

GEMFIELDS

Modern Slavery and Human Trafficking Statement

This Statement is made pursuant to section 54 of the Modern Slavery Act 2015 (the “Act”) and covers the financial year ending 31st December 2019. It provides an explanation of the steps that Gemfields Group Limited and its subsidiaries (“Gemfields” or “we”) take to combat the potential for modern slavery and human trafficking to take place in its business and supply chains.

Statement of commitment

Gemfields has a zero-tolerance policy with regards to slavery, human trafficking and any similar abuses across our operations and supply chains. We are committed to a range of procedures introduced to mitigate the likelihood of such abuses occurring and will continue to make improvements to these procedures.

Meaning of slavery and human trafficking

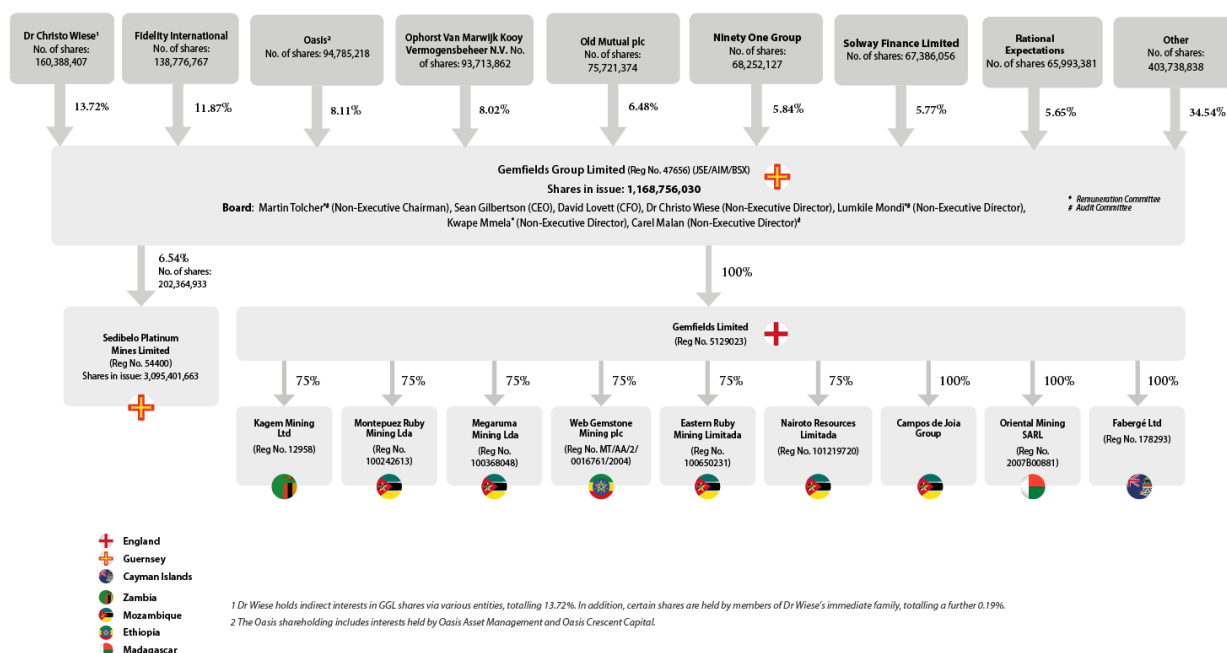
We take our understanding of modern slavery and human trafficking from the offences set out in the Act and we refer to the UN Universal Declaration of Human Rights in our Human Rights & Security Policy. We understand that forced, bonded or indentured labour are forms of slavery and include debt bondage and the restriction of a person’s freedom of movement whether that be physical, non-physical or, for example, by the withholding of personal documents such as passports or identity cards.

Our business model

Company structure and operations

Gemfields is a mining company with its primary listing on the Johannesburg Stock Exchange (“JSE”) and secondary listing on the UK’s Alternative Investment Market (“AIM”). Gemfields's core business is the mining and sale by auction of rough coloured gemstones; emeralds from the Kagem mine in Zambia and rubies from the Montepuez mine in Mozambique. Gemfields also holds majority ownership in currently non-producing exploration and mining joint venture operations in Mozambique and Ethiopia and holds an exploration licence in Madagascar. Gemfield’s main subsidiary Gemfields Limited is also the 100% owner of the Fabergé jewellery brand. Gemfields also has a minority stake in a platinum mine, Sedibelo. A structure diagram is provided below.

CORPORATE STRUCTURE



Gemfields' corporate headquarters is in London and we have sales and support offices in South Africa, India and Thailand. In total we employ approximately 2,000 staff globally and this is made up of employees, mining and security contractors as well as the occasional use of outsourced, seasonal manual labour, when demand requires it. All our employment and related corporate policies, globally and locally, apply to full time equivalent ("FTE") employees and contractors (collectively "staff") alike, but specific terms and conditions are set by the prevailing local laws in the countries of operation and individuals employment terms.

Revenues

The majority of our revenue is derived from the sale of rough coloured gemstones mined solely from our own mines. We do not acquire any rough gemstones from any other sources, be they artisanal mines or supply chain traders. After mining, our gemstones are sold via an auction process directly in their natural form without further processing. Our selling process is via an invite-only auction where assorted jewellery manufacturers, gemstone processors and rough gemstone traders (collectively called our 'Authorised Auction Partners' ("AAPs")) are presented with a range of rough stones which they inspect and bid on over the course of typically a one week period.

Fabergé is a luxury brand specialising in high-end jewellery, accessories and watches. Fabergé has one wholly owned retail boutique in Houston, USA that directly employs a small number of people, and an e-commerce website through which it retails to customers. Fabergé also has a wholesale business retailing goods to other third-party multi-brand retailers such as department stores and these points of sale are staffed exclusively by employees of those retailers. Fabergé outsources the manufacture of its jewellery to artisan suppliers in the UK and Europe who commission the sourcing of stones and precious metals. Fabergé watches are manufactured in a wholly owned facility (employing 2 people) in Geneva, Switzerland.

All Policies and Procedures (defined below), including this Statement, apply to the mining operations, joint-venture businesses and Fabergé. The exception is Sedibelo. Given the size of the Gemfields's investment at only 6.54%, the Company has no oversight of Sedibelo's policies or processes.

Our supply chains

Gemfields has a number of roles in the coloured gemstone and jewellery supply chain:

- principally as a miner of coloured gemstones
- as a limited trader of cut & polished rubies and emeralds; and
- as the owner of the Fabergé jewellery brand.

As a miner, we are the upstream point of origin for coloured gemstones in the jewellery supply chain. We own the direct means of production of approximately 30% - 50% of the world supply of rough rubies and emeralds. As a trader of cut & polished rubies and emeralds, we buy back a small amount of cut & polished gemstones from our AAPs on behalf of retail jewellery brands who occasionally place orders (not more than 1% of our Gemfields revenues) with us. The Fabergé jewellery brand turns over approximately \$10 million per annum and participates in the same supply chain by using (though not limited to) platinum group metals such as gold and platinum as well as a range of gemstones such as diamonds, rubies and emeralds in its outsourced production of jewellery and watches.

For the purposes of this Statement, we report on the steps taken within our primary and direct supply chains, we also refer to the steps taken in our own mining operations. By primary and direct supply chain we mean the mining and sale to customers of our rough coloured gemstones and the purchase of cut & polished gemstones. We also report on the steps that we are taking within extended supply chains and also refer to Fabergé's sourcing process.

Relevant policies and process

Integrity and transparency are central to our corporate commitment. We have a variety of existing policies and procedures ("Policies and Procedures") that are relevant. These include:

- Anti-Bribery and Corruption Policy & Code of Ethics;
- Anti-money laundering & Counter-terrorism Policy;
- Employment rules & relevant non-contractual employment policies;
- Product Integrity & Stewardship Policy;
- Human Rights Policy;
- Health, Safety & Well-being Policy;
- Whistleblowing & Grievance Procedures;
- Anti-slavery and human trafficking Policy;
- Supplier/Customer Compliance ("KYC/KYS") Declaration Forms.
- Procurement standard operating procedures.

Our FTE employees are all hired through a contractual and, in relevant countries, via a union-based collective bargaining process. Any seasonal or contract labour is sourced via known recruitment agents or local labour providers and all contractors are vetted for their legitimacy to work in our countries of operation.

Gemfields is committed to the benefits brought about by diversity and equal opportunity and therefore supports collective bargaining for our employees. We are active in supporting employee engagement, representation, dialogue and provide mechanisms for employees to raise concerns and grievances (see below). We work with international and local recruitment agents to identify hiring needs and apply our employment practices in line with, and in certain aspects exceeding the requirements of, local legislation. For skilled hires we carry out thorough background checks to ascertain any employment risks, although human rights or slavery related questions are not an active part of this process.

We recognise there is a risk of slavery and human trafficking in the hiring of temporary or seasonal workforces at our mining operations, although our use of this type of labour is very limited. Our local Human Resources teams, working with local and international recruitment agents, are responsible for implementing local legally compliant applicable processes involving vetting of labour providers, carrying out background checks on relevant workers to ensure they have all the necessary identification and documentation to prove their eligibility and legitimacy to work. We do not, under any circumstances, withhold any documentation of either directly employed workforce or temporary/seasonal workers.

Risk assessment and due diligence

We recognise that we operate in a number of countries where human rights, modern slavery and trafficking are an issue of particular concern. Gemfields has adopted a global enterprise risk management process which assesses and mitigates risk across the business. This process is managed at both strategic and operational level to provide both a top-down and bottom-up view of risks and includes any human-related risks that might arise.

The operational level risks are managed by risk owners who are aware and responsible for identifying risks arising in their area of the operation. The risks are assigned controls and on a quarterly basis are reviewed and reported on; to identify whether the risk has increased, decreased or remained the same. Due to our employment practices, the risk of slavery occurring on our operations relating directly to our operational activity is negligible, and modern slavery is not a separately recorded risk through this system. There are, however, mechanisms in place to recognise the risks of slavery arising indirectly from our operations, for instance through the procurement processes.

Human rights risks are recorded as part of a separate Human Rights and Security Risk Assessment process which occurs annually to ensure that Gemfields's operations comply with the requirements of the Voluntary Principles on Security & Human Rights ("VPSHR"). Whilst the focus is on the risk associated with the use of private security contractors and relationships with state forces, our assessments go further, by addressing human rights within the community.

Whilst we are not accountable for any slavery occurring outside and around our mining concessions, we address this risk through community engagement, grievance channels, and human-rights risk related security measures which helps to mitigate the potential for illegal smuggling of gemstones onto the international jewellery market. On a quarterly basis the Gemfields Board ("Board"), Senior Management and Department Heads are provided with a summary of the risk position of each operation. Annually the same process is carried out to assess risk across non-operational parts of the business. We assess country-level risk, based on a number of factors including geopolitical risk, financial control and corruption risk and external governance factors. Contextually and specifically related to human rights and slavery, we refer to the Human Rights & Business Country Guides for Zambia and Mozambique as well as the annual Global Slavery Index.

In addition, we regularly review our Policies and Procedures in relation to topics including direct and indirect employment, procurement, security practices, community engagement, grievances, stakeholder engagement and government relations. We make our Policies and Procedures at each mining operation available and visible, where practical and possible, and do this in other languages such as Hindi or Portuguese. Procedures that relate specifically to security, human rights and community engagement are reviewed adhoc at each operation subject to latest evidence, failures/breaches and/or identified risks. As above, the risk of slavery occurring on our operations relating directly to our operational activity is low, however, procedures are reviewed regarding the indirect risk of slavery occurring around our operations.

As our AAPs (from whom we source cut & polished gemstones) do source gemstones from suppliers other than Gemfields, we acknowledge there is a risk of slavery and human trafficking in those other sources of the coloured gemstone supply chain. As such, the risk arises that coloured gemstones or precious metals have been mined in conditions that include forced labour will find their way into the wider downstream supply chain. This mineral supply chain risk applies to outsourcing the manufacture of jewellery and watches by Fabergé. Our ability to mitigate this risk in either scenario is limited to requiring suppliers to read and accept our policies and that these are pushed down to their suppliers in due course. Therefore, we expect our direct suppliers to uphold the same policies with their suppliers and we will strengthen our communication of these policies to our suppliers going forward, however, practically-speaking indirect or ‘tier 2’ suppliers are beyond our control.

Prior to becoming an AAP, customers are required to sign up to our business terms and policies and agree to be subject to “*Know Your Customer checks*”. These checks include declarations about child or forced labour. To date we have neither received, nor identified any evidence of human rights abuses or evidence of human trafficking or slavery in relation to our AAPs.

In late 2019 we fulfilled our commitment to ensuring that by 2020 Fabergé would adhere to the highest industry sustainability and ethical standards by achieving certified member status of the Responsible Jewellery Council. Part of this process was to undertake a third-party audit of the business and its processes including verifying the employment status of members of staff.

Training and awareness

We provide training to our operational and security employees at our mining operations on Security and Human Rights, and on implementing the VPSHR. Training does not specifically address modern slavery but it meets the requirements to demonstrate that our operational colleagues are aware of human rights risks. Our operational community development teams raise awareness of human rights risks within the communities, most significantly the potential use of women and children in the wider artisanal and illegal gemstone mining industry, and such concerns are raised locally with relevant authorities if we witness such occurrences in our local communities. Our community development teams locally provide whistleblowing processes and grievance procedures for the community in line with recommendations and guidance from the IFC, World Bank and OECD. We also provide training for all sales and support office staff on anti-money laundering and business ethics and also provide our AAPs with template policies to help them comply with principles relating to human rights abuses such as modern slavery.

Grievance procedures

We have a number of ways grievances can be raised, which are available both internally and externally.

- Employment-related channels that employees may use to raise concerns (typically via their line manager or escalated to more senior staff if required);

- A third-party whistleblowing service which receives and investigates grievances (available in all our countries of operation);
- External grievance boxes located close to our mining operations for local communities to raise grievances.

Primarily these systems are in place for employees, however some communication (e.g. of the third party whistleblowing channel) is made public and accessible to contractors. We are reviewing how to improve communication of these channels so they are accessible to all staff, likely due to the COVID-19 pandemic to be in 2021. These grievance channels remained open and available during the COVID-19 pandemic.

To date, we have not received any grievances, internal or external, related to modern slavery.

Reviewing compliance and performance

We outsource external audit services and have an internal audit team that is independent on any line-management responsibility, who undertake investigations. We work closely with service providers to ensure that controls exist and that we have the ability to provide evidence supporting claims made about such controls. This includes elements relating to security, community development, grievance and supplier performance.

Gemfields does not currently have Key Performance Indicators that relate directly to slavery or human trafficking although we consider our risk assessment process and tracking of the operational control environment to act as a proxy-measure for how we manage slavery as a potential issue in our supply chain. Any incident involving our employees or recruitment agents would constitute grounds for breach of employment contract, breach of relevant policies, grounds for contract termination and possibly criminal investigation, and, as such, is likely to trigger severe disciplinary action or escalation to authorities. Whilst we do not have the ability to physically inspect our supply chain's operations with regularity, we do monitor broader data and practices that relate to the mitigation of slavery or human trafficking and these include:

- Number of employees who have completed human rights training;
- Number of employees who have completed anti-money laundering and code of ethics training;
- Investigating locally reported internal and external grievances;
- Investigating whistleblowing;
- Investigating and recording all security incidences;
- Investigating, recording and reporting on all human rights related incidences, including those involving public security forces;
- Analysis of customer social and environmental audit results, and performance management;
- Human rights assessments, audits and action plans in accordance with VPSHR compliance;
- Assessment of compliance against relevant policies;
- Amending procurement processes to incorporate greater scope for spot checks and internal audit of supplier's practices, or facilities if deemed a risk.

COVID-19 related modern slavery risks

We recognise that some workers may be more vulnerable to modern slavery during the COVID-19 pandemic. We are managing this risk by considering workers' health and safety, continuing to support our suppliers and ensuring that access to grievance and whistleblowing channels remain open.

The health and safety of workers

- Gemfields principle mining operations at the Kagem and Montepuez mines have been reduced to 'care and maintenance' status which has led to the effective furloughing of the majority of the Gemfields's employees. Only those who were on the site during any lockdown or state of emergency have remained to continue care and maintenance operations. Offices and other facilities (which were closed as a result of the COVID-19 pandemic) have, or will (at the time of writing) shortly be re-opened when it is safe to do so in line with the applicable government guidance and with appropriate, safety measures in place. Subject to local employment laws, employees are eligible for statutory sick pay.

Supporting suppliers

- Gemfields has continued to engage with suppliers. Payment terms have been honoured, or in some cases extended, subject to negotiation with the suppliers concerned.

During the COVID-19 pandemic all recruitment has been suspended.

This statement was approved by the Chief Executive Officer of Gemfields in his capacity as a Director of Gemfields Limited and Gemfields Group Limited.

A handwritten signature in blue ink, appearing to read 'S. Gilbertson', with a stylized flourish at the end.

Sean Gilbertson

CEO

June 2020