, the human rights outlined in the UN Universal Declaration of Human Rights.

Employees are expected to report any violations to the relevant line manager, supervisor or Head of Security. Any violations of these principles can also be anonymously reported from all levels within the organisation and from external third parties through the Company's whistleblowing procedure. In order to uphold its independence, this service is outsourced to an independent service provider. The service is provided in all local languages in the countries in which Petra operates as well as a number of international languages, and the service is open to all Petra employees, contractors and suppliers, as well as any member of the public and is available at <https://www.petradiamonds.com/about-us/corporate-governance/business-ethics/>.

We have aligned our principles with the International Labour Organization Declaration on Fundamental Principles and Rights at Work. This means we have zero tolerance for child labour, forced labour, slavery or discrimination and we respect the right of our workers to form unions.

Training

Petra's Code is implemented through a training and communication plan, and all Petra employees and contractors are informed about the Code as part of the Company's induction procedure.

In South Africa, human rights training is organised by Petra for union representatives through the Commission for Conciliation, Mediation and Arbitration ("CCMA"), who in turn disseminate their knowledge to their members. Petra's security teams in South Africa and Tanzania are also given regular human rights training.

Our supply chain

Petra's supply chain department is responsible for managing the Group's inbound supply chain. It performs an important role in terms of delivering on our production and expansion plans by ensuring that the right goods and services are delivered to the right location at the right time. The team is also accountable for ensuring that our supply chain operates safely, efficiently and according to the high level of ethical conduct that we expect from our business, contractors and suppliers.

We proactively manage and develop a capable and commercially secure supply base, with the aim of delivering sustainable value to our Company and to our suppliers through leveraging long-term relationships and effective contract management. Our approach in this regard is guided by our Procurement Policy, which was revised during FY 2018, underpinned by a web-based supply chain management system (known as the eProcure Portal) currently being rolled out across the Group.

We expect all suppliers and contractors to act with integrity and respect for human rights. Therefore, compliance with our Code of Ethical Conduct is explicitly required as part of the general terms and conditions of contract with Petra. We have vetting processes in place to ensure that we deal with reputable businesses, and we will continue to strengthen these processes as part of the ongoing formalisation of our supply chain practices.

Local procurement

Petra sources the majority of the goods and services for its South African, Tanzanian and Botswanan operations from the countries in which they are located; even those goods supplied by international companies are purchased through operating branches in our host countries. However, we view targeted local procurement as a powerful lever for local economic development and community empowerment and preference is therefore given to suppliers in close proximity to our mines as and when possible.

Despite significant progress made, challenges remain relating to the availability of BEE suppliers in South Africa and the fact that suppliers of high-value capital goods are very seldom situated in the host communities of our mines. Petra therefore has a strategy in place to help develop local suppliers based in and around our mining communities; the eProcure Portal has already assisted local procurement opportunities.

Due Diligence and Risk Assessment

There is no risk of child labour, slavery or forced labour taking place at any of Petra's operations, due to our rigorous recruitment and pre-employment vetting process.

Petra has judged that human right violations are not a material risk to the business as the Company operates within constitutional democracies where there are sufficient laws in place to protect human rights.

We do not consider there to be a risk of slavery or human trafficking within our supply chain, due to our due diligence processes, and we ensure that all our suppliers comply with local and

international legislation by, *inter alia*, conducting supplier vetting as a standard requirement for both existing and prospective suppliers.

Qualification of suppliers is critical to ensuring the health and safety of people, minimal impact to the environment, and the quality of goods and services delivered to our customers. Supplier qualification involves obtaining sufficient evidence to ensure a supplier meets or exceeds the minimum standard to supply goods and services to the Company. This could include, without limitation, assessment of the following areas: health, safety and environmental standards; quality management and continuous improvement; financial strength; ethics and integrity assessments; communities' development; human resource management; services and references; and legal and information security.

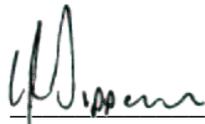
Our 'General Terms and Conditions of Contract' stipulate that the Contractor shall neither use forced, bonded or indentured labour nor child labour in order to execute the work. In addition, the Contractor must respect all human rights and must abide with all applicable laws, including labour legislation.

Continued commitment

The Company adopts a zero-tolerance approach and undertakes to continually review the adequacy of internal controls to ensure that slavery and human trafficking is not taking place within the Group, its subsidiaries, joint ventures and suppliers.

Petra published its first Modern Slavery and Human Trafficking Statement in December 2016. This statement is updated on an annual basis and forms an important part of our commitment to ethical behaviour.

This statement has been considered and approved by the Board.



C.J Dippenaar
Chief Executive Officer
Petra Diamonds Limited