



PetraDiamonds

21 December 2017

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

2017 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 2017 ("FY 2017").

About Our Business

Petra is a leading independent diamond mining group and a growing supplier of rough diamonds to the international market. The Company has interests in five producing operations: three underground mines in South Africa (Finsch, Cullinan and Koffiefontein), the Kimberley Ekapa Mining joint venture (including the Kimberley Underground mine and extensive tailings retreatment operations) and one open pit mine in Tanzania (Williamson). It also maintains a small exploration arm in Botswana. Our Group structure can be viewed at: <https://www.petradiamonds.com/about-us/who-we-are/group-structure/>

The Group employed over 5,600 permanent employees and over 5,500 contractors in FY 2017, with the vast majority of our people based at our mining operations in South Africa and Tanzania. Petra also has diamond marketing operations in 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 4.0 million carats of rough diamonds in FY 2017 and generated sales of US\$477.0 million.



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 Directors, employees, contractors and suppliers of the Company 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 and business associates are expected to report to the relevant responsibility manager or authority, and actively contribute to the eradication of, breaches of their own human rights or that of others.

Any violations of these principles can be anonymously reported at 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

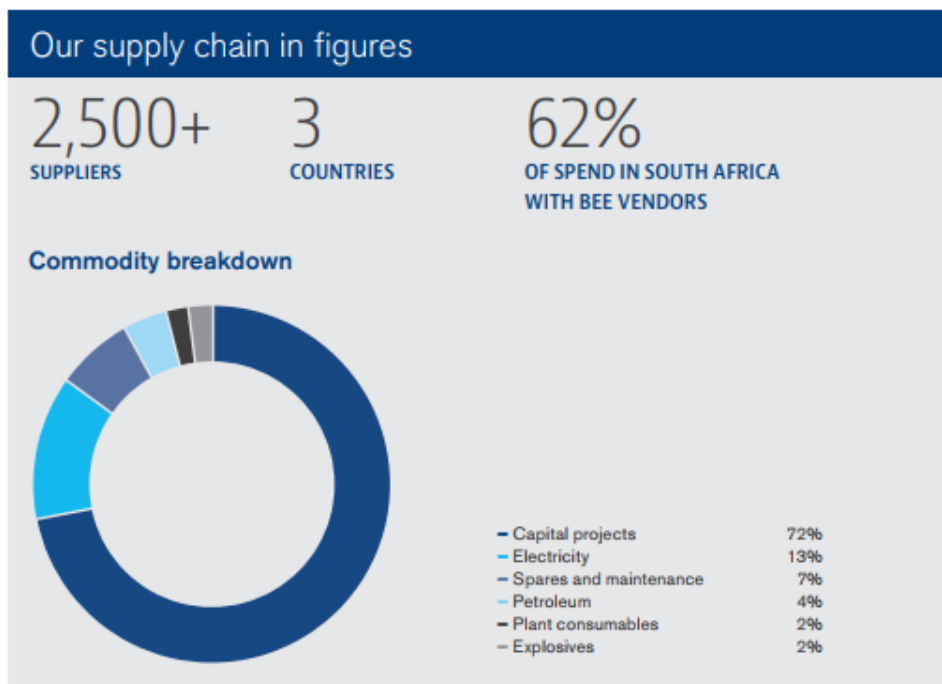
Petra's Code is implemented through a training and communication plan, plus all Petra employees and contractors are informed about this corporate policy as part of the Company's induction procedure.

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 operations are supported by a supply chain which predominantly comprises goods and services required for the mining, processing and recovery of rough diamonds.

Petra sources 100% of the goods and services for its South African, Tanzanian and Botswanan operations from the countries in which they are located, as even those goods supplied by international companies are purchased through their operating branches in-country. However, we view targeted local procurement as a powerful lever for local economic development and community empowerment and preference is therefore always given to suppliers in close proximity to our mines when possible.



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. Petra's supply chain department is responsible for ensuring that it operates safely, efficiently and according to a high level of ethical conduct.

We expect our suppliers to maintain policies that respect basic human rights and dignity, without distinction on any basis, including the rights to life, liberty, and security of person, freedom from slavery and cruelty, and equal protection under relevant laws and constitutions, and we expect our suppliers to adopt processes to assure compliance.

We also expect our suppliers to comply with our Code of Ethical Conduct, which is an explicit requirement as part of the General Terms and Conditions of Contract with the Petra Group.

We vet all our suppliers and service providers to ensure that we deal with only reputable businesses, but we will continue to strengthen these processes as part of the ongoing formalisation of our supply chain practices.

Risk Management

Petra has risk management processes in place to ensure that major risks including compliance to applicable legislation is monitored and mitigation measures implemented. We are pleased to report that there is no risk of child labour, slavery or forced labour taking place at any of Petra's operations, due to our rigorous recruitment, pre-employment and contractor 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; community development; human resource management; services and reference checks 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.

New Developments in FY 2017

In 2017, Petra:

- Reviewed its whistleblowing procedure and the requirement for appropriate independence in the reporting process and for employees to be fully briefed on steps to be taken if they wish to report a matter or incident were both addressed. The system was subsequently updated and a new, external whistleblowing and fraud hotline was activated in March 2017. The whistleblowing reports are reported on a quarterly basis to the Audit Committee.
- Revised the Company's Procurement Policy to improve the supplier qualification process.
- Commenced a process to implement a supply chain management platform known as the Petra eProcure Portal to further enhance ethical and transparent procurement practices.

Continued commitment

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

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.

A handwritten signature in black ink, appearing to read 'C.J. Dippenaar', is positioned above a horizontal line.

C.J Dippenaar
Chief Executive Officer
Petra Diamonds Limited