

Murowa Diamonds Sustainable Development Report 2017

After a Lasting glimmer





After a lasting glimmer!

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Official Address

Location

The Murowa Diamond mine is situated in the south-western part of Zimbabwe in the heart of Chief Mazvhiwa's jurisdiction. Zvishavane is the nearest town, approximately 60 km from the mine site by road. With a number of communities, the surrounding area is dry.

Location



ZIMBABWE



Chairman's Report

After a lasting glimmer!



Murowa Diamonds is the epitome of how the extractive industry can contribute sustainably to the livelihoods of ordinary people, with the right people and systems, the mine is equitable to any world class mine.

In 2015, RioZim took over management of Murowa Diamonds and the Board adopted a new strategic thrust which evolved around revenue increase, cost reduction and exploration of various growth options. In light of the new thrust, the group implemented bold decisions like moving to Owner Mining through a capital intensive waste stripping programme and embarking on an expansion code named 'Sunrise'. Consequently, this has since translated into increased contribution to royalties, taxes, job creation and other downstream benefits for Zimbabwe.

Positively, in 2017 Murowa saw a significant improvement, both financially and operationally, despite challenges in the legislative environment – which included a high royalty rate of 15% – liquidity issues and ownership laws. During the year under review, the group paid all its statutory payments including royalties and employee taxes as the group continued contributing to the positive development of Zimbabwe. Murowa Diamonds remains one of Zimbabwe's biggest exporters and foreign currency generators.

The group's business code of ethics – 'The Murowa Way' – guided all activities in 2017 as the mine remained focused on safe production. To this end, it is with pride that no serious incidents were incurred in the period under review. In recognition of this, the National Social Security Association (NSSA) bestowed three awards on the group.

During the year, Murowa Diamonds remained mindful of the fact that delivering operational excellence was unattainable without the contribution of its most valuable asset, its people. While most Zimbabwean businesses trimmed their employee numbers, the group's staff complement grew to 610 creating employment to support the expanded structure. Good employee relations remained a key priority along with support on-the-job training for students at tertiary institutions across the country.

Generally, the year 2017 witnessed tremendous operational performance as Murowa Diamonds began to reap the benefits of 'Project Sunrise' commissioned in 2015. Surpassing previous records for tonnes processed through the Density Medium Separation (DMS) plant at 876,000 and carats recovered standing at 759,000 carats – our best performance to date – the team at Murowa continued with efforts to optimise the plant.

In 2018, the group looks forward to undertaking a rigorous exploration to extend the mine's life. Externally, the group continued valuing all stakeholder contributions. Engaging and listening to our host communities through existing structures, Murowa Diamonds carried out sustainable development programmes with an expanded footprint impacting close to 50,000 people.

This report will give readers an in-depth, transparent narrative into Murowa Diamonds' 2017 sustainable development activities against the key performance indicators that external stakeholders measure the group by. Any feedback from the readers is welcome.

We look forward to your feedback.

Lovemore Chihota,
Murowa Diamonds – Board Chairperson

2017

2017 at a glance

- Murowa remained fatality-free since mine inception in 2004.
- 87.5% of employees were aware of their HIV status.
- Employment grew from 555 to 610 employees.
- Total material mined in 2017 stood at 5,8 million tonnes of combined waste and ore.
- 759,000 carats of diamonds were recovered from 876,000 tonnes of ore processed in 2017.
- 29 Maintainer Operators from local communities were certified.
- The Company was ISO14001:2015 re-certified.
- We partnered Agritex – a government agency – for the third year running, in the growth of small grains in local communities benefitting 2,740 farmers.

Our People – Safety First

Overview

The business continued to demonstrate good safety performance and safe production with no Lost Time Injuries (LTI) in 2017. Of note, the mine's operations have been fatality free since mine inception in 2004 and as at December 31, 2017, the business celebrated 444 days LTI free and 1,277 days Medical Treatment Case (MTC) free.

In 2017, the company did not record any new cases of occupational illnesses. Employees on the wellness programme also increased as the number of employees with first aid certificates increased. However, there was a marginal decline in the number of employees who knew their HIV status.



Excelling in safety

- Safety Is Life Observe (SILO) workshop was conducted for the majority of leaders within the business. The objective was to calibrate leadership mind-set to ensure that HSEC expectations are operationalised.
- As part of the business' emergency preparedness, the first aid team excelled in demonstrating lifesaving skills when it participated in the Chamber of Mines national First Aid Competitions and came second.
- Road Safety Awareness was conducted during 2017 to raise driver awareness on the vehicles and driving standard so as to eliminate or minimise incidents associated with driving both on and off site on the country's roads.
- Murowa launched a traffic safety education programme on local Radio Station YA FM. The objective of the programme is to educate communities and the public at large on scotch cart safety and general road safety.
- Proximity Detection Devices were installed on both Heavy Mobile equipment and light vehicles to prevent vehicle to vehicle contact (collision) in the mining pits
- Critical risks were monitored throughout the year to check effectiveness of critical risks
- Murowa Diamonds won two National Social Security Authority (NSSA) awards – Gold in the Sectorial Awards and Bronze in the Provincial Awards
- 100% Pneumoconiosis surveillance compliance for our employees was achieved in 2017.
- Occupational Hygiene and Environmental monitoring survey was conducted by an external consultancy and there were no significant occupational health exposures to workplace stressors.

	2015	2016	2017
Performance Summary	Actual	Actual	Actual
Safety			
Lost Time Injuries	1	1	0
LTIFR	0.16	0.11	0
All injuries	1	1	0
AIFR	0.16	0.11	0
SPIs	1	3	2
Health			
New cases of occupational illness	0	0	0
HIV/AIDS	90%	87.5%	87.5%
VCT % of people knowing status			
% of employees with valid First Aid Certificates	20%	34%	58%
% of employees on wellness programme	65%	72%	78%

Definitions

LTIFR	=	Lost Time Injury Frequency Rate
All injuries	=	Lost Time injuries plus Medical Treatment cases
AIFR	=	All Injury Frequency Rate (per 200,000 man-hours)
VCT	=	Voluntary Counselling and Testing (permanent employees)
SPIs	=	Significant Potential Incidents

Prompt Incident Reporting and Safety Interactions



In a bid to rectify mistakes from incidents and implementing corrective actions to avoid recurrence, the business has a culture of reporting and investigating occurrences regardless of how trivial. HSE interactions are done by leadership through discussion with teams on hazard identification and risk assessment as well as exploring ways to improve health, safety and environment standards. This Visible Felt Leadership (VFL) reinforces safe behaviour and attitudes and continuous improvement.

Resultantly action items developed are followed through by leadership in the various work areas to ensure unsafe conditions are rectified and at-risk behaviour is nipped in the bud. One of the key performance indicators for leadership visibility in the workplace is an HSE Interaction League Chart generated monthly. This is displayed at the main LEAN Information Centre as one of the communication modes.

Employee Wellness

During the year under review, Murowa undertook a Wellness Programme to ensure health robustness in employees and contractors. Encouragingly, the scheme was overwhelmingly received. There was a 78% uptake of the programme by employees and contractors in 2017, which was a 13% improvement on 2015. Uptake has increased over the years as the level of health campaigns and awareness also increased. The programme entailed exercise, diet and nutrition, weight management, stress management and chronic diseases surveillance (hypertension, diabetes and asthma). As 2017 closed, the mine successfully hosted a Health Promotion Day which was punctuated with activities such as a marathon run, voluntary counselling and testing (VCT), cancer screening, eye screening and professional advice from a pool of doctors. In light of the numerous benefits it had on employees, the health promotion programme will be sustained in the business through innovative research and challenging activities.

ALCOHOL AND OTHER DRUGS

In light of the importance of ensuring and promoting a sober working environment, the company's breathalyser which was connected to its security system access turnstile in 2014 continued to bear positive results in 2017. Following this, the number of employees and contractors with positive alcohol test results dropped significantly. This ensured that employees and contractors were fit for duty and also ensured the safety of all on site. To buttress this and sustain fitness for work, there was random testing for other drugs such as cannabis, morphine, cocaine, amphetamines and methamphetamines. Results indicated that none of our employees had a drug problem. In all instances, employees tested negative. Awareness campaigns for alcohol and other drugs continued to be carried out across the business and the community.

Occupational Health Monitoring

Occupational hygiene workplace stressors continued to be monitored internally and externally to guarantee the wellness of our people. External consultants were brought in during 2017 to monitor the following stressors: dust, noise, lighting, whole body vibrations (ergonomics), exhaust fumes and heat. In the few instances where sample results had slight exceedances of threshold limits, action plans were developed to address the situation sustainably. Internal monitoring remained the Murowa Diamonds' key focus to track and control the workplace stressors

Radiation Safety

Murowa has deliberately sought to ensure radiation safety on site. Resultantly, the Radiation Protection Authority of Zimbabwe (RPAZ) – the country's radiation watchdog, has been monitoring radiation exposure at Murowa over the years and confirmed internal monitoring indicating no exposure beyond natural background levels for all the sources. Locally, radiation risk is controlled through compliance to the Radiation Protection Act of Zimbabwe, engineering controls – shielding of radiation sources and installation in locations which minimise radiation exposure to employees, training and awareness as well as signage. Radiation sources at Murowa included baggage scanner, density meters and X-ray machines for recovery of diamonds.



Our People

Our driving force

Our People Our driving force

Performance Summary	2015	2016	2017
	Actual	Actual	Actual
Permanent Employees	161	170	160
Graduates and attachment students	10	4	22
Direct Contractors	63	205	251
Indirect Contractors	211	176	177
Total Employment	445	555	610

DEFINITIONS

Direct Contractors = Contractors employed directly by Murowa Diamonds

Indirect Contractors = Contractors employed indirectly through long-term contractor companies

Highlights

- Total employment rose 9, 9% from 555 to 610.
- There was a 450% surge in trainees and attachees to 22 from four in 2016.
- At 251, direct contractors rose 22, 4 % from 205 recorded in 2016, while indirect contractors stood at 177.



Overview

Murowa Diamonds thrived to be an employer of choice in Zimbabwe and beyond. We care about our people – engagement levels, well-being, professional and personal growth and general welfare on and off the job – and the group remained committed to ensuring remuneration packages were competitive. This was done so that the group retained valuable skills within the organization through a motivating package. Given the harsh economic climate in Zimbabwe, Murowa Diamonds endeavoured to take care of its people and motivated them to remain focused on the job. Employment numbers continued to increase as a reflection of the growth trajectory that the business took.

Valuing the importance of having engaged employees, the group continued to keep engagement fora open and functioning. This ensured that employees were inspired to remain within the organization. Industrial relations remained harmonious owing to a culture of openness and dialogue.



Local Employment

The group continued to recruit from local communities, and enjoyed cordial working relations with the local leadership. Providing training and development opportunities for our people, we ensure that we remained abreast of world trends in doing business.

Six community based employees were taken on board in the Trainee Plant Operator Programme, with two employees currently due for assessment and final appointment. This certification was registered with the National Employment Council for the Mining Industry, and earned participants the title of Operator – Miscellaneous. Thus the local recruitment drive was not only for general hand type of positions, but also identified employees from the community with potential for skills development such as operator training.



Accommodation for all

A housing scheme launched in 2011 has benefitted 80% of our permanent employees and Murowa is eyeing a 100% benefit by 2020. The majority of our teams have since passed the five year mark, and will soon be completing their mortgage payments. This has eased accommodation burden for employees who can comfortably complete their shifts away from their families with the assurance that their loved ones have good accommodation.

Engagement Survey

Engagement is the extent to which employees feel proud to work for Murowa Diamonds, identify with and are inspired by our values and goals. We strived to ensure employees committed energy and passion to the sustained success of the company. Murowa Diamonds believes that engaged employees are safer and more likely to drive for better performance outcomes. In October 2017 the company conducted an Employee Engagement Survey. The results showed a 73% level of engagement which compared favourably within the region and 62% for Africa as a whole. From the results, a Focus Group was formed to propose action to address the areas highlighted on the survey requiring improvements. A follow up survey will be conducted after a period of 2 years in line with best practice.

Areas of contentment

- Standards and culture maintained
- Emphasis on safety and safety training
- Provision of personal protective clothing
- Open door policy
- Paying salaries on time

Improvement areas

- Mentoring to perform better

Training and Development

In 2017, we focused heavily on equipping leaders with adequate skills to lead their teams. To this end, team building sessions were run for three groups of leaders at Outward Bound International to equip and sharpen their team leadership and team dynamics skills.

To build skills in recent graduates for the future of the company, we enlarged our pool of Graduate Learners, which leads itself to succession planning objectives of creating a future for the company. The learners covered both operational and services fields.

Given that the future of Zimbabwe lies in its tertiary education system, the business also increased intake of attachment students to play its part in national development of students and universities. With many tertiary institutes on the market, the numbers of students seeking attachment has dramatically increased. In 2017, as a business, we sought to contribute our fair share in developing the nation by providing an opportunity for practical learning, reflected in the 450% surge in graduate trainees to 22 in 2017 from four in 2016.

Going forward, we anticipate to ensure that employees who seek to grow professionally are assisted to attend short-term training courses, as well as offer mentoring and coaching on the job.

Case Study: Community Plant Operators get national certification

Empowering our local communities through availing employment opportunities within the mine has always been a mainstay of the vision we have for the betterment of our communities. Since 2004, we have worked tirelessly to ensure we have programmes specifically targeted at qualifying members of the local community. At the close of 2017, we had 90 employees who were employed on either a permanent or long-term basis. The transfer of skills therefore remained critical. A total of 29 plant operators from the Mazvihwa community were awarded the NEC. Plant Operator Miscellaneous status at a glittering event in 2017. The trainees went through a rigorous 12 month training program which involved a theoretical and practical approach. Recipients of the much awaited “blue tickets” could not hide their happiness as it had taken a considerable time to get the cards processed. NEC for the Mining Industry has been dogged by a constant backlog and the final processing of the tickets was met with relief and jubilation.





Crydon receives his long awaited Plant Operator certificate from HSE & Projects Manager Olivia Dzawo.

Murowa lent me a glimmering future: Crydon Virimayi

“We are thankful to the business for not only training us, but also making us skilled workers. Speaking for myself I never thought this would happen to me, and I am thankful for this opportunity. We have been given a great inheritance”. These were the words of one qualified Plant Operators, Crydon Virimayi, who was in the first batch of trainees who completed the training in February 2017.

Sadly, one member of this team was awarded her certificate posthumously.

Our Communities



Murowa is committed to establishing beneficial connections for the communities from which it operates. This section will give a detailed overview of community interaction from educational assistance, economic empowerment, infrastructure development, improved food security, health assistance and partnerships with local small to medium businesses.

Highlights

- Educational assistance beneficiaries directly supported by Murowa were 91 in 2017
- One eye camp held benefiting 291 people, a 73,2% increase from 168 beneficiaries in 2015 when the last one was held.
- Company doctor paid fortnightly visits to community clinics.
- Small grain programme targeting food security benefited 2, 740 people, up 147% from 1,000 in 2016 and 500 in 2015 as area planted under the programme surged 222,3% to 5 ,480ha from 1,700ha prior year.
- Under the road network rehabilitation programme, kilometres of community roads graded rose to 512km up from 460km in 2016.

Overview

Murowa: The community's gem

The RioZim Foundation is the vehicle for all development projects within the RioZim Group. It has a rich history of social economic development initiatives in Zimbabwe. In 2017 the Foundation through the Murowa Diamonds mine, reaffirmed its commitment to ensuring that the business remained an active developmental partner not only in the Mazvihwa area but in the whole of Zimbabwe. The group understands the high expectations people have and commits to ensuring that Zimbabweans benefit from God-given natural resources.

To this end, all projects have to pass a sustainability test, address the Sustainable Development goals (SDGs) and should continue even long after our departure.

The Company's interventions addressed community needs and managed social risk within the boundaries of human rights. It prioritised communities surrounding the mine footprint area, then the district, province and finally the nation at large. Since inception, Murowa has never reneged on its support for local communities irrespective of business performance.

In the midst of high expectations, 2017 Sustainable Development programmes continued in five communities Mutambi, Mhototi, Murowa, Indaba, and Davira (Chivi Ward 14). Our focus for the year under review remained in capacity building/skills transfer, small to medium business development/economic empowerment (entrepreneurship), local procurement, community health, education and infrastructure development.

During the year, we continued to focus on the integration of Sustainable Development Goals (SDG's) Agenda 2030 into our programmes and to further promote public, private partnerships (PPP's). We believe development is not linear and have used the various partnerships with the various skills as a vehicle for our sustainable development interventions.

2017 did not go without some challenges which included rising community expectations and disagreements. As a migratory measure the Company facilitated a Community Relations Committee leadership training course aimed at equipping community leaders with the skills to help them make informed decisions and guide community expectations.

Keeping stakeholders informed and engaged is the basis for good corporate governance. Sustaining relationships built with stakeholders since the inception of the mine remained critical in 2017.

Partnerships with our traditional institutions, communities, government agencies and other development partners were used as a tool to leverage on our skills and financial resources.

Performance Summary Metrics - Cumulative	2015 Actual	2016 Actual	2017 Actual
Beneficiaries of the educational assistance programme	98	100	91
Eye camp	1	0	1
Beneficiaries of eye specialist services	168	0	291
Annual Doctor visits to community clinics	36	36	36
Beneficiaries of small grains programme	500	1,000	2,740
Area planted (ha)	750	1,700	5,480
No. of bridges constructed		1	2
Kilometres of community roads graded	420	460	512
No. of SME's operating	5	6	9

We could not have done it without:

Key partnerships during the year were with local communities, **Agritex** for agricultural programming, **Ministry of Health** for our Eyes for Africa programme, **The Council for the Blind**, **Ministry of Roads** and the **Runde Rural Council**. In 2017, community relations remained sound although communities raised great concern on the reduced sustainable development budget and lack of new programmes.

Our Key Impact Areas

Education

‘Going full circle’

Murowa has gone the full circle where education for its communities is concerned. The business has been involved in building classrooms, providing furniture, supplying food through mahewu – nutritional drink to school children during drought periods – and providing textbooks as well as exercise books.

Education has over the years been a community priority. Communities value education as a springboard to a better future for their children and subsequently community development. From a business perspective, our continued investment in education remains part of our long-term vision to build a pool of skills and future employment.

To this end, Murowa has constructed over 24 classroom blocks and donated over 20,000 textbooks since inception, in a bid to achieve sustainable educational support to communities.

In 2017, the business handed over electricity and water reticulation infrastructure completed in 2016 to the community at nearby Baradzamwa Primary School. This development opened doors to endless opportunities not only for the learners, but for the teachers whose houses are now electrified. It is envisaged that the learning environment will improve immensely as a result.

Educational Assistance Programme

The business continued with the on-going Educational Assistance Programme. In 2017, the project was beneficial to 91 orphaned and vulnerable school pupils at nine schools in the community, whose fees were paid throughout the year as a contribution to the advancement of the education sector. At tertiary level, the bursary was a grant targeting students pursuing mining and mining related careers.

Ensuring that all our interventions in the educational sector bear fruit is critical. In 2017, a school’s survey was carried out in all the prima-

ry school’s that benefitted from the Company’s textbook donation since its inception in 2004. The survey was aimed at evaluating the impact of the donation on learners. Results of the survey showed that after the schools received textbooks, pupil to textbook ratio reduced from 1:15 to 1:1 in core (Maths, Science and English) and there was a great improvement in learner’s pass rates.

Still on the education front, the Company geared up to align to new developments in the educational sector that promoted the use of Information Communication Technologies following a plea from Baradzamwa Primary School for computers. Subsequently, 10 desktop computers and a multifunctional printer were purchased by the Company in the last quarter of 2017.

Economic Empowerment

While there is no “official” definition of economic empowerment, at Murowa we believe it consists of giving a group of people the means to be in control of their own economic destiny. In 2017, Murowa continued with programmes that speak to Zimbabwe’s national priority of job creation and economic empowerment of communities. The employment of semi and unskilled labour from communities in the mine’s zone of influence continued. In 2017 the local employment policy was lived to the letter and the business managed to employ over 200 people from the community. This is a critical safety net especially in a nation with prevailing high levels of unemployment. The policy had positive spin offs for many families, economically empowering them to financially resource aspects of their lives.

SME Empowerment

To promote the growth of development of Small to Medium Enterprises in the local community, operationalisation of the Factory Shell took centre stage. The structure which was conceptualised in 2013 is set to bring activity to the Murowa Business Centre and aims to economically empower the community and promote the growth of Small to Medium Enterprises.

A tripartite partnership was entered into between Murowa Diamonds, the community and Runde Rural Council which donated the land. Focus in 2017 was on the equipping of two bays namely the hot works and garment making section. We worked tirelessly with the community to ensure that maximum value was derived from the investment.

The programme will serve as an incubator for nurturing upcoming entrepreneurs. Training will be a prerequisite for beneficiaries (community youth and women) with the Zvishavane Vocational Training Centre identified as a strategic partner to carry out training of community members. Members will be certified after examination and fully equipped to start own businesses.

Years down the line, we expect to see graduates producing a variety of products such as animal drawn carts, window frames, uniforms and clothing at the incubation centre. These same centres will become manufacturing hubs for serving the community and beyond.

SME-Murowa inter-linkage

Over the years, some of the community entrepreneurs who used to offer services to us have found the going tough and folded. However, in 2017, of the nine Community SME's Businesses in question only four maintained long contracts at the mine. These businesses provided house-keeping (Vinebist), landscaping (Capafare), construction (MIEW) and transport (Tarjeca). Between them the four enterprises provide 115 jobs to people in the community.

The challenge faced by the majority of SME's is in building their capacity aligning to current business trends and developing market linkages beyond the mine if they are

Improved Food Security -Agricultural Impacts

Murowa recognises the agricultural sector as a key area where food security and income can be used to secure the future. Interventions iden-

tified in this area included farmer training and small grains crop production.

The Mazvihwa area is in a dry region with harsh weather conditions which affect agriculture production. This resulted in the Company paying particular attention to food security programmes at community level in order to eliminate community demands to the business for food handouts. In addition, the business recruits its short term contractors from the community.

Agritex partnership

The company partnered with the Agricultural Technical and Extension Services department (AGRITEX) for the provision of technical support and the local communities in implementing the small grain project aimed at improving food security. Improved food security at community level addresses goals 1 and 2 of eradication of extreme poverty and hunger of the United Nations Sustainable Developmental Goals (Agenda 2030), hence remains an important part of Murowa's sustainable development initiatives. In its third year, the programme has registered a number of successes as witnessed during result demonstration field days held in the community during the course of the year. Good crop yields were received in all areas and the small grain seeds returned as part of the buyback scheme were redistributed to farmers for 2017-2018 farming season. AGRITEX will have full oversight of the programme.

The community and AGRITEX have since taken full ownership of the programme with farmers currently returning seed as part of a revolving scheme. The programme contributes to household food security and eliminates social pressure on the business. In 2017, the business extended the programme to include farmers in the Masunda area of Zvishavane, 75 kilometres away from the mine site. This programme has promoted household food security and reduced any possible burden on the business for food assistance.



Improved Infrastructure

Similarly, infrastructure investment is one impact area where our partnerships have yielded tremendous success. Investment in infrastructure has numerous socio-economic benefits for the surrounding community. As a responsible citizen, Murowa has been maintaining community roads since 2004 when operations commenced. As always, we have been at the forefront of partnering Runde Rural Council to ensure our community roads remain in a good condition.

Road network upgrades

The 2016/17 season saw a lot of rain which presented its own challenges including tremendous degradation of the road network. It rendered most parts of the community inaccessible. To improve road accessibility and to enhance smooth logistics of material and equipment to the mine, the company partnered the Ministry of Transport and the Runde Rural

District council to embark on a road upgrading programme aimed at improving the state of the local tarred road from Zvishavane to Rutenga and gravel roads.

Bridgeworks

In June 2017, we handed over Jimu Bridge the local community. Later in the year we completed construction of the massive Mhike Bridge across the Muchekachekwa River. Both bridges were constructed to address the problem of accessibility. Both projects were completed safely and ahead of schedule and in time for the rains. 160 jobs were created mostly from our local community during the construction period - demonstrating our continued commitment to economically empower our communities. This area was not passable during the many months of the rainy season due to flooding and accumulation of sand. Mhike Bridge is believed to be one of the longest 100% privately-funded and built bridges in Zimbabwe. Due to the existence of this bridge,

most parts of Mazvihwa will now be accessible throughout the year. Through the mentioned projects, community members will now be able to participate in the local economy without any hindrance.

Health

Improved Community Health& HIV/AIDS

Support for the health sector continued throughout 2017 with specific focus being on provision of medical services across the Zvishavane District. Murowa Diamonds partners the local community in the delivery of quality health facilities and services as an important human rights priority. A healthy community is essential not only for the development of the nation but also important as it is a pool where the business draws its workforce.

Doctor Calls

Fortnightly, visits by our Company Doctor to four Rural Health Centres in the Mazvihwa area continued. The Doctor provided free medical consultation and had a positive impact on the community promoting wellness and disease surveillance impacting over 20,000 people. This affords the local communities consultations with a Doctor, a positive development in the context of a burdened public health delivery sector. Ordinarily community members have no resources to visit access medical facilities in the nearby Zvishavane town.

HIV/Aids initiatives

HIV/AIDS remains a key focus area on our health initiatives. The company partners the Ministry of Health and Child Welfare and other relevant stakeholders in HIV/AIDS programmes. Voluntary testing and awareness campaigns are held annually in the local community.



An eye into a glimmering future

In 2017, the business forged good partnerships with the local community, Zimbabwe Council for the Blind and the Ministry of Health and Child Welfare to carry out an Eye Camp with Eyes for a Africa a local non –profit for a third year running. A team comprised of specialist eye physicians and nurses screened 291 patients. Of these, 30 were operated while others were referred for varying eye care services. For those operated, it was a life changing experience which ordinarily, is beyond the reach of many Zimbabweans.

These beneficiaries will now be able to enjoy so many social benefits and become self-reliant fully taking part in the socio economic activities in their communities. A ward that had been long closed was re-equipped and made available for use after the surgery.

The improved health delivery system in our communities conforms with the country's objectives and is in fulfilment of the United Nations Sustainable Developmental Goals (Agenda 2030), Goal 3 - Good health and well-being.

Murowa SME Partnerships

Miew Construction

The story of Miew investments is one that typifies the impact Small to Medium Sized enterprises are making in their communities. The company, whose main business comes from Murowa – since 2008 when Miew Construction was established – has become a formidable small business in the Murowa community under Chief Mazviwa's jurisdiction. In 2017, they employed 30 permanent employees almost double the number of employees they engaged in 2016. The company was able to pay their employees and statutory payments to government.

Individual employees have benefitted from an improved standard of living, education for children, assistance in bereavement, including the provision of transport and completing the payment of lobola/roora (dowries).

A life-changing partnership

Spanning almost 10 years, the Miew-Murowa partnership was established in 2009 when the construction firm, barely a year old, was contacted to build classroom blocks at Murowa, Gundekunde, Mukwakwe and Baradzamwa Primary Schools. After an impressive show, Murowa contracted the company again in 2009 to 2010 for yet another classroom block project. This time, the project was for Murowa Primary School and Gundekunde Primary School, Manyenge along with a Dip Tank for the Gundekunde area.

Having proven to be a reliable partner and with Murowa eager to contract local companies, Miew was again contracted in 2010 to work on Murowa civil works and two classroom blocks at Murowa Primary School. The partnership continued in 2011, with the small scale construction company clinching a tender for additional civil works at Murowa. During this year, this was not the only project Miew undertook, the firm also constructed a classroom block at Baradzamwa Primary School and

volunteered free labour for the Capafare grinding mill building, another Murowa community initiative.

In 2012, the construction company again worked on Murowa Mine civil works and classroom blocks at Gwamadube Secondary School and Chinembeure classroom block for the Zvishavane Community Share Ownership Trust. After completing nine Blair toilets for community relocated families, Miew again upgraded Murowa civil works in 2013.

A firm partner by 2014, the construction company was again contracted to work on mine civil work and conduct renovations for four houses at the Great Zimbabwe University campus in Mashava. Additionally, the company also worked on a classroom block at Wikwi in a partnership with World Food Programme in Mberengwa Mataga. Reaffirming Murowa's dedication to community advancement, Miew also worked on a Factory Shell painting job at Murowa Business Centre, the shell will be used as an incubation hub for community small businesses. To give back on their part, Miew then offered free labour for Wikwi plastering and flooring for blocks and undertook a fencing scheme for Simbe Irrigation.

Furthermore, Miew worked on Murowa Mine civil works and again offered free labour for Simbe Garden fencing. In 2016, the construction company worked on mine civil works and undertook Murowa Mine plant expansion civil works. During the same year, the constructors worked on ablution facilities and a shed for Ngezi community area.

Last year, Miew worked on mine civil works and four additional construction projects at Murowa Mine. To top it off, the firm worked on road maintenance, culvert painting and removing sandy soil inside the culvert.

We expect to keep engaging the construction firm going forward as it has not only seen the group empower a locally-run company, but it has also brought about infrastructure development at Murowa and surrounding communities.



Mr Garikai Moyo - Director Miew Construction

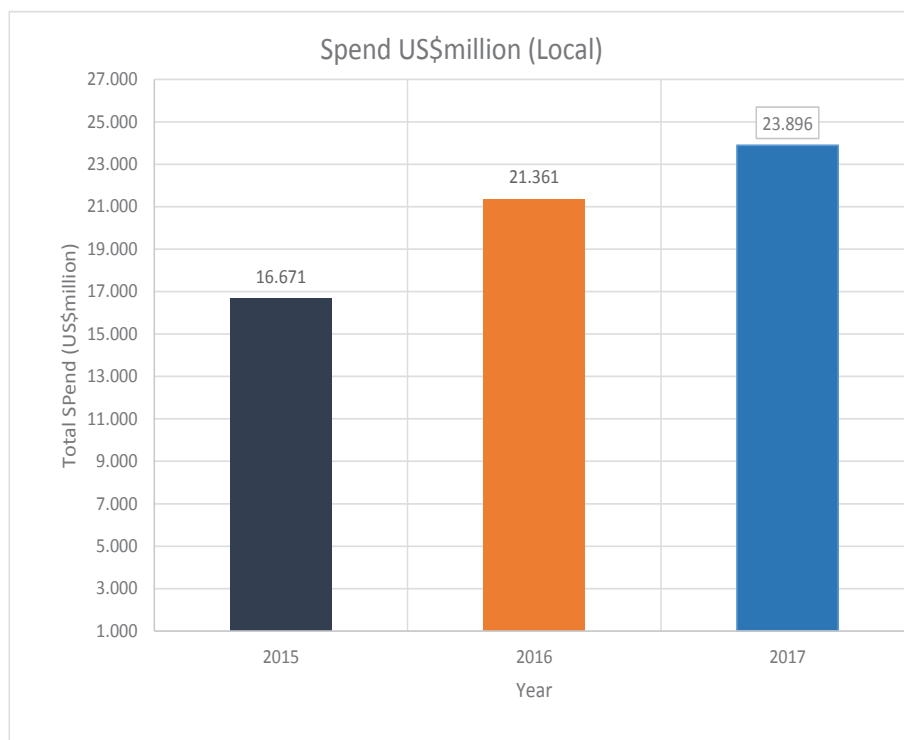
I have managed to improve the lives of my family by sending my children to boarding school at Masase High School. I have also managed to drill a solar powered borehole and fence for an irrigation project at my homestead. To top it up, I purchased a 1 and a half tonne truck. All these improvements are as a result of the support Murowa Diamonds has given us small businesses'. Mr Moyo said.

Local Community Procurement

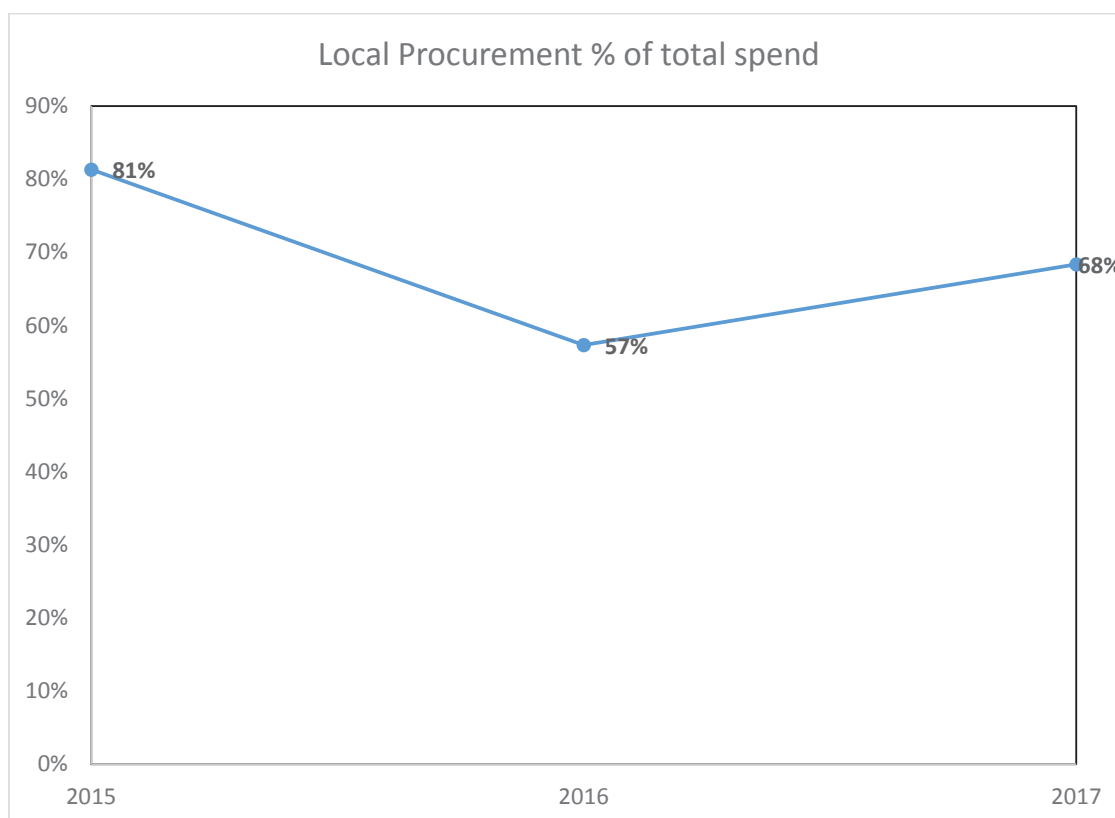
The business sources part of its food requirements from the local community. This deliberate approach is aimed at empowering the community and developing their entrepreneurship skills as well as offering a reliable market for the local businesses. The Company gets a steady supply of traditional vegetables, chickens, green mealies and other agricultural products from the local community in a bid to support local businesses and livelihoods. From a total of eight suppliers ranging from gardens, cooperatives and families, the group has ensured that all locally procurable goods are sourced from farmers surrounding the site. This is a deliberate strategy to ensure the community gets an income boost from Murowa to bring about livelihood transformation.

Name of Supplier	Type of supply	From
Baradzanwa Cooperative Gardens	Traditional Vegetables	2009
Chindimba Cooperative Gardens	Traditional Vegetables	2009
Ebenezer	Chickens Road Runners & Traditional Vegetables	2010
Mupape Cooperative gardens	Traditional Vegetables	2014
Ngezi Dam Cooperative	Green Mealies, Groundnuts, Sugar Cane, Mangoes	2016
Gwatemba Family	Green Mealies	2017
Madhomati Family	Tomatoes, Chickens, Green Mealies and Vegetables	2017
Mawara Family	Vegetables, Sweet Potatoes, Lemonns	2017

Murowa buys local



“Total local spend has been progressively going up from \$16,67 million, to \$21,36m in 2016 and closed 2017 at an impressive \$23,9m.”



Total local spend has been progressively going up from \$16, 67 million, to \$21, 36m in 2016 and closed 2017 at \$23,896m. In 2016, we moved into Owner Mining and carried out major plant expansion in line with the business's growth strategy. Local spend in the year 2016 declined as the majority of purchases were with foreign suppliers for the Heavy Mobile Equipment and equipment for the plant, which the local market didn't have the capacity to provide. However 2017 began to show an upward trend in the local procurement front sitting at 68% of total spend.

Our major local suppliers have been providing services in the following areas:

- Mining services including drilling and blasting.
- Catering.
- Personal Protective Clothing.

The business continues to prioritise quality and ensures that any local supplies conform to the requisite quality requirements.

Community complaints and issues management

Towards mutually beneficial solutions

We are aware that the nature of our business may have some actual and perceived undesirable impacts on surrounding communities. An existing standard operating procedure guided us on how to deal with community grievances and to ensure they are recorded and given due attention. In 2017, 12 complaints were recorded in the company's complaints register.

The majority of the complaints were carry-over allegations following cracking of houses in the Madzoke community. Independent consultants and regulatory agencies have exonerated the Company of any wrong doing, it remains essential that an amicable resolution of the complaint is reached. Therefore, Murowa is in pursuit of a mutually beneficial route with the affected.

Endorsements

"We need to appreciate the assistance rendered by Murowa Diamonds to our schools. As a result, we as a ministry have managed to realise our mission of promoting and facilitating equitable provision of quality, inclusive and relevant education through the assistance". E.S. Zvinowanda – Schools Inspector Zvishavane



Ward Endorsement

Below is Councillor Jacob Mvuto's endorsement of the work Murowa has conducted in the community – in Murowa Ward 18 under Runde Rural District Council under Chief Mazvihwa – as a way of giving back and ensuring its financial gains cascade to the grassroots.



"In 2017 we received several developments and donations from Murowa Diamonds. The Runde District Council in partnership with Murowa Diamonds had the responsibility to maintain all roads in the Mazvihwa area. The mine built two bridges namely Mhike Bridge and Jimu Bridge, electrified and connected water at Baradzamwa Primary School, which were commissioned by the Parliamentary Portfolio Committee on Mines and Energy.

Apart from the above mentioned developments, Murowa Diamonds in collaboration with the Zimbabwe Defence Force constructed one block teacher's quarters at Chinembeure Secondary School.

For food security following the ZimAsset Programme our farmers were given rapoko as seed due to prolonging drought in the area.

Schools such as Baradzamwa Primary were donated computers, books, school bags, pencils and fees. Fees is now paid to these schools, Murowa Primary School, Baradzamwa Primary School and Chinembeure Secondary School.

On behalf of the community let me thank Murowa more than Diamonds.
I thank you," - Councillor Jacob Mvuto

Our Operations: Unyanzvi



Overview

Operations are guided by our LEAN principles, code named 'Unyanzvi.' In the local Shona language, Unyanzvi means expertise, and this is exactly how operations are executed on site.

The Murowa Diamond Mine is a 24-hour open pit mining operation. Operations commenced in 2004 with a recent capability of above 1,200,000 carats per annum of large predominantly white, gem-quality diamonds. We currently mine three viable kimberlite pipes known as K1, K2 and K3 that are intruded into a granite host rock.

A truck and backhoe method is used to extract ore from the open pits. The waste is drilled and blasted and trucked away using dump trucks. Ore is then crushed, processed and pumped to the final recovery plant where initial sorting and deep acid boiling is done before the diamonds are transported to an offsite sorting facility within Zimbabwe.

For year 2017, mining operations focused mainly on K2 pit. Operationally, we achieved a record 759,000 carats attributed to various factors including strict adherence to our 'Unyanzvi' LEAN principles. We increased our DMS processing capacity to 1.4 million tonnes and surpassed 4.0 million cumulative carats production since operations started in 2004.

Performance Summary	2015	2016	2017
	Actual	Actual	Actual
Ore Mined '000'	334	984	734
Total Material Mined '000'	1,601	6,192	5,847
Total Ore Processed '000'	460	604	876
Carats Produced '000'	255	478	759

DEFINITIONS

Ore and waste = Ore is material that has diamonds in it and waste is material without any diamonds in it

Carats Produced = Mass of diamonds produced (1 carats = 0.2g)

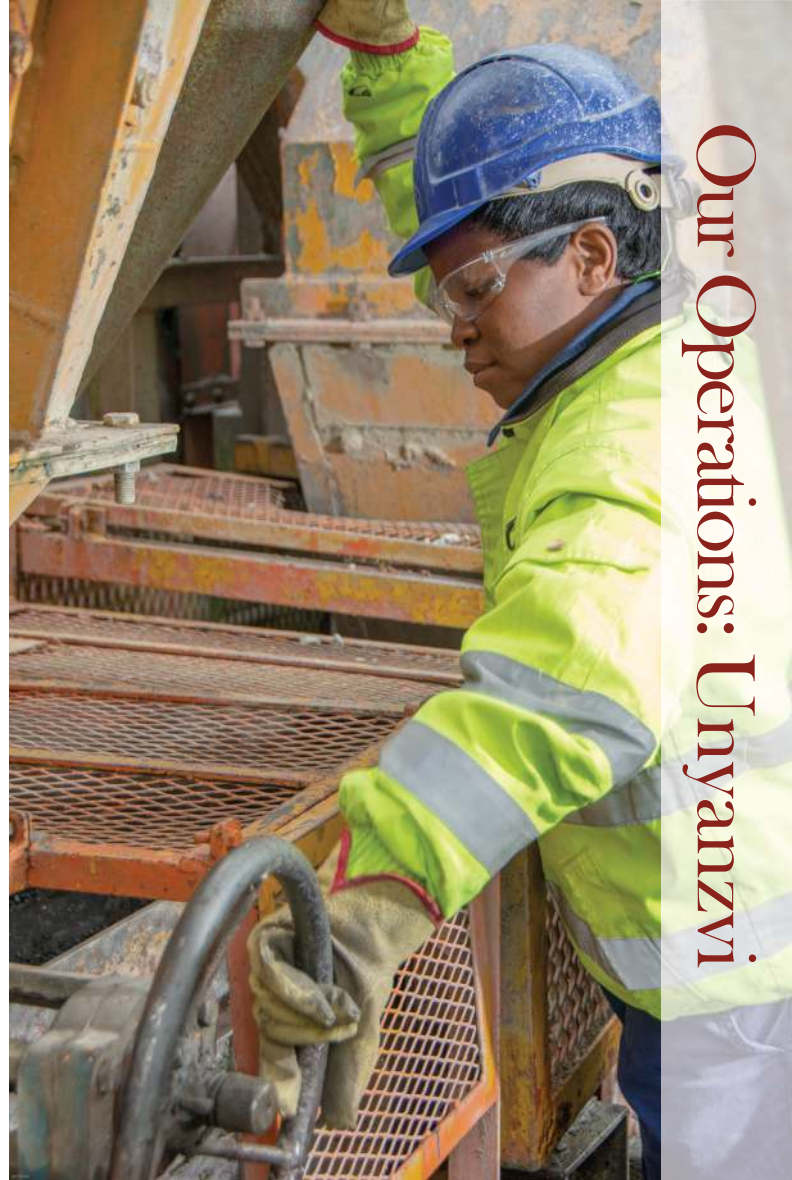


Owner Mining Gains

From 2004, Murowa Diamonds contracted out all its mining activities namely the drill and blast and load and haul activities. The contractors provided all equipment for the mining activities and charged agreed unit rates for volume of material mined.

In 2016, after a major board decision, we moved to Owner Mining enabling us to purchase equipment which enhanced our sustainable mining activities except for the drill and blast activity. 28 pieces of equipment (all from Caterpillar) which included excavators, dump trucks, dozers and water bowser were bought. This equipment saw us increase waste stripping and the amount of ore exposed for processing. In 2017, the business continued to benefit from Owner mining. Ore mined was 734,000 tonnes which was 18% above plan while 5, 96 million tonnes of total material mined (TMM) was achieved. Teamwork and a dedicated workforce immensely contributed to the good performance for 2017.

Owner Mining opened opportunities across the gender divide and has seen employment of Angeline Muvimi and Shamiso Mapanda two females operating heavy machinery. Angeline was voted the 2017 best operator by her peers who acknowledged her for her hard work and dedication.



Our Operations: Unyanzvi

Increased ore processed

Our processing plant consists of primary crushing; secondary and tertiary crushing circuits feed into a screening circuit generating fine and coarse products. The coarse product is conveyed to a fine DMS module and the coarse is conveyed to a coarse DMS module.

The concentrate from the two streams are jet-pumped to the final recovery section where optical sorters are used to recover diamonds. The design of our process plant takes cognisance of the need to conserve water as a scarce shared resource and we recycle water from the fine tailings dam with the balance coming from fresh water sources shared with the community.

In 2017, Phase three of 'Project Sunrise' kicked in, resulting in an increase in processed tonnes by 45% compared to the 2016 performance, consequently, our 2017 carat production thus surged by 53% from 2016.

New Dawn at the Process plant

In 2015, the Murowa Board approved a brownfield process plant expansion study; code name 'Project Sunrise.' That year, the business achieved the 3.0 million cumulative carats mark since plant commissioning. Existing employees were re-skilled in the operation of the improved plant. 'Project Sunrise' has brought obvious benefits to Zimbabwe including employment creation to support the expanded plant, community investment, local procurement and increased payment of royalties and other taxes.

2017 – 'Project Sunrise' phase two and three increased to 1.4 million tonnes per annum DMS plant capacity. In 2017, we surpassed 4.0 million cumulative carats production since operations commenced in 2004.

Our Environment

Overview

Murowa Diamonds has a solid Environmental Management Plan (EMP) and a vibrant and dedicated team that oversees the implementation of the plan to ensure protection of the environment.

The EMP focuses on implementation of environmentally sustainable policies, procedures, projects and activities. This relates to resources utilisation, waste management, air quality control, land rehabilitation, emissions management and preservation of biodiversity.

To combat environmental pollution, different measures have been put in place in order to eliminate, substitute and engineer the sources of pollution for a healthy and safe environment.



Performance Summary	2015 Actual	2016 Actual	2017 Actual
Category 3/4 Incidents	0	0	0
Category 2 incidents	0	0	0
Category 1 incidents	5	9	3
Fresh water use (m /tonne ore processed)	0.81	0.65	0.62
GHG/Carat produced	0.028	0.035	0.029
Energy Consumption/Carat produced	0.27	0.41	0.34

DEFINITIONS

Category 4 Incidents = Actual or potential off-site impact with severe localised or chronic widespread harm, e.g. offsite soil and ground water contamination.

Category 3 incidents = Actual or potential off-site impact with localised harm that can be recovered, e.g. contamination, spill, non-compliance.

Category 2 incidents = Actual or potential on-site events causing harm that is immediately recoverable, e.g. uncontained spill or contamination that can be recovered.

Category 1 incidents = Actual or potential minor impact or single on site event causing negligible harm e.g. procedural or contained spill or minor contamination

NB: The business has increased operations over the period resulting in increased demand on freshwater consumption. Several initiatives were implemented in 2017 to increase recycle water which should see a reduction in freshwater consumption in 2018.



Maintaining our ISO14001:2015 Certification

The business is certified to ISO14001:2015, an international standard that specifies requirements for an effective environmental management system (EMS) and has maintained ISO 14001 certification since 2008. Awareness campaigns and trainings are done on a regular basis in order to ensure that all the employees and contractors are fully furnished with correct information on how to implement and comply with the requirements of the system.

As a follow up, periodic internal audits are conducted to evaluate compliance with local laws and regulations as well as conformance with ISO14001:2015 standard. What receiving ISO 14001: 2015 recertification means for Murowa Diamonds:

- Improved image and credibility of the company to the surrounding communities and the general public. This helps improve our market share with all interested parties and relevant stakeholders.
- Reduced costs by using the system to identify environmental hazards in a timely manner – thereby preventing, controlling and reducing the occurrence of environmental incidents, which could po-

tentially cost the company through liability, fines, clean-ups and reparations.

- Employee awareness and participation in reduction of the company's environmental footprint through improving the processes which, in turn, saves time and resources.
- Compliance with legal and other requirements.
- Remaining a custodian and protector of the environment.

Water conservation

As a custodian of the environment, the organisation believes in the preservation, control and development of both surface and groundwater resources. It also subscribes to the prevention of pollution. Due to the location of the mine in Zimbabwe's arid natural region 5, water remains a critical resource for the company and the surrounding communities.

In order to reduce the use of fresh water, monitor and prevent contamination, the company focuses on recycling and reusing water from the tailings dam, Tekwe and Gute silt dams. The silt dams assist in the natural purification of waste water and act as a reservoir for run-off water. The water is pumped back into the Process Plant as return water for crushing and processing. The water management system in place has resulted in the reduction of fresh water consumption and an increase in water efficiency. Improved water efficiency is attributed to increased recycling capacity introduced by the new and bigger plant (thickener).

One of the initiatives to increase recycle water and minimize freshwater consumption was construction of recycle water pond in the processing plant initiated in 2017 and scheduled for completion in 2018. Water quality monitoring is done on a regular basis to ensure that mine operations are not contaminating water sources. The water bodies and storage facilities that include the silt and tailings dams have permits from regulatory authority – Environmental Management Agency (EMA) in the Blue category, which is the safest category to the environment.



Greenhouse Gas Emissions

In 2017, we continued to focus on the reduction of greenhouse gases into the atmosphere in particular carbon dioxide emissions per tonne of material mined.

For the past three years, Murowa's carbon emission trends have been going down due to the employment of strategies and procedures that are environmentally viable, for example: timely servicing of all mine vehicles and machinery (both mobile and stationary) in order to maintain optimum efficiency.

Rehabilitation of the tailings dam by planting trees also helps maintain air quality through absorption of carbon dioxide produced by the company's daily operations. Plants/trees diversity at the mine site plays a significant role in reducing carbon concentration in the atmosphere as trees act as carbon sinks.

Other measures such as pre-planned trips, use of energy efficient pumps and energy savers (LED lights) have resulted to a reduction in electricity and fuel (diesel) consumption on the Mine Site.

Subsequently this contributes to a reduction in the

amount of greenhouse gases released into the atmosphere. In addition to internal monitoring, air emissions measurements/surveys are also carried out by external service providers around the Mine Site and the results obtained lead to formulation of action plans to address any deficiencies picked up.

Biodiversity

Murowa Diamonds has a very rich biodiversity with different animal and plant species. Several activities or projects are being carried out to protect and preserve all forms of life within the mine premises and the surrounding communities. The company also has a deliberate position to avoid the unnecessary cutting of trees, as such cutting trees is strictly prohibited and all protected species such as aloes and orchids are re-planted at the old tailings dam.

Several protected animals sighted around the mine such as aardwolf, pangolin and African rock python were relocated to the department of National Parks and Wildlife. Killing of endangered species and other animals around the mine is strictly prohibited. All this is done to prevent the extinction of endangered species thereby maintaining a rich and balanced ecosystem.

Tailings Dam Rehabilitation

A future even when we are gone...

This is a pilot project in preparation for mine closure. Its mandate is to ensure that when all the operations have ceased, all the disturbed areas will be restored to a state that is almost similar with or better than how the environment was way before the existence of the mine.

Field trials are being conducted to assess different indigenous species' response to varying soil conditions and water quality so as to ascertain the species that can adapt to the Murowa environment.

In previous years, the company hired a consultant ecologist who carried out a soil profile study as part of the project in order to determine what type of trees would be ideal for the environment created by the sediments deposited into the tailings dam.

The company has established a nursery where indigenous trees/plants to be used for rehabilitation are grown.





Our Sales and Marketing



From Mine to Gem

Our value process chain is under surveillance from internal security as well as the Zimbabwe Republic Police (Minerals Unit) and the Minerals Marketing Corporation of Zimbabwe (MMCZ) which superintends grading of our diamonds. The mine lease area is classified into four risk based broad categories mainly - green, blue, red and pink areas depending on the potential of exposure to diamonds.

Marketing, sorting and sales

The majority of the Murowa product is sold on the international market through a sales agent. The remainder of the product is sold to the local market through the MMCZ, which is the statutory body responsible for the export and sale of diamonds mined in Zimbabwe.

Over the years, Murowa product has consistently been offered at competitive market prices delivering value for both Murowa and the country through sound marketing and pricing processes.

The strategy has improved Murowa Diamonds' competitive edge and undeniably contributed to the mine's success story. Murowa continues its productive dialogue with the MMCZ and relevant stakeholders to safeguard the ongoing services provided by the sales agent for the sustainability of our mine, and the benefits it provides for our communities and the nation at large.

Locally, there has been a decrease in the number of active licensed manufacturers due to liquidity challenges affecting demand for our product. Despite a decline in local demand, Murowa is positive about its future role in the development of the local cutting and polishing industry and continues to supply product for cutting and polishing as required by legislation.

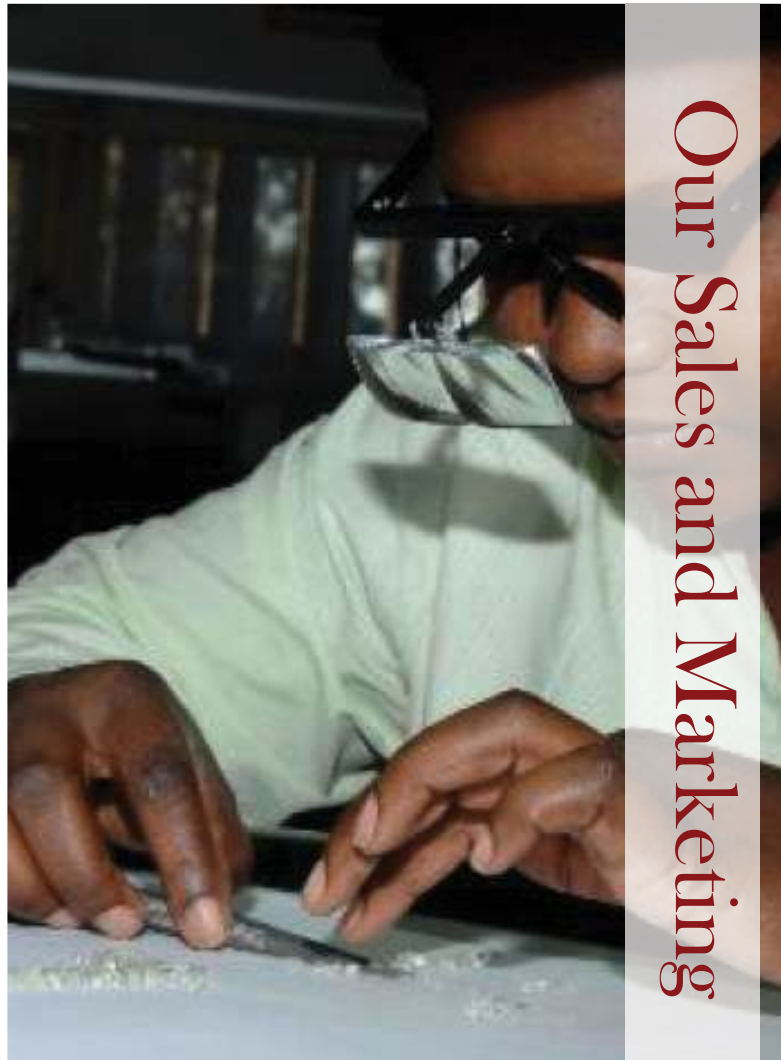
Additionally, Murowa continues to work on local sales development through various avenues such as systems and process improvements.

Building local sorting and sales capacity

For over a decade, the local staff have benefited from Rio Tinto's wealthy diamond experience in sorting and sales through intensive training, which heightened with the implementation of a local sales function in 2010.

Local employees took over the sales and sorting function in 2012.

As part of a longer-term objective, Murowa will continue to explore avenues to upgrade the sorting and valuation skills of local sorting staff and build capacity for full sorting for sales to take place locally for international markets.



Our Sales and Marketing

Local Diamond Beneficiation

The government has placed an emphasis on the need for advanced beneficiation of diamonds in Zimbabwe, before they are exported. This is one of the major objectives of the government's five-year economic transformation plan known as the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim- Asset).

In support of beneficiation, Murowa participates in local sales guided by the Local Sales Agreement (LSA) and SI 157 of 2010, cited as the MMCZ (Diamond Sales to Local Diamond Manufacturers) Regulations 2010.

Murowa remains supportive of the process for building a viable and sustainable cutting and polishing industry in Zimbabwe, built on sound fundamental business principles and ethics. Murowa Diamonds continues to support the principles of the Kimberley Process Certification Scheme (KPCS).

Our Corporate Governance

Our Corporate Governance

Overview

'The Murowa Way'

We maintain our good reputation through remaining committed to stakeholder engagement and sustainable development with continued focus on the socio-economic improvement of our communities and ultimately Zimbabwe.

Successful operation of our business requires good governance, whether it be complying with legal requirements or engaging with our stakeholders to understand their expectations in relation to our business. 'The Murowa Way' summarises Murowa's principles and policies for all employees. It helps ensure that our people reflect in their daily work the high standards and values we share. The business' operations are centred on the seven pillars:

- ***Respect***
- ***Integrity***
- ***Teamwork***
- ***Accountability,***
- ***Transparency***
- ***Diligence***
- ***Commitment***



Governance

The Board is cognisant of the imperative role that corporate governance plays in the delivery of sustainable growth, and fully supports the highest levels of governance standards by ensuring that compact and sustainable governance processes and structures are in place. The board is committed to the principles of the seven pillars indicated above by:

- Recognizing that compliance with legal requirements is not always enough,
- Integrating our values and sustainable development concepts into business planning and reporting processes,
- Publicly reporting our activities and performance,
- Being accountable for the process of risk management, internal audits and controls including external verification in our business processes, and
- A disciplined and integrated approach to the economic, social and environmental aspects of our activities.
- Maintaining best practice systems,
- Performing audits of processes, functions, systems and resolving identified weaknesses,
- Interacting with local communities in a manner that respects traditional cultures and laws, and
- Training of all employees in our business code of ethics and acceptable practices.





Our shareholders, Board and senior leadership team

Murowa Diamonds shareholders are Murowa Holdings Limited with 77,8 per cent and RioZim with 22.2 per cent.

Board of directors

L.P.Chihota (Chairman)	Non Executive
S.R Beebeejaun	Non Executive
G.K.Jain	Non Executive
B. Nkomo	Non Executive
M.T.Sachak	Non Executive

Senior leadership team

Our experienced management team establishes and implements the company's strategies, plans, and policies:

Manit Shah	Chief Operations Officer
Masimba Nyamhunga	General Manager
Brian Ward	Group Head of Security
Islam Chipango	Human Resources Executive
Olivia Dzawo	Manager - Health, Safety and Environment & Projects
Tafadzwa Gova	Financial Controller

Functions of the Board

The Board is responsible and accountable for providing the company with effective corporate governance, direction and control. The directors have a duty to exercise leadership, entrepreneurship, integrity and judgment, based on transparency, fairness, accountability and responsibility.

All directors subscribe to the directors' duties as outlined in the Companies Act and Articles of Association, duties for which they are jointly and severally answerable. All directors carry full fiduciary responsibility, and owe a duty of care and skill to the company.

The Board is responsible for adopting a corporate strategy, major plans of action, and major policies, as well as the monitoring of the operation's performance.

This includes identifying risks which impact on the company's sustainability, and monitoring risk management and internal controls, compliance management, corporate governance, business plans, key performance indicators, non-financial criteria and annual budgets. Furthermore, the Board shoulders the responsibility for fostering and managing successful and productive stakeholder relationships.

Board meetings

The Board meets bi-annually with additional extraordinary meetings convened per the notifications prescribed in the Companies' Act and Articles of Association.

Board committees

In order for the board to discharge its responsibilities in setting strategic direction and providing leadership, the board has established the following committees:

- Audit and risk committee
- Remuneration committee

These committees enable the Board to make informed decisions by dividing the workload among its members. This allows more focus on different aspects of the business and to debate the issues raised more intensively, based on their areas of expertise. Committees then take their proposals

and recommendations to the Board for approval.

These committees operate under board approved terms of reference which are reviewed by the board annually.

Board Audit and Risk Committee

The Board Audit Committee reviews the effectiveness of the risk management process, the appropriateness of financial controls, and manages assurance activities through internal and external audits. This committee is also custodian of the company's standards of business conduct and ethics, and ensures compliance with all the relevant laws of Zimbabwe.

Remuneration Committee

The committee assists the board by reviewing and making recommendations in the Following key areas:

- Establishing performance objectives for executive directors
- Benchmarking remuneration practices against both local and international best practice
- Reviewing of performance and remuneration of executive directors and senior management.

Financial statements

The directors are responsible for monitoring and approving the financial statements in order to ensure that they fairly represent the company's affairs and the profit or loss at the end of each financial year. The independent auditors are responsible for expressing an opinion on the fairness with which these financial statements represent the company's financial position. The financial statements are prepared by management in accordance with International Financial Reporting Standards (IFRS) and in conformity to the provisions of the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI): SI 33/99 and SI 62/96.

Independence of external auditors

Independent auditors KLM CA (a correspondent of Mazars) audited Murowa Diamond's Sustainable Development report.

The Company believes that the auditors observe the highest level of professional ethics and has no reason to suspect that they have not acted independently from the company. The Board Audit and Risk Committee have confirmed the independence of the external auditors for the reporting period.

Company secretary

The company secretary, Zanudeen Makorie, is suitably qualified and has access to the company's resources to effectively execute his duties.

Risk report

Risk management is a fundamental part of the company and is at the centre of company activities. This means a culture in which risk management is embedded in the daily management of the business.

A risk-based approach is applied as a fundamental part of strategic and operational planning. At operational level, line managers are fully responsible for the processes and all risks under their control. The risk management processes and systems are in line with internationally recognized best practice, and are able to

evaluate all internal and external forms of business risk.

The Board acknowledges its overall responsibility for the process of risk management, as well as for reviewing its effectiveness. Executive management is accountable to the Board for designing, implementing and monitoring the process of risk management, as well as integrating it with the company's day-to-day activities.

Value Creation

The company remains committed to the objective of increased shareholder value by developing and growing a business that is consistent with its risk appetite and through building more effective risk. Due care and diligence is key for all Financial and non-financial decisions taken. The result of value creation has yielded results with increase in sales revenue and Asset base during the year under review.

Protection of our reputation and Assets

A strong reputation is a valuable asset to the company. Through managing and controlling the risks incurred in the course of conducting business, the company protects its reputation. This means avoiding large concentrations of exposure of all kinds, as well as business deals that could represent tax, legal, regulatory, social, environmental or accounting risk.

As part of the fraud awareness and prevention programme, the company makes it mandatory on an annual basis for its 'high exposure' employees to declare their business activities and offer full disclosure to enable conflict of interest assessments.

Internal audit

The company obtains internal audit function from the Group Internal Audit Department. The Internal audit department performs an independent appraisal with the full cooperation of the Board and management. Internal auditors have the authority to independently determine the scope and extent of work to be performed. The objective of an internal audit is to assist executive management with the effective discharge of their responsibilities by examining and evaluating the company's activities, resultant business risks, and systems of internal control.

Assurance

It remains Murowa's key mandate to undertake business with integrity, honesty and fairness at all times, building from a foundation of compliance with relevant laws and regulations and international standards. Concurrently business must be in line with various RioZim Group and Murowa Diamonds guidelines on leading business practices. Various external assurance and verification processes are conducted throughout the year on much of our work. One such example is having our financial statements audited by external auditors Ernst and Young. Another example is having environmental figures audited annually by an external environmental auditing concern. Auditing companies, government bodies and other institutions that periodically review the company's practices are as follows:

- **KLM CA (A Correspondent of Mazars) provided limited assurance for this report**
- **Environmental Management Agency of Zimbabwe (EMA) (Environment)**
- **National Social Security Authority (occupational health and employee welfare)**
- **Ministry of Labour and Social Welfare (employment)**
- **Zimbabwe National Water Authority (water abstraction and discharge quality reviews)**
- **Ministry of Mines (compliance verification in respect of mining operation-related acts)**
- **Ministry of Finance (compliance verification in respect of finance Bills)**
- **Zimbabwe Revenue Authority (compliance in respect of the tax acts)**

Independent Limited Assurance Report in relation to Murowa Diamonds (Private) Limited's 2017 Sustainable Development Report

To the Board of Directors of Murowa Diamonds Private Limited ('Murowa')

Our Conclusion

Based on the procedures performed, and evidence obtained, we are not aware of any material misstatements in the Murowa Sustainable Development Report 2017 for the year ended 31 December 2017 ('Sustainable Development Report 2017'), which is prepared in accordance with selected Global Reporting Initiative ('GRI') indicators based on Murowa's assessment process as defined by the Board of Directors and Executive Management.

Basis of conclusions

We conducted our work in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information. In gathering evidence for our conclusions, our limited assurance procedures comprised:

- Interviews with senior management and relevant staff at corporate and mining site;
- Assessment of the suitability and application of the criteria in respect of the disclosed information;
- Evaluation of the design and implementation of key systems, processes and controls for collecting, managing and reporting information within the Sustainable Development Report 2017;
- Risk analysis, including print and social media searches, to validate the completeness of Murowa's own materiality assessment and to determine the scope of assurance testing at corporate and operating sites;
- Agreeing the information included in the Sustainable Development Report 2017 to relevant underlying sources on a sample

basis;

- An assessment that the information reported was in accordance with the criteria defined by the Board of Directors and Executive Management.

Accordingly we have:

- Used our professional judgement to plan and perform the engagement to obtain assurance that the Sustainable Development Report 2017 is free from material misstatement, whether due to fraud or error;
- Considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness;
- Ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How we define limited and reasonable assurance

Limited assurance consists primarily of enquiries and analytical procedures as described above. The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Reasonable assurance is a high level of assurance but, due to the use of sampling techniques, it is not a guarantee that it will always detect a material misstatement when it exists.

Management's Responsibility

The management of Murowa is responsible for the preparation and fair presentation of the Sustainable Development Report in accordance with the Criteria set out above, and is also responsible for the selection of methods used in the Criteria. Further, Murowa's management is responsible

for establishing and maintaining internal controls relevant to the preparation and presentation of the Sustainable Development Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainable Development Report based on our assurance engagement conducted in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000') and the terms of reference for this engagement as agreed with Murowa.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on our judgement including the risk of material misstatement of the Sustainable Development Report, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within information technology systems, which would have been performed under a reasonable assurance engagement. No conclusion is expressed as to whether management's selected methods are appropriate for the purpose described above.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Use of this Assurance Report

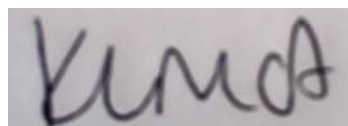
This report has been prepared for Murowa Diamonds (Private) Limited. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Murowa Diamonds (Private) Limited, or for any other purpose than that for which it was prepared.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants, and the applicable requirements of the International Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Positive Observations and Opportunities for Improvement

A number of opportunities for improvement related to data collation and raw data aggregation and calculation processes have been communicated to management. This does not affect our conclusions expressed above.



KLMCA (Z) (A correspondent of Mazars)

Registered Public Auditors

Official Address

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