

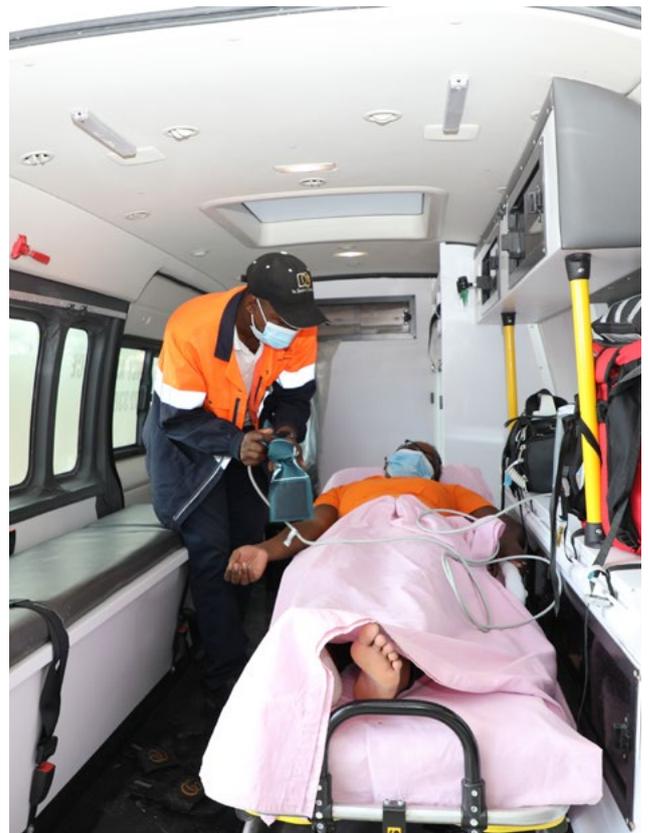
2022 ESG REPORT





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The Zimbabwe Consolidated Diamond Company (Pvt) Ltd (ZCDC) is wholly owned by the Government of Zimbabwe through Defold Mine (Pvt) Ltd, a company under the Ministry of Mines and Mining Development.

It has its current diamond mining operations in the Eastern Region of the country in the Chiadzwa and Chimanimani areas, Manicaland Province.

ZCDC was created following the Government's 2015 policy on consolidation of diamond operations in the country with the express aim of ensuring transparency and accountability in the mining, recovery and marketing of Zimbabwe's diamonds.



In all that we do, our vision guides us, our purpose for which we were created inspires us and the decisions and actions we commit to are in line with our values.

OUR VISION



We will always be guided by our vision which is:

To be a World-Class diamond producer for the long-term benefit of Zimbabwe.

OUR PURPOSE/ MISSION



Our purpose or mission will always inspire us which is:

To identify and realise Zimbabwe's diamond potential for the benefit of the nation - unlocking sustainable diamond value for Zimbabwe.

VALUES



The decisions we commit to and the actions we take will always be in line with our values which are:

- Zero Harm
- Integrity
- Transparency
- Teamwork
- Results Oriented
- Innovation
- Care



OUR STRATEGIC THRUST

- a) Revenue Improvement and Acceleration
 - i. We achieve this through process optimisation to eliminate diamond damage via intense and focused application of the Diamond Value Management Framework.
- b) Cost Containment and Sustained Management
 - i. We achieve this through elimination of waste and inefficiencies across the value chain.
- c) Building Organisational Capacity/ Capability to enable us to deliver on the above strategic thrusts
 - i. We will achieve this through recruiting the best minds as well as the use of state-of-art technology in the diamond mining business.
- d) Ensuring Organisational Sustainability
 - i. By aggressively carrying out resource extension programmes to ensure diamonds of tomorrow and life beyond diamond mining.
- e) Stakeholder Engagement and Improvement of Quality of Lives of People
 - i. Carrying out focused and sustainable community development initiatives.
 - ii. Engagement through implementation of the IRMA standard

OUR THREE HORIZONS VIEW

Horizon 1 - Diamonds of today

Horizon 2 - Diamonds of tomorrow

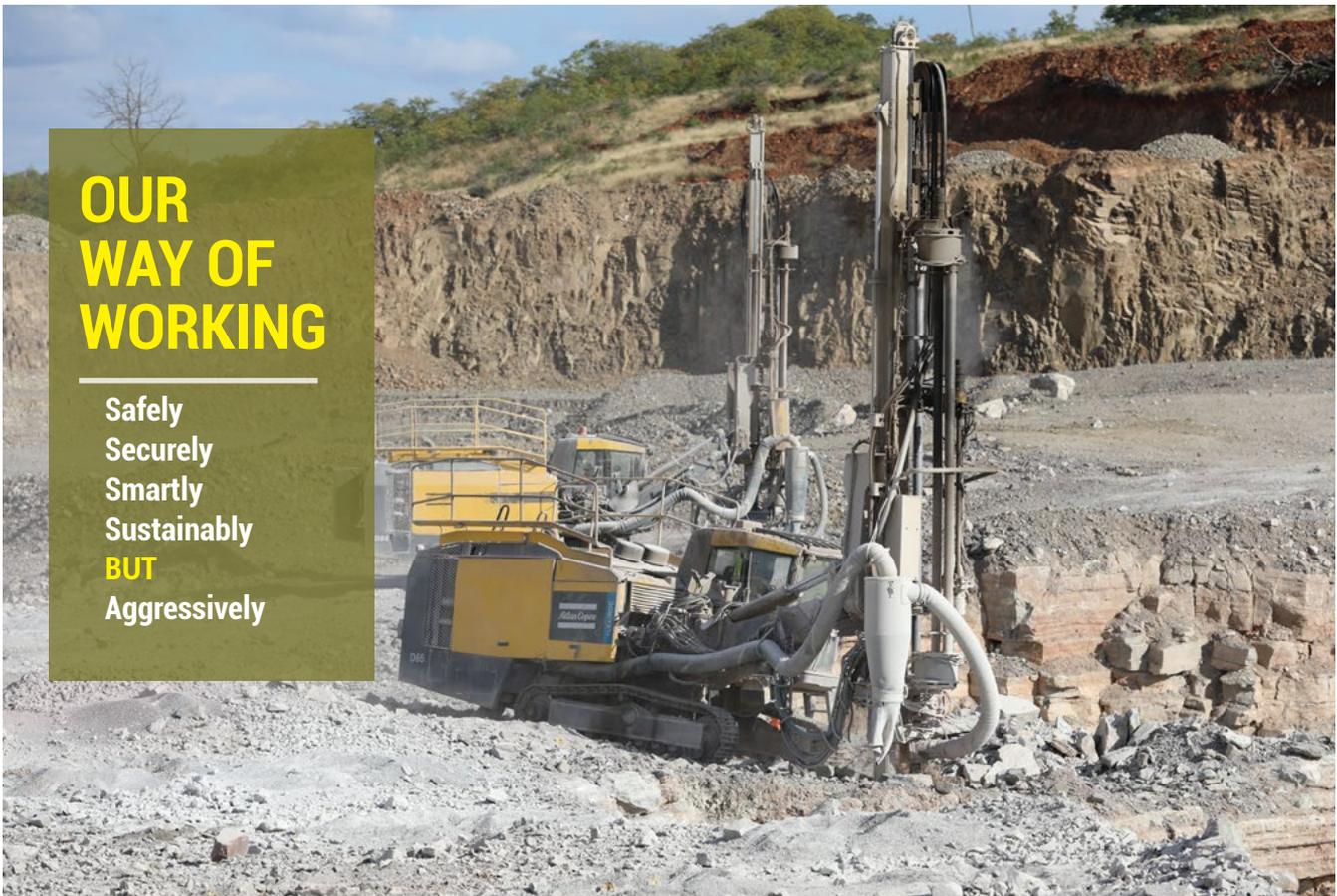
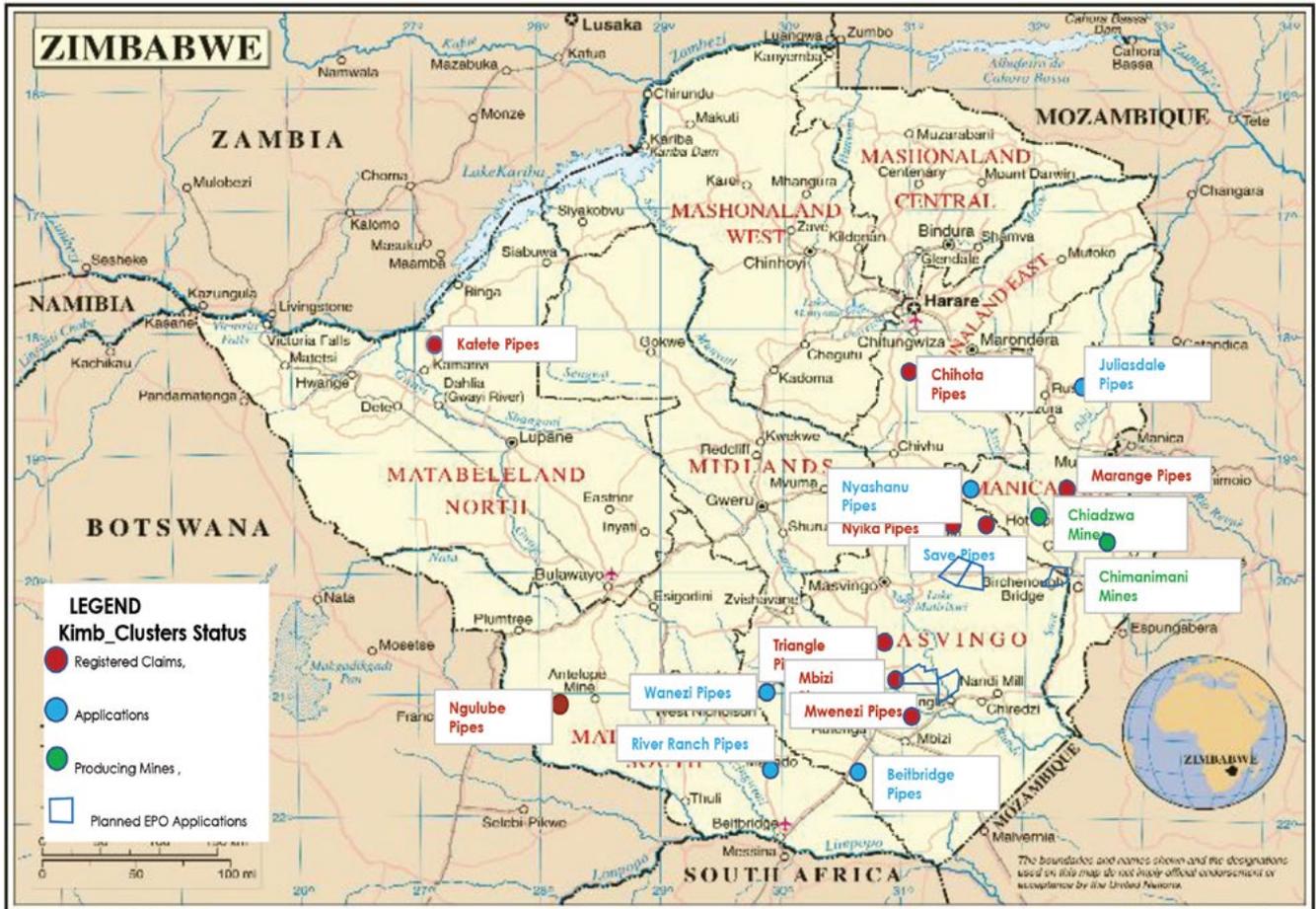
Horizon 2- Life beyond diamond mining.

While **Horizon 1** emphasizes production of diamonds to support the fiscus and people's well-being, it is the basis upon which the future horizons are anchored.

We have to do well in this horizon in-order to enable both **Horizon 2** of financing the exploration of new mines and **Horizon 3** of ensuring sustainable programs when diamond mining is completed.

This is where we as ZCDC are spending our concerted efforts to make sure we do not leave any person behind as we execute on our mandate.

OUR GEOGRAPHICAL FOOTPRINT



OUR WAY OF WORKING

Safely
Securely
Smartly
Sustainably
BUT
Aggressively

A person in a white protective suit, hairnet, goggles, and a blue surgical mask is performing a nasal swab test on a worker. The worker is wearing a blue uniform with reflective yellow-green stripes, a yellow hard hat, and a black respirator mask. The worker is sitting on a chair and leaning back. The background shows a building with windows and air conditioning units.

**OUR SAFETY,
HEALTH,
ENVIRONMENT &
QUALITY FOCUS**

ZCDC strives to provide safe workplaces and ensure improved employee wellness in-line with our thrust to become a World Class Operation through operational excellence. Our Zero Harm SHEQ Vision is enabled by ensuring Zero harm to employees, environment, property and operating in harmony with our local communities. The organization has to date also implemented a number of strategic initiatives to help drive its Vision of becoming a World Class diamond producer for the long-term benefit of Zimbabwe which include;

- Implementation of an Integrated Business Management System with main focus on (worker's safety, working environment and the business).
- Implementation of IRMA with the main focus of creating lasting and value adding impressions in Community.

Health and Safety Performance

We are driven to ensure that every ZCDC employee, all business partners and other stakeholders are assured of a safe working environment where no one is maimed while in the process of enabling the production of our diamonds.

We take great pride in the wellness of all our stakeholders who interact with us as we do our business and we make sure that we not only achieve our zero harm target, but exceed it always. Nothing is more precious than the sanctity of human life.

Health and Safety performance overview

The organization's safety performance continues to improve as indicated by the significant decrease in the Lost Time Injury frequency rate and the NLTI from 2016 to date.

The organization has managed to achieve a milestone of 4,053,116 fatality free shifts and zero occupational related illnesses from 2016 to date.

Our SHEQ performance has continued to improve in all facets over the years owing to the organization's vision of becoming a World Class Operation through implementation of Best Practice Integrated Management Systems to help drive the business Safely, Securely, Smartly, Sustainably but Aggressively.

Our Integrated Management System [IMS]

Our strategic intent is to realize sustainable diamond value through effective, environmentally sound, and occupationally safe operations. In this regard, ZCDC adopted and implemented an Integrated Management System (IMS) in which it was certified in 2020. The IMS comprises of the following standards,

ISO 45001:2018	Occupational Safety and Health Management System.
ISO 14001:2015	Environmental Management System,
ISO 9001:2015	Quality Management System,

Furthermore, the organization has embarked on a journey to adopt and implement a more stringent standard called the Initiative for Responsible Mining Assurance (IRMA) whereupon it is subjecting itself to scrutiny by its various stakeholders. This standard is intended to ensure that all our customers who buy our product can do so with confidence knowing that our diamonds are not only ethically produced, but responsibly so, for the benefit of the nation. As ZCDC, we take full responsibility and accountability for what

we do through our well entrenched business principles. Over and above this, we are a fully Kimberly Process Certification Scheme (KPCS) compliant organisation.

In order to ensure the highest standard of safety in the way we operate and manage our assets, ZCDC has also embarked on the ISO 55001 Asset Care and Management Standard in order to guarantee the efficacy of process and engineering equipment management in-line with international best practice.

Environmental sustainability reporting



We take great care of the environment in which we work, for the community in which we do business and for the people whose lives our business touches.

Energy and Water

- ZCDC as a responsible organization always seeks to reduce its carbon footprint into the environment by switching from fossil powered energy sources (generators) to cleaner technologies like solar energy projects.
- Waste water and all effluents are managed on a Zero discharge principle and are recycled back into the system to prevent environmental contamination as well as reduction in fresh water pumping.



2022 Environmental management highlights



ZCDC is conducting Post Environmental Rehabilitation Agriculture projects (PERA): in which it sponsors agricultural projects on rehabilitated land in adherence to its environmentally friendly mining model.



Rehabilitation of disturbed land is our environmental mandate in contributing to the global carbon sequestration efforts aimed at preventing climate change and mitigate degradation from our current mining operations.



Progress has already been made in rehabilitating approximately 49.3 hectares of previously sterilized mined out areas and 3580 indigenous trees were planted on the rehabilitated areas namely baobab, red ivory (Nyii) and Mahogany (Mukamba).



The organization currently practices waste segregation with the aim of empowering the Community through various waste recycling and reusing projects in order to effectively manage waste generated from the various processes / activities to mitigate against environmental pollution.



**CORPORATE
SOCIAL
RESPONSIBILITY**

2021 - 2022 Corporate Social Responsibility projects

Scholarships

- Namatai Chisaenyerwa was the best student in 2020 Form four (4) public examinations at Gandauta Secondary School in Chiadzwa area resulting in ZCDC funding her High School education. She got enrolled at Marange High school where she is doing her "A" Level studies.
- ZCDC funded a full scholarship for Nyasha Razawo who has a prosthetic leg.
- The diamond company also funds for Tinovimbanashe Marange's education at King George Memorial School in Bulawayo, Matabeleland Province. She is a disabled girl child.



Namatai Chisaenyerwa



Health

ZCDC has a private clinic that attends to at least 100 patients from the community monthly.

- ZCDC has refurbished a local clinic in the Chiadzwa area which has a population of over 4000 people from 11 districts.
- In order to stop the spread of the Coronavirus, ZCDC provides the community with sanitizers, face-masks and conducts regular awareness campaigns about the pandemic.

Below is a table that shows schools that were assisted with sanitizer

School	Number of Schools	Proposed quantity per school (unit)	Unit size (litres)	Total quantity required	Unit prize (USD\$)	Total amount budget
Primary	21	10	5	210	6	1 260.00
Secondary	6	10	5	60	6	360.00
Total	27			270		1, 620.00

Infrastructure



Rehabilitation of Roads

ZCDC continues rehabilitating the road network in the Chiadzwa community stretching hundreds of kilometers in collaboration with the Mutare Rural District Council (MRDC).



Renovation of Charasika Primary School classroom blocks

ZCDC refurbished two classroom blocks at Charasika Primary School where pupils were learning either under trees or in dilapidated structures.



Borehole repairs

The company rehabilitated 12 boreholes in Ward 29 and 10 in Ward 30 in the Chiadzwa area to afford the community access to unpolluted water.



Rehabilitation of Agoni Dip Tank

The company reconstructed Agoni Dip tank in Tandirwa Village, Chiadzwa, to enable the community to have an effective dip tank facility so their livestock is not subjected to -tick-borne diseases and other related diseases

Local enterprise development projects

ZCDC has joined hands with the communities in which it operates to come up with local enterprise development projects that create jobs and stimulate sustainable economic activities in those areas. This will lead to genuine empowerment and wealth creation vis-à-vis a welfaristic approach to community social responsibility projects.

Sewing factory

The company refurbished a dilapidated structure in Chiadzwa and turned it into a sewing factory as well as purchased a state-of-the-art sewing machinery. About 111 men and women from the community were trained in various sewing disciplines. The project has created vast employment opportunities in the communities.



Horticulture garden produce

The company provides a market for the readily available horticulture produce within the community.

Livestock purchase

The company encourages the community to rear livestock which in turn it purchases.

The Community Buying Framework:

#	Process	Procedure No.	Responsible	Accountable	Consulted	Informed
1.	Identify needs	-SOP-04	-Welfare Officer	-HRM		-PRCD Manager
2.	Engage local leadership	-SAP-04	-Community Coordinator	-PRCD Manager	-Vet Doctor	-Security Manager
3.	Inspect Product	-QAC SOP	-Vet Doctor	-PRCD Manager	-SHEQ Manager -Local Vet Officer -Procurement Manager	-Security Manager
4.	Source Product	-FIN-SOP-05 -SC-SOP-	-Procurement Superintendent	-Procurement Manager	-Finance Manager	-PRCD Manager
5.	Deliver Product	-SC-SOP-	-Procurement Superintend	-Procurement Manager	-Community Coordinator	-HRM
6.	End Product	-SC-SP	-Procurement Superintendent	-Procurement Manager	-Community Coordinator	-HRM



Curbing children's involvement in illegal mining

Chiadzwa diamond fields still has areas with alluvial deposits of the precious mineral and as such, illegal miners flock these areas in search for diamonds. Children and women also form part of this group. To address the challenge of children's involvement in illegal mining, ZCDC is carrying out community engagement and awareness campaigns with the Community Leadership, development

committees, organising career guidance programmes with Ministry of Education and school heads, community based organizations and women groups. ZCDC also do security awareness campaigns together with State security details on the ground. These engagements are done on a monthly and on a need basis.



ZCDC participating at a Career Guidance programme at Gandauta Secondary School in Chiadzwa

Projects planned for the community set for 2022

Projects	Estimated Budget (USD)
Marange Hospital Rehabilitation	TBA
Arda Transau Roads & Bridge repairs	160 000.00
Arda Transau Houses Repairs	400 000.00
Borehole installations and rehabilitation	50 000.00
Construction of a Community Abattoir	44 100.00
Graves Exhumation and reburials	20 000.00
Agriculture inputs & Tillage support	15 000.00
Bursary & Scholarship support	50 000.00
Sponsorship of Manicaland Diamonds FC	480 000.00
Community Gardens Establishment	30 000.00
Sakubva Market Produce Construction	400 000.00
Schools rehabilitations (Chiadzwa Primary School)	52 206.
Clinics Renovations (Charleswood & Gonora)	30 000.00
Livestock production (Artificial insemination)	50 000.00
Dip tank renovations (Arda Transau, Chiadzwa & Chimanimani)	25 000.00
Community Roads Repairs	190 000.00
Mothers Home Shelter (Arda Transau)	5 000.00
Support to cultural events	20 000.00
ZRP Marange Police Camp Construction	300 000.00
Mukwada Science Lab	44 000.00
Nyamariya Dam Rehabilitation	18 000.00



HUMAN RIGHTS

HUMAN RIGHTS POLICY



VISION

We will always be guided by our vision which is:
To be a World-Class diamond producer for the long-term benefit of Zimbabwe.



PURPOSE/MISSION

Our purpose/mission will always inspire us which is:
To identify and realise Zimbabwe's diamond potential for the benefit of the nation.



CORE VALUES

The decisions we commit to and the actions we take will always be in line with our values which are:

- ◆ Zero Harm
- ◆ Integrity
- ◆ Transparency
- ◆ Teamwork
- ◆ Results Oriented
- ◆ Innovation
- ◆ Care

1.0 PREAMBLE

- i Diamonds are a symbol of love. They represent the ultimate human emotion which depicts the all-round connection and interaction. With this comes resilience, purity, and care.
- ii As ZCDC, we believe that their extraction and consumption should be done in a manner that supports and upholds fundamental human rights as outlined under the tenets of the global diamond mining regulatory scheme, the Kimberly Process Certification Scheme and the World Diamond Council's System of Warranties.
- iii That being the case, we therefore have both a business and moral case to ensure that human dignity and human rights are respected across the diamond value chain.
- iv ZCDC acknowledges and affirms that respect for human rights is an important aspect of our Mission, Vision and Values as we strive to attain world class diamond mining status.

2.0 OUR COMMITMENT

- i Our commitment to respect all international norms and codes regarding human rights is based on the International Bill of Rights including the Universal Declaration of Human Rights and the International Labor Organization's (ILO) Declaration on Fundamental Rights and Principles at Work.

3.0 OUR GOVERNANCE

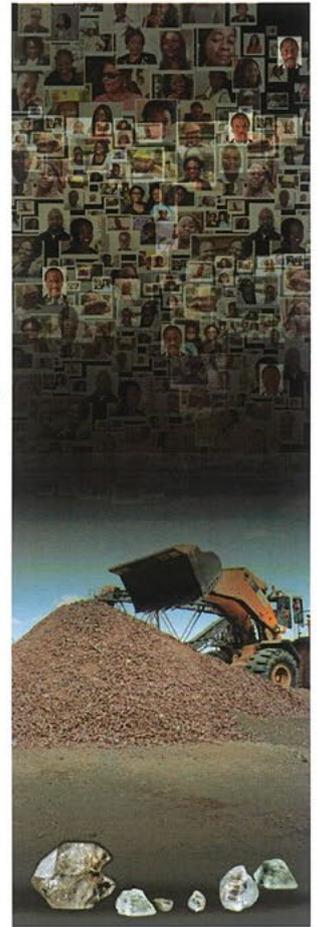
- i The responsibility to respect human rights lies with our Board of Directors, Chief Executive Officer, Senior Management, and all of ZCDC's employees and the associated stakeholders.
- ii This policy applies to all ZCDC operations, contractors and as far as is reasonably practicable to our upstream and downstream business partners.

4.0 RESPONSIBLE MINING

- i We seek to establish relationships with entities that share the same principles and values as ZCDC. We therefore promote human rights awareness and respect along our value chain and in the event of disrespect to human rights, duly proven by government authorities and mechanisms provided by legislation, we notify the relevant business partner so they may adopt corrective measures, and, in cases in which such measures are not taken, we then are entitled to rescind the respective commercial relationship.
- ii We reject any form of discrimination, slavery, forced or child labor and support freedom of association and the right to engage in collective bargaining. ZCDC and its business partners shall be guided by the national and international labor laws like the ILO Standards and Labor Act Chapter 28:01.
- iii We believe our main responsibilities to respect

and address the risk of human rights violations along our value chain lie in several critical areas including labor rights, use of force, social and economic rights for the community and environmental rights.

- iv Our vision for occupational safety, health and environmental performance is Zero Harm. Nobody should ever be at greater risk because they work for us. We are committed to eliminating the risk of serious harm from all our activities, and to keeping our employees and the communication healthy.
- v ZCDC endorses the requirements of the Kimberly Process Certification Scheme (KPCS) and the Initiative for Responsible Mining Assurance (IRMA) including the associated World Diamond Council's System of Warranties to support human rights for our employees and the surrounding communities.
- vi ZCDC acknowledges and respects Indigenous Peoples' connections to lands and waters, consistent with the UN Declaration on the Rights of Indigenous Peoples. We shall work to protect and promote culture and heritage within the local community.
- vii Meaningful stakeholder engagement is essential to our efforts to meet the responsibility to respect human rights. We shall engage with and respond to employees, civil society, communities, and business partners on issues related to our operations and strive for transparency in our interactions.

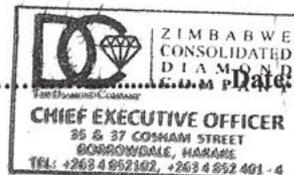


5.0 WAY FORWARD

- i ZCDC shall undertake Business and Human Rights programs to continually identify, prevent and mitigate adverse human rights impacts of all operations and processes.
- ii We shall regularly review and update the progress on our efforts, and periodically communicate the results.
- iii Where we identify that we have caused or directly contributed to adverse human rights impacts, we shall engage in appropriate remediation processes in consultation with other stakeholders.

Chief Executive Officer: _____

M. M. M. M.



01/01/2022

ZCDC KPCS COMPLIANCE



The Kimberley Process Certification System's (KPCS) overarching objectives are to curb the illicit trade of diamonds, and to promote sustainable mining of diamonds in a manner that mitigates environmental damage and benefits local communities. To promote attainment of these objectives the system has in place minimum requirements that must be adhered by members. ZCDC is cognizant of these objectives and strives to adhere to the KPCS requirements designed to ensure the attainment of the stated objectives as set out below.

Zimbabwe in May 2022 welcomed a KP peer review mission, whose objective was to verify whether Zimbabwe continues to meet the minimum KPCS requirements. ZCDC, being the largest diamond producer in Zimbabwe, and being a wholly owned Government operation, was central to the review. The review team, which was the largest delegation ever to review any country, noted Zimbabwe's firm commitment to KPCS implementation. It assessed the adequacy of instruments used toward meeting KPCS minimum requirements, particularly the institutional framework, the legal and regulatory frameworks, controls for imports and exports of rough diamonds and a wide array of internal controls. The Review Team found that Zimbabwe's standards and practices meet the KPCS minimum requirements.

The following are some of the key aspects practiced by ZCDC which enable it to comply with the KPCS requirements:

- a) ZCDC has valid mining title/licences over its mining concessions. It adheres to all the legislative dictates regulating diamond mining operations.
- b) The company has put in place adequate security systems to secure both its mining areas as well as the product (diamonds) which systems are commensurate with associated risks. The systems include a combination of mine perimeter fences, access control, CCTV, use of drones, restricted entry in diamond handling areas, body searches, tamper resistant containers and seals, storage vaults as well as adequate security details.
- c) Noting that cooperation between Government, the producer, and CSOs/CBOs is critical in soft security aspects and internal controls, ZCDC actively promoted a novel arrangement to engender cooperation with its local community and other stakeholders, by creating a platform for continuous engagement. This has yielded positive results, and the Review Team recommended that the arrangement be adopted as a new KPCS minimum requirement.
- d) ZCDC operations are largely

- hands free, thereby minimizing human contact with the product.
- e) The parceling of goods is done in the presence of representatives of the Zimbabwe Police, ZCDC Internal Security and MMCZ Officials.
- f) The product is airlifted from the Mine to ZCDC sorthouse under national security escort.
- g) ZCDC submits statutory monthly production statistics (returns) to the Ministry of Mines & Mining Development, where a database of diamond production is kept.
- h) Trading of diamonds is done through MMCZ, which is a statutory body that is the exclusive marketing authority of all minerals produced in Zimbabwe, except for gold and silver. MMCZ is also the KPCS Export Authority for Zimbabwe.
- i) All rough diamond exports are shipped in sealed and tamper resistant containers, accompanied by a valid Kimberley Process Certificate, issued by MMCZ.
- j) ZCDC is ISO certified for the following standards ISO 9001:2015 (Quality Management and Operating Management Systems), 14001:2015 (Environmental Management) and 45001:2018 (Occupational Health and Safety). The Company is focused on maintaining its certification and has a tool to ensure monitoring and self-correction throughout all phases of the operation.
- k) The company is currently working towards certification by the Initiative for Responsible Mining Assurance (IRMA), whose standards include the respect for human rights in maintaining security.

Finally, and in recognition of efforts by the various diamond producing companies in Zimbabwe, in particular ZCDC, to adhering to the KPCS requirements, Zimbabwe was unanimously elected to be the 2023 Vice Chairman for the African Diamonds Producers Association (ADPA), as well as the Kimberley Process Certification System. Zimbabwe will automatically assume Chairmanship of the two organisations in 2023.



ZIMBABWE
CONSOLIDATED
DIAMOND
COMPANY

THE DIAMOND COMPANY



Unlocking Sustainable Diamond
Value For Zimbabwe

GOVERNANCE

ZCDC is governed by a Board of Directors, appointed by the shareholder. The Board is cognizant of the centrality of good corporate governance to the long-term success of the business. To this end, the Board and Management at all levels are committed to enhancing a strong corporate governance framework as a key driver towards attainment of ZCDC's vision to be "a world class diamond producer."

Governance framework

ZCDC is a public commercial entity that is incorporated and governed in terms of the Companies and Other Business Entities Act [Chapter 24:31]. By virtue of its ownership structure ZCDC is public entity as defined in section 2(1) of the Public Entities Corporate Governance Act [Chapter 10:32]. These two acts form the core framework setting out the principles of good corporate governance for the company as follows:

- a) **Provisions on appointment, tenure and conditions of service of Board and senior staff;**
- b) **Requirement for Board Charters and codes of ethics**
- c) **Requirement Strategic Planning and Review**
- d) **Requirement for performance contracts of the Board as well as Senior Management.**
- e) **Conflicts of interests and declaration of assets by Board members and senior staff.**

Compliance with the Act is regularly assessed by the Corporate Governance Unit with the most recent assessment done in September 2021 wherein ZCDC had a compliance rate of 77%, which falls in the Highest Compliance Category. The Company also

Board constitution

The Board is currently comprised of five (5) directors appointed in April 2020. All the directors are none executive and comply to the ICRAFT (Integrity, Competence, Responsibility, Accountability, Fairness and Transparency) standards in respect of ethical leadership as provided for in the First Schedule: Part III of the Act. The members have extensive experience in different skills including Business Strategy formulation and implementation, mining engineering, corporate governance as well as investment banking.

Board mandate

The Board sets the strategic direction of the company and monitors its implementation and execution with the key objective of achieving increase of shareholder value. The governance structures and processes are regularly reviewed to achieve effective corporate business practices. The Board takes a stewardship approach to steer the company on a clearly defined path that balances the interests of all the stakeholders.

Board committees

In line with good corporate governance tenets, the Board operates through Committees, but retains ultimate accountability. The following are the Board Committees:

•*Audit, Risk and Compliance Committee*

The Audit, Risk and Compliance Committee assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, internal controls, control processes and the preparation of accurate financial reports and statements in compliance with all applicable accounting standards, legal requirements, and corporate governance tenets. The Committee ensures that there are adequate and appropriate risk management systems on financial reporting risks, internal financial controls, fraud risks, and IT risks.

•*Finance and Investment Committee*

The Committee provides financial advice and information to the Board to enable it to effectively execute financial decisions. The Committee oversees development, approval, review and monitoring of budgets, financial plans, policies, procedures, and business performance.

•*Human Resources and Corporate Social Investment Committee*

The role of the Committee is to assist the Board in fulfilling its corporate governance responsibilities in regard to remuneration, strategic human resources matters and corporate social responsibility issues.

•*Technical Committee*

The Committee considers the technical elements of the business operations on exploration, production (mining), processing (recovery) and engineering including, safety, health, environmental and security issues

and reviews operational risks facing the business. The Committee is also responsible for evaluation of new technologies and processes that may benefit the operations of the business.

Role of Chairman

The Chairman of the Board is a non-executive director whose roles and functions are set out in the Board Charter. The role of the Chairman and CEO are separate. Similarly, the roles and functions of the CEO are also set out in the Board Charter.

•*Executive Management Committee*

The Executive Management Committee (EXCO), under the Chief Executive Officer, is responsible for delivering the strategic targets set by the Board. In executing its mandate, EXCO meetings are held regularly, focusing on operational issues of the business. Issues arising from the EXCO meetings are submitted to the relevant Board Committee for deliberation and if deemed fit recommendation for approval by the Board.

