



LUCARA
DIAMOND



SUSTAINABILITY REPORT 2023

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2023 Content Index and ESG Databook



ABOUT THIS REPORT

Lucara Diamond Corp. prepared this report in collaboration with its wholly-owned operating subsidiaries, in particular, Lucara Botswana Proprietary Limited (“Lucara Botswana”) and Clara Diamond Solutions Limited Partnership (“Clara”) (together “Lucara” or the “Company”). This is Lucara’s twelfth consecutive annual report on the sustainability topics that are most material to our stakeholders, our business, and the communities in which we operate. Our reporting journey reflects our commitment to continuous improvement and transparent reporting on managing our economic, environmental, and social impacts and risks.

Unless otherwise noted, this report covers our performance for the 2023 calendar year, from January 1st to December 31st, 2023. The reported financial information is also for the calendar year, and all dollar amounts are expressed in United States dollars (US\$) unless otherwise stated.

The report was prepared in alignment with the Sustainability Accounting Standards Board (SASB) Standards for Metals and Mining (2023) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have also prepared this report with reference to the GRI Universal Standards (2021).

The Report has been subject to third-party assurance. The content index, ESG Databook summarizing performance data and additional information are available at www.lucaradiamond.com/sustainability/sustainability-reports/.

Since Lucara expects to be subject to the European Union’s (EU) Corporate Sustainability Reporting Directive (CSRD) in future, we intend to transition our reporting framework to align with the European Sustainability Reporting Standards (ESRS) in future reporting.



ABOUT LUCARA

Lucara Diamond Corp. is a publicly listed Canadian diamond mining company headquartered in Vancouver. It operates the 100% owned Karowe Diamond Mine (KDM) in the Boteti district in Botswana.

Lucara is part of the Lundin Group of Companies and is listed on the Toronto Stock Exchange (TSX), the Nasdaq Stockholm Exchange, and the Botswana Stock Exchange, under the symbol "LUC."

Lucara's revenue comes from selling natural diamonds mined by its wholly-owned subsidiary, Lucara Botswana. The Company sells its diamonds through, HB Antwerp, quarterly tenders in Gaborone and Antwerp and on Clara, its 100% owned digital sales platform.

As a certified member of the *Responsible Jewellery Council (RJC)*, participant of the *UN Global Compact (UNGC)*, and founding member of the *Natural Diamond Council (NDC)*,¹ Lucara is committed to putting sustainability at the core of our business. We have adopted the *Mining Association of Canada's Towards Sustainable Mining (TSM) standard*, the *IFC Performance Standards*, and the *Equator Principles*. Lucara believes this focus is fundamental to our success, fostering resilience and driving continuous improvement across our business activities and relationships while delivering broad-based, lasting socio-economic benefits to stakeholders and the communities where we operate.

¹ In 2024, Lucara Diamond is no longer a member of the Natural Diamond Council.



Memberships & Certifications

At Lucara, we actively engage with a network of industry associations and non-governmental organizations (NGOs) that help guide our approach to sustainability performance and governance. These partnerships foster responsible and competitive mining practices, and we leverage their expertise to continuously improve our performance.

Responsible Jewellery Council



Kimberley Process



United Nations Global Compact



Mining Association of Canada's (MAC) Towards Sustainable Mining (TSM)



IFC Performance Standards



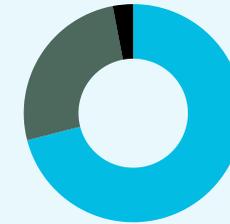
Equator Principles



Highlight Story: 4th 1,000 carat recovery

2023 snapshot

-  **602** Specials recovered
-  **22** diamonds greater than 100 carats
-  **5** diamonds greater than 300 carats



2023 was a successful year with respect to the recovery of large diamonds exceeding 10.8 carats (Specials) at Lucara. Notably, Lucara recovered a 1,080.1-carat diamond, subsequently named the Eva Star, which represented the fourth diamond exceeding 1,000 carats recovered from the South Lobe of KDM since 2015. Other significant recoveries include the 1,758-carat Sewelô (2019), a 1,174-carat diamond (2021), and the 1,109-carat Lesedi La Rona (2015).

Additionally, in 2023, Lucara recovered a 692.3-carat diamond classified as Type IIa high white gem quality from the South Lobe. The Mega-Diamond Recovery X-Ray unit facilitated the recovery of this diamond. Lucara employs this technology to recover exceptionally large diamonds.

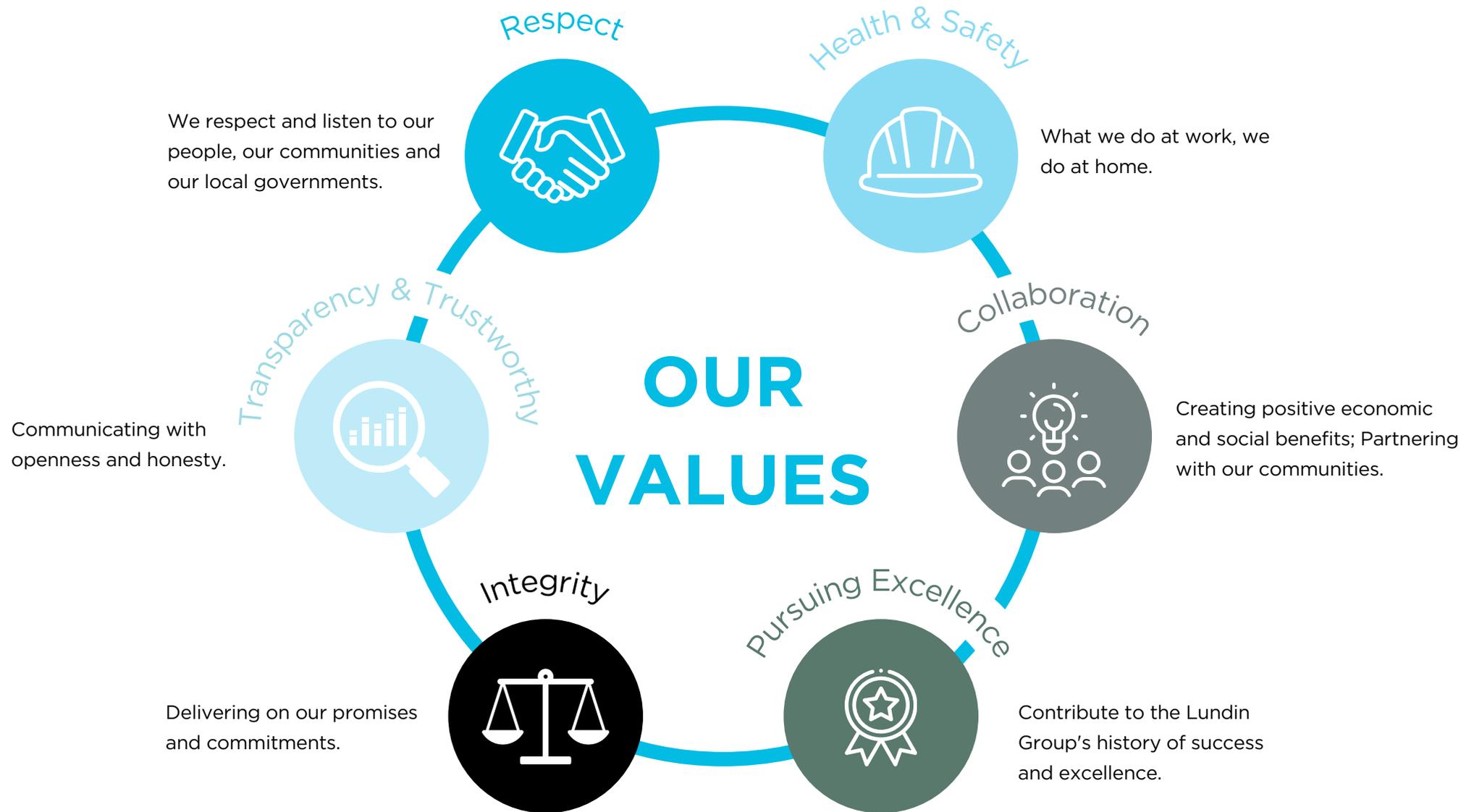
The continued presence of large diamonds within the eastern magmatic/pyroclastic kimberlite (EM/PK(S)) geological unit of the South Lobe aligns with Lucara's expectations for the development of the underground expansion project.



The Eva Star - 1,080 carats

MISSION & VALUES

Using Innovation, Creating Value, Making a Difference across the Diamond Industry



2023 HIGHLIGHTS



395,134 carats

Diamonds Recovered



1,576

Total Workforce



\$177.4 million

Revenues
(\$172.4 million from the sale of diamonds from KDM, \$5.0 million third-party goods through Clara)



0.12

Lost Time Injury
Frequency Rate (LTIFR)⁴



Zero

Freshwater in Processing



99%

Botswana nationals at
Lucara Botswana



31%

Women in management
positions at Lucara
Botswana



Zero

significant spills

Botswana Benefits



\$27.1 million

Employee Compensation



\$136 million

Local Procurement²



\$0.4 million

Community Investment³



\$20 million

Royalties

² Local procurement is defined as businesses located and registered in Botswana.

³ Not including the Sports Complex

⁴ LTIFR includes Restricted Work Injuries.



MESSAGE FROM THE PRESIDENT AND CEO

It is my pleasure to present Lucara's twelfth annual sustainability report, a testament to our enduring commitment to responsible diamond production. Our vision remains steadfast: to advance sustainable practices through the ongoing development of the Karowe Underground Expansion Project (UGP) and the continued stewardship of our open-pit operations.

This report illuminates Lucara's consistent achievement of critical safety and operational benchmarks. We pride ourselves on implementing responsible, industry-leading standards in mining and product management, while simultaneously fostering widespread benefits for our diverse stakeholders — with particular emphasis on enriching our local communities.

Protecting our People

At Lucara, health and safety are not merely priorities—they are fundamental values woven into the fabric of our corporate ethos. Our unwavering commitment is exemplified by Lucara Botswana's health and safety management system, which proudly bears the ISO 45001:2018 certification from the International Organization for Standardization.

The year 2023 stands as a testament to our rigorous safety protocols, with zero lost-time injuries (excluding Restricted Work Injuries) and, most critically, no fatalities. This achievement underscores the efficacy of our innovative Safe Start® program, whose successful implementation continues to elevate our safety standards. We further reinforce this culture of vigilance through consistent safety stand-downs and regular touchpoints, ensuring that safety remains at the forefront of every operation.

Community Partnerships

At the heart of our operations lies a profound commitment to community engagement, fostering relationships that yield mutual benefits within our sphere of influence. We recognize our role as catalysts for socio-economic development in the communities that surround us, a responsibility we embrace wholeheartedly.

Our participation in traditional Kgotla meetings and the innovative Karowe Village Initiatives (KVI) Program exemplifies this dedication. These platforms serve as conduits for meaningful dialogue and collaborative progress, bridging historical wisdom with contemporary development strategies. We meticulously implement and monitor our community investment projects, guided by a vision that extends beyond immediate gains. Our focus remains steadfast on ensuring these initiatives deliver long-term impact, embody sustainability, and ultimately foster self-sufficiency within the communities we serve.

Environmental Stewardship

As custodians of the environment, Lucara embraces its role with unwavering commitment, continuously refining our environmental management practices. Our approach is guided by a trifecta of global standards: the International Organization for Standardization (ISO) 14001:2015, the Global Industry Standard on Tailings Management (GISTM), and the Taskforce on Climate-Related Financial Disclosures. Central to our environmental ethos is the dual focus on minimizing our ecological footprint and implementing responsible tailings management. We recognize the critical importance of these efforts in preserving the delicate balance of our planet's ecosystems. Water stewardship stands as a testament to our environmental dedication.

This harmonious blend of global standards and local action exemplifies Lucara's holistic approach to environmental stewardship, setting a benchmark for sustainable practices in the mining industry.

Strong Operational Performance

Lucara's operations were strong through 2023, and we reported a record plant throughput of 2.8 million tonnes milled for the year. We were excited to recover the fourth diamond over 1,000 carats, the 1,080-carat Eva Star. Throughout the year, 602 Specials were recovered, proving that KDM remains an exceptional world-class asset.

Positioning for Growth

Our attention remains focussed on the UGP, a transformative endeavour that promises to unlock higher-value ore deposits at greater depths and extend KDM's productive life to at least 2040.

Sustainability is not merely an aspect of our operations at Lucara; it is the bedrock upon which our entire enterprise is built, infusing every decision and action we take. This commitment is brought to life daily by our exceptional workforce and our formidable team in Botswana, whose dedication to our shared vision is both inspiring and invaluable.

I must also express my gratitude for the steadfast support and guidance provided by our management team and Board. Their strategic insight and commitment have been instrumental in navigating the complexities of our industry while staying true to our core values.

Together, we are not just mining diamonds; we are crafting a legacy of responsible stewardship, community enrichment, and sustainable growth that will endure far beyond the treasures we unearth.

William Lamb

President and CEO Lucara Diamond Corp.

OUR APPROACH TO SUSTAINABILITY

Stakeholder Engagement

At Lucara, we believe strong stakeholder relationships are the foundation of our success, and we understand that meaningful engagement is critical to developing and maintaining such relationships. We prioritize open and respectful engagement with a wide range of stakeholders, including investors, customers, employees, NGOs, government agencies, and industry peers, to develop a mutual understanding of interests, needs, expectations, and concerns related to Lucara’s business activities. This broad engagement helps us to more effectively anticipate potential risks, identify areas of mutual benefit, and navigate various challenges and opportunities. We seek to align with the Government of Botswana’s diamond strategy.

We recognize the importance of tailoring our approach to meet different groups and individuals’ varying engagement needs and expectations. Our engagement approach is reflected in our comprehensive Stakeholder Engagement Plan and supported by our Responsible Mining Policy, which helps ensure continuous monitoring of our engagement activities.



“

Our people are our greatest asset, and I am proud to work for an organization that celebrates the great work our employees do.

Naseem B. Lahri
- Managing Director

”



Feedback and Grievance Management

Stakeholder feedback plays a crucial role in measuring our initiatives' effectiveness and identifying areas for improvement. Our Whistleblower Policy and our grievance mechanisms support our commitment to good governance. This allows us to identify and address internal and external stakeholders' concerns that may not arise during ongoing operational or engagement activities before they escalate, ensuring all stakeholders have access to the Company to have their voices heard.

Compliance and Stakeholder Trust

Lucara is committed to ensuring compliance with all applicable laws and regulations in the countries where it operates. We recognize the importance of compliance as foundational in fostering and maintaining stakeholder trust and positive relationships. During the reporting period, there were no instances of non-compliance with applicable laws and regulations. Consequently, no financial, judicial, or administrative penalties have been imposed on the Company or its agents.

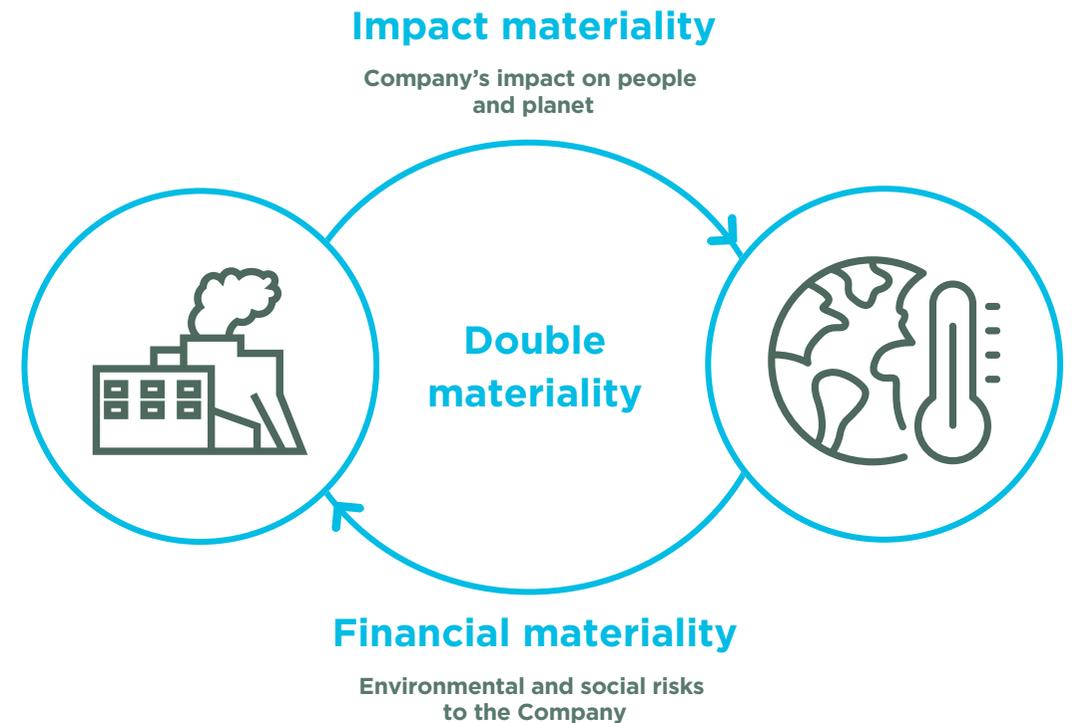
Sustainability Strategy Development

Lucara has begun developing a new five-year sustainability strategy centred around the theme of "what your diamond does for Botswana." The strategy development process involves all levels of the organization. It is a collaborative effort between the Lucara Diamond corporate office, the Lucara Botswana regional office, and the on-site team at KDM. The Lucara team is refining the strategy framework and developing strategic goals and targets, including ensuring future alignment with the new ESRS mandated through the CSRD.

Double Materiality Assessment

Lucara is dedicated to managing the economic, environmental, and social impacts of our operations and business relationships. In line with this commitment, we regularly review our material topics through a materiality assessment process.

In 2023, Lucara conducted a comprehensive materiality assessment to identify its most critical sustainability topics. The Company employed a "double materiality" approach, in line with evolving global voluntary and regulatory trends and as guided by the GRI Standards. This approach allowed us to differentiate and evaluate the substantial impacts our operations have on economic, social, and environmental spheres, while simultaneously assessing the factors crucial to our enterprise's financial value. By doing so, we gained a more comprehensive understanding of our business's multifaceted influence and its strategic importance.



Methodology

A tailored approach was designed for our 2023 materiality assessment review, considering the Company's ongoing sustainability efforts, capacity, and available resources. Third-party specialists facilitated the process to ensure alignment with good international industry practice, the avoidance of bias, and the effective identification of emerging impacts and risks. The process involved input from both internal and external stakeholders over the following steps:

1. Identification of Impacts and Risks: This involved reviewing Lucara's actual and potential environmental, social, and economic impacts and risks.
2. Stakeholder Engagement: Internal and external stakeholders were engaged through surveys and workshops to refine and prioritize these impacts and risks.
3. Prioritization of Material Topics: Based on the assessment, we identified the most significant impacts and risks for reporting.
4. Development of Materiality List: We developed an updated material topics list reflecting the prioritized impacts and risks.
5. Validation by Senior Management and Board: Lucara's Senior Management team and Board reviewed and approved the final materiality list.

The assessment began with a thorough review of industry environmental, social, and governance (ESG) trends and risk research, ongoing regulatory shifts, ESG ratings and rankings, and updates to industry-relevant reporting and performance standards. Emerging reporting standards and frameworks were also considered, which Lucara may adopt in the future. This included the *International Financial Reporting Standards (IFRS) S1 and S2 sustainability disclosure standards*, the *Taskforce on Nature-related Financial Disclosures (TNFD)*, the *Global Reporting Initiative (GRI) 14 Mining Sector Standard*, and the *European Sustainability Reporting Standards (ESRS)*. The assessment further examined documentation on operational risks, impacts and engagement activities at KDM.

Based on this review, a range of stakeholders were consulted on a preliminary list of material topics in a multi-step process. An initial online survey allowed seventy internal and external stakeholders to provide feedback. In-depth workshops then enabled a more robust exploration of risks, impacts, and 2023 highlights for individuals, small groups, and larger groups. The workshops involved twenty-eight internal and twenty-seven external stakeholder representatives. The engagement supported Lucara in updating and prioritizing a list of material topics that considers positive and negative impacts, business risks, and opportunities. Lucara's Senior Management approved our final material topics list as the last step in the process.



Material Topics

The material topics identified in our materiality assessment represent Lucara’s most significant economic, environmental, and social risk and impact areas. The presented list seeks to reflect qualitative and quantitative insights gleaned, integrating both impact and financial materiality analysis outcomes. In the infographic of the topic list provided, the circle size indicates the current relative materiality of each topic. For impact materiality, this is inclusive of positive and negative actual impacts, and in the case of financial materiality, this is inclusive of both risks and opportunities.

Following the materiality assessment review, there were some changes in the topic list from previous reporting periods. For example, we separated environmental stewardship into distinct topics to better address the growing importance of certain aspects such as energy use, greenhouse gas (GHG) emissions, and mine closure. Similarly, local content was divided into local procurement and local employment due to their distinct impacts and associated opportunities. New topics include Training and Skills Development; Cultural Heritage; Cybersecurity; and Diversity, Equity, and Inclusion (DE&I). The Covid-19 pandemic was removed as it became less material during 2023.

Following validation, each of these material topics will be addressed throughout this report, including Lucara’s management approach thereto.

ENVIRONMENT



SOCIAL



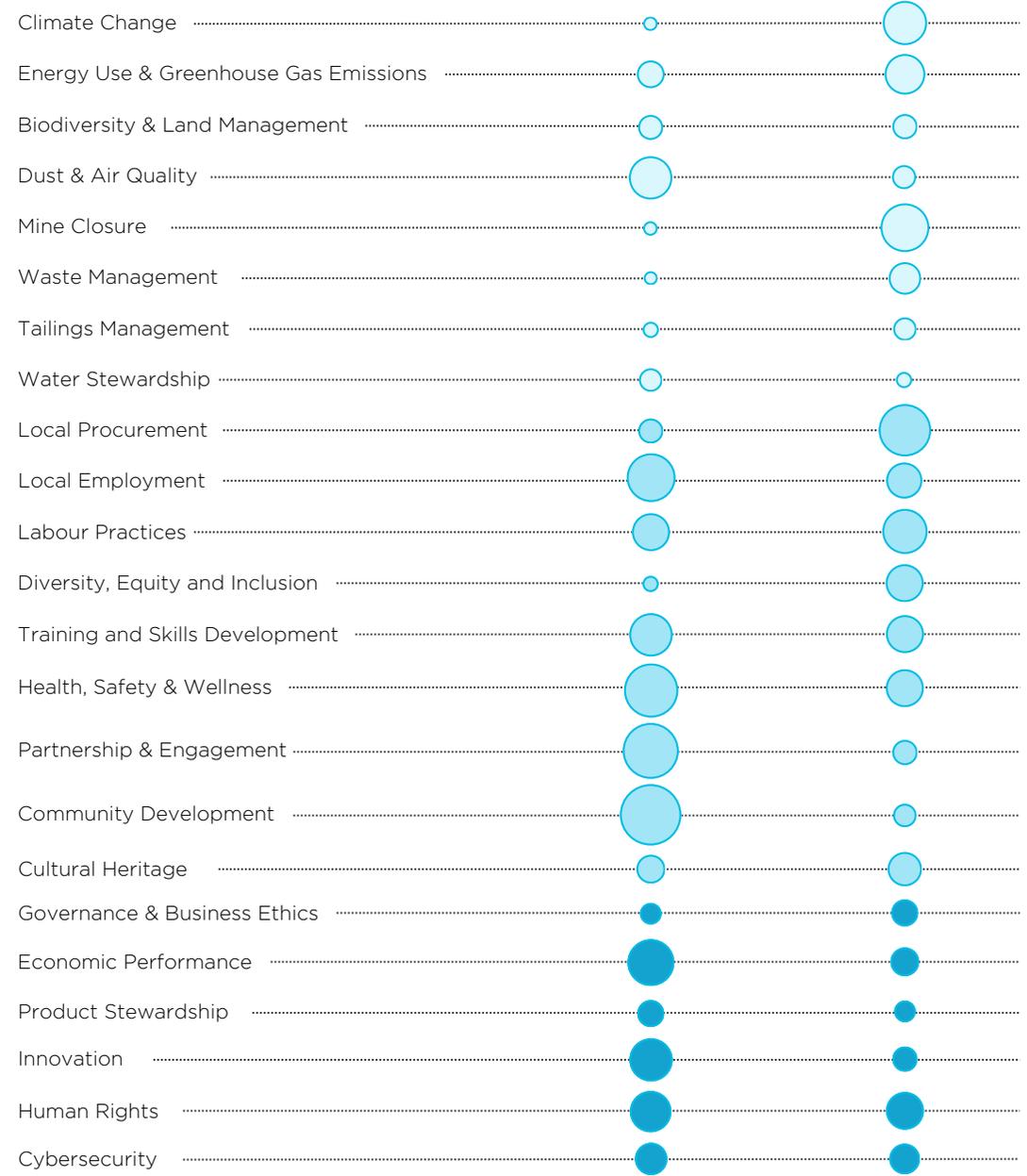
GOVERNANCE



Material Topic List

Impact Materiality

Financial Materiality



Less Material  →  More Material

Monitoring Material Topic Performance

We continue monitoring our performance within each material topic.

Material Topic	KPI	2023 Performance Highlight
Local Procurement	Botswana National Procurement	Botswana National Procurement: \$136 million (67% of total procurement)
Local Employment	Botswana Nationals	Botswana Nationals Direct Employees in Lucara Botswana: 99% Botswana Nationals in KDM Workforce (employees and contractors): 92%
Labour Practices	Botswana Mine Workers Union membership Operational grievance mechanism	63% of the workforce are unionized. Botswana Mine Workers remain the only recognized trade union. One employee grievance recorded and resolved.
Diversity, Equity and Inclusion	Workforce diversity Board diversity	31% women in management positions 29% Female Board Directors at Lucara Diamond 20% Female Workforce (including contractors) 25% Female Employees at KDM
Training and Skills Development	Training provided	19,216 Nominal Hours of Training
Health, Safety & Wellness	Lost time injury frequency	LTIFR: 0.12 Fatalities: 0
Partnership & Engagement	New partnerships formed Partnerships maintained	Partnership with Botswana International University of Science and to conduct a library needs assessment in schools in the Boteti area New partnership with Birdlife Botswana to collaborate on wildlife monitoring and conservation within the mine area. First Aid training was extended to Letlhakane football teams. Partnership with other mining companies to mitigate impacts of population influx induced by mining operations.

Monitoring Material Topic Performance

We continue monitoring our performance within each material topic.

Material Topic	KPI	2023 Performance Highlight
Community Development	Sustained Investments Community Grievances	Community Investment, not including Sport Complex: \$375,000. Sport Complex 2023 - \$2.9 million (approximately P39,223,000). New football field hosted "The Big 6 Northern Tournament" in 2023. Mokubilo Integrated Farm continues to provide food for 8,192 students. The Khwee Small Stock and Fodder project transitioned to community management in 2023. The Khwee Solar project provides electricity to Kgotla offices and the village development houses. Two recorded community grievances resolved. Drilled and equipped five community boreholes. We partnered with communities and formed GBV committees in the villages, we trained them to be able to respond to GBV issues and report them.
Cultural Heritage	Number of Cultural Heritage Studies	Began conducting a vulnerability assessment for Rural Area Dwellers (RADs) in the nineteen villages within our Zone of Influence.
Human Rights	Human Rights Risk Assessment Human Rights Violations Reports Whistleblower hotline	Zero allegations of human rights violations.
Governance & Business Ethics	Governance and assurance Regulatory compliance	All security personnel received training in Voluntary Principles on Security and Human Rights (VPSHR). Zero regulatory non-compliance. The Lucara Botswana Code of Conduct and Ethics underwent a robust review, with expertise from an external third-party policy review service, and focused on ethics, anti-corruption, and human rights.

Monitoring Material Topic Performance

We continue monitoring our performance within each material topic.

Material Topic	KPI	2023 Performance Highlight
Economic Performance	Financial performance	395,134 carats recovered \$172.4 million in revenues from the sale of diamonds from KDM \$20.0 million in royalties
Product Stewardship	Kimberley Process RJC certification MAC TSM	Kimberley Process compliance Certified RJC member
Innovation	Extend Life of Mine Digital sales channels	\$17.5 million in sales volume transacted through Clara. Clara customers > 100.
Cybersecurity	Incidents of cybersecurity	Zero cybersecurity breaches in 2023.
Climate Change	Climate Change Working Group	Initiated a climate risk assessment incorporating scenario analysis.
Energy Use & GHG Emission	GHG emissions Energy use	Total Energy: 518,314 GJ Total GHG: 88,104 tCO ₂ e First year of operating the new 132kV transmission line
Biodiversity & Land Management	Land Disturbed and Yet not Rehabilitated (ha) Land Newly Disturbed this Year (ha)	Lease Area: 1.523 hectares Land disturbed and yet not rehabilitated: 888 hectares New disturbed area: 8.31 hectares

Monitoring Material Topic Performance

We continue monitoring our performance within each material topic.

Material Topic	KPI	2023 Performance Highlight
Dust & Air Quality	Dust levels Community grievances on dust	New PM2.5/10 monitor measuring fine particulate matter No community grievance on dust
Mine Closure	Closure plan updates	New nursery within the mine lease area for indigenous plant species.
Waste Management	Hazardous and Non-Hazardous Mine Materials	Total Hazardous Mine Materials: Zero Total Non-Hazardous Mine Materials: 5.7M tonnes
Tailings Management	Global Industry Standard on Tailings Management (GISTM): alignment of Emergency Response Planning MAC TSM Tailings Protocol alignment Independent Tailings Review Board (ITRB) reviews	Began the feasibility study for our third tailings storage facility. Total Tailings Produced: 2.8 M tonnes. ITRB review found 53% full compliance, 34% partial compliance, with GISTM.
Water Stewardship	Regulatory compliance Resource use, wastes and spills	Zero regulatory non-compliance, spills, or fines. No freshwater used in the processing plant. Maintained zero discharges into the environment. 1,963,924 m groundwater withdrawn from pit dewatering.

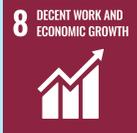
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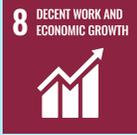
Mapping to the Sustainable Development Goals

The 2030 Agenda for Sustainable Development issues a pressing call to action from the United Nations, urging countries to implement measures toward achieving seventeen Sustainable Development Goals (SDGs). Governments must collaborate with the private sector, civil society, and other stakeholders to mobilize all available resources. No matter how large or small, and regardless of industry, all companies can contribute to the SDGs.

The Government of Botswana and the United Nations in Botswana have developed the [United Nations Sustainable Development Cooperation Framework \(UNSDCF\) 2022-2026](#), a crucial tool to support the realization of the 2030 Agenda for Sustainable Development in Botswana. It has been developed in line with existing national development plans (NDP), including *NDP 11 (2017-2023)*, *Vision 2036: Achieving Prosperity for All*, and *NDP 12 (2023-2029)*, to help Botswana become a more resilient, prosperous, and equal society where no one is left behind.

At Lucara, we are guided by this framework in our efforts to contribute to advancing the UN's SDGs, recognizing the mining industry's potential positive and negative impacts across all the SDGs. We have mapped our sustainability efforts strategically against the outputs defined by the UNSDCF that have the most substantial alignment with our business activities, impacts, and related opportunities. Within these, we have also noted a stronger focus on ten of the seventeen SDGs. Moving forward, we will continue our work to improve our alignment and measure our contributions through our sustainability strategy and community investment efforts against the UNSDCF outcomes.

UNSDCF Outcome	UNSDCF Output	Lucara's Contribution
<p>1: By 2026, gender inequality is reduced, and women and girls are empowered to access their human rights and participate in and benefit from inclusive development.</p> 	<p>1.2. Enhanced capacities of women, especially young women, to participate equally in political and economic spheres.</p> <p>1.3. Strengthened multi-sectoral prevention and responses, including mechanisms for addressing harmful social norms, to achieve a progressive reduction in gender-based violence (GBV) and violence against children.</p>	<p>Refer to Our People</p> <p>Refer to Community Development</p>
<p>2: By 2026, all people, particularly vulnerable and marginalized groups, have equitable access to quality services of health, nutrition, education, and social protection.</p>   	<p>2.1. Health system, including community systems, strengthened to deliver inclusive, equitably accessible, quality integrated essential health services, inclusive of HIV and non-communicable diseases.</p> <p>2.2. Botswana health security systems improved to detect, prevent, and respond to all hazards and emergencies and fulfil the duty of safety and care to people in emergencies.</p>	<p>Refer to Health & Wellbeing</p> <p>Refer to Tailings Management</p>

UNSDCF Outcome	UNSDCF Output	Lucara's Contribution	UNSDCF Outcome	UNSDCF Output	Lucara's Contribution
	2.3. Education system strengthened to deliver inclusive, equitably accessible, quality education.	Refer to Community Development and Our People		4.3. Botswana shifts toward a more resilient and equitable growth model that ensures economic rights and creates jobs and other economic opportunities, particularly for women and youth.	Refer to Local Procurement and Operations and Refer to Community Development
3: By 2026, Botswana sustainably uses and actively manages its diverse natural resources, improves food security and effectively addresses climate change vulnerability.	3.2. Increased access to sustainable, renewable, clean and affordable energy for all, and especially for vulnerable and marginalized groups.	Refer to Community Development	   		
  	3.3. Improved capacities of communities, private sector and government to use and manage land, water and animal resources more equitably, peacefully and sustainably	Refer to Water Stewardship and Biodiversity & Land Management	5: By 2026, Botswana is a just society, where leaders are accountable, transparent and responsive, corruption is reduced, and people are empowered to access information, services and opportunities and participate in decisions that affect their lives and livelihoods.	5.4. Existing partnerships strengthened and new and innovative partnerships built to accelerate progress towards the SDGs.	Refer to Communities & Partnerships
4: By 2026, Botswana has strengthened resilience to shocks and emergencies, and is on a sustainable, equitable economic trajectory,	4.2. Improved and strengthened existing framework/s and business climate for attracting investment, fostering innovation, supporting the informal sector and boosting private sector engagement.	Refer to Local Procurement and Operations and Refer to Community Development			

CORPORATE GOVERNANCE

Our Approach

At Lucara, we are committed to conducting our business transparently and ethically to comply with applicable laws, respect human rights, protect the environment, and safeguard our employees, contractors, and local communities. Business conduct practices related to ethics, transparency, human rights, responsible sourcing, anti-corruption, and cybersecurity are increasingly considered material governance issues core to enterprise risk management and effective oversight. Solid and effective corporate governance, including disclosures on government payments, is vital to meeting evolving stakeholder expectations on corporate governance. Canada's Extractive Sector Transparency Measures Act (ESTMA) requires extractive companies, including Lucara, to publicly report payments made to governments.

Governance Structure

Lucara Diamond's Board of Directors' Mandate highlights the board's accountability to shareholders and stakeholders, as supported by the Company's policies. It is primarily responsible for supervising the management of Lucara's business and affairs. Its authority is determined by the provisions of the British Columbia *Business Corporations Act* and Lucara's Articles. The board oversees all risk management, including ESG and corporate sustainability objectives, through the board committees. It meets as required, including for the approval of quarterly and annual reporting. The board's confidence in meeting evolving stakeholder expectations on corporate governance is bolstered by its regular review of guidelines and policies. Not less than annually, it considers how its corporate governance practices align with legal and regulatory requirements and guidelines. The board exercises oversight of sustainability matters, including comprehensive management of associated risks.

Our Board of Directors⁵



Paul K. Conibear, Chair
Joined 2007



Adam Lundin
Joined 2022



David Dicaire
Joined 2020



Marie Inkster
Joined 2014



Catherine McLeod-Seltzer
Joined 2018



Peter J. O'Callaghan
Joined 2020



William Lamb, President & CEO
Joined 2023

⁵ Sheila Colman and Ian Gibbs were appointed to Lucara Diamond Corp.'s Board of Directors at the Company's AGM held on May 10, 2024, replacing Marie Inkster and Catherine McLeod-Seltzer.

The following corporate governance and sustainability policies, available on our [website](#), guide our business practices and establish commitments and expectations across the organization:

- *Position Descriptions for the President/CEO, Chair of Board, Lead Director and Committee Chairs*
- *Board of Directors' Mandate*
- *Audit Committee Charter*
- *Corporate Governance and Nominating Committee Mandate*
- *Safety, Health, Environment and Community Relations Committee Mandate*
- *Compensation Committee Mandate*
- *Code of Business Conduct & Ethics*
- *Whistleblower Policy*
- *Anti-Bribery and Anti-Corruption Policy*
- *Disclosure Policy*
- *Advance Notice Policy*
- *Majority Voting Policy*
- *Responsible Mining Policy*
- *Board and Executive Officer Diversity and Inclusion Policy*
- *Human Rights Policy*
- *Corporate Social Responsibility Charter*
- *Environmental Policy*
- *Swedish Governance Compliance*

Board Committees

Audit Committee:

- Marie Inkster (Chair)
- Catherine McLeod-Seltzer
- David Dicaire

Compensation Committee:

- Paul Conibear (Chair)
- Marie Inkster
- Peter J. O'Callaghan

Corporate Governance and Nominating Committee:

- Peter J. O'Callaghan (Chair)
- Catherine McLeod-Seltzer
- Paul K. Conibear

Safety, Health, Environmental & Community Relations Committee:

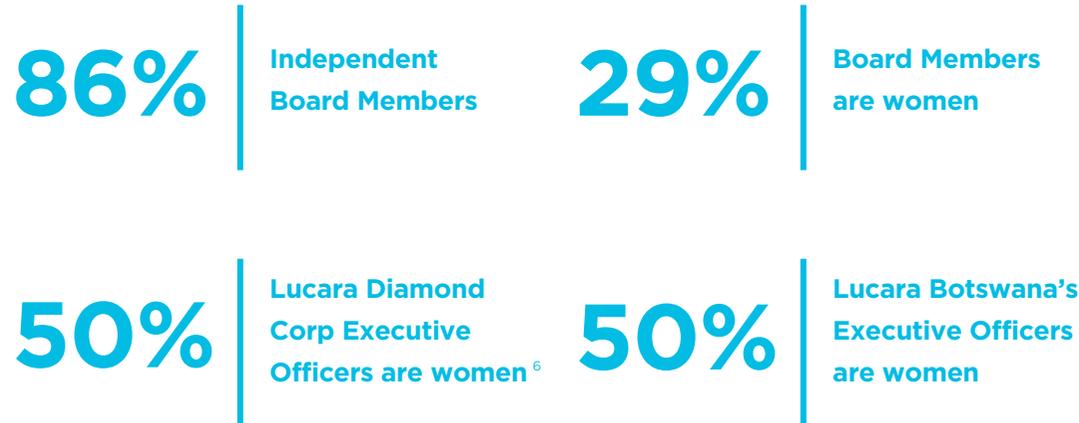
- William Lamb
- Catherine McLeod-Seltzer (Chair)
- David Dicaire

Board Composition and Diversity

Lucara prioritizes identifying and recruiting qualified individuals for Board and executive officer positions who are diverse in age, gender, ethnicity, education, and experience. We recognize that a diverse board and executive management structure enhances decision-making. We also believe independent directors are essential for providing unbiased oversight, diverse expertise, and a balanced consideration of stakeholder interests to drive ESG performance and long-term sustainable value creation.

A majority of Lucara's current directors are independent; in 2023, six of the seven directors on the board were independent. The board's Corporate Governance and Nominating Committee, composed entirely of independent directors, proposes Board nominees. Board member selection is guided by our [Board and Executive Officer Diversity and Inclusion Policy](#) and our [Guidelines for the Composition of Lucara's Board](#).

The Committee is also mandated to discuss and recommend diversity targets to the board. In 2022, the board set a target that at least 30% of the board members should be women. In 2023, that target was substantially achieved, with 29% of the board members being women. Further, women represented 50% of Lucara Diamond's executive officers and 50% of Lucara Botswana's executive officers.



In 2023, Lucara Diamond's leadership changes resulted in a board composition change. Following the departure of Eira Thomas and Zara Boldt, William Lamb was appointed as President and Chief Executive Officer in August 2023 and Glenn Kondo as Chief Financial Officer in January 2024. William Lamb was also appointed to the Board and the Safety, Health, Environment, and Community Relations (SHECR) Committee.

Further Corporate Governance information, including about our board directors and committees, can be found on our [website](#).

⁶ Following recent management changes, and as of July 1, 2024, the current percentage is 40%.

Lucara Botswana Board

In addition to the Lucara Diamond board, regular board meetings are held at the Lucara Botswana level. The Lucara Botswana board comprises of executive management members from both Lucara Diamond and Lucara Botswana. During the reporting period, the Lucara Botswana board held fourteen meetings, and the board committees held sixteen meetings.

Several multi-disciplinary technical working groups and committees assist with the implementation of the Company's strategic ESG initiatives, and updates are reported quarterly to both the Lucara Botswana and Lucara Diamond boards. The working groups and committees are as follows:

- Climate Change/Decarbonization Working Group
- ESG Committee
- Biodiversity Working Group
- Community Impact Working Group



Executive and Board Compensation

The Lucara Diamond Compensation Committee reviews and recommends board approval of the Company's executive and director compensation. The board appoints committee members from its ranks, ensuring that at least three members hold independent director status as defined by *National Policy 58-201— Corporate Governance Guidelines (NP 58-201)*.

Lucara utilises a Balanced Scorecard to determine executive Short-term Incentive Payments (STIPs). The scorecard incorporates four key metrics aligned with corporate goals, measured annually, including Environment, Health, Safety, and Social (EHSS) KPIs, representing a 10% weighting. In 2023, the EHSS KPI achieved 90% of its target, demonstrating excellent performance across all categories and maintaining a strong safety record.

Lucara engaged *Global Governance Advisors* to benchmark executive and board compensation in 2021, and an update was received in January 2022. The board maintained director compensation in 2024 based on this benchmarking report, as adjusted to account for industry escalation.



Business Ethics

During this reporting period, the Lucara Botswana Code of Conduct and Ethics, as well as the Company's Ethics program, were reviewed with a particular focus on anti-corruption measures.

The Lucara Botswana executive team and relevant staff from the finance and procurement departments completed an online Anti-Money Laundering (AML) training in 2023, presented by the *Botswana Institute of Chartered Accountants (BICA)*. Modules covered included risk assessment and mitigation, the *Botswana Financial Intelligence Act* and regulations, and the *Guideline for Dealers in Precious Metals and Stones*. No corruption incidents were experienced or reported in 2023.

Additionally, in 2023, the Lucara Diamond Board of Directors completed ESG and climate change training, which explored the connection between ESG factors and corporate decision-making, with a specific focus on the role of the Audit Committee.

Corruption risks continue to be monitored through our departmental risk registers. Our Strategic Risk Register rates the risk of “Compromised or lack of business integrity” as low. Staff and contractors undertake an annual Code of Conduct training, which includes information on Lucara's anti-corruption and anti-bribery stance and practices.

Tax Transparency

Lucara discloses payments to foreign governments in compliance with Canada's ESTMA. In addition to corporate tax payments, Lucara also withholds and remits payroll, non-resident and value-added taxes in the jurisdictions in which it operates.

Risk Management

Lucara acknowledges the inherent complexities of mining operations and embraces a robust approach to risk management. This philosophy is integral to our strategic planning, operational execution, and project oversight. We recognize that effective risk management is not merely a safeguard, but a cornerstone of our success, permeating every level of our decision-making process.

The board oversees the implementation of appropriate risk management systems, while the Audit and SHECR Committees assist the board in its oversight by monitoring management's performance across Lucara's operations, including those of its subsidiaries. We assess the ESG risks of our business activities and relationships, integrating insights gleaned into our everyday planning, operations, and decision-making. Our Enterprise Risk Management (ERM) focuses on identifying and managing organization-wide risks that could impact the Company's strategy.



These risks are documented in the Strategic Risk Register, with each risk assigned a designated owner responsible for its management and updates.

Additionally, each department maintains its own risk register, overseen by the department head/manager and updated by a designated Risk Champion. Department-level risk discussions are held regularly with the entire team, where they collaboratively update their department's risk register.

Quarterly, Heads of Departments (HODs) present their departmental risk registers at the Risk Forum. Subsequently, these risks are escalated to the Lucara Botswana Board and SHECR Committee, and ultimately, to the Lucara Diamond Board.

In our Operational Risk Register, the following key risks are noted:

1. Loss of product - Malicious theft of product
2. Failure to detect occupational fraud and misuse of resources
3. Theft of Assets
4. Artisanal mining (illegal mining)
5. Internal security breaches (employees)

At an operational level, our management systems are guided by the ISO 14001 and 45001 standards, which help us systematically identify, analyze, evaluate, and address risks to uphold our commitment to responsible operations. We continuously improve our approach as part of our ongoing risk management cycles.

The role of digital tools in our risk processes has increasingly become a focus area, including a Management Information Systems reporting project during 2023 and various improvements to our SAP enterprise resource planning system.

Lucara regularly reports on our risks in our quarterly financial reporting and Annual Information Form, which are available on Lucara's website as well as under the Company's profile on SEDAR+ at www.sedarplus.ca.

Audit & Assurance

At Lucara, we are committed to transparency, accountability, and continuous improvement in our sustainability practices. As part of this commitment, we recognize the importance of third-party audits and assurance in validating the accuracy and reliability of our ESG performance. These regular audits and third-party assurance provide an objective evaluation of our performance and adherence to relevant standards and guidelines, which is an essential component of our sustainability governance. Twelve types of third-party audits were undertaken during 2023, including notably an ISO 45001 Safety and Health Management System Surveillance Audit and a review by the Independent Tailings Review Board (ITRB) as part of GISTM.

Following the review of Lucara's Control Standard in 2022, the Standard was socialized during 2023 with management, staff and contractors through awareness sessions. The five critical areas of focus are:

1. Leadership
2. Chain of Custody and Diamond Control Committee
3. Separation of duties
4. Risk Management
5. Legal & Regulatory Requirements

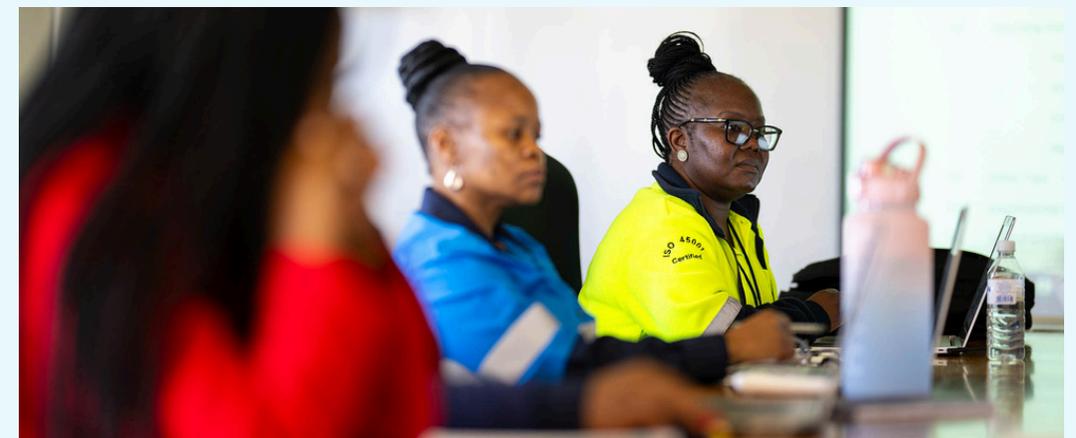
An internal security effectiveness audit was also conducted, focusing on the implementation and compliance of the Lucara Diamond Control Standard. In 2023, risk champions from all departments ensured that the recommendations from the security effectiveness audit were addressed. Closing these audit findings promotes the implementation and understanding of Lucara Diamond Control Standard requirements across all departments and their contractors.

Contractor Labour Practices Audit

In 2023, our resident contractors' human rights and labour practices were inspected and audited. First, employment contracts were reviewed to confirm legal compliance with basic employment conditions. The workforce was then consulted to verify that the employment conditions in their contracts were indeed provided in practice. This involved workplace checks and physical workstation visits, covering safety, verification of safety training, personal protective clothing, employee lists, and age verification.

It also included verifying conformance with minimum wage requirements, whether wages were paid on time and working hours. Finally, the audit sought evidence of communication and consultation with the workforce, including grievance mechanisms (e.g. Lucara Human Resources (HR) / Industrial Relations Office), awareness of Lucara's Whistleblower Policy and verifying the absence of workplace harassment, bullying, and discrimination.

All assessed contractors were deemed compliant with the requirements. To promote ongoing contractor compliance and reporting, all contractors have been enrolled in the HR and Contractors Forum, which is facilitated by Lucara HR. The forum provides an opportunity for the contractors and Lucara to discuss issues of mutual interest that may impact human and labour rights in the workplace.



Lucara Botswana Governance & Assurance

At Lucara Botswana, the Governance and Assurance department evaluates and reviews internal processes and controls to determine the effectiveness of risk management preparedness and response. During the reporting period, critical processes were audited through 20 internal audits covering various ESG components, including Anti-Money Laundering and Counter Terrorism Financing, Community Relations Projects, and Effluent and Tailings Management.

These audit reports were disclosed to the Lucara Botswana board, providing reasonable assurance of the effectiveness of the Company's control environment. The internal audit process applied risk management strategies related to ESG requirements and obligations. No significant deviations were recorded.

Independent third-party assurance was also provided over select sustainability subject matters and disclosures in this report; further details are provided in the [Independent Assurance](#) section.

An annual assessment and audit coverage plan enables us to ensure independent and objective assurance, advisory support, and investigative services that add value to the Company and enhance shareholder trust.

The 2023 plan, informed by departmental risk registers, looked at our defined future and emerging business risk areas. Using a risk-based audit approach, the plan aligned with our Enterprise Risk Management Framework and Policy and our Governance and Assurance Charter, focusing on those areas deemed higher risk.

Cybersecurity

At Lucara, cybersecurity is critical in protecting our operations, products, information and people and maintaining stakeholder trust. Embedded within our risk management framework, cybersecurity features in our regular risk assessments and incident management help us mitigate cyber threats. We refer to good international industry practices and consider regulatory changes. We align our initiatives to improve our cybersecurity maturity level with the *National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF)*. We aim to achieve standardized, formal, and consistent organizational cyber processes. Monitoring and audits help us remain vigilant against emerging cyber risks, protecting the resilience of our operations.



In 2023, cybersecurity was a core focus, particularly in defining the Company's disaster recovery plan. This plan is designed to help us ensure preparedness for many types of disasters, including power outages, ransomware and malware attacks, natural disasters, and more. We also began conducting tests to help us ensure the plan will help us quickly and effectively restore connectivity and regenerate affected data after such a disaster.

Other cybersecurity-related efforts included improvements in server and application monitoring, ongoing automation of patching and virus monitoring, improvements in network security, a SharePoint document handling project, and configuration improvements on Lucara's enterprise resource planning (SAP).

Our focus in the near term will be on further optimizing and securing our network and server to enhance our cybersecurity measures. Focus areas in 2024 include enterprise resource planning review, continuous disaster recovery testing, and SharePoint improvements in personal data protection.

Lucara Botswana is committed to upholding data subjects' rights for all personal data processed at any stage of its business processes. In anticipation of the *Data Protection Act 2018*, which comes into effect in September 2024, the Company has been establishing a formalized compliance function focused on raising awareness of the new Act. A policy has also been developed and implemented to support compliance.

Employees and contractors are regularly updated on policy developments through face-to-face policy briefings and virtual engagements through our Serious About Safety and Security for You (SASSY) emails.

A data representative has also been appointed to promote good governance on this subject, recognize the need to report breaches (such as data leaks or unauthorized access), and foster good relations with social and regulatory stakeholders.

Ikanyeng Emeldah Kudzani



Drawing upon a rich foundation of legal principles and a nuanced understanding of organizational compliance, Ikanyeng Emeldah Kudzani (LLB) LLM, our Compliance Specialist, is a pivotal guide in navigating the intricate landscape of data privacy requirements. With expertise spanning the legal, compliance, and corporate governance domains, Kudzani's competency underscores her unwavering dedication to remain at the forefront of evolving legal frameworks.

She adeptly translates knowledge into actionable strategies, embedding solutions that safeguard personal data and uphold stakeholders' rights to privacy.

Kudzani's forward-thinking approach is reflected in her steadfast commitment to ensuring the company's compliance with data protection. Under her stewardship, a robust compliance culture has flourished, with the implementation of a comprehensive Data Protection Policy serving as the cornerstone of Lucara Botswana's initiatives to fortify the protection of personal data.

Throughout 2023, Lucara Botswana demonstrated an unwavering commitment to personal data protection, fostering trust and integrity in its relationships with both internal and external stakeholders. This dedication to advancing personal data protection aligns seamlessly with Lucara's broader sustainability objectives, reinforcing our pledge to uphold responsible and ethical business practices for a more sustainable future.

Human Rights

Lucara is firmly committed to upholding and promoting human rights throughout our business activities. As signatories to the *United Nations Global Compact*, we encourage universal human rights principles. Our commitment is embedded in our business through our Human Rights Policy and Code of Business Conduct and Ethics and built on frameworks like the *UN Guiding Principles on Business and Human Rights (UNGPs)*, the *Kimberley Process*, and the *Responsible Jewellery Council (RJC)'s Code of Practices (2019)*. The ultimate responsibility for human rights rests with each other and our Board.

To uphold our commitment, we prioritize open communication channels with our employees, communities, and stakeholders to foster a culture of transparency, honesty, and respect. We also assess labour conditions for Lucara employees and contractors, supported by our grievance mechanisms and Whistleblower Policy. Our commitment is also reinforced through ongoing training programs. During the last quarter of 2023, a Code of Conduct and Human Rights awareness session was conducted for employees across all functions. In 2024, we plan to review our human rights risk assessment in line with the UNGP.

Security and Human Rights

Security personnel frequently interact with employees and community members as part of their physical security mandate. This includes carrying out access control, random searches, and other security measures. All 120 members of our security personnel receive training on human rights protocols aligned with local laws and the Voluntary Principles on Security and Human Rights (VPSHR). Our Security function at KDM conducts annual employee awareness sessions on security matters and provides additional training to security service contractors on human rights considerations during interactions. Our Memorandum of Understanding (MoU) with government security forces supports the alignment of our internal security processes with local regulations and the VPSHR. No human rights violations were registered in 2023.

Forced and Child Labour

To strengthen our efforts to prevent forced and child labour within our operations and value chain, during 2023, we continued developing our approach to human rights due diligence, which we seek to establish an alignment with good international industry practices. We will tailor our approach to suit our industry, products, and locations. We will regularly review and update it to ensure it remains effective and relevant.

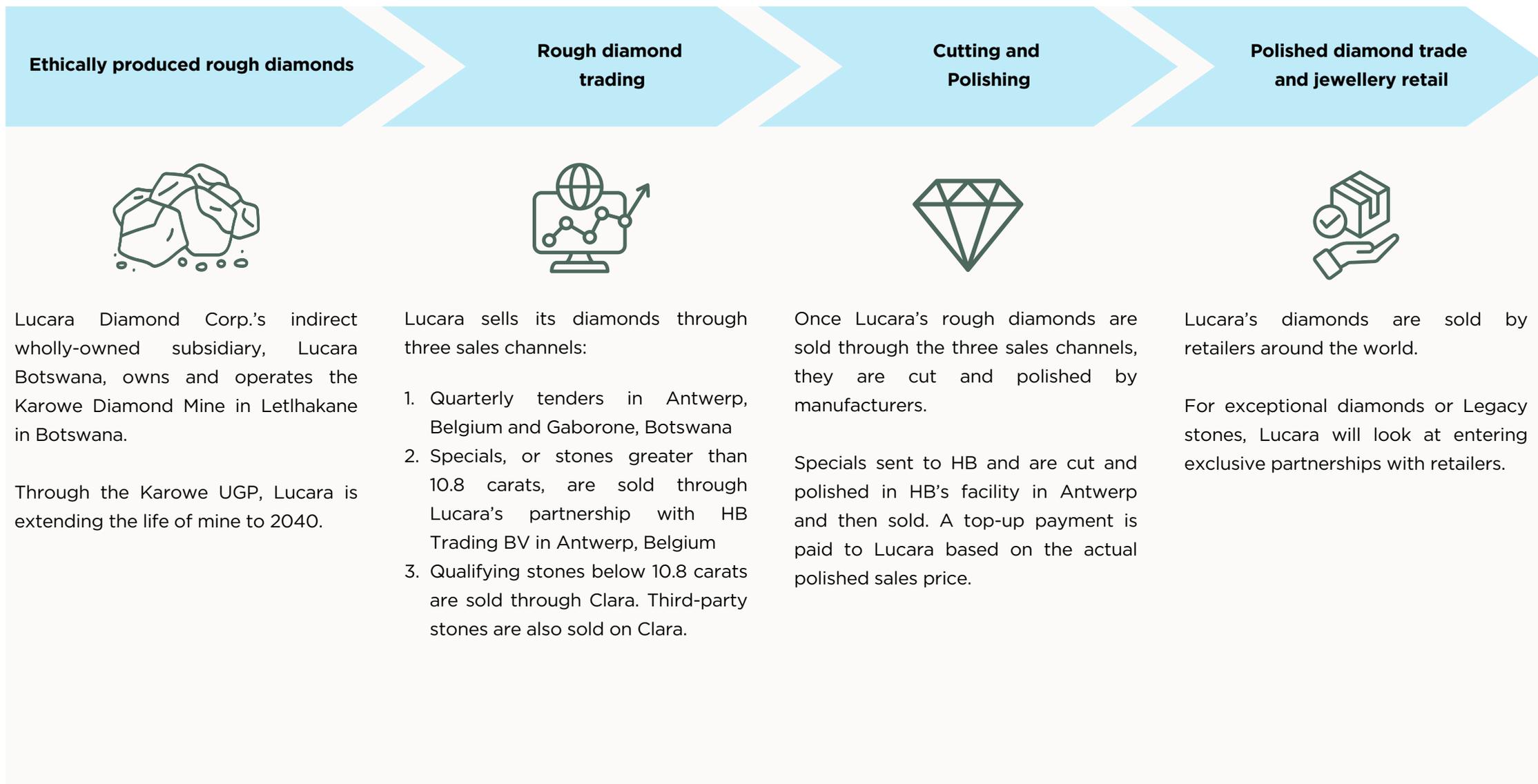
We are also ensuring it will be aligned with the requirements of the various ESG standards that guide us, including those of the *Kimberley Process*, *RJC*, and *MAC TSM Protocol on Prevention of Child and Forced Labour*. In accordance with *Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act*, Lucara published its Modern Slavery Act Report for the year ending December 31, 2023 (available on Lucara's [website](#)). This report details actions taken by Lucara to assess and address its risks regarding forced labour and child labour in its operations and supply chain.

Product Stewardship and Our Value Chain

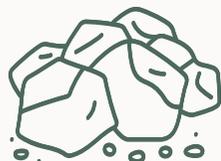
At Lucara, we are committed to responsible mining practices and product stewardship throughout the diamond value chain, striving to align ourselves with international best practices. We believe that accountability, compliance, and transparent reporting are integral to a sound governance and management approach to product protection. Focusing on these principles helps us uphold our mission to use innovation, create value, and make a difference across the diamond industry with integrity, trust, and respect.

In pursuing ethical supply chain management, we adopt and exceed good industry practices in responsible sourcing, we prioritize transparency, and adhere to internationally accepted human rights principles.

Our Value Chain



Ethically produced rough diamonds



Lucara Diamond Corp.'s indirect wholly-owned subsidiary, Lucara Botswana, owns and operates the Karowe Diamond Mine in Letlhakane in Botswana.

Through the Karowe UGP, Lucara is extending the life of mine to 2040.

Rough diamond trading



Lucara sells its diamonds through three sales channels:

1. Quarterly tenders in Antwerp, Belgium and Gaborone, Botswana
2. Specials, or stones greater than 10.8 carats, are sold through Lucara's partnership with HB Trading BV in Antwerp, Belgium
3. Qualifying stones below 10.8 carats are sold through Clara. Third-party stones are also sold on Clara.

Cutting and Polishing



Once Lucara's rough diamonds are sold through the three sales channels, they are cut and polished by manufacturers.

Specials sent to HB and are cut and polished in HB's facility in Antwerp and then sold. A top-up payment is paid to Lucara based on the actual polished sales price.

Polished diamond trade and jewellery retail



Lucara's diamonds are sold by retailers around the world.

For exceptional diamonds or Legacy stones, Lucara will look at entering exclusive partnerships with retailers.

A crucial part of our responsible sourcing approach is our prioritization of sourcing locally wherever possible, framed by our ethical supply chain commitments. We believe this contributes to developing a more resilient supply chain by contributing to the development of more robust communities and operating environments. Further details can be found in this report's Local Employment and Local Procurement sections.

We constantly seek to improve our procurement processes to ensure they are carried out ethically, transparently, and fairly. This includes everything from sourcing to contract awarding processes and contract lifecycle management. We also continue to develop detailed due diligence, monitoring, and auditing procedures that can expand to our broader value chain over time to help ensure that partners upstream and downstream align with our ethical standards.

HB Antwerp

Lucara sells its diamonds through three sales channels: HB Antwerp, Clara, and regular quarterly tenders. Specials are sold through HB Antwerp (HB), and in 2023, 10,456 carats of rough diamonds were sold through this platform for total revenue of \$106.2 million (including top-up payments).

In early 2024, Lucara entered a new 10-year *diamond sales agreement (NDSA)* with HB. The NDSA outlines a collaborative pricing mechanism that aims to deliver regular cash flow with significant potential revenue upside, especially for large complex diamonds. It enables ongoing alignment with the Government of Botswana's strategy to diversify downstream and participate in the upside of polished diamond revenue.

Responsible Jewellery Council

We are a certified member of the Responsible Jewellery Council, the world's leading organization for setting standards in the jewellery and watch industry. The Company is seeking RJC recertification for 2024. Independent audits have been conducted at both KDM and the Vancouver corporate office. Additionally, we adhere to the Kimberley Process, an international certification scheme that regulates and monitors the trade in rough diamonds.

Natural Diamond Council

Lucara was a founding Natural Diamond Council (NDC) member and has participated in their natural diamond awareness campaigns. In 2023, Lucara attended the Natural Diamond Council's diamond transformation event with peers from the jewellery industry. Kesego Kereemang, Lucara's Safety, Health, Environment and Community Relations Manager, spoke about Lucara's social license to operate and our community initiatives in Botswana and was joined by Lily James, the NDC's global ambassador, who reflected on her trip to Botswana and the impact of the diamond industry in the country.



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Lucara aspires to the highest level of product stewardship, and we add value all along the diamond value chain, from responsible mining practices to bringing our large, high-quality stones to market.

Glenn Kondo
- Chief Financial Officer

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CLARA DIAMOND SOLUTIONS

HIGHLIGHTS

 **104** buyers in 2023

 **\$17.5 million** in sales during 2023

 **9,123** rough carats sold on Clara in 2023

 **17** sales in 2023

 Stones sold from various countries around the world, including:

Clara Diamond Solutions (Clara)⁷ is modernizing the traditional approach to rough diamond sales and creating a more sustainable, provenance-focused sales process.

The Clara platform is a digital marketplace that uses blockchain technology to transform the diamond sales process. Clara drives efficiencies, unlocks value for producers and manufacturers alike, reduces holding inventory, and offers verified traceability and provenance for buyers.

Clara is 100% owned by Lucara Diamond Corp. and sells stones from KDM and global third-party producers. It is best suited to selling diamonds between one and fifteen carats in higher colours and quality.

 *Botswana*  *South Africa*  *Lesotho*  *Brazil*  *Canada*

⁷ As announced in Lucara's Q2 2024 MD&A, Lucara has received an indicative non-binding offer for the purchase of the Company's interest of Clara Diamond Solutions Limited Partnership, Clara Diamond Solutions B.V., and Clara Diamond Solutions GP (together referred to as "Clara"). The Company has concluded that, despite the uncertainty regarding completion of a potential definitive agreement, there is a high probability that its interest in Clara is likely to be sold within the next 12 months. Therefore, under IFRS 5, Clara is classified as held for sale on statement of financial position ended June 30, 2024. For more information, please refer to Lucara's Q2 2024 financial results.



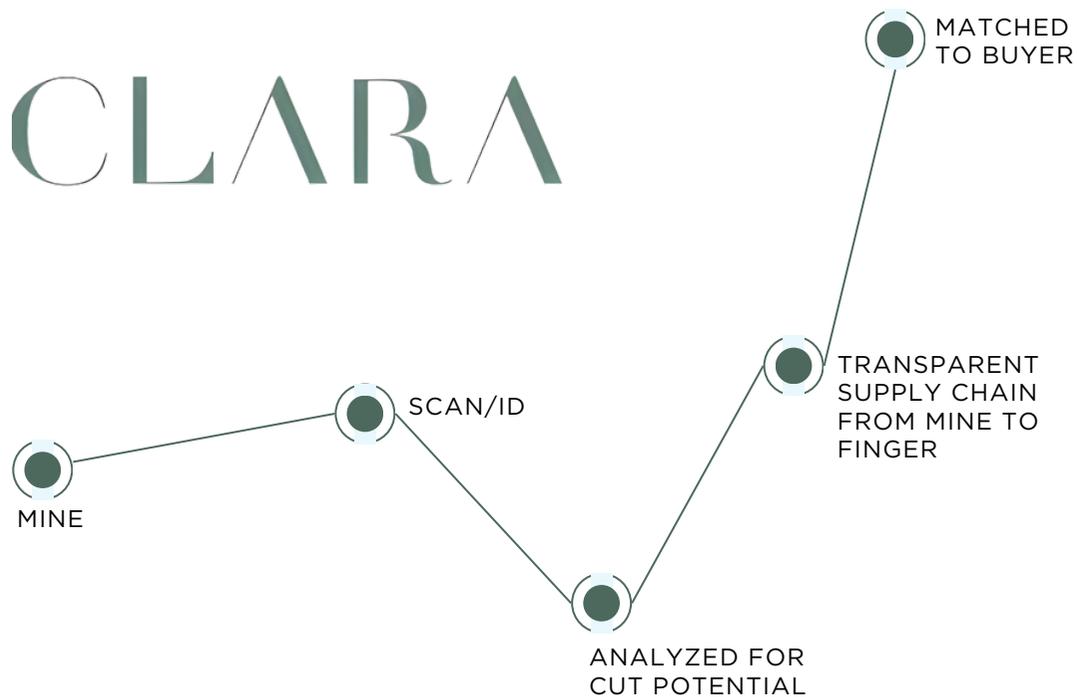
Innovating the Supply Chain

Clara matches buyers to sellers on a stone-by-stone basis based on sellers' polished demand. In 2023, \$17.5 million was transacted through Clara, with non-Karowe goods representing 29% of the total sales volume transacted.

Unlocking Efficiencies

The Clara platform is accessible worldwide at any time of day and is convenient for buyers and sellers. We continue to see users turning to Clara to reduce their travel-related carbon footprint and transform diamond sales.

Intellectual Property



Clara developed and protects the intellectual property that underpins its digital sales platform. Clara has an exclusive collaboration partnership with Sarine Technologies Ltd.

Technical Advances in 2023

Throughout 2023, Clara's Development team focused on reducing associated sales running costs and optimizing internal stakeholders' operational time. The platform has advanced, including improving the finance module, inventory management, and shipping process. Clara is preparing a mobile version of the platform for buyers and aims to roll this out in 2024.

Client Due Diligence

Clara conducts thorough due diligence and Know Your Client (KYC) checks prior to onboarding new buyers and sellers to the platform. Continuous monitoring of changes to risk and transaction monitoring is done. Establishing the identity of clients provides a clear understanding of business relationships and the purpose of transactions, enabling the identification of any suspicious or unusual transaction patterns to prevent any association with money laundering or illicit activities. Buyers and sellers must be registered businesses to participate in Clara sales.

Ensuring Provenance

Consumers and manufacturers are increasingly focused on traceability and understanding the provenance of each diamond. With increasing international sanctions and restrictions on the movement of goods, identifying the origin of each stone is crucial.

Clara scans, sorts, and records the origin of each stone prior to sale, enabling buyers to know exactly where their diamond came from and allowing manufacturers to fulfil the demand for stones from a specific source. Clara enables manufacturers to provide consumers with detailed, accurate provenance information to support conscious and ethical purchasing.

ECONOMIC PERFORMANCE

HIGHLIGHTS

 **379,287 carats** of diamonds sold

 **\$177.4 million** in revenue

 **\$20.2 million** in net loss

BOTSWANA BENEFIT:

 **\$0.4 million** in community investment
(not including the sports complex)

 **\$2.9 million** for the sport complex
(approximately P39,223,000)

 **\$20 million** in royalties

 **\$27.1 million** in employee compensation

 **\$136 million** in local procurement

Operations

Mining & Processing

In 2023, the KDM processing plant milled a record 2,849,135 tonnes of ore and recovered 395,134 carats, including 18,509 carats from the processing of historic recovery tailings. This resulted in a grade of 13.2 carats per hundred tonnes (cpht) for direct milled ore. A total of 602 Specials (stones larger than 10.8 carats in size) were recovered, with 22 diamonds greater than 100 carats, including five diamonds greater than 300 carats. Recovered Specials equated to 5.3% of the total recovered carats from ore processed during 2023.



Ore Mined



Ore Milled



Production of rough diamonds (carats)



A key processing innovation this year was the commissioning and operation of the Red Area Tailings Treatment Plant (RTTP). This plant, built from salvaged equipment from existing facilities, recovers additional carats from old tailings material.

Our operations experienced no disruptions or strike lockouts in 2023. In 2024, our primary focus will be increasing processed tonnage to improve revenue further. We plan to achieve this while maintaining cost control, as mine revenue also helps fund the UGP.

Maano Carlos Samuel



Maano Carlos Samuel currently serves as the Process Superintendent for the main plant, where he leads his team to ensure the safe processing of ore through the plant. He aims for successful carat recovery by minimizing plant downtimes and maintaining high-quality assurance and quality control standards. He obtained his Bachelor's degree in Chemical Engineering from the University of Laurentian in Canada. He completed a graduate management development program at Stellenbosch University in 2021, sponsored by Lucara.

Maano has played integral roles in several projects aimed at enhancing operational efficiency and sustainability. One such project was the establishment of a comprehensive mine water balance system, which determined the mine's water requirements. This system ensures the mine maintains a balance between water usage and availability, mitigating the risks associated with water scarcity and excess. The project promotes efficient water recycling practices, minimizing the potential environmental impact, including the risk of dam wall failures.

Maano has also spearheaded the XRT Tailings Audit Plant initiative, where he played a pivotal role in the design and management of the construction process, overseeing activities from initial earthworks to the final stages of commissioning and optimization. This project enhanced both operational efficiency and safety within the facility.



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Our integrated business model embodies our dedication to sustainable mining, aiming to enhance livelihoods and forge a brighter future for our local communities. By adhering to sustainability principles, we honor our past achievements, reflect our present identity, and shape our aspirations for tomorrow. This commitment to responsible stewardship underpins our mission to create lasting positive impact through our operations.

Johane Mchive
- General Manager

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Security & Loss Control

In 2023, we established new systems to enhance the security of our operations. The Human Resources (HR) time and attendance system was implemented and linked with Security Access Control at site, and surveillance cameras were installed at the UGP.

Various security risk assessments were conducted in 2023. One major project focused on access to the UGP, establishing a passage known as the Green Corridor with controlled access and complete camera surveillance. We also conducted risk assessments to develop the Recovery Tailings Treatment and the Weigh Belt Feeder replacements within the high security area. A detailed assessment for the XRT Sorthouse was also undertaken, and gaps identified were addressed.

All security staff received Voluntary Principles on Security and Human Rights (VPSHR) training during the reporting period. Further details on our Human Rights approach can be found in our [Human Rights](#) section.



Underground Expansion

 Extend mine life to 2040, extending benefits to all stakeholders

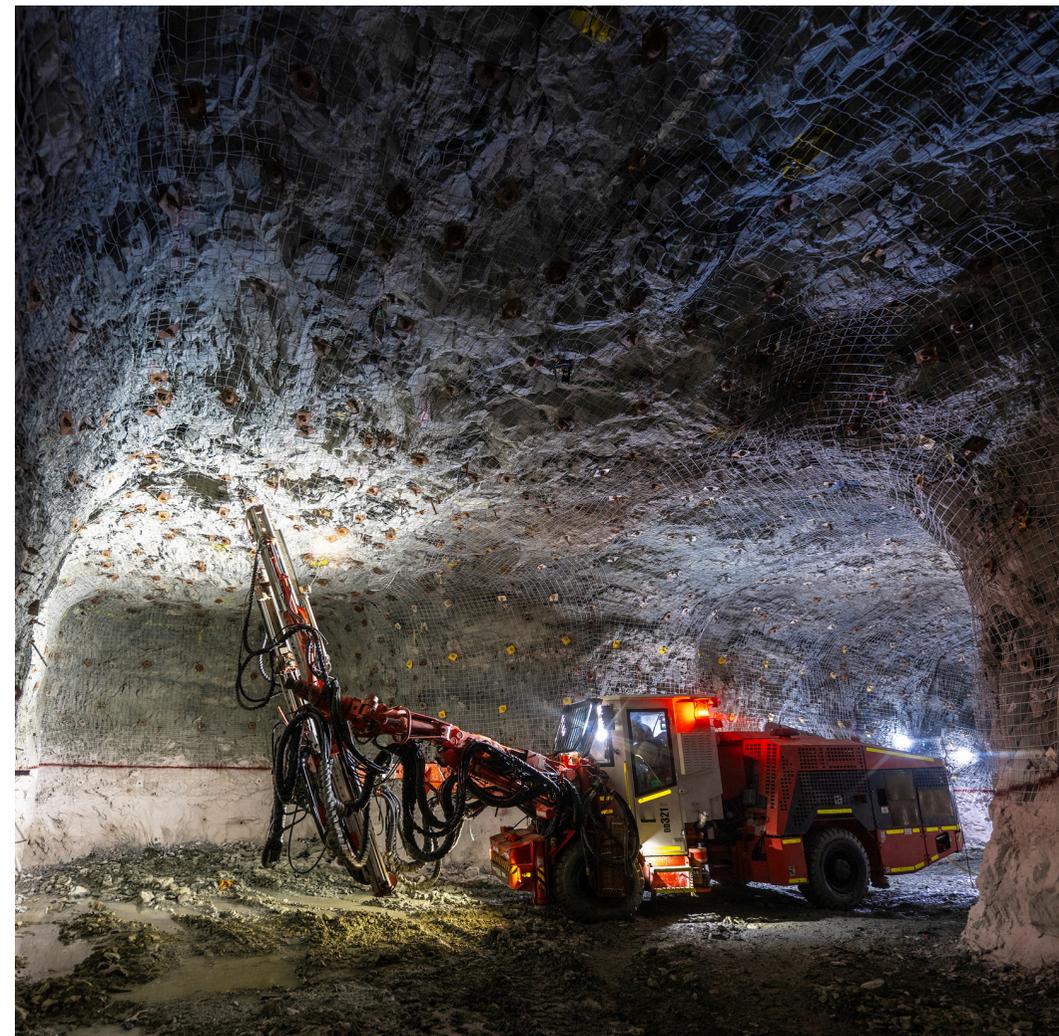
 Successful Safe Start® safety training program

The Karowe Underground Expansion Project (UGP or Project) is an operational expansion designed to access the highest value portion of the Karowe orebody, a significant source of many large high-value diamonds, including the 1,109-carat Lesedi La Rona, the 549-carat Sethunya, and more recently, the Eva Star, the 1,080-carat Type IIa white stone recovered in August 2023. **The UGP will extend mine life to 2040, delivering approximately \$1.1 billion in cash flow.** Lucara released an updated schedule and budget for the Project in July 2023, with the UGP projected to cost \$683 million and production commencing in 2028.

Demonstrating continued technical and economic feasibility, the UGP saw significant progress in 2023, with \$101.3 million invested in development, surface infrastructure, grouting programs, ongoing shaft sinking, and other pre-production activities. By year-end, both the ventilation and production shaft bottoms reached 348 meters below the collar, with the first shaft stations completed at the 670-level and engaged in the start of 670-level lateral development.

A behavioral-based safety training program, Safe Start®, implemented in Q4 2022, yielded positive results in 2023. The UGP achieved a twelve-month rolling Total Recordable Injury Frequency Rate of 0.19, with a project-to-date rate of 0.55 at year-end.

The UGP continues to advance with construction and development activities focused on sinking the ventilation and production shafts, underground lateral development, procurement, and the continuation of design and engineering details.



The UGP will extend mine life to 2040, delivering approximately \$1.1 billion in cash flow

OUR PEOPLE

HIGHLIGHTS

- 19,216 hours of training
- 5.4% staff turnover
- 31% women in management positions at Lucara Botswana
- 25% women employees at Lucara Botswana
- 99% Botswana nationals at Lucara Botswana
- 583 employees at Lucara Botswana
- 1,576⁸ total workforce (employees and contractors)

Our Approach

At Lucara, we recognize that our people are our most valuable asset, and our management approach focuses on creating a healthy and fulfilling work environment that emphasizes local talent development through continuous training and growth opportunities. We respect the right to unionize and freedom of association, promoting regular employee engagement and maintaining open dialogue with the Botswana Mine Workers Union. We are dedicated to upholding a discrimination-free environment, offering equal opportunities, fair wages and fair treatment, and respect for all employees while complying with legal requirements and regulations. We also promote diversity and empower women to excel across our strategic functions. Employee welfare is prioritized through long service awards, retirement programs, and various wellness initiatives. Lucara's commitment in this regard is outlined in our Corporate Social Responsibility Charter, Responsible Mining Policy, Code of Business Conduct & Ethics, Whistleblower Policy, and Human Rights Policy.

⁸ The total workforce only includes Lucara Botswana's employees and contractors. It does not include Lucara Diamond Corp and Clara employees.



Our Workforce

Lucara Botswana strives to be an employer of choice by creating a work environment that allows our employees to feel content, safe, healthy, and proud to work for the Company. We also seek to develop a workforce that reflects our operating environment, understanding that local employment and development are fundamental components of our business success.

Low Turnover

We recognize that turnover is costly, and we invest in keeping our employees engaged and satisfied in their roles, offering competitive compensation, opportunities for growth, and a positive work culture. Lucara Botswana has successfully attracted and retained staff, as evidenced by our low turnover rate of only 5.4% in 2023. While this figure slightly increased from the 4% turnover rate in 2022, it remains remarkably low, showcasing our appeal as an employer.

Local Employment

Lucara Botswana continuously seeks opportunities to maximize employment for local communities by providing suitable training opportunities and resources. As of December 2023, the Company directly employed a total of 583 staff, similar to the previous year, with a breakdown of 433 local males, 146 local females, and four male expatriate staff. Botswana nationals account for ninety-nine percent of total employees at Lucara Botswana.

Local Employment in 2023:



⁹ In 2022, Lucara Botswana National Employees incorrectly included contractors in its calculation of national employees, resulting in a reported percentage of 93%.

Barbara Keamogetse



Barbara Keamogetse is Lucara Botswana’s Quality Control Coordinator.

Barbara is responsible for the management and supervision of the diamond sorting and quality control process and ensuring that we adhere to set sorting standards.

Lucara sells its stones on multiple sales platforms, including +10.8cts Special tenders, through HB, and on the Clara platform, which Barbara leads.

Barbara moved up the ranks from trainee diamond sorter to Unsupervised Sorter, before joining the Lucara Botswana team as a Diamond Sorting Supervisor, before her most recent promotion to Quality Control Coordinator.

Over the past 14 years with Lucara Botswana, Barbara has gained a better understanding of the diamond pipeline from recovery to sale, and has had the exciting opportunity to sort record-breaking, never-seen-before diamonds such as the Lesedi la Rona, Constellation, Sewelô, Sethunya, and others that followed.

Barbara is from Molepolole village and is the mother of two boys and a daughter-in-law. She is proud to work for an organisation that celebrates talent and stimulates growth.

Long Service & Excellence Awards

To recognize and appreciate its long-serving employees, the Company organized its second annual Long Service & Excellence Awards. The event celebrated the distinguished men and women who had been with the Company for ten years, as well as the top achievers of 2023.

The celebratory event took place on November 3, 2023. Among the long service award recipients was the Company's Managing Director, Naseem B. Lahri.

Fair Wages

Lucara's wages exceed the statutory minimum requirement and are competitive within the mining sector. Our remuneration approach considers factors such as affordability, our structured job evaluation system, employee skill level, performance, internal equity, and local market guidance.

The Company's collective labour agreement with the Union provides for annual reviews of wages and other standard benefits such as parental leave (maternity leave and paternity leave), medical and life cover, and disability cover. For those not covered by the collective agreement, reviews are guided by the Company's remuneration policy and individual employment contracts.

Any improvements to the employment conditions affecting these employees are communicated in writing and followed by separate discussions with supervisors and management. Through its established Human Resources forum, Lucara emphasizes fair employment practices, including fair pay for contractors.

In 2024, the Human Resources and Procurement Department teams plan to collaborate further on the continuous improvement of contract management practices.



Diversity, Equity & Inclusion

Operating in an industry where skills shortages are a persistent challenge, Lucara is focused on attracting, developing, and retaining a workforce of high-calibre, capable people. Core to achieving this objective is our commitment to fostering a workplace where a broad range of skilled people feel safe, included, and valued.

As part of our effort to uphold this commitment, we seek to develop a workforce representative in the area in which we operate whenever possible. We are committed to achieving and maintaining diversity for all positions in the Company.

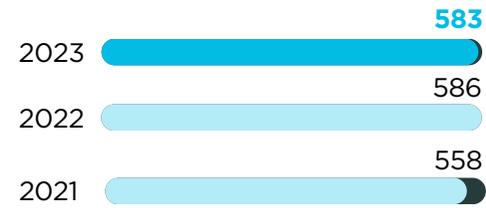
Our commitment to developing a diverse workforce is reflected in our corporate Responsible Mining Policy, Human Rights Policy, and our Lucara Botswana Diversity, Equity and Inclusion Policy. The Company's recruitment procedures also emphasize equal opportunity, and we are committed to gender-blind recruitment approaches.

Gender Diversity at Lucara

Enhancing the participation of women in our Company has been a core focus at Lucara. We are proud of our continuous increase in the proportion of female employees throughout the Company in recent years, including in senior positions, and the contribution this represents to progress on SDG 8, Decent Work and Economic Growth, and Botswana UNSDCF Output 1.2.

Figures have shown a steady 25% representation of women employees at Lucara Botswana for the past three years, with 146 women employed by December 2023. This representation is significantly higher than global industry averages, which tend to range between nine and nineteen percent ([International Institute for Sustainable Development, 2023](#)).

Total Employees at Lucara Botswana



Total Employees by Gender



Talent Development & Management

Strategic talent development and management enable us to identify and nurture top performers and foster skills development. This helps us to grow local talent and maximize local participation in our workforce, particularly at KDM.

In 2023, the Talent Management Initiative achieved significant progress. Details of our activities are provided on the following page.



Training for Professional Development

Botswana’s government has partnered with companies to encourage employee training through a training levy. This partnership has led to a considerable number of courses being made available to Lucara Botswana’s employees. Courses have covered a wide range of themes, including Environment, Social and Governance (ESG), Information Technology (IT), Innovation, Leadership, Safety, Health and Environment (SHE), and Technical. In 2023, a total of 985 employees participated in 88 courses. The levy paid out in 2023 was \$332,000 (approximately P 4,432,000). The reimbursement for all claimable training amounted to \$496,000 (approximately P 6,615,000).

Employee Training at Lucara Botswana in 2023:

88

Training courses

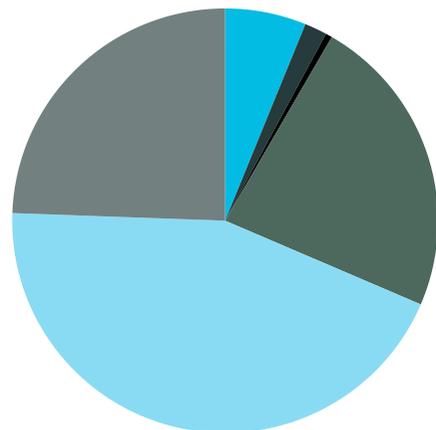
985¹⁰

Participants trained

19,216

Hours of training

Employee training by topic:



Total: 19,216 (100%)

¹⁰ Increased numbers due to the repetition of employees attending courses.

Kesego Kereemang



Kesego Kereemang is Lucara Botswana’s Safety, Health, Environment, and Community Relations Manager. In this position, she sustains effective strategic and operational risk management processes to ensure the company achieves optimal performance in all aspects of occupational health, safety, environmental compliance, social performance, and sustainability. Kesego’s remarkable journey in the mining industry is a testament to the limitless potential of perseverance and passion.

She joined Lucara in 2011 as an Occupational Health and Safety Officer and has climbed through the ranks to head the SHE&CR department. Ms. Kereemang deeply appreciates Lucara’s unwavering commitment to inclusivity and diversity. By fostering a culture of belonging and embracing the unique perspectives of all employees, Lucara has attracted top talent and cultivated an environment where innovation thrives and collective success is celebrated.

Her leadership led to successful implementation of the ISO 45001 safety standard, achieving excellent safety and health performance. This, along with the implementation of the MAC TSM standard, positioned Lucara for world-class Environmental, Social, and Governance (ESG) performance, independently verified by external assurances.

Kesego stands as a beacon of inspiration and leadership in the mining industry’s journey towards sustainability. Her unwavering dedication to ESG principles has positioned her as a driving force for positive change in an industry undergoing profound transformation.



2023 Management Development Programme (MDP) cohort during their remote graduation ceremony.

The six-month intensive Management Development Programme is meant for middle managers and supervisors who oversee teams or business units and seek to enhance their functional managerial skills and competencies.

Student Engagement and Mine Tours

At Lucara, we are interested in developing our industry’s future talent pool. As part of our partnership initiatives with Botswana International University of Science and Technology (BIUST), Lucara Botswana provides a six-month attachment program in various disciplines such as Mining, Engineering, Process, and Mineral Resources for 15 students annually. Additionally, as part of BIUST’s Department of International Linkages Akita study tour, Lucara facilitates yearly mine tours for visiting students from Akita University in Japan.

Mentorship Programme

Lucara was proud to sponsor International Women in Mining’s International Women in Resources Mentoring Programme (IWRMP), an annual global cross-company program established in 2018 to promote and empower women to progress their mining careers, overcome professional challenges, and build confidence for achievement and industry leadership. Human Resources Superintendent Amogelang Bogacu and Mine Geologist Tiny Tape were nominated to participate in the 2023 cohort of this initiative.



Amogelang Bogacu

Tiny Tape

Labour Relations

At Lucara, we uphold the principle of freedom of association and operate in respect of our collective bargaining agreement with the Botswana Mine Workers Union (the “Union”), which has been in place since 2018. This agreement grants the Union a range of rights, including access to the workplace for recruitment and collective bargaining on behalf of its members to improve their employment conditions.

As of December 31, 2023, Lucara Botswana’s Botswana Mine Workers Union branch had 368 members at KDM, representing 63% of Lucara Botswana’s employees, a four percent increase in membership from the previous year. The Botswana Mine Works Union remains the only recognized trade union.

Conditions of service are reviewed for employees outside the collective bargaining agreement in accordance with their employment contracts and company policies. The Company continues to support the Union by building the capacity of its local branch committee, equipping them with collective bargaining skills, and assisting with workplace issue resolution. The Company also provides the trade union with office space and other amenities to facilitate members’ easy access to day-to-day operations.

A joint committee called the Lucara Negotiation and Consultation Committee (LNCC) addresses consultation and negotiation issues with representatives from both management and the Union. In 2023, the Safety, Health and Environment, Human Rights, Smoking, and Succession Planning policies were reviewed through regular consultations. The parties were also able to conclude through negotiations the 2024/25 Wages and Conditions of Service Agreement and the Retrenchment Package Agreement, valid for two years up to August 2025.

Laone Mbengwa



Laone Mbengwa holds a Master’s degree in Chemical and Mineral Engineering from the University of Leeds. Her love for science, mathematics, and technology led her to choose engineering as a discipline. Driven by a desire to explore processing different minerals, she joined Lucara Botswana as a Plant Metallurgist in 2021. Her passion lies in system automation, which allows for the management of tasks and workflows, potentially freeing humans to focus on high-value activities.

It offers improvements in efficiency, reliability, and productivity. At Lucara Botswana, she has been involved in water management for the processing plant. She led the formulation of a water balance predictive model and the installation of online total dissolved solids (TDS) meters. These meters measure water conductivity and provide live readings of total dissolved solids, facilitating the creation of a plant salt balance.

She feels privileged to be part of an organization that recognizes and empowers its employees. Recently promoted to Senior Process Engineer, she was enrolled in the Africa Management Development Program at Stellenbosch Business School. She achieved the highest overall average for the program and emerged as the top student in the group. She thrives on the challenges associated with her work, strives for excellence in everything she undertakes, and encourages young aspiring females not to be intimidated by this career path.

To strengthen the partnership between the Company and the Union, a “Relationship Building by Objectives” initiative has been incorporated into the annual commitment plan.

This initiative involves annual meetings where both parties reflect on their working relationship and set goals for the coming year. In December 2023, the parties met in Kasane for a retreat that led to the establishment of joint goals and an action plan for 2024. Additionally, they established a joint task force to research issues at the negotiation table, aiming to facilitate smoother negotiations.

On June 14, 2023, the Union and Lucara Botswana announced a negotiated wage increase of 7% for those employees in the bargaining unit, retroactive to 1 April 2023 and valid until 31 March 2024.

Following the conclusion of the wage negotiations and in July 2023, the parties, with the assistance of an independent facilitator and in accordance with the existing Memorandum of Understanding (MOU), commenced discussions regarding a restructuring and optimization exercise of the Security Department.

The optimization exercise was delayed due to the Union commencing arbitration proceedings and further approaching the Industrial Court of Botswana in March 2024 to seek an intervention regarding the planned security function optimization exercise.

The Company filed a court interdict, and the parties were able to settle out of court and agree on the way forward with respect to the restructuring process. Notably, this was the first time the parties had resorted to the Court to resolve their differences.



Members of The Lucara Negotiation and Consultative Committee Meeting (LNCC) at the Relation Building Exercise

Employee Engagement Forums

The Company actively encourages employee involvement, participation, and consultation between employees and management through established monthly consultation forums at each business function. These forums also serve as the General Manager’s Quarter Brief, where information on the Company’s performance and plans is shared with the workforce. These forums are open to all employees, including non-unionized staff.

Going forward into 2024, the Company intends to expand these forums to include a virtual platform to enable access for employees who cannot attend meetings physically. Our Employee Relations function has developed a mine-wide action tracker to track the closure or resolution of employee issues raised at the forums, alongside our other grievance management processes.

In the future, employee exit data will be analyzed to understand and address issues that negatively affect employees more effectively. As a long-term strategy for improving employee engagement, the Company is also considering an organizational culture survey.

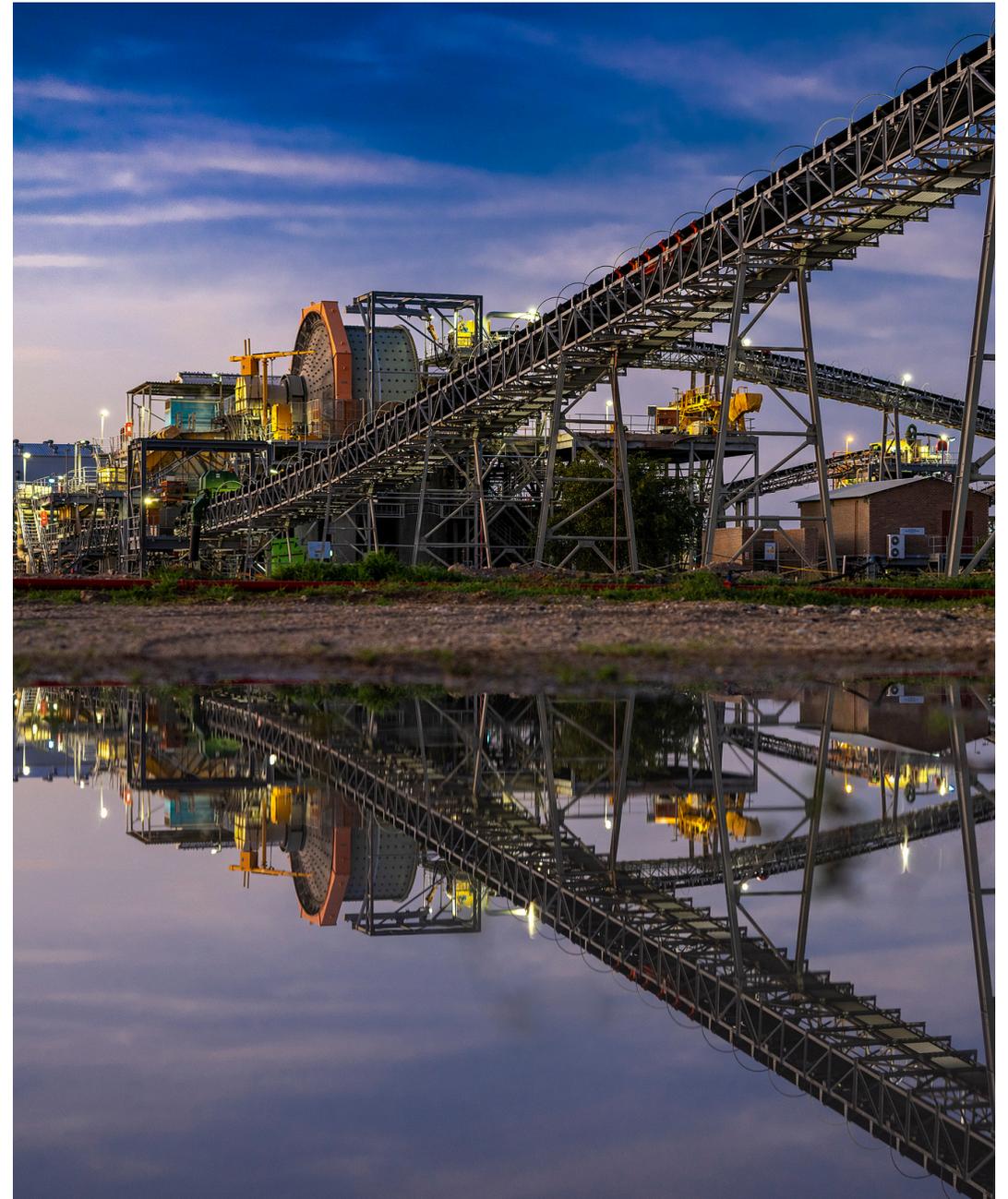
Human Rights and Employee Grievances

Lucara's Human Rights Policy promotes fairness and non-discrimination in our employment practices, forbidding harassment and discrimination based on factors like gender, sexual orientation, race, and national origin. Any issues raised by employees that violate this policy are investigated and addressed according to the Company's Disciplinary Policy and employee grievance mechanism. Employees are also encouraged to report any violations anonymously through a third-party [Whistleblower hotline](#).

The Human Resources (HR) department ensures all grievances are processed transparently and fairly. Aggrieved employees are encouraged first to approach their supervisors, and if unresolved, grievances can be escalated through management levels up to the General Manager or Managing Director. Unionized members can also involve their union representative. Situations requiring investigation can be resolved through joint task teams with the union, reflecting our commitment to joint decision-making.

There were no registered complaints regarding discrimination, human rights, or labour rights violations in 2023, continuing the trend from 2022. One grievance was recorded in 2023, compared to two in 2022. An investigation was conducted, which led to resolution through coaching and information dissemination. No disciplinary action was required.

Lucara has a strong track record, having never experienced industrial action or disputes with its workforce stemming from wages or employment conditions. Further details on our Human Rights approach can be found in our [Human Rights](#) section.



HEALTH, SAFETY & WELLNESS

HIGHLIGHTS

- 0 fatalities
- 0 lost time injuries¹¹
- 2 restricted work injuries
- 0.24 total recordable incident frequency rate (TRIFR)
- 8¹² near misses
- 0.48 near miss frequency rate
- 49,665 stop & fixes
- 0.12 LTI frequency rate (including restricted work injuries)

Our Approach

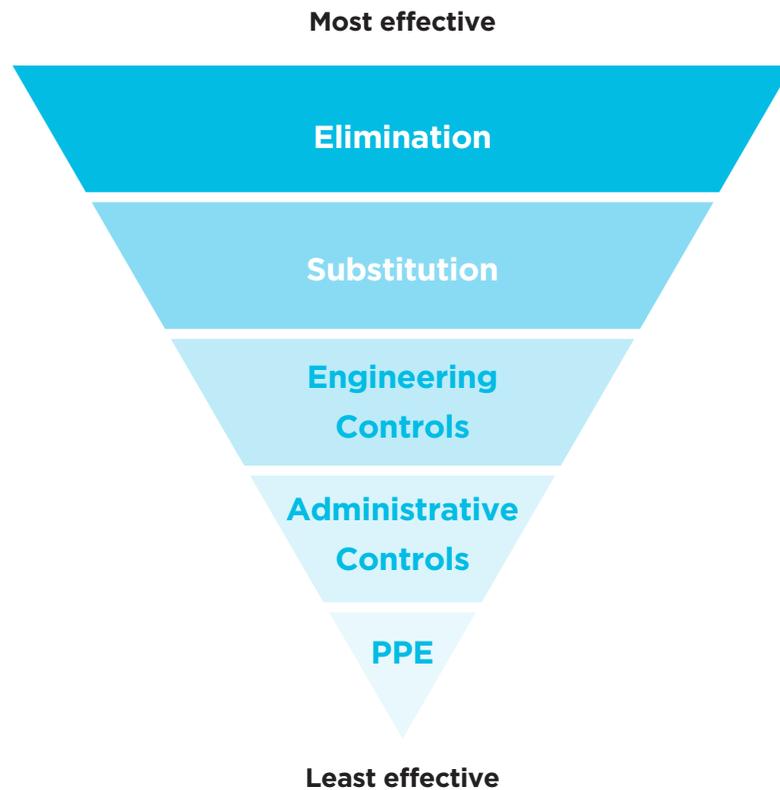
At Lucara, we prioritize the health, safety and wellness of our workforce, understanding that fostering a healthy and safe workplace is essential for our long-term business success. We prioritize the safety and well-being of our stakeholders, including employees, contractors, and the local community. We strive to provide our workforce with an environment free of injuries, accidents, or occupational illnesses. To achieve this goal, we employ an Occupational Health and Safety Management System, which aligns with ISO 45001:2018, and implement continuous training and development opportunities, along with innovative solutions to continually improve our business practices.

¹¹ Lucara Botswana reports LTIs using the Botswana Chamber of Mines definition.
¹² Since 2022, we report the near misses and stop & fixes as separate metrics.



Lucara Botswana uses the ISO 45001:2018 health and safety management system and has been certified since 2021. We employ robust risk management processes, systematically assessing and addressing operational hazards. Our “5-SHE Steps” (Safety, Health, Environment) program also promotes a positive safety culture within our workforce, with all employees encouraged to report any unsafe acts and conditions that arise in their work areas. Understanding how and where hazards and risks may arise helps all employees implement the right controls using the Hierarchy of Controls. It helps us to prevent workplace incidents, identify our most susceptible areas, and continually improve our overall risk assessment and management.

Hierarchy of Controls



The Hierarchy of Controls focuses on elimination of sources of hazards; Substituting hazardous substances/processes with less hazardous ones; Engineering controls, such as compartmentalization of the source of hazard; and Administrative controls, such as developing procedures, offering awareness and training on the risk and ways of work, and includes Planned Task Observations, which measure the effectiveness of training and procedures; and Personal Protective Equipment (PPE) such as hard hat, safety shoes etc. to mitigate against hazards in the workplace. Generally, Elimination is the most effective control, and PPE is the least effective.

In 2023, Lucara Botswana launched a campaign under the theme “Stop complacency creep—habituate safety practices,” which aimed to raise awareness of complacency creep. This phenomenon builds up over time by repeatedly working on a process when an individual can tend to “go on autopilot,” and their ability to notice changes in hazards or their own behaviour fades. Workers were encouraged and empowered to guard against and eliminate complacency and to promote strong safety practices.



Safe Start® Program

Since 2021, Lucara Botswana has employed a behaviour-based safety program called *Safe Start*®. This program focuses on influencing employee behaviours to reduce injuries and near misses and improve the safety culture. The program uses a set of simple, proven, brain-friendly techniques that facilitate behaviour change and drive personal performance improvement, error reduction, reduced complacency, and heightened safety awareness.

We promote reporting of unsafe acts and conditions through the mine's stop and fix program. In 2023, a total of 49,665 stop and fix reports were generated, with a closure rate of 88%.

Incident Management

KDM has operated continuously since its commissioning without a fatality. It has gone three years without a Lost Time Injury (LTI), resulting in a Lost Time Injury Frequency Rate (LTIFR) of 0.00 for three consecutive years, using the incident classification system as per the Botswana Chamber of Mines Guidelines. In 2023, using the International Council on Metals & Mining (ICMM) incident classification, where a Restricted Work Injury (RWI) is classified as an LTI, Lucara recorded an LTIFR of 0.12. Additionally, a Total Recordable Injury Frequency Rate (TRIFR) of 0.24 was achieved during the reporting period.

A total of eight Near Misses were recorded in 2023, resulting in a Near Miss Frequency Rate (NMFR) of 0.48. In previous years, Lucara reported unsafe acts and situations (internally referred to as Stop & Fix). However, since 2022, the number of near misses has been separated and reported to include unplanned incidents where no property, environmental damage or personal injury occurred but where damage or personal injury could quickly have escalated if circumstances were to have changed only slightly.

To further reduce incidents, a 2024 safety campaign will be launched with the aim of fostering a ZERO incident mindset. The campaign focuses on preventing incidents by addressing the following key areas:

- Identification of line of fire situations
- Addressing risk perceptions
- Preventing recurring incidents
- Complying with ISO 45001 standard
- Implementing suitable, effective, and sustainable controls

Emergency Preparedness and Response

Effective emergency response is critical to safeguarding people, property, and other interests while limiting any potential harm. This is enshrined in the mine policies through our Emergency Preparedness and Response Plan (EPRP) and the Crisis Management Plan.

In 2023, we undertook several emergency drills and simulations to assess and provide recommendations on the outcomes of our response to potential emergency situations that may occur in the mine. This is in line with our potential emergency scenarios, such as slope failure at the open pit, persons stuck underground, and an outbreak of fire in the plant, amongst others. In the same period, we engaged our communities, within our Zone of Influence, to establish emergency response frameworks for potential emergencies that may proliferate beyond the mine lease area, such as the slimes dam breach.

The outcome of engagements led to Lucara being part of the District Disaster Management Committee, which workshopped the first draft of the District Disaster Management Plan, which will be finalized in 2024 and is expected to guide emergency responses within the district.

Contractor Engagement

Our safety programs extend to everyone doing work for and on behalf of Lucara on the mine site and in our offices. To ensure safe and responsible production, we actively collaborate with our contractors and prioritize their safety on-site, acknowledging their vital role in guaranteeing everyone’s safety at the site.

In 2023, we focused on collaborating with our supply chain department to develop an integrated framework for contractor performance management as part of our comprehensive contractor management program. This framework will assist in implementing a best practice strategy for managing contractor performance in all areas of our Company, including social, health, and environmental performance.



Annual Training

All employees and contractors receive safety training regularly. Training is crucial to ensuring that our employees have the necessary skills and information to perform their jobs effectively and safely. Training programs were based on identified risks and delivered by qualified external providers. Lucara provided training in the following areas.

	Employees	Contractors
Hours of health, safety, and emergency response training	1,960	432
Theme	Employees Hours	Contractors Hours
Fire appliance reconditioning	1,280	560
Breathing apparatus	1,400	440
Fire marshal refresher training	1,320	400
ISO 45001: 2018 Safety and Health Management System understanding	720	0
ISO 45001: 2018 Safety and Health Management System auditing	720	0
Safety Health and Environmental Management for supervisors	1,520	160
Radiation awareness	3,600	0

Health & Wellbeing

Karowe Diamond Mine Clinic

The new Karowe Diamond Mine Clinic, constructed and opened in 2023, reflects our commitment to employee well-being, offering holistic healthcare to employees and contractors on site and offering comprehensive health services. Holistic healthcare is provided on-site with 24-hour emergency response services, mental health services, curative and preventative healthcare services, and occupational health services.

In 2023, our management team approved further supplementary services starting in 2024, such as physiotherapy and pharmacy/dispensary services, all with the aim of making services more accessible to our workforce and reducing absenteeism from work due to ill health.

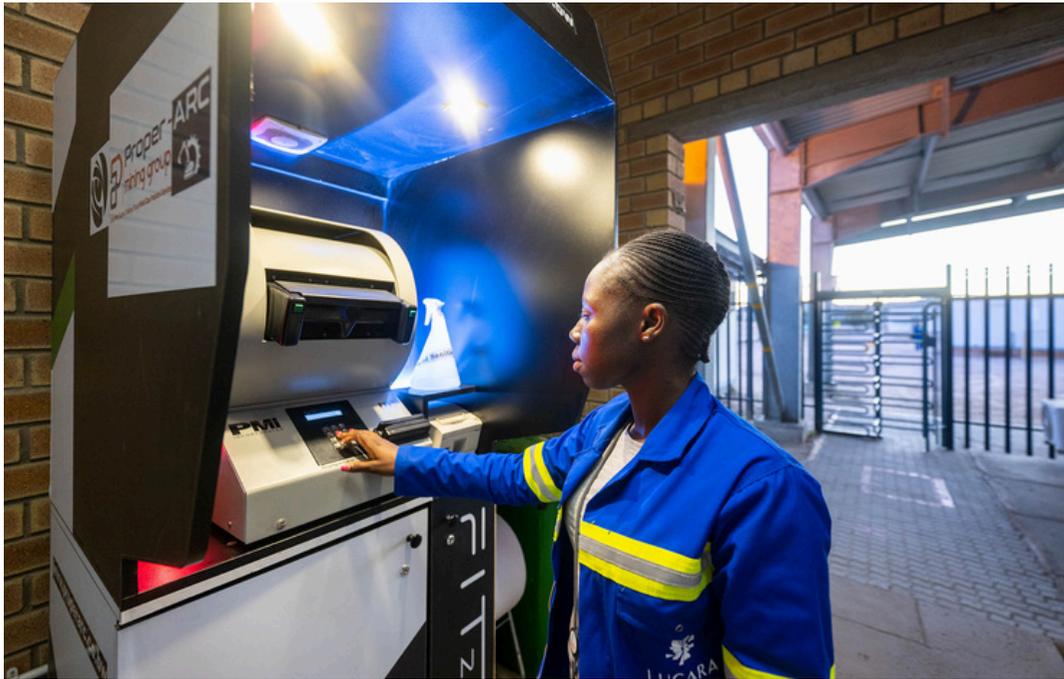
The facility's three nursing wings have defined roles but share common functions supporting other healthcare services. The 24-hour emergency response, managed by ten paramedics, includes daily administrative duties and patient screening. Preventative healthcare is handled by a Wellness Nurse, who educates and screens for diseases. The Wellness wing promotes healthy lifestyles and manages both communicable diseases (STIs, HIV/AIDS, COVID-19, hepatitis, tuberculosis) and non-communicable diseases (hypertension, heart disease, diabetes, cancer, respiratory diseases, substance abuse, mental illness).

The Primary Health program, led by a Family Nurse Practitioner, provides clinical assessments, outpatient care, injury management, and specialist referrals and ensures compliance with health regulations. The Occupational Health wing ensures compliance with industry standards through an online medical surveillance program, managing work-related illnesses and rehabilitation in collaboration with the Primary Health program.



Partnering for Community Wellness

Throughout the year, the clinic partnered with district health stakeholders to organize community wellness activities in remote villages, such as screening and awareness for non-communicable diseases. This initiative is aligned with our efforts to contribute to progress on SDG 3, Good Health & Well-Being, and Botswana UNSDCF Output 2.1. Resources from the mine clinic were extended to these settlements, offering screenings, medication donations, and free consultations. These activities aimed to support health posts in areas with limited access to healthcare, such as Mmea, Kedia, Khwee, and other settlements around Letlhakane. We also extended First Aid training for our employees to community stakeholders, discussed in the [Community Development](#) section.



Occupational Diseases

The employment-related medical examinations undertaken during the reporting period did not identify respiratory illnesses, occupational dermatitis, noise-induced hearing loss, or any musculoskeletal disorders.

Occupational Hygiene

Building on our 2022 efforts, Lucara Botswana continued enhancing our occupational hygiene program with the goal of controlling recognized workplace health hazards and maintaining an acceptable level of occupational health risks and stressors. Our monitoring program aims to anticipate, recognize, identify, and control specific occupational health hazards such as noise, dust, vibration, illumination, and ergonomic risks, evaluate their severity, and recommend appropriate control measures. We achieved the following during the reporting period:

- **Hearing conservation programme:** In 2023, audiometric assessment data from similar exposure groups was used to refine our hearing conservation program, enabling proactive identification and prevention of noise-induced hearing loss at the earliest stages. Additionally, noise control measures were enhanced in areas with high noise levels, such as chutes, including rubber linings and custom earplugs for more employees, which significantly reduced noise exposure compared to disposable options.
- **Ergonomics management programme:** Our ergonomics management program continuously assesses workstations and identifies employees who may benefit from specialized equipment due to specific needs, such as health conditions. In 2023, this led us to provide advanced or special workstations to three employees, helping to prevent work-related injuries and musculoskeletal disorders.
- **Hazardous Chemical Substances Management:** In 2023, we strengthened our hazardous chemicals control at the site. All chemicals now require approval from relevant regulatory bodies before being allowed on-site. Additionally, quarterly joint inspections are now conducted by the SHECR and Procurement departments to ensure proper chemical storage and labeling and safe disposal, dissemination of safety data sheets to all end users and chemical handlers, and restricted access to chemical storage areas.
- **Fatigue Management programme:** The Fit 2000 machine, a predictive technology for assessing fatigue, was piloted from February 2023, with the trial expected to end in March 2024 before full implementation. This technology uses a non-invasive test to assess potential impairment from fatigue, legal medications, illegal drugs, alcohol, or sleep deprivation. The machine measures involuntary eye reactions to stimuli and assesses impairment by comparing them to the individual's baseline established earlier. It enables us to quantify fatigue risk across the mine and preventatively reduce the associated risks. Use of the machine is voluntary and does not infringe upon human rights.

Innovating Dust & Noise Monitoring for Health outcomes

In 2023, Lucara Botswana invested in technological advancements focused on further enhancing worker health and safety, including real-time dust and noise monitoring systems. These technological enhancements provide immediate results and feedback, offering several key advantages:

- Continuous assessment of workplace conditions and control performance
- Faster and better-informed corrective actions
- Monitoring of control effectiveness
- Early detection
- Support for legal compliance
- Predictive maintenance and diagnostics

The system works by utilizing strategically placed sensors and dataloggers in various locations across the plant, depending on the areas. The sensors measure various parameters, including the concentration of particulate matter, dust and level of noise.

The sensors then interface with a data logger and send the data to a cloud-based platform through a wireless transmission that stores, analyses and displays the data in real-time. End users then receive the data readings via mobile apps and dashboards.

A total of 18 sensors and dataloggers were installed in the plant for noise monitoring, while four sensors were installed to measure dust in ore transfer points in the plant.



COMMUNITIES & PARTNERSHIPS

HIGHLIGHTS

-  **\$33,000** for gender & gender-based violence events (approximately P437,000)
-  **60** traditional kgotla meetings (with the 19 villages)
-  2023 African Mining Indaba Responsible Resourcing Award for the Mokubilo Integrated Farm
-  **2** grievances
-  **\$0.4 million** in community investment (excluding the Sports Complex)
-  **171** new local suppliers onboarded into our vendor system
-  **\$2.9 million** for the sport complex in 2023 (approximately P39,223,000)

Our Approach

Lucara is dedicated to fostering lasting and mutually beneficial relationships with local communities, managing our impacts, and creating shared benefits through local content and socio-economic investment. We recognize that our operations can make significant positive impacts on local communities, particularly through employment, procurement, and community investment. Additionally, we are aware of the potential for adverse and unintended effects, which we strive to avoid. We recognize that meaningful engagement is key to building trust and avoiding operational disruptions, disputes, and missed opportunities to create shared value with our stakeholders. Guided by our Responsible Mining Policy, Corporate Social Responsibility Charter, Human Rights Policy, and Stakeholder Engagement Plan, we work diligently to ensure a positive and lasting legacy. We also align with the MAC TSM Indigenous and Community relationships protocol.



Community Engagement

At Lucara, we believe meaningful engagement, collaboration, and honest dialogue are foundational to developing impactful partnerships with local communities, which are crucial to effectively mitigating adverse impacts and maximizing positive outcomes. Our commitment is reflected in our comprehensive *Stakeholder Engagement Plan*, which outlines a systematic approach to engaging with various groups, including host communities¹³, local government authorities, the private sector, and other interested or affected parties.

Lucara maintains an open dialogue with our stakeholders through public consultations held every quarter to update our host communities on the mine's activities. These consultations help us ensure they are kept informed about topics relevant to and of interest to them. We also hold annual workshops with village leaders to maintain accountability and gather feedback.



“

The key objective is to include input from the community into all the processes that we do. We don't have to consider the community as a hindrance to all the processes.

Over the years, I've borne witness to how the community in Botswana has embraced our Lucara operations.

Kesego Kereemang
- Safety, Health, Environment and
Community Relations Manager

”



We recognize the diverse needs and expectations of our host communities and therefore tailor engagement with various groups as needed, including disadvantaged or vulnerable groups and local people to ensure that engagement outcomes fairly and accurately represent these communities.

We continued to engage with different government departments through various forums. In 2023, we attended three quarterly District Economic Development Committee meetings where the performance of our Karowe Village Initiatives (KVIs) was discussed. We engaged with the local government by also attending Boteti District Council meetings where the Company's performance and CSI initiatives were discussed, and feedback from local authorities was gathered.

There were no non-technical delays or stoppages arising from community unrest during the reporting period.

¹³ Host communities are defined as those people who live within the vicinity of our operations, who have been or could be directly affected by our exploration, construction or operational activities, and have a reasonable expectation of the duties and obligations of the mining operator.

Kgotla meetings

In line with the Botswana traditional consultative process, during the reporting period, we attended sixty Kgotla meetings in all nineteen villages in the Boteti district. These traditional engagement platforms are a central community space for public meetings, village and community councils, or traditional law courts. Khwee, Xere, Mmea, Makgaba, and Kedia are predominantly local villages, home to the Basarwa people, although Basarwa also live in some of the other villages. The purpose of the Kgotla meetings is to share information, discuss, deliberate, and make decisions on issues affecting the community. The 2023 Kgotla meetings centred around communicating stakeholders with updates on the Company's performance, grievance procedures, safety initiatives, operations, and Corporate Social Investment (CSI) programs undertaken by Lucara Botswana.

Industry Collaboration

Engagement and collaboration with other industry players in our operating area support us in upholding our commitment to minimizing adverse impacts. For example, through our partnership with other mining companies, Lucara Botswana implemented a joint program to mitigate the effects of population influx induced by mining operations in the broader Boteti region.

Grievance Management

Our operational feedback or grievance mechanism serves as a strong early risk identification tool at an operational level. It also serves to empower our communities by providing all stakeholders with a straightforward process to raise their concerns, provide feedback, and seek resolution for issues related to our operations, policies, or impacts. This mechanism has been shared with communities through public consultations and is among the topics discussed during our annual village leadership workshops. The grievance mechanism was presented successfully to the Boteti district leadership at the end-of-year workshop in December 2023.

The grievance reporting mechanism has been accurately translated into Setswana, Botswana's national language, to ensure accessibility and understanding for all stakeholders. This translation promotes transparency, accessibility, and inclusivity in our stakeholder engagement efforts. In 2023, two grievances were recorded from the community. The community liaison officer addressed and resolved these grievances to the community's satisfaction.

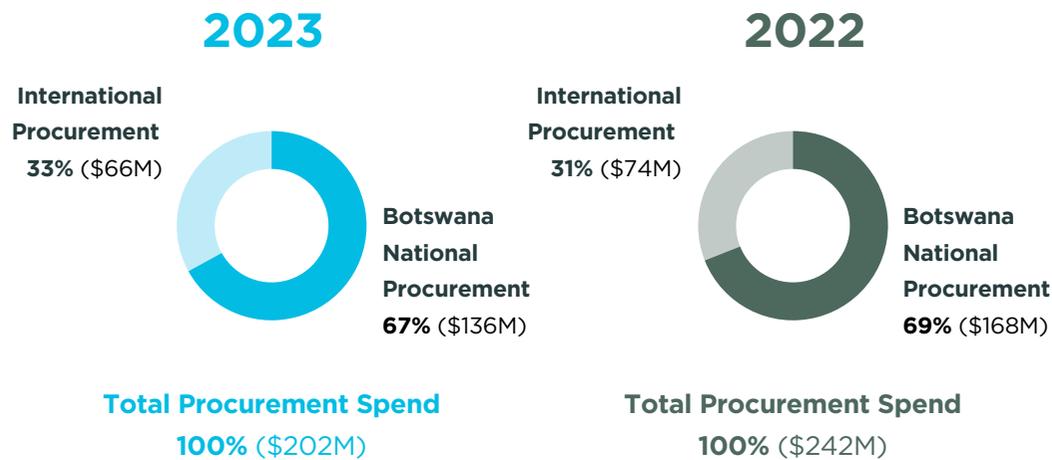


Local Procurement

Lucara strives to contribute meaningfully to local socio-economic development by sourcing goods and services locally whenever possible. We believe local procurement creates significant economic benefits for host communities, including jobs, income, and tax revenues. It can also lower unnecessary procurement costs associated with foreign sourcing, improve supply chain efficiency and resilience, and strengthen our social license to operate. Therefore, our Procurement Policy commits us to giving preference to the purchasing of goods and services from Citizen Owned and Botswana Registered suppliers/contractors, while being mindful of the economic climate and required performance indices (product, supplier, quality, and business).

Our efforts in this area directly align with contributing to SDG 8, Decent Work and Botswana’s UNSDCF Output 4.2.

Lucara Botswana’s procurement spend in 2023 was \$202 million (2022: \$242 million). Spending on goods and services procured locally in Botswana accounted for 67% of the total procurement cost, a decrease from 69% in 2022. This 2% decrease was mainly due to the procurement of specialized equipment and machinery required for the UGP, which is not available locally.



The following ongoing initiatives are helping us to improve our local spend where possible:

- Vendor database expansion:** In 2022 Lucara Botswana, through the local newspaper, floated an expression of interest in registering news suppliers on the Lucara vendor database. About 20% of respondents met the requirements and were onboarded in 2023. Engagement and guidance were offered to those who were unsuccessful to aid them in meeting minimum requirements in the future. All suppliers will have another opportunity to apply in 2024.
- Mapping Local Competitive Advantage:** An internal assessment of the capacity of local suppliers was conducted, and 69 goods and services were identified where local suppliers have a competitive edge in terms of cost, skills, infrastructure, and equipment. The list has been submitted as an addendum to the Procurement Policy and is currently awaiting final approval, which will be before the end of the second quarter of the year 2024. The list will be reviewed on an annual basis to check its relevance and effectiveness as we continuously monitor and foster growth with our local suppliers.
- Procedural Support and Engagement for Financing:** Suppliers interested in providing goods and services to Lucara Botswana may approach financial institutions for financing. To expedite the process for these suppliers, Lucara Botswana can verify the authenticity of purchase orders or contracts upon request, which helps suppliers secure funding more quickly from commercial banks like Absa Bank and Access Bank or from organizations like the Citizen Entrepreneurial Development Agency (CEDA).
- Engagement for Continuous Improvement:** We hold regular supplier performance reviews and progress meetings with existing suppliers and provide Safety, Health, and Environment (SHE) inductions. This engagement helps create a platform for collaboration and continuous improvement, assisting suppliers in building their capabilities and fostering long-term, mutually beneficial relationships with Lucara.

Having identified opportunities for supplier development through our supplier vetting process, we plan to launch outreach initiatives in 2024. Through seminars and workshops, we will educate both existing and potential vendors on our procurement process. These sessions will cover key topics like vendor registration, the vetting process, goods and services required by the mine, quality standards, product availability, global market access, and cost competitiveness. We encourage all suppliers and contractors to report any concerns about unethical procurement practices. A third-party whistleblower hotline is available for secure reporting.

Community Development

We recognize that thriving and resilient communities are essential partners in our business success and sustainable growth. We are committed to being good neighbours and to fostering long-term prosperity in the communities where we operate by actively contributing to the development of sustainable, resilient, and inclusive communities in our operational area. **Investing in community development is more than a corporate responsibility or path to social license - it is a fundamental aspect of who we are as an organization and what we stand for.** Our Community Relations team, guided by our Community Social Investment (CSI) Policy, partners with local communities to identify and implement impactful needs-based projects. Through funding and in-kind support, we strive to empower local organizations and thereby enhance community resilience.

Although we have not yet developed a robust impact measurement framework as part of our corporate social investment activities, the positive impacts of many of our initiatives can be provisionally mapped to priority SDGs and outputs of the Botswana UNSDCF, discussed in the [Mapping to the Sustainable Development Goals](#) section of this report.

In the last quarter of 2023, a consultant specialist was engaged to carry out a Community Needs Assessment for the nineteen villages in the Boteti district.

The purpose of this assessment is to guide Lucara Botswana in developing a new five-year CSI strategy and inform new initiatives. The study is expected to be completed in 2024.

Karowe Village Initiatives

During the reporting period, we continued implementing the Karowe Village Initiatives (KVI) Program, originally developed in response to requests from our local communities. The KVI Program provides funding for a range of income generation projects in various Botswana communities, featuring community ownership and governance, with a focus on vulnerable communities. We currently have four core KVI projects that are intended to align with ten of the seventeen United Nations SDGs. We continue to monitor and support these projects to ensure their long-term impact and sustainability.

Additionally, we continued to support capacity building through our Community Investment Office and by collaborating with stakeholders like the Department of Crops, the Department of Cooperatives, and the Local Enterprise Authority. These programs support all four KVI projects and focus on practical skills development, such as cropping plans, customer service, record keeping, market access, horticulture techniques, crop fertilization, and chemical handling. The programs were informed by business needs assessments to ensure training addressed the projects' specific needs for long-term success. In 2023, sixteen people, including KVI Program board members and employees, received training across all projects. Engagement with stakeholders is ongoing to ensure they continue to offer relevant training to project employees and management. Starting in 2023 and continuing into 2024, community boreholes were drilled and equipped in Borolong, Bogogobo, Kolonkwaneng, Mosu, Gweta to make water available to the communities for different projects.

1. **Mokubilo Integrated Farm:** The Mokubilo Integrated Farm continued to contribute to the school feeding program in 2023, reaching two area schools (Mokubilo and Mmea) and the Mokubilo Rural Area Dwellers hostel. Egg production also increased from 178,983 in 2022 to 179,757 in 2023, meeting the growing demand for eggs and enhancing the farm's contribution to the country's food security.

Since its inception in 2018, the farm has received a total investment of \$178,000 (approximately P2,373,000). The farm has earned \$129,000 (approximately P1,719,000) and generated a profit of \$27,000 (approximately P355,000). During its lifespan, the project has become self-sufficient and has employed thirty-five people, paying a total of \$39,000 (approximately P519,000) in wages.

In that time, the project has supported ninety-six beneficiary shareholders, four schools, and one Rural Area Dwellers hostel, benefiting a total of 8,192 students by providing an adequate supply of nutritious food.

The project is an example of our efforts to contribute to SDG 3, Good Health & Well-Being, as well as Botswana's UNSDCF Output 2.3. The farm is contributing to reduced malnutrition among school children in the area; in 2023, moderate malnutrition rates decreased from 2.8% to 0.82%, while severe malnutrition rates decreased from 0.6% to 0.46% for children under five.



Mokubilo farm employee: Itibiseng Orehile



“

My name is Itibiseng Orehile. I am 44 years old and from Mokubilo village. After completing my junior school in Letlhakane, I pursued my passion for football for a while. Now, I'm a proud father of three and work full-time as a Farm Assistant.

Life wasn't always easy before I joined the farm as a part-timer in early 2020. My children and I relied on the support of my parents and sisters. However, the farm income has brought positive change. I've built a house for my family and can now comfortably provide for my kids. And the impact extends beyond my family. The farm prioritizes sourcing supplies locally, which benefits Mokubilo and neighbouring communities. Residents can even invest through shares, creating additional income opportunities.

I'm grateful to Lucara Botswana for their investment in empowering our communities.

”

2. **Khwee Small Stock and Fodder Production Farm Community Project:**

Completed in 2022, the Khwee Small Stock and Fodder Production Farm successfully became self-sufficient and transitioned to community ownership in 2023. It was developed to improve and commercialize the quality of small stock breeds in the area (through the sale of high-quality bucks) and make feed available to local farmers (through the sale of excess fodder). During its first year of independent operation, the farm made its first sales, recording revenue of \$2,500 and achieving a profit of \$1,100. The farm's herd has grown from its initial thirty-five does and two bucks to fifty-three does and twenty-six bucks in 2023, with thirteen goats sold this year. Napier grass was initially the only forage variety. Still, the farm has expanded to include Brachiaria, Lablab, and maize, all highly nutritious species planted to provide supplementary feed that ensures the animals remain in good condition even during drought periods.



A total of \$121,000 (approximately P1,612,000) has been invested in the Khwee Small Stock and Fodder Production Farm Community project. As of 2023, the farm has generated a total revenue of \$3,000 (approximately P41,000) and a profit of \$2,000 (approximately P27,000). The farm provides permanent employment for six people (four men and two women), with total wages paid since inception amounting to \$11,000. In addition to employees, the project benefits forty-nine shareholders who will receive dividends from future profits. The Farm Manager received training in record keeping, basic computer skills, and corporate governance to build capacity.

Lucara is proud of this example of our efforts to contribute to SDG 3, Good Health & Well-Being, SDG 8, Decent Work and Economic Growth, and SDG 15, Life on Land, as well as Botswana's UNSDCF Output 3.3. The project's success is evidenced in the delegations from other communities it receives from across Botswana, who visit the farm to benchmark and learn from its model. One delegation, composed of representatives from Wild Entrust Africa and Habu Elephant Development Trust in West Okavango, have already expressed their intent to establish similar projects elsewhere based on the Khwee experience.

3. **Mmadikola Hardware Store:** Established in 2022, the Mmadikola Hardware Store has improved access to hardware supplies for the community of Mmadikola village. In response to community requests, Mmadikola village was chosen as the best location for the new hardware store, and residents no longer need to travel long distances and incur transportation costs to purchase building materials. According to the 2022 population census, Mmadikola has a population of 1,004 and is 134 km from the nearest major center, Letlhakane Village.

Since its inception, the Mmadikola Hardware Store has generated a total revenue of \$46,000 (approximately P619,000) and a profit of \$3,000 (approximately P42,000). The store operates through a multi-purpose cooperative with open membership to all Mmadikola residents. Currently, thirty-four shareholders are entitled to receive dividends from the project's profits. Also, in 2023, the employees receive training in customer service.

The Mmadikola Hardware Store embodies our commitment to both SDG 8, Decent Work and Botswana's UNSDCF Output 4.2 and 4.3. It expands capacities within communities, ultimately boosting local productivity.

4. **Kolonkwaneng Horticulture Farm:** In 2023, the Kolonkwaneng Horticulture Farm project, developed to address the vegetable supply shortage in the Kgalagadi area, successfully transitioned to community ownership. During its first year of independent operation, a wide variety of vegetables were planted, including cabbage, beetroot, green mealies, carrots, tomatoes, spinach, butternut, watermelon, and onion. Collaboration with the Local Enterprise Authority has also continued, including project monitoring and capacity building for farm employees.

The project supplies two schools (Kolonkwaneng and Bogogobo), representing 243 students, with vegetables for the school feeding program and Tsabong Primary Hospital.

Operated through the local Village Development Committee, the farm's profits are reinvested in community projects. The project is an example of our efforts to contribute to SDG 3, Good Health & Well-Being, SDG 8, Decent Work and Economic Growth, and SDG 15, Life on Land, as well as Botswana's UNSDCF Output 2.3 and 3.3.

A total of \$46,000 (approximately P944,000) has been invested in the Kolonkwaneng Community project. As of 2023, the farm has generated a total revenue of \$5,000 (approximately P64,000) and a profit of \$3,000 (approximately P46,000). The farm provides permanent employment for five people (one male and four females), with total wages paid since inception amounting to \$11,000 (approximately P68,000).



Khwee Solar Project

As part of our efforts to promote shared resilience, we actively contribute to the use of renewable energy in our community development initiatives. During the reporting period, we completed a 29.8kW solar photovoltaics (PV) project for Khwee Village, costing \$57,000 (approximately P700,000). This project provides clean, reliable electricity at the Khwee Kgotla and Village Development Committee (VDC) compound, powering households and essential equipment like computers, internet routers, and mobile phones. The project included a 21.6kW Off-grid Solar System with 35.5kWh Li-ion battery Backup at 19.4kWp, powering the Village Development Community houses at the VDC compound opposite Kgotla at Khwee village. It also included a 7.2kW Off-grid Solar System with 14.2kWh Li-ion battery Back-up at 7.5kWp powering the Kgotla offices at Khwee village.

Access to electricity reduces poverty, improves education and health outcomes, drives economic growth, and, in many cases, promotes equality. This project also broadens the horizons of Khwee villagers through access to digital communication tools. Reducing the village's carbon footprint and promoting clean technologies contribute to SDG 13, Climate Action and Botswana's UNSDCF Output 3.2.



Khwee Village Chief: Kgosi Meshack Tseleng



The Khwee solar project began in early 2023 with solar installations at the Kgotla in the village of Khwee. Previously, the village lacked electricity, prompting a request for support on solar energy from Lucara Botswana. Within a year, the village was equipped with electricity.

The project has significantly improved the lives of Khwee villagers by supplying power to 10 staff houses and the Kgotla area, including the Kgotla offices.

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The solar-powered electricity provision allows villagers to charge battery-based devices, cook with electric appliances, and enjoy television. Communication has also become much easier, and villagers can also now access job openings online.

The Kgosi expresses his gratitude to Lucara Botswana for their commitment to assisting residents of Khwee and other rural communities. He hopes Lucara Botswana will continue to empower off-grid communities.

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Enhancing Literacy through Libraries

Lucara Botswana has, for the past years, focused on partnering with schools to motivate students through various projects. We leverage strategic partnerships with local institutions like the Botswana International University of Science and Technology (BIUST) to create opportunities for training, organizational development, and community investment projects.

Through a Memorandum of Understanding with BIUST since 2022, we are also conducting research on the library needs of schools in the Boteti district, with a vision to support local progress on SDG 10, Reduced Inequalities, as well as Botswana's UNSDCF Output 2.3. In this aim, we have also partnered with government entities, like the Botswana National Library Services, to promote literacy in the Boteti region by investing in libraries.

Community Digital Empowerment

In collaboration with the Community Liaison Office, in 2023, Lucara Botswana's Information and Communication Technologies (ICT) team participated in initiatives to educate local communities on cybersecurity and the safe use of information and communication technologies. This includes workshops, online resources, and presentations.

The ICT team also identified equipment donations for community projects with 34 printers and 68 desktop computers. Additionally, through the department's business partnerships, Lucara Botswana was able to secure free laptops as prizes for students who excelled in their school examinations. In 2024, Lucara Botswana is expanding internet access to all 34 schools in the Boteti region through a partnership with a local organization.

Community First Aid Training

We extend our commitment to safety beyond the mine site and our workplace by extending the First Aid training offered to our employees to other local stakeholders, including in surrounding communities. As part of our efforts to contribute to progress on SDG 3, Good Health & Well-Being, and Botswana UNSDCF Output 2.1 and 2.2, this training equips individuals with the knowledge and skills to potentially save lives in emergencies. Participants learn essential skills like CPR, airway management, patient comfort techniques, and basic first-aid treatment for wounds and injuries. In 2023, this program expanded to include 31 participants from the Letlhakane football teams. Additionally, awareness sessions on snake bites were offered to community members from Letlhakane, Xere, Xhumo, Rakops, Mmadikola, Mopipi, Mosu, Mokubilo, Mmatshumo, Makgaba, Mmea, Kedia, Mokoboxane, Khwee, and Toromoja villages during their annual Kgotla meetings.



Gender-Based Violence

The Company remains committed to addressing gender-based violence (GBV) in the Boteti area as a key contribution of our Company to progress on SDG 8, Decent Work and Economic Growth, and Botswana UNSDCF Output 1.2 and 1.3. Lucara Botswana supports nineteen villages with donations for GBV training to raise awareness and encourage bystander intervention and reporting of suspected abuse.



The Moot Court and Public Speaking competitions also encourage families and communities to begin conversations about gender roles early on. These discussions can help dismantle traditional norms and characteristics that contribute to GBV. In recognition of their achievements, Lucara Botswana flew last year's top four Moot Court teams and top three public speakers to a pan-African competition in Tanzania, where they performed exceptionally well.

Our Moot Court Public Speaking project is a key part of our support in public schools, through which a simulated courtroom debating competition model sees students argue legal cases. Students are empowered with information on GBV topics to debate the issues, fostering knowledge and open dialogue. Through these competitions in junior and secondary schools in the Boteti district, we aim to equip learners with knowledge about GBV, its impact, reporting mechanisms, and coping strategies.

Letlhakane Sports Complex

Construction has continued on the Letlhakane sports complex project, which has been in development since 2020 and has a final capacity of approximately 2,500 people. The sports complex will provide for recreational and competitive sporting events, promoting a healthy, active lifestyle while contributing to progress on SDG 3, Good Health and Wellbeing. In 2023, we invested \$2.9 million, approximately P39,223,000, and we have completed phase 1 of the two-phased construction project. Phase 2 is expected to be completed in 2024.



The highlight of the year for this project was the commissioning of the *International Association Football Federation (FIFA)* standard football field and the *International Amateur Athletic Federation (IAAF)* standard running track. This milestone allowed the complex to host its first official event, the "Big 6 Northern Tournament," even prior to project completion. Since then, the complex has facilitated additional football tournaments and community events to test the functionality of the facilities. Local teams like Orapa United have begun training for the 2023/2024 season at the complex, and the Orapa marathon festival was held there to fundraise for a former athlete. Social teams are also organizing football tournaments, promoting healthy living within the community.

Cultural Heritage

At Lucara, we recognize the important role that culture and heritage play in the communities in which we operate. We welcome guidance from these communities on culturally appropriate ways to uphold our commitments and achieve mutually beneficial and equitable outcomes. Lucara is committed to respecting cultural, customary, and traditional rights and the tangible and intangible cultural heritage of our host communities.



Archaeology at Karowe

Archaeological and burial sites have previously been identified in the KDM area and access road corridor, including some Early Stone Age, Late Stone Age, and Iron Age stone artifacts, as well as pieces of pottery, bones and glass objects. Archeological surveys were undertaken in 2018, and no additional archaeological sites were identified for the 132kV transmission line.

The archaeological survey undertaken in 2022 prior to the construction of Slimes Dam 2 similarly identified no significant archaeological findings. Our *Chance Find Procedure* ensures we address any archaeological areas which may be identified during activities. Fencing and demarcating are used as appropriate to protect sites.

Rural Area Dwellers (RAD)

Some of the communities within our Zone of Influence are referred to as Rural Area Dwellers (RAD) settlements, including Xere, Khwee, Kedia, Mosu, Makgaba, Mokubilo, and Mmea. Lucara recognizes that RADs may be considered a vulnerable group and that cultural heritage is important for many of these communities. We are committed to continually improving our understanding of the connection RADs have to the land and environment, as well as their cultural heritage and socio-economic development priorities. This, in turn, helps us understand and mitigate the potential impacts of our operations.

In 2023, we engaged a third party to begin conducting a vulnerability needs assessment for RADs in the nineteen villages within our Zone of Influence. This assessment will continue in 2024 and will focus on social, legal, cultural, and environmental vulnerability, as well as the relationship between RADs and dominant groups within the communities. The assessment is gathering information and perspectives from a range of community members to inform its findings.

ENVIRONMENTAL PERFORMANCE

Lucara Botswana uses an Environmental and Social Management System (ESMS) framed by the requirements and obligations of KDM, supporting us in monitoring and evaluating environmental and social performance across our operations. The ESMS has been developed to align with the IFC Performance Standards on Environmental and Social Sustainability and ISO 14001:2015 on Environmental Management Systems. The ESMS covers, but is not limited to:

- Environmental Management
- Biodiversity Management
- Water Quality Monitoring Program
- Air Quality Monitoring Program
- Pollution Abatement
- Climate Change Strategy
- Mine Closure and Rehabilitation
- Stakeholder Engagement
- Grievance Mechanism

To continually improve the ESMS, Lucara Botswana uses Isometrix, a software tool developed in line with ISO 45001 and ISO 14001 requirements. Isometrix helps us manage risk by keeping all key information in a central database. The system allows for resource allocation, responsibility assignment and continuous monitoring of the organization's safety, health, environmental performance, and stakeholder engagement. Isometrix facilitates regular updates to management programs and assists with implementing the organization's policy commitments, enabling efficient management and auditing. We generate performance dashboards for management review, supporting internal reporting and continuous improvement. Users include management, all Process Owners, Sectional Heads (Superintendents, Engineering Coordinators, Senior Process Engineers), and all Legal Appointees.



ENERGY USE AND CLIMATE CHANGE

HIGHLIGHTS¹⁴

 290,875 GJ direct energy used (diesel)	 227,439 GJ indirect energy used (power)
 518,314 GJ of total energy used	 89 in energy intensity ¹⁵
 20,504 tCO₂e in GHG Scope 1	 15.2 in GHG intensity ¹⁶
 67,600 tCO₂e in GHG Scope 2	

Our Approach

Lucara recognizes there is a need to collectively address the global risk of climate change and that mining can negatively contribute to climate change. Accordingly, our approach to energy use and greenhouse gas emissions management centres on the understanding that climate change is a material topic and that we all have a role to play in supporting the transition to a low-carbon economy. We are committed to mitigating our climate change impacts, with energy consumption efficiency being central in our efforts to uphold this commitment. Guided by the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations and the TSM Climate Change Protocol, we focus on how our operations may be contributing to climate change, as well as how climate change can impact our business.

¹⁴ GHG conversion factors used for diesel fuel is 2.68787 kgCO₂/l (DEFRA, 2020) and Botswana grid power is 1.07 kgCO₂/kWh (Harmonized IFI Default Grid Factors 2021 v3.1).

¹⁵ Energy Intensity - Total Energy (GJ)/(ore + waste rock mined (kt)).

¹⁶ GHG Intensity - Total CO₂e(kt)/(ore + waste rock mined (kt)).



This sustainability report marks the third year in which we have framed our climate-related disclosure to align with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). In addition to disclosing our annual emissions performance data, this section of the report covers other aspects of our energy use, relevant aspects of climate change on which we increasingly focus, and planned future actions across the eleven disclosure recommendations under four key areas: governance, strategy, risk management, and metrics and targets. Details are summarized in the TCFD section of our content index.

In addition to this section of the report, a range of climate-relevant initiatives and metrics are being tracked and disclosed in the sections on [Water Stewardship](#), [Biodiversity](#), and [Tailings Management](#).



Governance: Our governance and leadership around climate-related risks and opportunities.

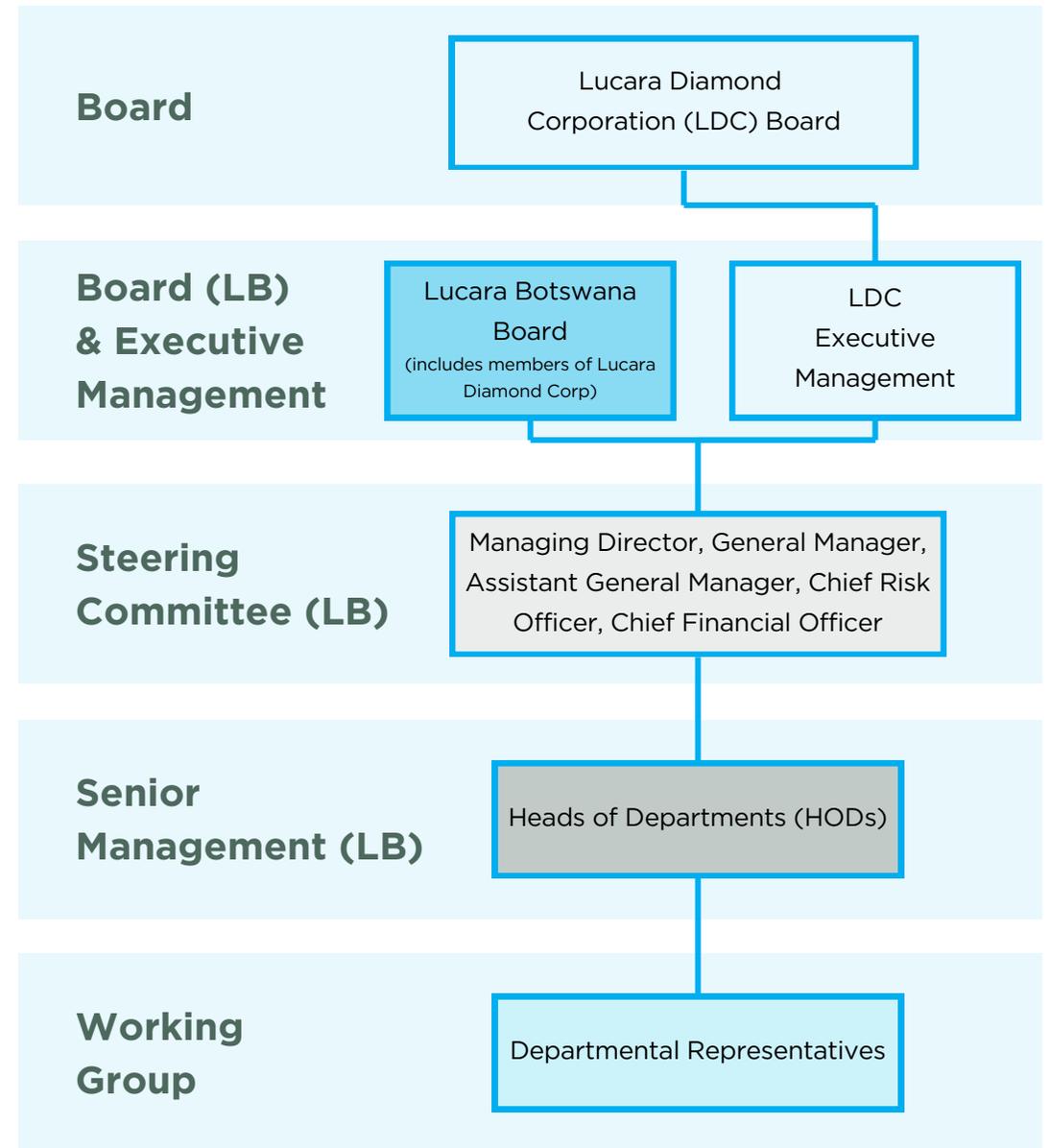
Strategy: The actual and potential impacts of climate-related risks and opportunities on our business, strategy and financial planning.

Risk Management: The processes we use to identify, assess and manage climate-related risks.

Metrics & Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Governance

Board Oversight & Governance



Lucara Diamond's Board of Directors is the highest corporate body dealing with climate-related policies, strategies and information, as well as setting climate-related performance targets and performance disclosure. Matters relating to climate change are often covered within our existing corporate governance structures and reporting lines to the board, further details of which can be found in the [Corporate Governance](#) part of this report.

Lucara Diamond's executive management team is part of Lucara Botswana's board and, in this capacity, reports to the Lucara Diamond board on site-level progress toward our climate goals and targets on an ongoing basis, at least quarterly.

Management

The Lucara Botswana board is responsible for providing guidance on the Company's climate action strategy, approving OPEX budgets and CAPEX projects for implementing the strategy, and reviewing quarterly reports. It is also responsible for reviewing and endorsing our Climate Action Plan, which guides our overall approach to managing the impacts of climate change at KDM. Progress is reported to the Lucara Diamond board on a quarterly basis.

The Steering Committee, which consists of the Lucara Botswana executive management team, and is responsible for developing and sanctioning the Company-wide strategy, approving the Climate Action Plan, ensuring resources for implementation, as well as monitoring and reviewing progress. The Steering Committee reports to the Lucara Botswana Board, which is comprised of Lucara Diamond and Lucara Botswana management teams.

The Steering Committee oversees the functioning of our Climate Change Working Group, a cross-functional team of site-level mine personnel responsible for defining and driving climate action.

This includes responsibility for climate risk assessments, setting strategy, metrics, and KPIs, and reviewing and monitoring management performance against plans, targets, and budgets. The Working Group also oversees efforts on a day-to-day basis to improve energy efficiency, identify and implement carbon reduction initiatives, and enhance climate change awareness within the Company.

The Working Group is supported by a Chair who provides direction and leadership and reports progress to the Steering Committee quarterly. The Group stewards our Climate Action Plan and is led at the Head of Department (HoD) level.

Management is informed of progress on climate-related issue management, including through reporting, which may be monthly, quarterly or on an annual basis, depending on the metrics.

Our management, including the Working Group, participates in training and educational programs, including webinars, conferences and summits, to stay informed about climate-related issues and best practices.

External Reporting & Disclosure

Lucara Diamond's Board approves the release of climate-related information through a formal decision-making process, which includes review and discussion (including any recommendations from the Climate Working Group), decision-making, formally documented release approvals, communication and disclosure, followed by monitoring the impact of disclosure to support periodic reviews and to ensure ongoing alignment with the organization's goals, stakeholder expectations and disclosure requirements.

In the future, we plan to integrate climate-related risks further into our internal board-level quarterly risk reporting.

Strategy

Our current climate strategy has been guided by an initial climate change risk assessment that was undertaken in 2021, and then reviewed and approved by Lucara's board. The assessment considered physical and transitional risks at a high level and identified potential related opportunities. The climate risk assessment will undergo a review in 2024.

Preparing for Physical Climate Risk

Botswana contributes less than 0.02%¹⁷ of the world's CO₂ emissions annually (excluding land use changes) and is vulnerable to climate change risks as a semi-arid country. The Government of Botswana's scenario planning has indicated that climate change impacts will include hotter temperatures, marginal changes in precipitation, increased evaporation, and greater use of groundwater. Livestock productivity is expected to decrease, while crop yields are predicted to increase or decrease, depending on the type and location of activities.

KDM is shielded from certain physical climate change risks, and physical climate risks are expected to be marginal and relatively low. For example, the mine's water needs can be met by deeper aquifers (>100m below surface) that are less sensitive to changes in frequency or intensity of precipitation, and the water is unfit for human consumption, livestock or agriculture.

The recent completion of the new, high-voltage power transmission line using robust steel towers also reduces power interruptions experienced annually during the rainy season. However, major seasonal rainfall events can inundate access roads, making them unpassable temporarily.

Adverse health impacts related to physical risks may include an increase in malaria and malnutrition in some areas, which could result in marginal additional health and safety risk mitigation costs and absenteeism in the workplace, but no material financial impacts are expected.

Preparing for Transition Climate Risk

Although we have not yet undertaken a study to consider the precise transition risks or potential opportunities linked to climate change for our business activities and value chain, we do recognize that mining operations are energy-intensive and that current and emerging trends may impact our business.

While some of the costs associated with reducing our emissions are likely to be offset by increased operational or energy efficiency gains and technological innovation, trends may lead to additional transition costs impacting our operations.

Global efforts to transition to a low-carbon economy may entail extensive policy, regulatory, legal, technology, and market changes relating to GHG emission levels, energy efficiency and disclosure of mitigation and adaptation measures regarding climate risk. Depending on the nature, speed, focus and jurisdictions of these changes, transition risks may pose varying levels of financial and reputational risk to Lucara.

Regarding the transition risks identified, financial and operational impacts to Lucara could arise from the introduction of new carbon taxes or similar measures in Botswana, which may increase operating costs and/ or necessitate investments in renewable power. The reliance on coal-powered electricity similarly could disadvantage the Company, compared to other producers with cleaner energy, which may have reputational impacts with consumers.

Lucara is focusing on decarbonization and energy efficiency opportunities while reviewing its transition risks, undertaking a formal scenario analysis, and developing a new strategy to guide its business decisions in the coming years.

¹⁷ Based on Energy-related CO₂ emissions ([IEA, 2021](#))

During 2023, the Climate Change Working Group (the “Working Group”), with the Lundin Foundation, has strengthened our approach to climate change risk management and begun to develop a range of climate-relevant KPIs. In these efforts, Lucara is considering the short-term (up to 2026, which is the end of open pit life), medium-term (beginning of underground mining in 2028, to the end of the mine life, approximately 2040) and long-term (end of mine life, beyond 2040). Types of risk we particularly consider at this time include regulatory and supply chain risks while we seek to explore further opportunities related to carbon capture.

Capacity building is a key part of our strategic efforts on climate change. To this end, the Working Group held a climate reporting education and strategic planning workshop with the Lundin Foundation in late 2023 to better familiarize the team with the European Union’s forthcoming CSRD and identify priorities for alignment with the new standard.



As part of our annual sustainability reporting cycle and materiality assessment review process, third-party training was also provided to a range of subject matter experts and data owners at KDM.

Several key initiatives were pursued in 2023 in accordance with our Climate Action Plan. One focus area that has emerged as a priority for Lucara is finalizing a five-year climate change strategy, which will be a key aim in 2024. As a first step in the process, we engaged the Lundin Foundation to begin a refresh of our Climate Action Plan. The exercise highlighted critical areas for improvement and pointed to the need to develop a detailed associated roadmap.

Following the pre-feasibility study for a Large-Scale Solar PV Mega Solar photovoltaic power plant, commissioned during the previous reporting period, in 2023, we commissioned a feasibility study for the project, including a battery energy storage system (BESS). The study included a review of site conditions and suitability, energy and GHG modelling, economic sensitivity analysis, and environmental and permitting considerations. It also included a benchmarking exercise in Namibia, with outcomes consistent with the KDM context, including insights into practical benefits and challenges associated with installation and maintenance. Our review of the results of this study is ongoing and will inform our next steps in 2024. Still, it is hoped that such a project could provide cheaper power while reducing our transition risks linked to future carbon tax liabilities, further improving the marketability of Lucara’s rough diamonds.

Risk Management

The Company has considered a range of climate-related risks and opportunities, with an initial focus in recent years on reducing GHG emissions over the life of its depleting assets. Our climate risk assessment adopted a risk rating aligned with TCFD guidelines, with the matrix framing our assessment of impact, likelihood, vulnerability and speed of onset. Lucara considers relevant, identified climate-related risks and opportunities in its financial and business planning processes.

The Company has previously considered existing and emerging regulatory requirements relating to climate change, such as the 2018 Botswana Climate Change Policy and Botswana's Third National Communication to the United Nations Framework Convention on Climate Change (UNFCCC), published in 2019, which included scenario planning results and highlighted adaptation measures. Future efforts will also extend to consider requirements that may be relevant throughout the Company's business relationships and value chain.

Lucara's climate risks are managed day to day by the Heads of Departments and the process owners, who are guided by the Working Group. Internal controls help us assess and monitor climate-related risks. This includes conducting risk assessments every 3-5 years, maintaining a clear governance structure for duties, monitoring and reporting on risk management effectiveness, communicating risk information to stakeholders, conducting independent internal and external audits, ensuring compliance with relevant national laws and regulations, and providing training programs for employee awareness and on risk management responsibilities.

In 2024, we are refreshing our climate risk assessment to review our climate-related physical and transition risks and plan to undertake a formal climate scenario analysis based on the Intergovernmental Panel on Climate Change's (IPCC) shared socioeconomic pathways (SSPs) scenarios to better inform our future strategy and support KDM to improve its climate resiliency. Our 2024 climate risk assessment will seek to assess further the materiality of various climate risks in relation to Lucara's financial performance, reputation, and strategic objectives.

Lucara will seek to prioritize climate-related risks that are deemed to be most material and actionable, with those having the most significant potential impact being given higher priority as much as possible and with regular reporting to the board. Further details on Lucara's overall risk management approach can be found in the [Risk Management](#) section.

Metrics & Targets

GHG Emissions

Lucara has been estimating and disclosing its direct (Scope 1) and indirect (Scope 2) GHG emissions since operations commenced in 2012. Our Scope 1 GHG emissions are those that occur from energy sources that are owned or controlled by the Company, while our Scope 2 GHG emissions are those that arise from the generation of purchased electricity consumed by the Company, which occur where the electricity is generated. Our Scope 1 emissions are mainly caused by diesel consumption used for mining activities (drilling, hauling, and loading), while Scope 2 emissions are primarily linked to electricity consumption.

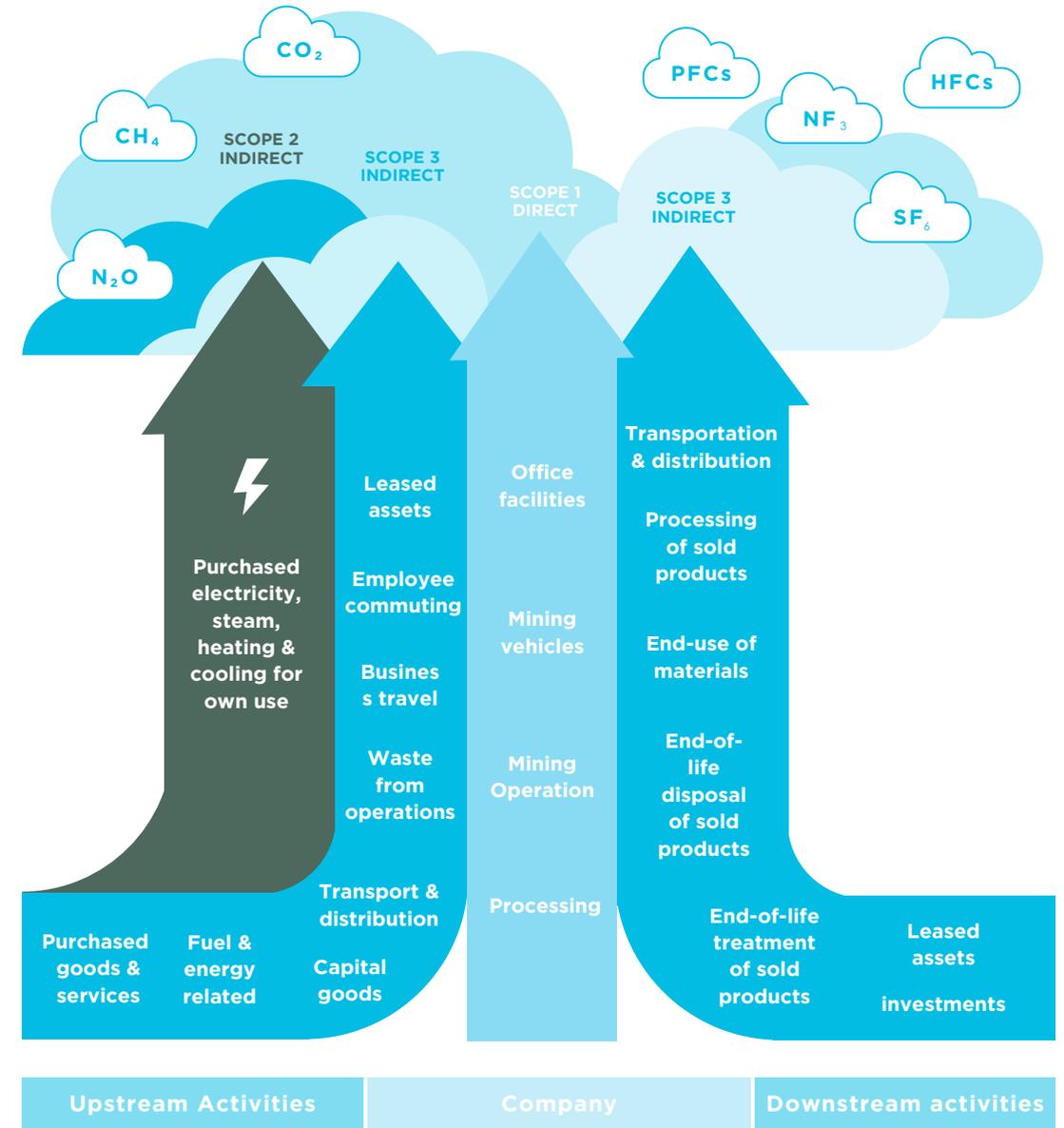
Our emissions are calculated in alignment with the GHG Protocol.¹⁸ For our Scope 2 emissions, we used the International Financial Institution (IFI) Harmonized IFI Default Grid Factors 2021 v3.1. In 2023, our Scope 1 emissions at KDM totalled 20,504 tonnes of CO₂e, while our Scope 2 emissions totalled 67,600 tonnes of CO₂e. Our Scope 1 emissions decreased by approximately 23% between 2022 and 2023, from 26,662 CO₂e in 2022 to 20,504 CO₂e in 2023. This was due mainly to the UGP moving from diesel generators to grid electricity. In 2022, we saw a shift towards diesel for power generation, resulting in higher Scope 1 emissions. This was accompanied by a decrease in grid power consumption, leading to lower Scope 2 emissions.

Year	Energy Use(GJ)	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Total Emissions (Scope 1+2)	Energy Intensity(Energy in GJ/Revenues \$million)	GHG Intensity [Total CO ₂ e(kt)/ore + waste rock mined (t)]
2023	518,314	20,504	67,600	88,104	2,921	15.2
2022	577,124	26,662	59,116	85,778	2,833	17.9

¹⁸ GHG conversion factors: for diesel fuel is 2.68787 kgCO₂/l (DEFRA, 2020) and Botswana grid power is 1.07 kgCO₂/kWh.

In 2023, the trend reversed, with increased grid power consumption (higher Scope 2 emissions) and reduced diesel usage (lower Scope 1 emissions). Over the previous few years, the increase in both our Scope 1 and 2 emissions was mainly due to the increase in power needs at the UGP. To further improve our emissions reduction opportunities, a new system for monitoring and measurement of exhaust gases will be implemented for our underground mobile equipment in 2024. We commissioned a study in 2022 to better understand and estimate indirect emissions within our value chain (Scope 3). However, due to competing operational priorities, the study was postponed, with plans to resume in 2024. The Greenhouse Gas Protocol's Scope 3 Standard has identified fifteen categories across upstream and downstream activities, which we will consider in 2024 to understand better how we might begin measuring our Scope 3 emissions.

Looking forward, we will continue to monitor and set clear goals and targets to help mature our risk management and our alignment with the recommendations of the Task Force for Climate-related Financial Disclosure (TCFD). We understand the materiality of this topic and the importance of providing accurate and transparent disclosures on climate change to our stakeholders.



Energy Supply

The completion of the 132kV bulk power supply line enabled us to transition away from using diesel generators as our primary energy source for the UGP, which is now fully supplied with Botswana Power Corporation (BPC) grid power. Additionally, it allows the surface infrastructure supply to be relocated to the Letlhakane Substation from the Orapa substation. The shift is expected to improve the stability of the energy supply to the mine, especially during the rainy season, when interruptions have historically been common, as the 33kV network could not cope well with adverse weather conditions. Power factor correction equipment is being installed to aid power system efficiency by improving voltage stability and minimize harmonic distortions.

Decarbonization at Karowe

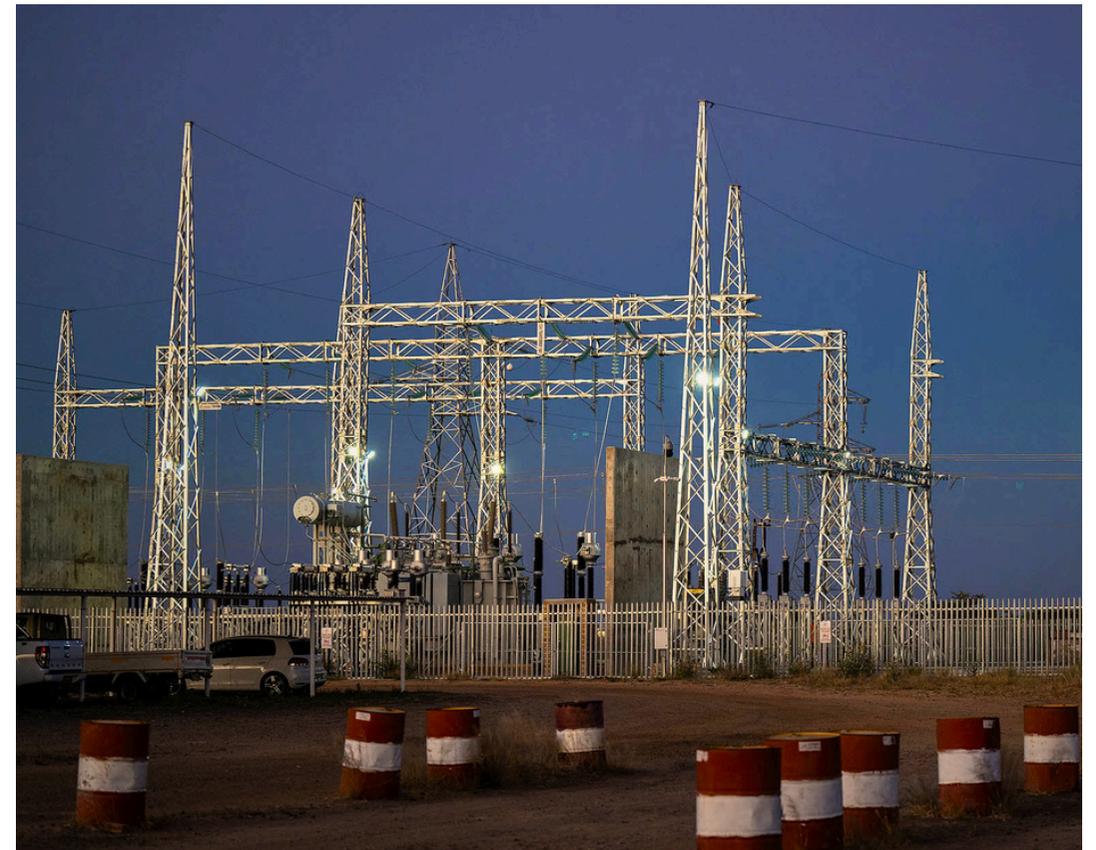
In 2023, we continued to advance our decarbonization initiatives, managing to reduce our GHG intensity (per total materials mined) from 17.9 in 2022 to 15.2 in 2023. The commissioning of the new 132kV transmission overhead line from the Letlhakane substation was an important contributing milestone. Phase 1 was commissioned and the overhead line was energized in December 2022, with Phase 2 completed in April 2023.

Energy efficiency at the process plant was another focus area, including replacing lights at the site with light-emitting diodes (LEDs) and adjusting our procurement specifications to require LEDs for both the plant and offices (LED lights have a higher luminous output per unit of power than conventional bulbs and are longer lasting while using less energy). Circuit separation for daylight switches has also been a priority, so non-critical lights have been switched from daylight switches to timed switches which turn off during the day and on at night.

Another focus was the transfer of process water pumps and slime disposal pumps to Variable Frequency Drives (VFDs).

By design, Direct On-Line (DOL) starters start induction motors at very high currents, leading to a high maximum demand index at the coal-fired power plant fueling the grid. VFDs, on the other hand, do not require this high maximum demand. The result is reduced stress and CO₂ emissions at the coal-fired power generation plant.

Moving forward, in line with the feasibility study's recommendations, we are considering developing a long-term plan to build a solar plant. Additionally, we are assessing the possibility of adopting electric vehicles (both light and heavy-duty) to reduce our environmental footprint in future.



BIODIVERSITY & LAND MANAGEMENT

HIGHLIGHTS



Plant nursery developed to propagate indigenous plant species for mine rehabilitation as per the closure plan.



Partnership MoU signed with Birdlife Botswana to collaborate on wildlife monitoring and conservation within the mine area.



1.523 Ha of lease area representing modified habitat.

Our Approach

Lucara acknowledges that mining activities can have adverse impacts on biodiversity and that biodiversity loss disrupts the balance of our ecosystems, jeopardizing the well-being of all people. We are committed to being responsible environmental stewards, minimizing our adverse impacts on nature and contributing to ecosystem resilience where possible to leave a lasting legacy for nearby communities. Central to our efforts are our Biodiversity Working Group and our Biodiversity Management Plan, which was designed to align with the Botswana National Biodiversity Strategy & Action Plan and international standards. It serves as the foundation of our commitment to various frameworks, including the Towards Sustainable Mining (TSM) Biodiversity Conservation Management Protocol and the Responsible Jewellery Council (RJC) Code of Practice (2019) requirements. We are committed to fulfilling these obligations and ensuring that our actions uphold the highest standards of environmental stewardship and biodiversity conservation.



According to Botswana’s 2016 National Biodiversity Strategy and Action Plan, the main factors contributing to local biodiversity loss include habitat destruction and conversion, disturbance of habitats, barriers to wildlife movement, high elephant populations in sensitive areas, increased poaching, disruption of natural fire patterns, unsustainable plant use, invasive species, climate change, and alterations to river hydrology and water quality.

Along with our [Environmental Policy](#), our Environmental Management Plan (EMP), which are aligned with the ISO 14001 standard, helps ensure responsible biodiversity impact management throughout the mine life. Our EMP was developed in 2020 by independent environmental practitioners and endorsed by the Government of Botswana for implementation.

We assess and manage our biodiversity risks and opportunities using tools such as surveys and impact assessments, and we ensure our plans are informed by engagement with competent government agencies and conservation NGOs.

KDM is operated within a 1,523-hectare lease area that is surrounded by livestock grazing and farming, as well as several other diamond mining operations and the nearby village of Letlhakane, which has grown to over 36,338 inhabitants (2022 census). The lease area is characterized as a Modified Habitat.

Any critical habitat triggers are not applicable as no proven and probable reserves are in or near sites with protected conservation status or endangered species habitat.¹⁹ The closest conservation area is the Orapa Game Park, about approximately 30 km from our operation. Established biodiversity hotspots are located within protected conservation areas.

¹⁹ In 2022, this figure was incorrectly reported as 100%. However, there are no specific areas with protected conservation status or endangered species habitat near the site.

²⁰ Nests of White-backed vulture (*Gyps africanus*) were observed 1.6 km from the new Transmission Line. The range of the endangered vulture extends across large portions of the African continent. The footprint area of the transmission line does not represent critical habitat.

²¹ African Elephant (*Loxodonta Africana*) rarely seen within the licensed area.

²² Devils claw (*Harpagophytum procumbens*) and Hoodia (*Hoodia currorii*) in the License Area.

²³ Ground pangolin (*Smutsia temminckii*), Lion (*Panthera leo*), Cheetah (*Acinonyx jubatus*), Small Spotted Cat (*Felis nigripes*), Leopard (*Panthera pardus*), rarely seen within or near licensed area.

Biodiversity Monitoring

Our biodiversity monitoring activities actively support our efforts to conserve and preserve endangered and vulnerable plant species, including the *Hoodia currorii*, listed on the Botswana National Red List. Any activity involving vegetation removal or clearing undergoes a flora search conducted in collaboration with relevant government authorities, such as the Department of Forestry and Range Resources. The search aims to identify and relocate any endangered or vulnerable flora species to a protected habitat within the mine lease area, which is in line with our approved EMP.

Noting the growing global awareness of the importance of protecting biodiversity and natural systems, Lucara will consider assessing possible alignment opportunities with the Task Force on Nature-related Disclosures (TNFD) in the future. Following is a summary of species with special conservation status (International Union for Conservation of Nature (IUCN) and Botswana Red Book) present at the KDM and associated infrastructure.

Conservation Status	IUCN	Botswana Red Book
Critically Endangered	1 ²⁰	1
Endangered	1 ²¹	1
Threatened	0	2 ²²
Vulnerable	4 ²³	4

Land Management

The disturbed land within the mine lease area increased by 8.31 hectares, bringing the overall figure to 888 hectares.²⁴ Construction of the second Fine Tailings Storage Facilities (FTSF), or Slimes Dam, was completed in 2023, and it is now operational following the closure of Slimes Dam 1. A rehabilitation study is underway, in support of our efforts to align with the Global Industry Standard for Tailings Management, discussed further in [Tailings Management](#).

A new landfill cell was commissioned in 2023 as the initial cell reached its full capacity in the third quarter of 2023. The decommissioned landfill cell has regrown grass naturally, showing signs of quality cover material. Meanwhile, final cover designs for the cell are underway and require approval by the relevant legal authorities, with final rehabilitation anticipated in late 2024.

Partnerships for Biodiversity

As part of our commitment to building strong partnerships to foster responsible mining practices and leave a lasting positive legacy, we engage with conservation agencies, governments, local communities, and NGOs on biodiversity initiatives. Birds and mammals, including kudu, antelopes, warthogs, and guineafowl, are found within the mine lease area and extend beyond the perimeter fence.

In 2023, Lucara signed a MoU with Birdlife Botswana to collaborate on monitoring and conserving biodiversity within KDM. This MoU includes key community engagements on biodiversity management and conservation planned for Letlhakane and surrounding villages (Mmatshumo, Mosu, Mokoboxane, Khwee, Mopipi) in the upcoming year. These engagements will be based on data collected from monitoring and habitat surveys scheduled for the first quarter of 2024.

This partnership also presents an engagement opportunity with school environmental clubs. Together, we can initiate long-term biodiversity management projects that educate and align with school curricula.

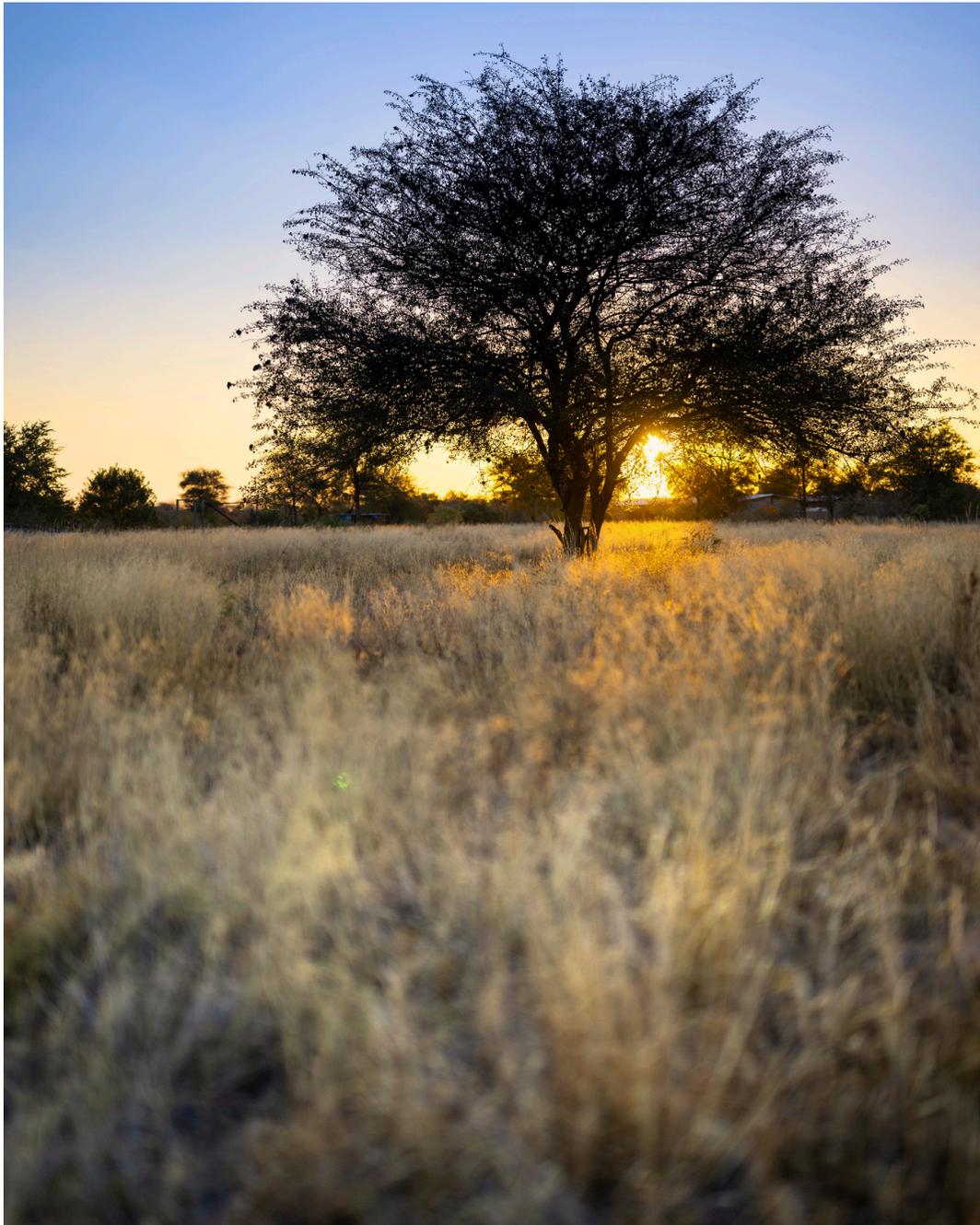
Such initiatives not only empower communities but also build partnerships, which are key goals of the KDM Biodiversity Management Plan (BMP). The BMP was developed in 2021 in a quest to meet the requirements of the TSM Biodiversity Conservation Management Framework.

Within the Birdlife Botswana partnership, research will be undertaken on biodiversity risks and impacts in the mine area, including collection of ecological knowledge and key habitat data, which is part of internal reporting by Lucara Botswana and Birdlife Botswana.

This collaborative reporting identifies areas of importance for biodiversity and helps determine the carrying capacity of the KDM lease area as part of our efforts to support the objectives of the TSM Biodiversity Conservation Management Framework. Moving forward, in 2024, we will be exploring options to implement nature-based solutions and enhance ecosystem output.



²⁴ In 2022, the disturbed land was erroneously reported as it had not included the recovery tailings extension, coarse tailings dump extension, the new substation, and the landfill.



Decommissioning and Closure Planning

Lucara takes a proactive approach to mine closure planning, grounded in scientific research, environmental protection, and sustained engagement with stakeholders. The Mining License for KDM was extended in December 2020 for 25 years and permits both open pit and underground mining activities until January 2046. We now expect open pit mining to cease in 2026 with the UGP extending the mine life until at least 2040.

As of December 31, 2023, the estimated reclamation liability was \$34.2 million on an undiscounted basis (\$33.0 million in fiscal 2022). Lucara Botswana has provided financial guarantees totalling \$18.7 million (approximately P250 million) for reclamation obligations, consisting of cash on deposit of \$3.7 million (approximately P50 million) and a \$15 million (approximately P200 million) standby letter of credit.

There were no land handover during the reporting period. In 2024, we will initiate a Five-Year Closure schedule to kick-start progressive rehabilitation.

Nursery for Land Rehabilitation

In 2023, to support concurrent mine site rehabilitation as per the closure plan, the mine established a nursery within the lease area to propagate and nurture indigenous plant species.

The facility began with fifty seedlings of indigenous trees, including the Vachellia plant (formerly *Acacia erioloba*). Plant species that can benefit both communities and wildlife are a key focus, aiming to enrich communities and improve forest cover in the future.

The Chenopodiaceae plant, commonly known as the Oldman saltbush, has been identified for its nutritional value to domestic and wild animals.

This plant, native to similar landscapes in Kgalagadi districts and well-adapted to the Letlhakane region, will be introduced to the nursery for later distribution to farmers and communities.

Additionally, fruit tree seedlings were donated to communities near Lucara's operations. At the [Mokubilo farm](#), 250 nutritional fruit trees were planted to foster an income-generating opportunity.



George Ramatoboro



George Ramatoboro was born and raised in Serowe, Botswana. He graduated in 2001 with a Bachelor of Environmental Engineering from Carleton University in Canada. After graduation, he joined the Botswana Mining Industry, initially focusing on base metals and later transitioning to the diamond industry with a specialization in Environmental Management. In 2010, George joined Lucara Botswana at the inception of KDM and currently serves as the Environmental Coordinator.

George has played a significant role in the development of KDM's Environmental Management Systems, the Mine Closure and Rehabilitation Framework, sustainability reporting, and the design and construction of all Environmental Management Facilities. A notable recent project is the constructed wetland at the Sewage Treatment Plant, which was initially approved as part of the UGP.

The wetland involves a human-made natural reed bed system that provides a polishing phase to the effluent from the initial treatment process, using natural organisms and sand filtration processes to clean the wastewater further. Since its commissioning in late 2021, the Constructed Wetland has significantly improved sewage effluent quality, leading to the attainment of Sewage Treatment Plant licensing by the end of 2022. It has also matured in this time into a new biodiversity hotspot, attracting and supporting various bird and insect species.

NOISE & AIR QUALITY

HIGHLIGHTS



In 2023 we began to measure emissions of SOX, NOx, and CO from earth-moving vehicles and light-duty vehicles



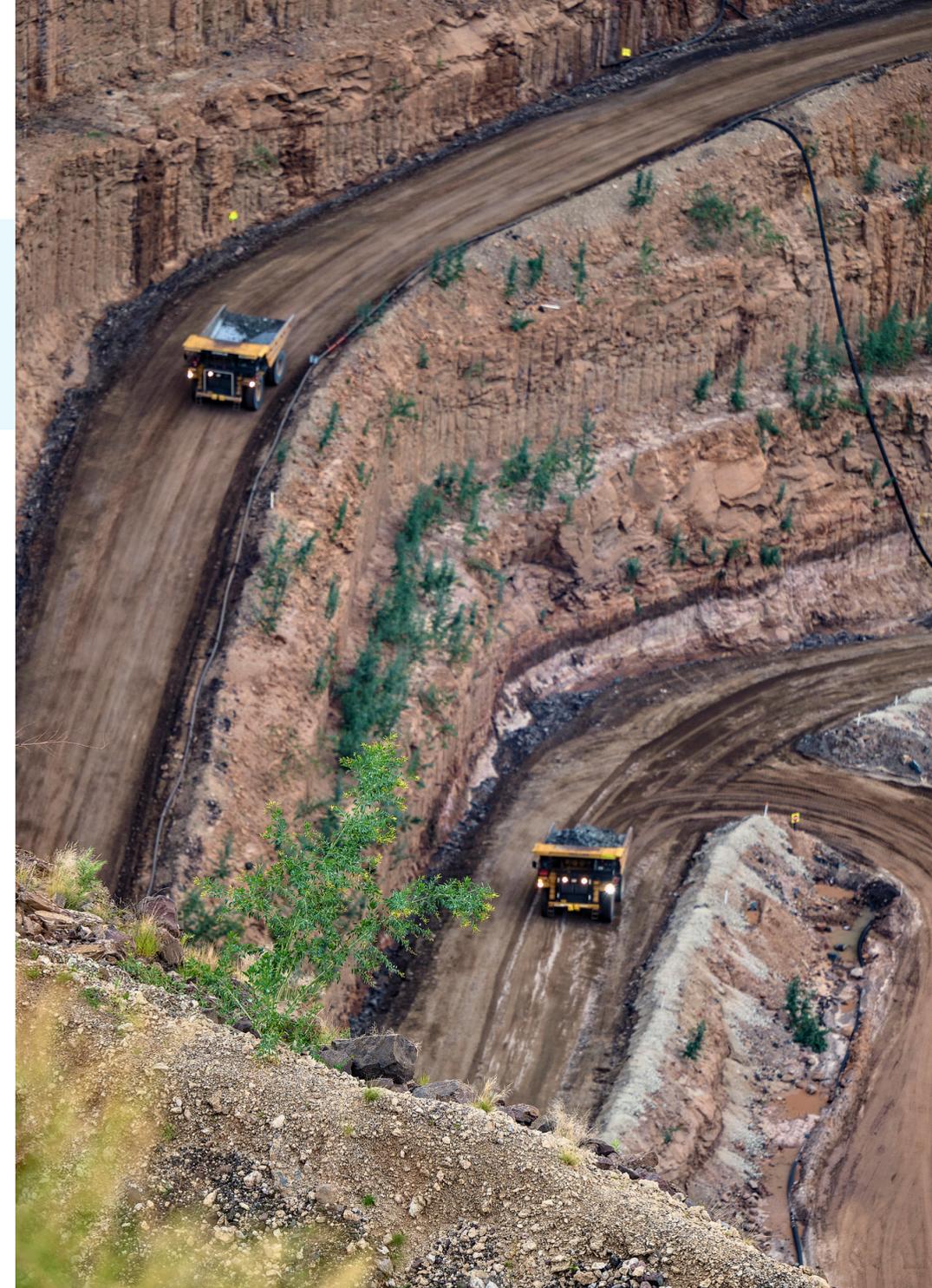
Installed new PM2.5/10 monitoring units to measuring fine particulate matter to replace outdated technology

Our Approach

Operational activities, such as fuel combustion, blasting, drilling, materials hauling, and the handling and transportation of various materials, can lead to adverse air and noise quality impacts for our workforce and nearby communities. At Lucara, we are dedicated to continually improving our environmental performance to minimize these possible impacts, including technological advancements, PPE, and mitigation-oriented process improvements. We focus on reducing dust emissions and closely monitor noise levels. We ensure compliance with air quality standards and are guided by our Environmental Policy and Environmental Management Plan, which reflect our commitment to responsible environmental stewardship.

Dust & Air Quality

Some of our operational activities at KDM produce non-greenhouse gas (GHG) air emissions, especially relating to particulate matter, sulphur dioxide (SOx), and nitrogen oxides (NOx). To minimize dust generation, the Company utilizes dust filtering and extraction technology at material transfer points at our process plant. Additionally, we water our haul roads daily for dust suppression; in 2023, this used 152,096 m³ of water, slightly more than the previous year.



Lucara monitors dust levels monthly at eleven sites around KDM and along the access road to Letlhakane village, which is approximately 15 km away. In October 2023, to replace outdated technology, a PM2.5/10 air quality monitor, which measures fine particulate matter, was installed within the mine lease area.

Throughout 2023, ambient dust monitoring indicated that dust deposition rates remained below the residential and industrial limit values of 1200 mg/m² per day stipulated by applicable Botswana standards. Dust levels measured were also compliant with the local non-residential area standard.

Certain air quality metrics commonly used by other mining companies using the SASB Metals and Mining Standard (2023) are not material or particularly relevant to Lucara's diamond mining context, including mercury (Hg), lead (Pb), and volatile organic compounds (VOCs). Although Lucara already uses low-SO_x diesel fuel, in 2023, we conducted a study to measure emissions of SO₂, NO, and CO from earth-moving vehicles (EMVs) and light-duty vehicles (LDVs).

The study was conducted to measure compliance with the *Atmospheric Pollution Prevention Act* of 1971, Botswana's *Mine, Quarries, Works and Machinery Act* of 1978 and the European Emissions Standard (Euro 6 Diesel Emissions Limits). The results of the study for SO₂, NO and CO emissions from EMVs and LDVs are summarized as follows:

- The Carbon Monoxide Gas emissions from all the measured/tested EMVs and LDVs were below the Euro 6 Diesel Emission Limit of 4.0 g/km and 0.5g/km, respectively.
- The measured Nitrous Oxide emissions from 25 out of 28 EMVs were below the Euro 6 Diesel Emission Limit of 0.46 g/km for EMV.
- The Sulphur Dioxide Gas emissions from all the measured/tested EMVs were below the Euro 6 Diesel Emission Limit of 10 ppm for heavy vehicles.

No community concerns or grievances regarding dust and air quality were received in 2023. In 2024, five new monitoring stations will be installed to further assess dust levels, bringing the total number of monitoring points to sixteen. Looking ahead, we intend to incorporate air quality data for CO, NO_x, and SO_x from the UGP into monitoring efforts.

Noise & Vibration

Diamond mining activities can expose workers to high noise levels, including from equipment such as drills, trucks, loaders, crushers, mills, and screens. Our hearing conservation program, described in [Health, Safety & Wellness](#), focuses on occupational noise assessments, evaluating the effectiveness of noise controls, noise zoning, and noise management awareness.

Lucara's environmental procedures define tree removal only in designated working areas, allowing for grown shrubs and trees to act as natural dust and noise barriers, attenuating noise levels from the mine to the surrounding area. Additionally, the Recovery Plant, XRT Sort House, and MDR Screening Plant are enclosed with corrugated iron sheeting, further reducing noise pollution. All screens are mounted on anti-vibration springs to minimize noise transmission.

Ambient noise monitoring is carried out every second year against applicable Botswana standards (BOS 575: 2013). The last monitoring carried out in 2023 showed that background noise levels measured at the plant when it was not operational were within both daytime (70dBA) and nighttime limits (60dBA).

However, noise levels slightly exceeded these limits when the plant was operational. We addressed these risks with the use of personal noise protection earplugs to be used by all KDM employees and contractors. No noise-induced hearing loss was noted among the workforce in 2023.

WATER STEWARDSHIP

HIGHLIGHTS

-  No freshwater used in processing²⁵
-  No effluents discharged to the environment
-  Wellfield boreholes were tested to minimize environmental impact, and pit dewatering boreholes met all mine water needs
-  Continued surplus water collaboration with Botswana's Water Utilities Corporation and Debswana's Orapa Diamond Mine
-  No significant changes were detected in groundwater monitoring
-  No significant reportable spills

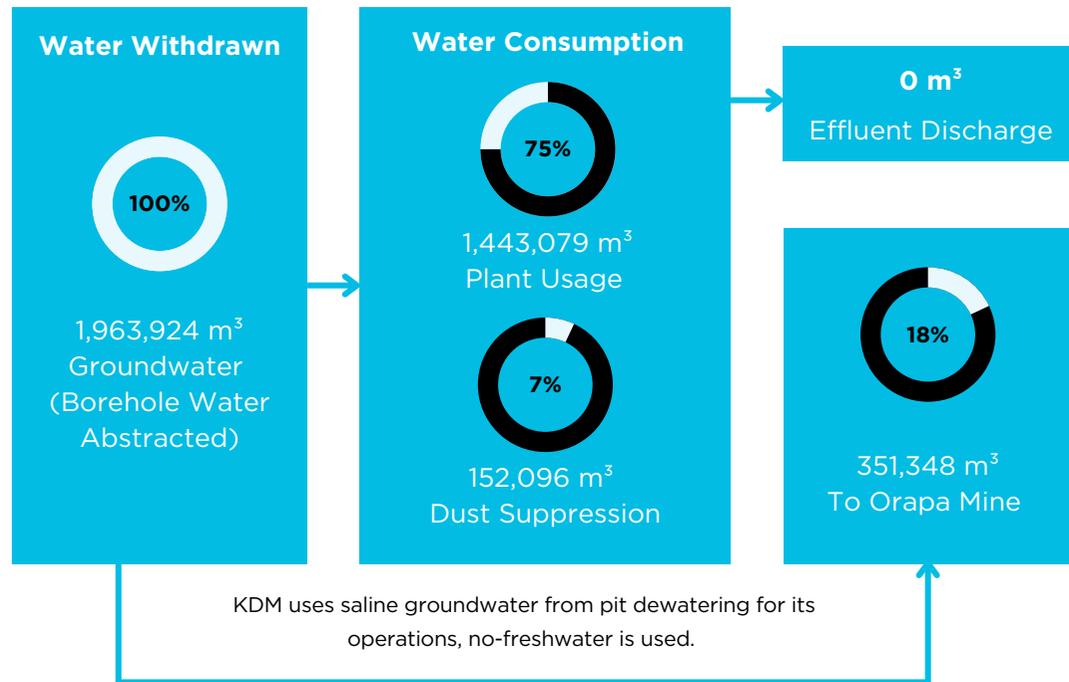
Our Approach

Water is essential for our operations, and we acknowledge that it is a common public resource that is crucial for people and the environment. At Lucara, we are committed to responsible water stewardship and to protecting the fundamental role water plays in human wellbeing and livelihoods for nearby water users. KDM, we seek to minimize and mitigate any adverse water quantity or quality impacts arising from our operations. Central to this is our use of saline groundwater sourced from pit dewatering and avoidance of freshwater use whenever possible, in our operations, and recycling water where possible. This is supported by regular monitoring of groundwater quality and ongoing engagement with nearby water users, including communities and local governments. Our Responsible Mining Policy, Environmental Policy and Environmental Management Plan, and the MAC TSM Water Stewardship Protocol guide our water management approach.

²⁵TDS over 2,000 mg/l.



Water Management



The Boteti District of Botswana, where KDM operates, is characterized as a semi-arid to arid climate with hot, wet summers and cold, dry winters, as discussed in the [Preparing for Physical Climate Risk](#) section. The area has “Medium-high” Baseline Water Stress²⁶ so Lucara prioritizes minimizing its water footprint.

There are no permanent water bodies near the operation, and water users in the area use shallow aquifers (approximately 50 to 100 meters deep) as the primary groundwater source for domestic water needs, livestock, and agriculture. KDM’s pit dewatering involves pumping water from deeper aquifers (>100 meters depth), which are extensive across central Botswana, to depressurize the mine’s open pit slope and keep water away from mining areas.

²⁶ According to the World Resources Institute’s Aqeduct water risk tool, which identifies and evaluates water risks around the world. The latest version of Aqeduct, Aqeduct 4.0, launched in August 2023. Prior to this the baseline water stress of the KDM operating area was classified as “High.”

Using this water for our operational needs helps Lucara minimize impacts on valued community freshwater sources, especially neighbouring farm wells, which are typically shallow. Water extracted through pit dewatering at KDM also exhibits high salinity or total dissolved solids (TDS), ranging from over 2,000 mg/l to over 15,000 mg/l. This is significantly higher than the 1,000 mg/l of TDS or less that defines “freshwater.” This, therefore, classifies the water used at KDM as brackish to saline, which is unsuitable as a freshwater source for other water users nearby. Our 2023 analysis showed that groundwater around the mine has not changed significantly compared to previous years. However, direct and localized recharge from rainfall has lowered TDS in perched aquifer zones.

Much of our water use at KDM relates to processing needs, but our operational water use also includes water consumption for the new mine camp, which has a capacity of 200 workers. We estimate that municipal water use in our Gaborone operations and Vancouver office, with a combined workforce of less than fifty, and the approximately 120 Company-sponsored houses in Letlhakane and surrounding villages, contribute less than one percent of our total water footprint. Therefore, we do not routinely monitor or report minor usages from these sources.

In 2023, there were no incidents of non-compliance with water quality permits, standards, or regulations. Additionally, we received no grievances related to water management practices.

Water Monitoring

Water resources monitoring provides Lucara with a baseline of natural groundwater levels and helps us evaluate the potential impacts of mine water extraction on nearby privately-owned farm wells. Monitoring is conducted quarterly at two locations: the pit perimeter and boreholes located over one kilometre away (regional monitoring). Pit-shell monitoring tracks both water level and quality changes in the immediate vicinity. Regional monitoring boreholes located around the mine lease provide information on local and regional groundwater level trends.



A centralized control room system (SCADA) monitors groundwater abstraction to ensure compliance with water rights granted by the Water Apportionment Board. The SCADA system remotely collects data from boreholes, including pit dewatering and some wellfield production boreholes. Monitoring data shows stable levels in regional boreholes, while those closer to the pit register a water level drop of approximately two meters recorded for the reporting period.

This is consistent with a localized and non-expansive cone of depression around the dewatering/groundwater supply boreholes and supports the minimal to zero effect of groundwater abstraction by the mine on private boreholes around the mine. Additionally, dolerite dykes south and east of the mine lease area help prevent water movement across in both directions, further limiting the mine's influence on aquifers in those directions.

Water quality monitoring for 2023 indicates reduced TDS compared to previous years. The reduction in TDS can be attributed to improvements made in water recycling. Monitoring has also shown rising groundwater levels near the Slimes Dams since 2012, indicating seepage into the subsurface. In 2023, Lucara initiated both laboratory-based erosion testing and long-term landform erosion modelling of the Tailings Storage Facility.

Water levels around the landfill site also show a steady increase. However, groundwater chemistry testing at boreholes around it shows no signs of contamination by the facility, which is lined and contains only domestic waste.

As part of our underground mining plans, guided by an updated regional groundwater model, we plan to proactively introduce water level monitoring equipment at neighbouring farms in 2024 to better track and manage any potential future impacts. Additionally, three automated level loggers will be installed in areas closer to the underground operation.

Underground Expansion Water Planning

A risk assessment undertaken as part of our underground mine expansion planning previously showed that mining operations would intersect with saline water by 2024. Throughout 2023, we prepared to blend the high saline water from underground workings with low TDS water from shallow aquifers to bring the concentration of dissolved solutes to a lower acceptable level for operations. The resulting mixture will be usable for ore processing and dust suppression.

Rainfall

During the reporting year, we recorded an annual rainfall of 309.1mm. The highest rainfall event was 141.1mm in February, while May received the least amount of rainfall at 1.3 mm. The months from June to September saw little to no rain. Rainfall captured within our operational area, though insignificant, is stored as runoff and pumped to the plant for processing.

Recycling & Water Loss

The volume of groundwater withdrawn for pit dewatering fluctuates based on mining activity and the encountered hydrogeological conditions. Our main water loss occurs through evaporation or when water becomes trapped in tailings. Water from our Fine Residue Deposits is decanted and returned to the processing plants for reuse. In 2023, this process allowed us to recycle 845,251 m³ of water, exceeding the 817,838 m³ recycled in 2022. This is consistent with the higher volumes milled in 2023.

In 2023, and as in previous years, we collaborated with the Water Utilities Corporation and other mining companies to direct 351,348 m³ of surplus water to Orapa Diamond Mine. Additionally, 152,096 m³ of water was used for dust suppression on the access road.

Wastewater Treatment

Our activated sludge wastewater treatment plant treats sewage from across our operations as well as the underground project camp, supported by a human-made natural reed bed wetland system. This constructed wetland system, commissioned in late 2021 and now fully operational, plays a crucial role in our effluent management, providing a polishing phase after the initial treatment process.

Using natural organisms and filtration processes, it further cleans the wastewater and ensures effluent meets surface water discharge standards. In addition to helping the Company achieve a consistent and approved sewage treatment approach, it has also resulted in cost savings for the Company.

The final treated effluent is not discharged offsite but instead is used to irrigate lawns and gardens around the mine. Solid waste from wastewater treatment is either incinerated or stored as fertilizer for future land restoration areas.



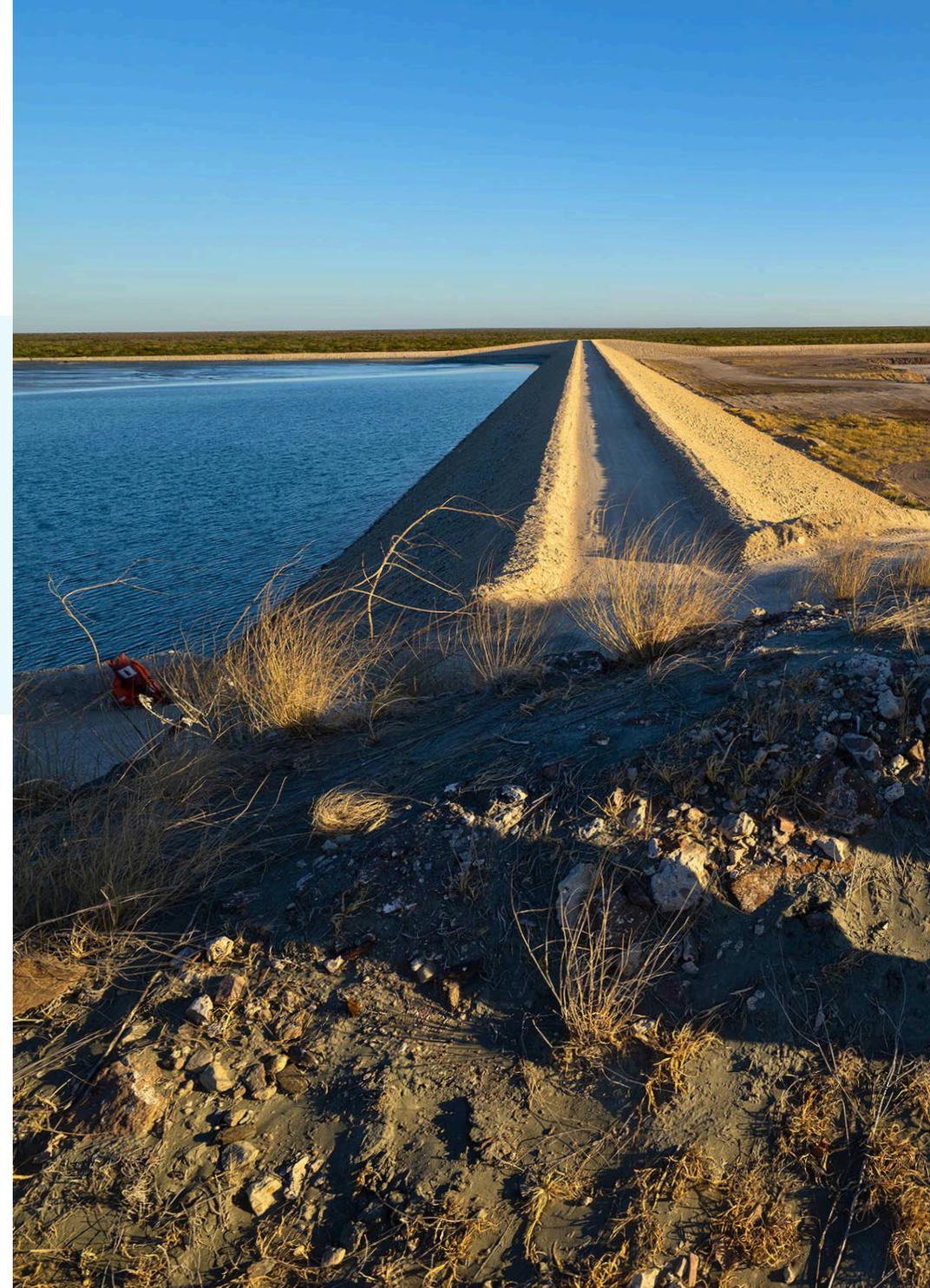
TAILINGS AND WASTE MANAGEMENT

HIGHLIGHTS

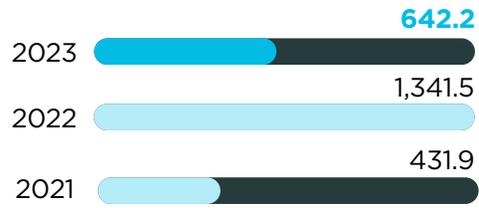


Our Approach

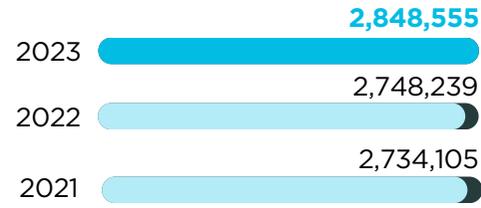
At Lucara, we understand the critical importance of managing our waste responsibly to uphold our commitment to environmental stewardship and ensure the safety of our workforce and local communities. The primary sources of waste generated by our site activities include tailings, waste rock, and non-mineral waste, such as industrial and domestic waste. A key part of our commitment to responsible production is our effort to minimize non-mineral waste generation whenever possible. We maximize the longevity of the products we use and recycle where possible. In the event that industrial and domestic waste cannot be recovered or recycled, we dispose of it offsite in a responsible and compliant manner. Our approach is framed by our Environmental Policy, Environmental Management Plan, and Responsible Mining Policy, as well as local regulations and international standards.



Total weight of non-mineral waste generated (metric tonnes)



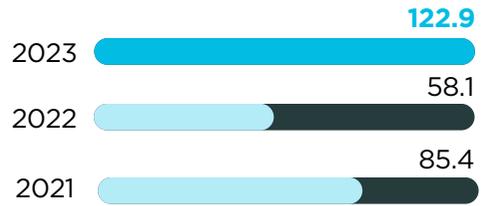
Total weight of tailings produced (metric tonnes)



Total weight of hazardous waste generated (metric tonnes)



Total weight of hazardous waste recycled (metric tonnes)

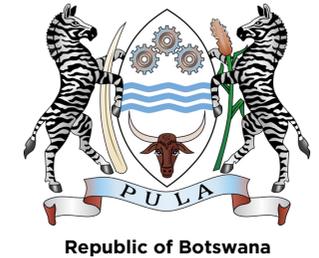


Tailings Management

Tailings are a by-product of our mining activities, for which Lucara has established a robust governance structure and operating procedures in a Tailings Management System (TMS). Our TMS is designed to ensure safe tailings management throughout all stages of the mining lifecycle and demonstrate our commitment to the safety of our workers and local communities.

Our tailings management approach aligns with the TSM Tailings Protocol and the Global Industry Standard on Tailings Management (GISTM), in addition to Botswana’s regulations on the management of Tailings Facilities under the *Mines, Quarries, Works, and Machinery Act CAP 44:02*. Information about our tailings facilities can be found on our [website](#).

Lucara’s facilities are registered with the Investor Mining and Tailings Safety Initiative hosted by the Church of England Pensions Board. In addition to aligning disclosure and ongoing tailings management with the GISTM, Lucara’s design processes for new facilities follow the standard, and the Company ensures requisite internal and independent review and approval roles, including the Engineer of Record and Accountable Executive and the Independent Tailings Review Board (ITRB).



Our tailings facilities are in a flat, semi-arid to arid region with high evaporation rates and minimal precipitation. There are no permanent surface water bodies or communities in the area potentially affected by a breach. At KDM, we manage coarse residue and fine residue.

Coarse tailings, in the form of dry gravel, are dry stacked at the Coarse Residue Deposit (CRD) without requiring impoundment walls or dams. Fine tailings, often referred to as “slimes” are pumped as a slurry and discharged into our Fine Residue Deposit (FRD) facilities. Deposition at the FRD is undertaken in a way that maximizes water capture and recycling back to the process plant. KDM has one CRD facility and two FRD facilities.

Fine Tailings Management at Karowe Diamond Mine

Slimes Dam 1 is a fine tailings storage facility which was designed prior to the publication of the GISTM. The design criteria were, therefore, based on the applicable South African National Standards (SANS 10286), which is also utilized in Botswana. Inspections follow the requirements of Botswana's *Mines, Quarries, Works, and Machinery Act*, which mandates both internal and external independent inspections. South of and adjacent to Slimes Dam 1 is Slimes Dam 2, which was designed in line with the GISTM and was completed in September 2022. It has been designed to accommodate the remaining life of the open pit from February 2023 onwards.

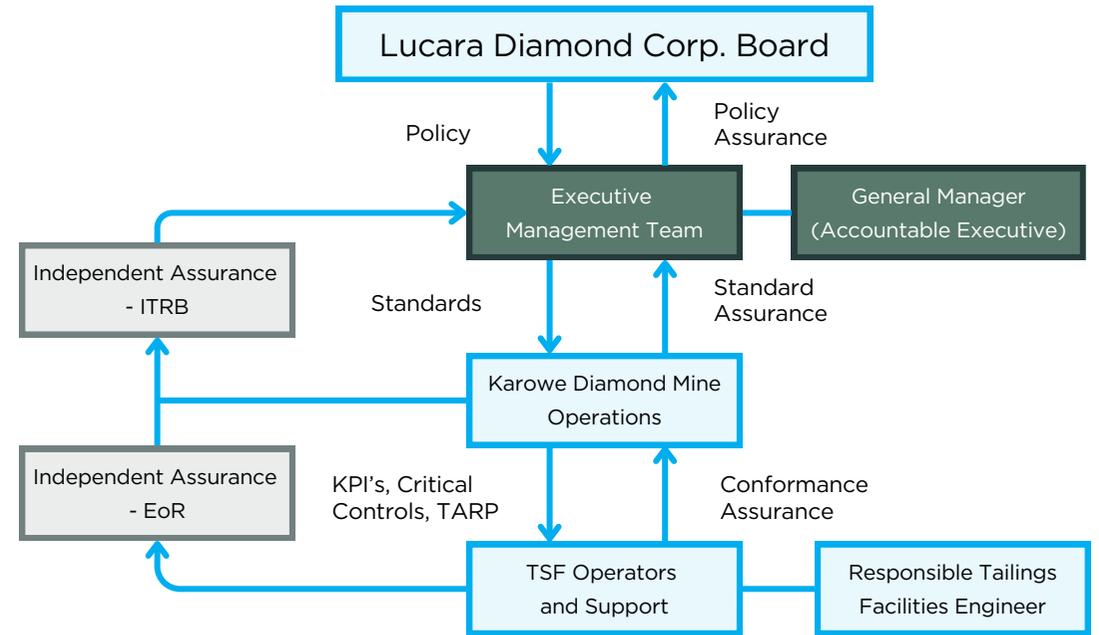
Closure and Expansion Planning

Slimes Dam 1 reached capacity in April 2023. A closure and rehabilitation study is now underway to ensure the development of a rehabilitation plan that aligns with the GISTM's requirements. To support this, Lucara collected grab samples in 2023 for analysis to begin informing the bulk sampling for cover design modelling, which will be conducted in Q1 of 2024.

A Site Selection Study undertaken in 2022 for a third Slimes Dam identified a potential site within the mine lease area. In 2023, we started a feasibility study encompassing geotechnical, geophysical, hydrogeological, and design considerations.

Tailings Governance Structure

The following governance framework outlines the lines of accountability throughout the Company, from Lucara Botswana management at the site level up to the Lucara Diamond executive leadership team and Board of Directors.



Lucara Botswana invited an independent audit on its self-assessment of alignment with the MAC-TSM Tailings Protocol. The audit highlighted a few helpful areas for improvement that the Company is implementing.

Tailings Emergency Preparedness

As discussed in the [Emergency Preparedness and Response](#) section of this report, Lucara has developed an Emergency Preparedness and Response Plan (EPRP) and a Crisis Management Plan, which cover tailings. As we continue to work at closing our GISTM gaps, in 2023, we expanded the EPRP to include external responders, such as the Office of the District Commissioner (DC). While a full-scale test of the EPRP was not conducted in 2023, we did engage in tailored exercises. We have also invited and received valuable input from external parties on the EPRP and collaborated with the DC's office and community, specifically on shared tailings emergency preparedness.

Lucara's Independent Tailings Review Board

The ITRB conducted its first annual review in November 2023. It concluded that Lucara had achieved the following compliance levels with the standard's seventy-seven auditable requirements: 53% full compliance, 34% partial compliance, and 13% non-compliance.

The ITRB highlighted areas for improvement, and the mine will address each of them. The next ITRB review is scheduled for November 2024.

Monitoring

We conduct regular inspections and monitoring of our tailings facilities at KDM using advanced techniques and technology. Our tailings facilities are equipped with vibrating wire piezometers and monitoring boreholes for static water level monitoring, supported by Interferometric Synthetic Aperture Radar (InSAR) to help monitor and assess the stability of facilities monthly, and cone penetration testing (CPTU) analysis and virtual inspections. Daily inspections are conducted at two-hour intervals by the KDM's operations team, and the Engineer of Record conducts monthly and quarterly inspections.

In 2023, we enhanced our tailings management by installing a new radar system to monitor the stability of the external tailing pool slopes. This system complements the existing InSAR technology. Additionally, we are developing a method for continuous pool depth monitoring and optimizing stormwater capacity planning.



Tailings Inventory Table

(1) Facility name	KDM Coarse Tailings Facility (CRD)	Fine Residue Deposit (FRD) Facility: Slimes Dams 1	Fine Residue Deposit (FRD) Facility: Slimes Dams 2
(2) Location	KDM Botswana Boteti District CRD: Latitude -21.50982323 Longitude 25.48119270	KDM Botswana Boteti District FRD: Latitude -21.51444556 Longitude 25.47089352	KDM Botswana Boteti District FRD: Latitude -21.5208336 Longitude 25.470556 (South of and adjacent to Slimes Dam 1)
(3) Ownership status	Lucara Botswana- 100% owned	Lucara Botswana- 100% owned	Lucara Botswana- 100% owned
(4) Operational status	Active	Operational until December 2023. Closure planning has commenced.	Active
(5) Construction method	Drystack; material stands at natural angle of repose	Downstream; four cells known as “paddocks” were progressively raised to provide additional storage capacity over time	Downstream; two cells known as “paddocks”
(6) Maximum permitted storage capacity	14,333,824 m ³ Note: Estimated Life of Facility (LOF) is Life of Mine (LOM) (2040)	6,326,085 m ³ Note: Estimated LOF 2024; measures approximately 830m by 850m; constructed with an initial height of 3m; final height of 15m	20,290,617 m ³ Note: Estimated LOF is LOM (2040); measures approximately 500m by 1000m; constructed with an initial height of 3m; expected final height of 15m
(7) Current amount of tailings stored (metric Tonnes)	5,570,000 m ³	6,326,085 m ³	391,554 m ³
(8) Consequence classification (as per GISTM)	Medium Hazard Facility	Very High Hazard Facility	High Hazard Facility
9) Date of most recent independent technical review	November 2023 by the ITRB	November 2023 by the ITRB	November 2023 by the ITRB
(10) Material findings	No.	No.	No.
(11) Mitigation measures	No.	No.	No.
(12) Site-specific EPRP	Yes.	Yes.	Yes.

Non-Mineral Waste

We segregate our waste in accordance with our EMP at both the KDM and Gaborone offices, which ensures waste is disposed of according to Botswana's environmental guidelines. At KDM, we operate and maintain four licensed waste management facilities within the mine lease area: a landfill, a sewage treatment plant, a salvage yard, and a fixed incinerator, which is mainly used for the disposal of clinical waste and oily rags.

To increase our recycling initiatives and reduce landfill waste, we partnered with a local recycling company in 2023. Starting in the third quarter of 2023, print paper and cardboard are sent for recycling.



A local used tyre management company was also approved to remove used tyres from the mine for recycling in South Africa. The first shipment of used tyres is expected in 2024. Our landfill is lined with non-permeable membrane and contains only small volumes of domestic waste material. A new landfill cell was commissioned in 2023, as the previous one reached its total capacity in the third quarter of 2023. Further details are provided in [Land Management](#).

In 2023, our Gaborone facilities used 134.9 litres of acids, caustic soda, and methanol. After neutralization, the resulting liquid waste was discharged to the municipal industrial wastewater facility.

Electronic Waste Management

At Lucara, we are sensitive to the growing challenge of electronic waste disposal. The Company is in the process of developing an electronic waste disposal policy in line with the guidelines of the Department of Environmental Affairs and the Waste Management Act. This will be undertaken as part of our ISO 14001 certification process.

Digitization for Paper Waste Reduction

Another key waste initiative at Lucara has been leveraging digitization for the reduction of paper use. Paper-based signing has been replaced with electronic document signing, which has reduced paper waste and increased efficiencies. Our centralized managed printing services platform is also programmed to limit the use of paper at Lucara Botswana, including printouts not automatically spooling out at printers unless activated by a user and the use of print utilization reports to identify and monitor printing paper usage amongst departments, and addressing print anomalies or outlier printing trends. Finally, our online document site has been undergoing improvements to the digitization of records.

SUMMARY ESG PERFORMANCE

Economic	Units	2023	2022	2021
Diamonds Produced	carats	395,134	335,769	369,390
Stones 100+ carats	carats	22	34	39
Revenues	\$ million	177.4	203.8	230.1
Total Botswana Benefits	\$ million	183.5	222.5	178.1
Clara Customer Base	Number	104	96	81
Lucara Corp Board % Female	%	29	43	43
Lucara Corp Executives % Female	%	50	67	75
Lucara Botswana Board % Female	%	29	67	67
Lucara Botswana Executive % Female	%	43	67	67
Lucara Botswana Senior Managers - % Female	%	31	27	36
Women employees at Lucara Botswana	%	25	25	25
Workforce	Number	1,576	1,881	1,928
Botswana Nationals at Lucara Botswana	%	99	99	99
Botswana Nationals at KDM Workforce	%	92	93	93

SUMMARY ESG PERFORMANCE

Economic	Units	2023	2022	2021
Contractors	Number	993	990	1,370
Employees	Number	583	586	558
Employee Union Members	%	63	58	63
Training	Hours	19,216	55,700	25,840
Labour Grievances	Number	1	2	0
Occupational Health & Safety				
Fatalities	Number	0	0	0
Lost Time Injury Frequency Rate	Ratio	0.12	0.00	0.00
Environment				
Freshwater in Mining & Processing	m ³	0	0	0
Effluent Discharge	m ³	0	0	0
Total Energy Use	GJ	518,314	577,124	426,952
Total GHG Emissions (Scope 1+2)	tCO ₂ e	88,104	85,778	75,112
Community				
	Units			
Community Investments	\$ million	0.4	0.7	0.7
Sport Complex	\$ million	2.9	3.2	0.8
Community Grievances	Number	2	0	1

INDEPENDENT ASSURANCE

To the Board and stakeholders of Lucara Diamond Corp. (hereafter, “Lucara” or the “Company”):

Integrated Reporting & Assurance Services (IRAS), in partnership with **Prizma Solutions (LLC)**, was commissioned by Lucara to provide independent third-party assurance (ITPA) over the contents of Lucara’s 2023 Sustainability Report covering the period 01 January to 31 December (Financial Year, or FY2023). For the purposes of this statement, “the Report” refers to the Sustainability Report in both the printed and downloadable online version found at [Home | Lucara Diamond](#).

Assurance Standard Applied

To the best of our ability, this assurance engagement has been aligned with AccountAbility’s AA1000AS v3 assurance standard, structured to meet the AA1000AS Type 2 (Moderate) requirements and guidance taken from our assurance experience gained over a more than 25-year period.

Competence

Our assurance team was led by Michael H. Rea (Managing Partner, IRAS), an AccountAbility Lead Certified Sustainability Assurance Practitioner (LCSAP) with 25 years’ experience in environmental, governance and social (ESG) performance measurement, including sustainability reporting and assurance. Michael has completed over 115 assurance engagements for 45 different companies and has completed more than 160 assurance site visits in 21 countries to test data at source. Michael was supported by Allison Rippin Armstrong, a Senior ESG Advisor with Prizma, with more than 30 years of sustainability experience in the Metals & Mining industry, as well as by junior associates within the IRAS team.

Independence, responsibilities and limitations

Neither **IRAS** nor **Prizma** were responsible for the preparation of any part of the Report and **IRAS** has not previously undertaken any commissions for Lucara, meeting the requirements for the avoidance of compromise to our independence.

Prizma has previously been a consultant to Lucara, including contributing as independent consultants to the environmental and social sections of the Karowe Diamond Mine 2023 Feasibility Study Technical Report, completed in line with Canadian National Instrument 43-101, with an effective date of June 30, 2023, and co-signed by Prizma in March 2024. These services have not compromised Prizma’s independence. The knowledge of Lucara’s operations, the mining sector, and related ESG context in Botswana, provided extensive knowledge that has been useful during the assurance process.

The preparation of Lucara’s 2023 Sustainability Report remains the sole responsibility of Lucara, with any input from **IRAS** and/or **Prizma** being limited to providing ongoing guidance on any perceived shortfalls in meeting reasonable reporting expectations in early drafts of the report.

The responsibility of **IRAS** and **Prizma** in performing its assurance activities is to the Board and management of Lucara alone and in accordance with the terms of reference agreed with them.

The responsibility of **IRAS** and **Prizma** in performing its assurance activities included a site visit by Michael to the Company’s operations in Botswana, inclusive of testing key sustainability performance data at source. In addressing any limitations with respect to the testing of data, **IRAS** and **Prizma** engaged with key personnel to test the reliability of data and processes used to collect, collate and report performance data prior to the data being published in Lucara’s 2023 Sustainability Report.

Assurance objectives

The objectives of the assurance process were to:

- Assess the extent to which Lucara’s sustainability reporting adheres to AccountAbility’s AA1000AP Assurance Principles Standard principles of Inclusivity, Materiality, Responsiveness and Impact, as well as the additional reporting principles of Neutrality/Balance and Comparability.
- Assess the extent to which Lucara’s collection, collation and reporting of key sustainability data from Lucara’s operations meet reasonable expectations for accuracy, consistency, completeness and reliability, as tested at both the desktop and on-site/source levels.
- Assess Lucara’s ability to provide transparent disclosure of quantitative comparable sustainability performance data in a manner that fairly represents the impact the Company’s policies, procedures, systems and controls are having on previously defined targets and/or peer performance.
- Assess the extent to which the Report adheres to reasonable local and international expectations for reporting.

Scope of work performed

The process used to arrive at this assurance statement is based on **IRAS’s** in-house developed sustainability data criteria, as well as guidance from AccountAbility’s AA1000AS v3 Assurance Standard and other best practices in assurance including the following:

- Meetings with key Lucara personnel responsible for the preparation of the Report to assess adherence to the principles of **Inclusivity, Materiality, Responsiveness, Impact, Neutrality/Balance** and **Comparability**.

- Reviews of sustainability performance measurement and reporting procedures – inclusive of reviews of the Group’s sustainability data consolidation process – at Lucara’s Karowe mine in Botswana, via management interviews with the reporting team, as well as through desktop research and analysis.
- A review of data collection, collation and reporting procedures at the point of data generation (i.e., on-site), with specific reference to not only the list of Selected Sustainability Indicators, listed below, but of ALL the sustainability data points contained in the Report (at no less than the level of reasonability).
- Reviews of drafts of the Report for any significant errors and/or anomalies, inclusive of any lapses in the reporting of material issues identified during our internal and external materiality assessments.
- Reviews of drafts of the Report to test for adherence to reasonable reporting expectations.

Although **IRAS** and **Prizma** reviewed the reasonability of all sustainability data indicators contained within Lucara’s 2023 Sustainability Report, specific attention and further review was paid to the following key sustainability indicators:

Labour Employees & Contractors

Total number of Employees by Category (i.e., Permanent, Fixed-Term and Temporary)

Total number of Contractor Employees (i.e., persons working on-site through a contracted supplier, such as a security or cleaning company)

Employee Absenteeism

Employee Turnover

Total number of persons trained for skills development

Total number of Person Hours Worked (PHW) for employees and contractors

Health & Safety

Injury Frequency Rates

Fatal Injury Frequency Rate (FIFR) per 200 000 PHW

Lost Time Injury Frequency Rate (LTIFR) per 200 000 PHW

Total Recordable Injury Frequency Rate (TRIFR) per 200 000 PHW, also known as “Recordable Case Rate (RCR)”

Total number of Days Lost Due to Injuries (DLDI)

Injury Severity Rate (DLDI ÷ # of LTIs)

Environment

Energy Consumption

Total volume of diesel consumed

Total volume of petrol consumed

Total volume of liquefied petroleum gas (LPG) consumed

Water Consumption

Total volume of water consumed from all sources, excluding any/all disbursements to local communities and/or other third parties.

Waste

Total volume of non-hazardous waste disposed of at landfills

Total volume of non-hazardous waste recycled

Total volume of hazardous waste disposed of, from all sources

Community Development

Value of Corporate Social Investment (CSI) / Socioeconomic Development (SED) spend

Findings and recommendations

Based on our analysis of Lucara’s reporting, we believe the Company’s sustainability data collection, collation and reporting processes are reasonably adequate in the context of the business and Lucara’s reporting expectations.

Reporting and assurance principles

- As per a review of management assertions, including management interviews, Lucara has processes in place to sufficiently identify and engage with its most material stakeholders, thus meeting the requirements of **Inclusivity**. However, we believe that opportunity for improvement exists with respect to ensuring that additional formalisation of the policies and procedures is established for stakeholder engagement.
- The content of the Report does not differ in any significant way from our analysis of the material issues identified for and discussed with Lucara, thus meeting reasonable expectations for **Materiality** determination, management, and reporting.
- As per a review of management assertions, inclusive of management discussions, Lucara reasonably addresses stakeholder concerns through engagement, inclusive of, but not limited to, the content within the Report, thereby meeting reasonable **Responsiveness** expectations.
- As per a review of management assertions, it is reasonable to assert that Lucara addresses its most material impacts on stakeholders and the natural environment in which it operates through risk management policies and procedures at both the Group and Mine/Operations levels. At a moderate level, we believe Lucara’s activities, inclusive of, but not limited to, the content discussed within the Report, meet reasonable **Impact** expectations.

- As per a review of assertions, inclusive of management interviews and reviews of the Report, Lucara's reporting of the Company's successes and challenges during the reporting period is sufficiently fair and balanced enough to meet reasonable Neutrality expectations.
- As per a review of management assertions, inclusive of management interviews and reviews of quantitative/numerical performance information, and alignment of the Report to relevant guidance materials, Lucara provides a reasonable level of performance data transparency in a manner that allows for benchmarking against peer companies, particularly those in Botswana, thereby meeting reasonable Comparability expectations.

Sustainability data performance

- Lucara's systems for data collection, collation and reporting, at the Group and Operations levels, appear to be sufficient to allow for the internal and external reporting of the Company's performance. However, the production and implementation of a comprehensive set of sustainability indicator definitions, as well as the deployment of a Group-wide data management system, would allow for enhanced monitoring and management of performance with sufficient control mechanisms in place to ensure that performance data is both accurate and timeously reported.
- All data tested at the Group/desktop level was found to be both accurate and reliable, with no concerns identified during the review of the key sustainability indicators included within the sustainability data table included in the Report. However, the consistent reporting of sustainability performance data would be significantly improved through the deployment of Company-specific sustainability indicator definitions aligned to local and/or international best practices.

- Based on the depth of sustainability data reporting within the Report we believe that Lucara provides reasonable public disclosure of the Company's most material sustainability performance data.

Conclusions

Based on the information reviewed, **IRAS** and **Prizma** are confident that the Report provides a reasonably comprehensive and balanced account of Lucara's sustainability performance for the period under review.

The data presented is based on a systematic process, and we are satisfied that the reported performance data fairly represents the current performance of Lucara, while meeting assurance and reporting principles of **Inclusivity, Materiality, Responsiveness, Impact, Neutrality** and **Comparability**.

For and on behalf of Integrated Reporting & Assurance Services (**IRAS**) and **Prizma**,



Michael H Rea
 Managing Partner and Certified Lead Sustainability Assurance Practitioner (LCSAP)
 Johannesburg, South Africa
 August 15, 2024



CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

Certain of the statements made and contained herein and elsewhere constitute “forward-looking information” and “forward-looking statements” as defined in applicable securities laws. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance and often (but not always) using forward-looking terminology such as “expects”, “assumes”, “anticipates”, “believes”, “budgets”, “forecasts”, “goals”, “intends”, “estimates”, “plans”, “projects”, “potential”, “possible”, “scheduled”, “strategy” and similar expressions, or statements that certain actions, events, conditions or results “will”, “may”, “could” or “should” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to several known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements, including risks related thereto. The Company believes that expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be accurate and such forward-looking information included herein should not be unduly relied upon.

In particular, this Sustainability Report may contain forward looking information pertaining to the following: the Company’s sustainability initiatives; long- and short-term sustainability goals and strategy; the expected benefits and outcomes of our innovative Safe Start® program; our expectations around the long-term impacts of our community investment projects; projects related to minimizing our

ecological footprint and water stewardship; our ability to manage our tailings facilities in a safe and environmentally responsible way; possible outcomes of the Company’s decarbonization efforts; the estimates of the Company’s mineral reserves and resources; estimates of the Company’s production and sales volumes for KDM; estimated costs for capital expenditures related to KDM; production costs; the project schedule and capital costs for the KDM UGP; that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the Karowe UGP; expectations that the Karowe UGP will extend mine life; forecasts of additional revenues; future production activity; reclamation costs; the Company’s ability to meet its obligations under its financing and project financing facilities, including current and future funding requirements of the cost overrun account (“CORA”) balance, expectation of future demand for rough and polished diamonds, and the associated prices and expected top-up values payable under the supply agreement with HB ; changes to foreign currency exchange rates; assumptions and expectations related to the development of an underground mining operation at KDM, including associated capital costs, financing strategies and timing; the profitability and continued use of Clara and the Clara Platform; expectations regarding the need to raise capital and its availability; possible impacts of disputes or litigation; the potential impacts of economic and geopolitical risks, including impacts from the ongoing conflict between Russian and Ukraine and between Israel and Hamas, and the resulting indirect economic impacts that any strict economic sanctions may have; and other risks and uncertainties described under the heading “Risks and Uncertainties” section in the Company’s most recently filed management’s discussion and analysis (“MD&A”) and Annual Information Form for the year ended December 31, 2023, available on the SEDAR+ website at www.sedarplus.ca.

There can be no assurance that any forward looking statements will prove to be accurate, as the Company's results and future events could differ materially from those anticipated in this forward-looking information as a result of those factors discussed in or referred to under the heading "Risks and Uncertainties" in the Company's most recently filed MD&A and Annual Information Form available on the SEDAR+ website at www.sedarplus.ca. Risks and uncertainties that could influence actual results include, but are not limited to: changes in general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough and polished diamonds, costs of power and diesel, acts of foreign governments, including changes in laws and delays in the receipt of government approvals, and the outcome of legal proceedings, risks associated with the consequence of climate change, natural disasters and adverse weather conditions, costs of compliance with environmental and other laws and regulations, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), the future operation and financial performance of the Company generally, and unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalations, unavailability of materials and equipment, industrial disturbances or other job actions, and unanticipated events relating to health safety and environmental matters). Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Accordingly, readers should not place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them after the date of this document to reflect new events or circumstances, except as may be required under applicable securities laws.

All currencies mentioned in the Sustainability Report are in United States Dollars ("US\$") unless otherwise mentioned. Mr. Cliff Revering, P. Eng. of SRK Consulting is the independent Qualified Person as defined by NI 43-101 responsible for the Karowe Diamond Mine Mineral Resource estimation, and Mr. Gord Doerksen of JDS Energy and Mining Inc. is the Independent Qualified person as defined by NI 43-101 responsible for the Karowe Diamond Mine Mineral Reserve estimation. The most recent Mineral Resource and Mineral Reserve estimations are set out in the 2023 Annual Information Form for the year ended December 31, 2023, dated March 28, 2024, which can be found on the Company's website and under its profile on SEDAR+ at www.sedarplus.ca.

Technical Reports: For further details regarding the Karowe Underground Project and Qualified Persons as defined by NI 43-101, please refer to the technical report dated March 12, 2024 with an effective date of June 30, 2023, titled "*Karowe Diamond Mine - 2023 Feasibility Study Technical Report*", posted to the Company's website and under its profile on SEDAR+ at www.sedarplus.ca.



LUCARA
DIAMOND

VANCOUVER CORPORATE OFFICE

Suite 2800, Four Bentall Centre
1055 Dunsmuir Street
PO Box 49225
Vancouver, BC, Canada V7X 1L2

Investor and Public Relations:

info@lucaradiamond.com

ESG Matters:

esg@lucaradiamond.com

