



LUCARA  
DIAMOND

MAKING DIAMOND HISTORY

2022 SUSTAINABILITY REPORT





***“We took an industry (diamond) that is used to doing the same thing all the time and we brought some new equipment in and some new innovation and that has changed the industry.”***

***- Lukas Lundin***

Lukas Lundin had a vision for Lundin Group companies: to create lasting benefits for communities impacted by resource operations. In 2006, Lukas travelled over 12,000 km from Cairo to Cape Town. This journey was a pivotal moment, highlighting to him the potential for resource development to be a powerful catalyst for sustainable development. This journey inspired the creation of the Lundin Foundation.

*“Lukas will be remembered as a visionary, a man of true conviction who was never afraid to swim against the tide once the value of an opportunity became apparent. Africa was one of Lukas’ favourite places and through his work with Lucara and the Lundin Foundation, he leaves a lasting legacy of positive economic development that will benefit generations to come.”*

Lucara Board of Directors

## CELEBRATING 10 YEARS OF PRODUCTION – 2012 TO 2022



Many great stories begin with friends sharing dreams and visions over a meal. This is also the story of Lucara. Three impressive friends, who had not yet had an opportunity to work together, discussed the formation of a diamond mining company during a long lunch in 2007. Lucara, named for the three - Lukas Lundin (Lu), Catherine McLeod-Seltzer (ca) and Eira Thomas (ra) - became the vehicle for a brilliant new story that has rewritten the history of diamond mining.

*“I remember when Lukas, Catherine and Eira went for lunch and my dad said, we might start a diamond company. I didn’t hear back from him until the next day because I think lunch went into dinner. They were all excited about the new venture and then catching up with them in the morning it was game on.” - Adam Lundin*

*“Lukas, Catherine and I had always wanted to find an opportunity to work together. With Lukas’ experience in Africa, Catherine’s financial expertise and our partnership in diamonds in Canada, we knew we had the makings of a really interesting venture.” - Eira Thomas*

In 2010, Lucara completed the 100% acquisition of the AK06 Project, which would become the Karowe Diamond Mine, updated the Open Pit Feasibility Study, commenced financing and mine construction. On April 28, 2012, Lucara reported that the Karowe Mine process plant had recovered first production diamonds, and in July 2012, Karowe achieved commercial production.

Since that time, the mine has produced over 4 million carats, including recovering four stones over 1,000 carats each. It is the only mine in history to have achieved that. “I still remember where I was when Eira called me and told me that we had recovered a diamond that was over 1,000 carats (Lesedi La Rona, recovered November 16, 2015), I nearly dropped the phone. It was the first stone of that size to be recovered in over a century.” Catherine McLeod-Seltzer

Innovation, new technology, an inventive approach to sales, and a commitment to investing in local talent and local communities, are all part of Lucara’s continued success. With the advancement of Lucara’s underground project, this is a story that is far from over.

2012

**APR:** First recovery of diamonds from the Karowe mine.

**JUN:** First sale of diamonds from Karowe mine.

2013

Inaugural Sustainability Report published. In 2023, Lucara celebrated its tenth year of continued sustainability reporting.

2014

**MAY:** Lucara announced the recovery of thirteen diamonds larger than 100 carats since the start of Q2, 2014.

2015

**NOV:** Lucara made diamond history by announcing the recovery of a 1,111 carat gem quality Type IIa diamond from the Karowe mine (final weight 1,109 after cleaning), the largest diamond ever to be recovered in Botswana at the time. Following a naming competition open to citizens of Botswana, this stone was named the Lesedi La Rona which means Our Light. The stone was recovered by the newly installed Large Diamond Recovery ("LDR") XRT machines.



2016

**MAY:** Lucara announced the sale of an 813 carat diamond named "Constellation" for US\$63 million, the highest price ever achieved for the sale of a rough diamond.

**AUG:** Lucara announced that the Company would install more of the highly successful XRT technology to process finer size fractions at its Karowe mine in Botswana.

**DEC:** Following the close of the fourth Regular Tender of 2016, Lucara exceeded \$1.0 billion in accumulated sales since the start of production in June 2012.



2017

**SEP:** The sale of the historic 1,109 carat Lesedi La Rona was announced in September 2017. The diamond was sold to Graff Diamonds for US\$53 million.



2018

Lucara became a United Nations (UN) Global Compact (GC) participant and commenced contributing to 10 of the 17 United Nations (UN) Sustainable Development Goals (SDGs).

**FEB:** Co-founder Eira Thomas assumed the role of CEO of Lucara Diamond Corp., the first woman to hold the position.

**MAR:** Lucara Diamond Corp. completed the acquisition of Clara Diamond Solutions Corp. ("Clara"), a secure, digital sales platform that uses proprietary analytics together with cloud and blockchain technologies to revolutionize and modernize the diamond sales process.

**MAY:** Naseem Banu Lahri, CFO of Boteti Mining since 2013 (later to be renamed as Lucara Botswana) was promoted to Managing Director. Naseem is the first woman and the first Motswana woman to serve in this capacity for a diamond company in Botswana.

**AUG:** The Karowe Village Initiative (KVI) was launched, focusing on investing and developing sustainable community-driven projects and initiatives.

2019

**APR:** Lucara recovered a record 1,758 carat diamond, subsequently named the "Sewelô", from Karowe. This stone was one of the largest diamonds in recorded history, the largest diamond recovered in Botswana, and the largest diamond to be mined at Karowe to date. The unbroken 1,758 carat stone was recovered through Lucara's state of the art XRT circuit, commissioned in April 2015.

**SEP:** Lucara Botswana won the Botswana Chamber of Mines Inter-Mine First Aid Competition.

**NOV:** Lucara announced a positive feasibility study for the Karowe underground project, with the potential to extend mine life out to 2040.

## 2020

**JAN:** Lucara decided to adopt the Towards Sustainable Mining (TSM) standards.

**FEB:** An exceptional 549 carat white gem diamond was recovered from Karowe, later named “Sethunya”. This diamond was recovered in the Mega Diamond Recovery (MDR) XRT circuit that allows for diamond recovery post primary crushing and prior to milling.

**MAR:** Lucara announced its crisis management strategy in response to COVID-19. The Karowe mine remained fully operational throughout the COVID-19 pandemic.

**JUN:** Sarine Technologies and Clara Diamond Solutions announced an expansion of their collaboration to include provenance traceability.

**JUL:** Lucara and HB Antwerp announced a groundbreaking partnership whereby all diamonds in excess of 10.8 carats produced from Karowe would be sold through HB Antwerp. Advantages included regular cash flow for Lucara, significant potential revenue upside, increased tax revenue opportunities for the Government of Botswana, and the creation of a streamlined supply chain to maximize the value of diamonds over 10.8 carats.

**NOV:** Lucara announced the recovery of a 998 carat high white clivage diamond from Karowe.



## 2021

**JAN:** The Karowe mining license was renewed and extended to 2046.

**JAN:** Started alignment with the Global Industry Standard for Tailings Management.

**APR:** Lucara announced a 24-month extension to the supply agreement with HB Antwerp.

**JUN:** Lucara recovered a 1,174 carat diamond from the Karowe mine. The third +1,000 carat recovered from Karowe since 2015.

**JUL:** In support of the Karowe mine underground expansion project, Lucara announced the signing of US\$220 million senior secured project financing debt package. The underground expansion project is expected to deliver at least US\$4 billion in additional revenues.

**JUL:** Lucara announced the recovery of the “Boitumelo”, a 62 carat fancy pink diamond from Karowe mine.

**NOV:** Lucara Botswana successfully attained the ISO 45001 Safety and Health Management Certificate

## 2022

**AUG:** Shaft sinking commenced at the Karowe underground expansion project.

**NOV:** Lucara announced a 10-year extension to the HB Antwerp supply agreement.





# 2022 HIGHLIGHTS

**335,769 carats**

DIAMONDS PRODUCED

**1,869**

TOTAL WORKFORCE

**\$212.9 million**

REVENUES (\$203.80 million from sales of diamonds from Karowe, \$9.1 million third-party goods through Clara)

**Women in Leadership**

21 out of 78 leadership positions at Lucara Botswana are women, representing 27%.

BOTSWANA BENEFIT:

**\$4.23 million**

COMMUNITY INVESTMENT

**0.00**

LTIFR (Lost Time Frequency Rate per 200k hours)

**\$24.03 million**

ROYALTIES & TAXES

**None**

FRESHWATER IN PROCESSING (Groundwater TDS from pit dewatering >2,000 mg/l)

**\$25.95 million**

EMPLOYEE COMPENSATION

**\$168.17 million**

LOCAL PROCUREMENT



COMMUNICATION ON PROGRESS

This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.



RESPONSIBLE JEWELLERY COUNCIL



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## LUCARA'S PROFILE

Lucara Diamond Corp. (Lucara) is a publicly listed Canadian diamond mining company headquartered in Vancouver, operating the 100% owned Karowe Diamond Mine (Karowe) in Botswana. We sell our diamonds through HB Antwerp, Clara Diamond Solutions Limited Partnership (Clara), our digital sales platform, as well as through quarterly tenders in Gaborone and Antwerp. Lucara Botswana Proprietary Limited and Clara are indirect, wholly owned subsidiaries of Lucara Diamond Corp. We are a certified member of the Responsible Jewellery Council, a participant of the UN Global Compact, and a founding member of the Natural Diamond Council. Lucara has adopted the Mining Association of Canada's Towards Sustainable Development Standards, the IFC Performance Standards, and the Equator Principles.

Lucara's revenue comes from the sale of natural diamonds mined by Lucara Botswana, and from diamonds sold through Clara. Botswana is a conflict-free country.

### Lucara's Provenance Claim

100% of the diamonds sold by Lucara Botswana, Lucara's indirect, wholly owned subsidiary, are natural, untreated, ethically-sourced diamonds originating from the Karowe Diamond Mine in the Boteti District in Botswana.



## ABOUT THIS REPORT

This is Lucara's 11th consecutive, annual sustainability report. It covers our performance for the 2022 calendar year, from January 1<sup>st</sup> to December 31<sup>st</sup>, 2022, unless noted otherwise. Financial information reported is also for the calendar year. The report was prepared in alignment with the Sustainability Accounting Standards Board (SASB) Standards for Metals and Mining (2021), and with reference to the GRI Universal Standards (2021). The Report has been subject to third-party assurance. As part of our 2022 reporting efforts, we reviewed the recommendations of the Task Force for Climate-related Disclosure (TCFD). No restatements from previous reporting periods have been made. The content index and additional information is available at <https://www.lucaradiamond.com/>.

# 10 YEAR CELEBRATIONS

As part of the ongoing 10-year celebrations, Lucara Botswana hosted its first Long Service Award Ceremony that celebrated employees who have been with the organization since its inception. These awards ran alongside Lucara Botswana's 10-year celebrations that rolled out throughout the year.

The Long Service Awards is a ceremony that seeks to recognize the hard work and dedication of staff members, in this case those that have been with Lucara Botswana for 10 years. This is an add on to our 10-year celebrations at the beginning of the year. Over and above the award recipients extended an invitation to one person in their family as we recognize that they would have essentially played an integral role as support for them to have reached this milestone.

Over the last 10 years we have been privileged to be a part of that exponential growth at Lucara Botswana. The company has grown in leaps and bounds in our respective departments. We believe appreciation and recognition are powerful motivators leading to an increase in performance, productivity, morale, employee retention and overall satisfaction.



As a business we have witnessed the power of collaborations and partnerships through the working groups and committees we have initiated. This is to complement the brilliant minds we have and the company strategy to maximize production and employee participation. We also believe the strength of the team is in each individual member and that is why our partnership with our external stakeholders and communities continue to make strides with regards to corporate social responsibility in our efforts to achieve sustainability.



## Lucara recognized in The Globe & Mail's



**2022**

### **REPORT OF BUSINESS WOMEN LEAD HERE**

In 2022, Lucara was recognized for the fourth consecutive time in the Globe and Mail's benchmark of female leadership in corporate Canada.

Lucara ranks high in the Women Lead Here list (published in the Report on Business magazine), with 67% of our corporate executives being women, including our former President & CEO Eira Thomas.

At Lucara Botswana, 21 women, or 27%, hold leadership positions as of 2022, an increase of 10% from 2021.

Last year, Lucara won a Junior ESG Award in the Economy Category at the Mining Indaba 2022. The award recognized Lucara's Mokubilo Farm Project, which employs 4 women and 3 men, and generated BWP 431,000 (approximately USD 35,000) in farm revenue in 2022.

# OUR V A L U E S

## OUR MISSION

USING INNOVATION, CREATING VALUE,  
MAKING A DIFFERENCE ACROSS THE DIAMOND INDUSTRY



### RESPECT

We respect and listen to our people, our communities and our local governments.



### HEALTH & SAFETY

What we do at work, we do at home.



### TRANSPARENCY & TRUSTWORTHY

Communicating with openness and honesty.



### COLLABORATION

Creating positive economic and social benefits; partnering with our communities.



### INTEGRITY

Delivering on our promises and commitments.



### PURSUING EXCELLENCE

Contribute to the Lundin Group's history of success and excellence.

Site visit to the Karowe Diamond Mine in Botswana by (from left to right) Ms. Catherine McLeod-Seltzer (Lucara Diamond Corp. Director), Honorable Lefoko Maxwell Moagi, Minister of Mineral Resources, Green Technology and Energy Security, Honorable Sethomo Lelatisitswe, Assistant Minister of Health and Wellness and Member of Parliament for Boteti East, Ms Naseem Banu Lahri (Managing Director, Lucara Botswana), the First Lady Mme Neo Jane Masisi, His Excellency Dr. Mokgweetsi Eric Keabetswe Masisi, the President of the Republic of Botswana, Mr. Paul Conibear (Lucara Diamond Corp. Lead Director), Johane Mchive (General Manager, Karowe Mine), Ms. Eira Thomas (Former President & CEO, Lucara Diamond Corp.)



**LUCARA DIAMOND CORPORATION**



## MESSAGE FROM THE PRESIDENT & CEO

Having rejoined Lucara in August 2023, I am pleased to present our 11th consecutive annual sustainability report to our stakeholders. As highlighted below, we achieved our key safety, operational and financial metrics, commenced the shaft sinking for our underground expansion project, continue to apply responsible mining and product stewardship standards, explore opportunities to reduce our carbon footprint, and generate benefits for our local communities and other stakeholders.

### **Protecting our People**

Health and safety is one of our core values. Lucara Botswana is certified under the ISO 45001:2018 health and safety management system. During 2022, we recorded zero lost time injuries and no fatalities, COVID-19 vaccination rate was at 98%, and we did not record COVID-19-related hospitalisations or death.

### **Strong Performance**

Operations in 2022 remained strong. We achieved a net income of \$40.4 million, up from \$23.8 million in 2021. We also had another stellar year in terms of the recovery of large diamonds greater than 10.8 carats in size referred to as Specials, which typically contribute 70% of our annual revenues. We recovered 795 Specials, including 34 diamonds greater than 100 carats, and 9 diamonds greater than 200 carats. There continues to be strong interest in Clara, our safe, digital sales platform, which uses technology to transform the sales process and eliminates the need for customers to travel. During 2022, we achieved a total sales volume of \$35.7 million on Clara, representing a 25% increase over 2021.

## International Standards

As a participant of the UN Global Compact, we are committed to implementing, disclosing and promoting its principles of human rights, labour, anti-corruption and environmental responsibility. We support the UN Sustainable Development Goals and contribute to 10 of its goals. We have adopted the IFC Performance Standards, the Equator Principles, and the Mining Association of Canada's Towards Sustainable Mining standards. We continue to align our operations with the Global Industry Standard on Tailings Management (GISTM). We are also a certified member of the Responsible Jewellery Council.

## Social Licence

We are dedicated to contributing to the wellbeing and socioeconomic development of our local communities. Engagement continues to identify and drive our community investment priorities and programs. During 2022, we were able to advance three ongoing community projects under our Karowe Village Initiative, and initiating a new horticulture project in Kolonkwaneng Village in Kgalagadi South. We also continued construction of the sports complex in Letlhakane, which is expected to be completed in 2023. We also provided funds to refurbish the Letlhakane Abattoir, and contributed to rural electrification by implemented a solar power project in the village of Khwee.



## Climate Change

In view of the recommendations of the Task Force for Climate-related Financial Disclosure (TCFD), we adjusted our policy and governance, established a climate committee, and sought to identify opportunities to reduce our fuel and power-related GHG footprint by 15 to 30 percent by 2030. To assist in this process, we commissioned a prefeasibility study for a large-scale solar PV project.





## Positioning for Growth





During 2022, we were able to progress our underground expansion project. This includes the completion of substantial surface civil works, the initiation of main shaft sinking activities, as well as the completion of a bulk power upgrade project, which includes the construction of a 132kV power line. In July 2023, we announced an updated schedule and budget for the expansion, with forecast cost at completion of \$683 million.





## Looking Ahead




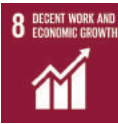
Though many of the challenges of the COVID-19 pandemic may be behind us, our priorities will continue to include the health, safety and wellbeing of our workforce and communities. Despite operating only since 2012, we remain the only mine in recorded history to recover four +1,000 carat diamonds. So, our operational focus will remain on consistent recovery of large diamonds, and progressing the underground expansion, which will extend Karowe's mine life to at least 2040.


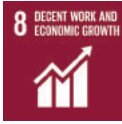

Our approach to sustainability remains foundational to everything that we do. I am extremely proud that our workforce remains committed and excited to help us meet our goals. I would also like to acknowledge the strong ongoing support of our senior leadership and Board.

*William Lamb, President and CEO Lucara Diamond Corp.*

MATERIAL TOPIC	METRICS	2022 PERFORMANCE HIGHLIGHTS
<p><b>GOVERNMENT &amp; BUSINESS ETHICS</b></p> 	<p>Governance and Assurance Regulatory compliance</p>	<p>13 internal audits as part of our risk-based audit plan</p> <p>Review of Climate-related governance and disclosures against TCFD for Climate-related Financial Disclosures</p> <p>Zero regulatory non-compliance</p>
<p><b>LABOUR PRACTICES</b></p> 	<p>Botswana Mine Workers Union membership Workforce Staff turnover Diversity and Gender</p>	<p>60 % of the workforce are unionised. Botswana Mine Workers remain the only recognised trade union.</p> <p>Completion of capacity building for the new local union branch committee on resolution of workplace conflicts</p> <p>4% staff turnover 145 women in the workforce</p>
<p><b>HUMAN RIGHTS</b></p> 	<p>Human Rights Risk Assessment- Human Rights Violations Reports</p>	<p>Zero human rights violations reported. One employee grievance recorded. Began developing our Human Rights due diligence approach</p> <p>Review of leave policy to provide for parental leave for male employees. Male employees are now entitled to two weeks parental leave. Lucara remains one of the few employers in Botswana who have extended this right to male employees.</p>
<p><b>TAILINGS MANAGEMENT</b></p> 	<p>Global Industry Standard on Tailings Management (GISTM) Emergency response planning</p>	<p>Appointment of Engineer of Record Annual safety review Testing of emergency response procedure and Dam Breach Analysis for dams 1 &amp; 2 Site Selection Study for Slimes Dam 3 was conducted and identified potential sites within the mine lease. Closure of Towards Sustainable Mining (TSM) standards external verification findings.</p>

MATERIAL TOPIC	METRICS	2022 PERFORMANCE HIGHLIGHTS
<p><b>BIODIVERSITY</b></p> 	<p>Special Conservation Status</p>	<p>Species identification survey prior to construction of Tailings Management Facilities (TMFs) and new Landfill cell with Department of Forestry and Range Resources</p> <p>Two nests found along the 132 kV power line indicating bird life along the line</p> <p>Planting of 5,701 seedlings across Boteti region, in partnership with the Department of Forestry</p>
<p><b>CLIMATE CHANGE</b></p> 	<p>Climate Change Working Group GHG emissions Energy use</p>	<p>Implementation of TCFD recommendations</p> <p>Climate Change Working Group strategies and KPIs being developed in partnership with the Lundin Foundation</p> <p>Initiation of a solar project feasibility study</p> <p>Began commissioning of a Scope 3 emissions study</p> <p>Completion of the Khwee village solar project</p> <p>Review of the existing power supply agreement with Botswana Power Company</p> <p>Construction of the new 132 kV transmission line</p>
<p><b>COVID-19 PANADEMIC</b></p> 	<p>Vaccination rate Occupational Health Wellness Additional Support</p>	<p>98% of workforce fully vaccinated</p> <p>Counselling services made available</p>
<p><b>ENVIRONMENTAL STEWARDSHIP</b></p> 	<p>Regulatory compliance Resource use, wastes and spills</p>	<p>Zero regulatory non-compliance, spills, or fines</p> <p>No freshwater used in processing</p> <p>Maintained zero discharges</p> <p>ISO 14001 aligned</p>

MATERIAL TOPIC	METRICS	2022 PERFORMANCE HIGHLIGHTS
<p><b>PARTNERSHIPS</b></p> 	<p>Generate and magnify positive SDG impacts</p>	<p>Partnered with the Department of Road Safety to promote traffic safety awareness</p> <p>Partnership development with local university, BIUST</p> <p>Partnered with Local Enterprise Authority (LEA) for business training and mentorship for community projects</p> <p>Partnerships with schools to motivate students who excel in STEM areas.</p> <p>Partnership with Orate Africa to sensitise students and teachers on gender based violence (GBV) issues.</p>
<p><b>HEALTH &amp; SAFETY &amp; WELLNESS</b></p> 	<p>Lost time injury frequency</p>	<p>LTIFR: 0.00 (per 200,000 hours worked)</p> <p>Certified ISO 45001:2018</p> <p>Internal MAC TSM H&amp;S self assessment conducted</p>
<p><b>COMMUNITY DEVELOPMENT</b></p> 	<p>Sustained Investments Community Grievances</p>	<p>Continued construction of the sports complex</p> <p>Expansion of the Mokubilo Farm to supply the schools feeding program reaching 2,030 students in 3 villages.</p> <p>Implementation of a horticultural farm at Kolonkwaneng village.</p> <p>Official opening of Mmadikola hardware store.</p> <p>Drilling of 5 community boreholes.</p> <p>Zero recorded community grievances</p>
<p><b>LOCAL CONTENT: PEOPLE &amp; SUPPLY CHAIN</b></p> 	<p>Batswana Nationals National Procurement Taxes and Royalties</p>	<p>Over 93% Botswana nationals employed in operations</p> <p>National Procurement: \$168.17 million (88% of total procurement)</p> <p>Taxes and Royalties: \$24.03 million</p> <p>Female leadership in Botswana increased by 10%</p>

MATERIAL TOPIC	METRICS	2022 PERFORMANCE HIGHLIGHTS
<p><b>PRODUCT STEWARDSHIP</b></p> 	<p>Kimberley Process RJC certification MAC TSM</p>	<p>Kimberley compliance Certified RJC member External verification of MAC TSM self-assessment</p>
<p><b>ECONOMIC PERFORMANCE</b></p> 	<p>Financial performance</p>	<p>335, 769 carats recovered \$212.9 Million in revenues \$24.03 Million in Royalties &amp; Taxes</p>
<p><b>INNOVATION</b></p> 	<p>Extend Life of Mine Digital sales channels</p>	<p>Botswana International University of Science and Technology MoU to partner in research areas \$35.7 Million in sales volume transacted through Clara Clara customers &gt; 90</p>

Acronyms: ESTMA – Canada’s Extractive Sector Transparency Measures Act; Freshwater – GRI/SASB defines freshwater having TDS < 1,000 mg/l; GHG – Greenhouse Gas; GISTM - Global Industry Standard on Tailings Management; H&S KPIs – Health and Safety Key Performance Indicators; LTIFR – Lost Time Frequency Injury Rate; MAC TSM – Mining Associations of Canada’s Towards Sustainable Mining; MOU – Memorandum of Understanding; NGO – Non-governmental Organization; RFP – Request for Proposal; RJC – Responsible Jewellery Council; SDG – Sustainable Development Goals; TCFD – Task Force for Climate-related Financial Disclosure; TMF – Tailings Management Facility

## GOVERNANCE & COMMITMENTS

We believe in conducting our business in a transparent manner that complies with all applicable laws, respects human rights, protects the environment, and safeguards our employees, contractors, and communities. The Board of Directors' (the "Board") Mandate establishes the responsibilities of the Board, and along with the Company's policies, highlights the Board's accountability to shareholders and stakeholders, both internal and external.

During the report period we updated our Anti-Bribery and Anti-Corruption Policy to ensure compliance with applicable laws, and we conducted a comprehensive training program to communicate its goals and requirements to all employees and contractors. We are planning further anti-corruption training in 2023, and are currently developing new anti-corruption training content. In line with our continued commitment to anti-corruption, we formally analyse risks of corruption at all of our operations, and we undertake quarterly reviews of any operational risks identified, as these relate to corruption. We have had no confirmed incidents of corruption, or faced any legal actions related to anti-competitive behaviour, antitrust violations, or monopolistic practices. Additionally, we reviewed and enhanced our disciplinary code procedure to make it more effective and responsive. As our primary listing is in Canada, our corporate governance structure and disclosures are aligned with the requirements of the Toronto Stock Exchange. We maintain a standing Safety, Health, Environment and Community Relations (SHECR) Committee, Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee. Our Board-approved guidelines

and policies include a Gender Diversity Policy for Board and Executive Officers, a Human Rights Policy, and a Responsible Mining Policy.

During the reporting period, the Board adopted two new policies 2022, our Privacy Policy and our Anti-Bribery and Corruption Policy. The Board also updated position descriptions for the President/CEO, Board Chair, Lead Director and Committee Chairs, and updated the following policies: Authorizations, Corporate Disclosure, Environment, Occupational Health and Safety, and the Corporate Social Responsibility Charter.

Throughout 2022, we also continued to review our climate-related governance and disclosures against the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD). As part of this process, we reviewed our decarbonization pathways, working closely with the Lucara Botswana Climate Change Working Group, and we updated our climate action plan.

Since 2018, Lucara has been a Participant of the United Nations Global Compact, and we are committed to implementing its Ten Principles focused on Human Rights, Labour, Environment and Anti-Corruption. We also support the United Nations Sustainable Development Goals and have adopted the IFC Performance Standards, the World Bank Group's Environmental, Health and Safety Guidelines for Mining, in addition to the Equator Principles.

## Our Board of Directors

Lucara's Board of Directors 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 by Lucara's Articles. The Board regularly reviews its guidelines and policies and, not less than annually, considers how its corporate governance practices align with guidelines established by Canadian regulatory authorities, as well as the Toronto Stock Exchange.

The Board meets as required to conduct its business, which includes the approval of the quarterly and annual audited consolidated financial statements. The Board has established Position Descriptions for the CEO, Chair of the Board, Lead Director and Committee Chairs. The position descriptions were most recently updated in 2022.

## Board Committees

### Audit Committee:

Marie Inkster, Catherine McLeod-Seltzer & David Dicaire

### Corporate Governance & Nominating Committee:

Peter J. O'Callaghan, Paul Conibear & Catherine McLeod-Seltzer

### Compensation Committee:

Paul Conibear, Marie Inkster & Peter J. O'Callaghan

### Safety, Health, Environmental & Community Relations Committee:

Catherine McLeod-Seltzer, David Dicaire & William Lamb



Paul K. Conibear, Chair  
Joined 2007



Marie Inkster  
Joined 2014



Catherine McLeod-Seltzer  
Joined 2018



David Dicaire  
Joined 2020



Peter J. O'Callaghan  
Joined 2020



Adam Lundin  
Joined 2022



William Lamb  
Joined 2023

## Governance & Assurance

In 2022, Lucara Botswana's Governance & Assurance (G&A) department conducted 13 audits as part of our risk-based audit plan. The areas covered included Security, Mining, Mineral Resource Management, Process, Engineering, Information Technology, Human Resources, Underground, Procurement, Finance, Sales and Marketing. Activities also included assistance with due diligence of mining contractors.

The establishment of a Risk, Compliance and Business Continuity Champion Forum has enabled improved identification, management and monitoring of risks emanating from various departments. We also continued to provide employee training on how to use the Compliance and Business Continuity module, and associated risk management software.

We also reviewed, revised and updated our Control Standards for five key areas, including Leadership & Governance, and Process Integrity. These will be rolled out to all Lucara Botswana management, staff, and contractors in 2023.

On an annual basis, all employees and contractors are required to review the Company's policies and charters, and to sign-off that they have completed the review, and understand the relevant content.

## Human Rights

Lucara Diamond Corp. is steadfast in its commitment to uphold and promote human rights throughout our business activities, guided by our Code of Business Conduct and Ethics. Our commitment is built on frameworks such as the UN Guiding Principles on Business and Human Rights, the Kimberley Process, and the Responsible Jewellery Council's Code of Practices. As United Nations Global Compact signatories, we are committed to promoting universal principles on human rights. We strive for the highest standard of respect for human rights and maintain open lines of communication with our employees, communities, and stakeholders to foster a culture of transparency, honesty, and respect. We are also committed to preventing the use of child labour and forced labour within our operations. Our governance approach to human rights includes a robust system for reporting and addressing any potential policy violations, which is integral to being a responsible operator. This includes internal assessment of labour conditions for both Lucara employees and contractors, supported by our grievance mechanisms and Whistleblower Policy. Ultimate responsibility for human rights rests with our board.

***“Lucara remains committed to the promotion of universal human rights and to upholding a culture of transparency, honesty, and respect, with all our stakeholders.”***  
***– Catherine McLeod-Seltzer, Co-founder, Director, and Chair of the SHECR Committee***



During 2021, we completed a desktop review of human rights issues that are relevant to our operations at the Karowe Diamond Mine. The study included inputs from a public consultation conducted as part of the updated Environmental Management Plan (EMP) for the KDM Underground Project, an author site visit in April 2021, a social review of a 30km long 132kV transmission line associated with KDM, the outcomes from Materiality Assessment Workshops for sustainability reporting with diverse stakeholders, and reviews of community grievances logged under Lucara's operational grievance mechanism. The primary salient human rights issue identified during this process was the right to water.

Several recommendations emerged from this review. We have sought to address the recommendations through several actions: drafting and reviewing policies that address human rights; benchmarking plans for worker accommodation camps against IFC/EBRD Guidance; reconciling apparent inconsistencies regarding references to Indigenous Peoples in key policies across parent and subsidiary documents; and by addressing gender equity through explicit consideration of women in Company policies and relevant documents.

Following the desktop review of human rights issues, we began developing our human rights due diligence approach during the reporting period. Our approach is tailored and relevant to our sector and geographic location, and is subject to routine and systematic review, alignment with the Kimberley Process, RJC certification, MAC TSM Protocols, external assurance processes, and several ISO Standards.

To ensure human rights are upheld in the everyday activities of our security practices at the Karowe Diamond Mine, our security personnel have received training on human rights principles, including the United Nations Guiding Principles on Business and Human Rights, as well as applicable local laws. The Company also has a Memorandum of Understanding (MoU) with Government Security Forces to ensure that all our internal security processes are aligned with local laws.

Additionally, our security and the Human Resource Departments continuously monitor adherence to human rights standards by all our site-based contractors. We have developed contractor on-boarding guidelines through our procurement function to socialise contractors around issues of human rights and fair employment practices. The Company's Human Resource Department conducts monthly labour inspections of contractors (including physical inspections of contractors' work sites) as part of our auditing of contractors' labour practices. Monthly contractor reporting includes issues of human rights, and we have established a monthly forum between our Human Resources Department and our contractors to promote information sharing and capacity building on labour relations and fair employment practices.

There were no complaints of human rights violations registered in 2022.

## PRODUCT STEWARDSHIP

At Lucara, we are committed to responsible mining practices and product stewardship, and we seek to align with international best practices. We prioritise environmental management through comprehensive systems, sustainable mining practices, and continuous improvement. Our ethical supply chain ensures responsible sourcing, transparency, and adherence to internationally accepted human rights principles. We actively engage with communities, promote economic development, and have established grievance mechanisms to manage risks and impacts. Transparent reporting, accountability and collaboration are key to our industry leadership approach to product stewardship. Through these efforts, we aim to continue to create sustainable value, build trust with stakeholders, and to contribute to the sustainability and well-being of both the environment and the communities where we operate.

We are a certified member of the Responsible Jewellery Council, the world's leading standard setting organisation for the jewellery and watch industry (we were externally audited and recertified in 2021, and our next recertification is planned for 2024). We adhere to the Kimberley Process, an international certification scheme which regulates trade in rough diamonds. Lucara is also a founding member of the Natural Diamond Council, which seeks to advance the integrity of the modern diamond jewellery industry and inspires, educates, and protects consumers.



**335,769 carats**

DIAMONDS PRODUCED

**\$212.9 million**

REVENUES (\$203.80 million from sales of diamonds from Karowe, \$9.1 million third-party goods through Clara)

BOTSWANA BENEFIT:

**\$4.23 million**

COMMUNITY INVESTMENT

**\$24.03 million**

ROYALTIES & TAXES

**\$25.95 million**

EMPLOYEE COMPENSATION

**\$168.17 million**

LOCAL PROCUREMENT

**\$40.4 million**

NET INCOME

**\$35.7 million**

CLARA REVENUES (\$21.8 Million Karowe diamonds, \$9.1 Million third-party goods)

**Greater than 90**

CLARA CUSTOMERS

## ECONOMIC PERFORMANCE

2022 marked another impressive year in terms of the recovery of Specials, which are rough diamonds exceeding 10.8 carats. Specials account for approximately 60 to 70 percent of our revenues. During the reporting period, a total of 795 stones in excess of 10.8 carats each were recovered, including 34 stones exceeding 100 carats, 9 of which were greater than 200 carats.

There was also continuing strong interest in Clara, our secure, digital sales platform. The number of buyers on the platform, presently greater than 90, remained stable, and Clara maintains a waiting list to manage supply and demand.

Our revenue in 2022 was \$212.9 million, and the average price per carat sold, excluding top-up revenue from the sale of polished diamonds, was \$506/carat for Karowe diamonds.



**LUCARA BOTSWANA**



## MESSAGE FROM THE MANAGING DIRECTOR

Our annual Sustainability Report provides a reflection of our unwavering commitment to sustainability and responsible business practices. This report encapsulates our collective efforts to make a positive impact on our planet and communities while ensuring the long-term success of our organization.

In 2022, we made significant strides in advancing our sustainability agenda. We've embraced the principles of environmental stewardship, social responsibility, and sound governance to guide our actions and decisions.

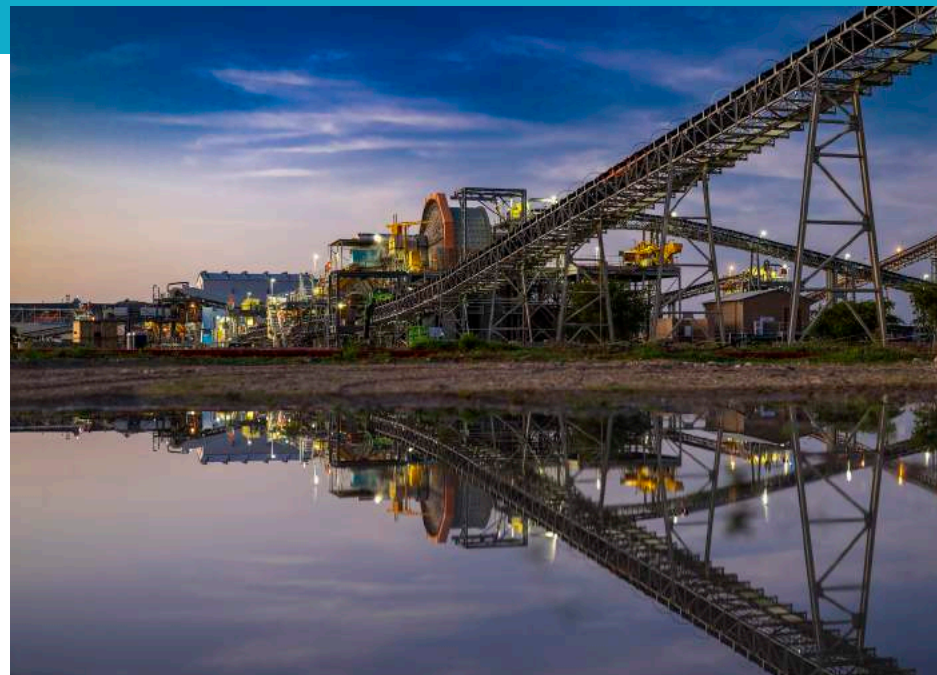
Our commitment to our employees' well-being has remained steadfast, with the organization achieving zero Lost Time Injury (LTI) and successfully retaining our ISO 45001: 2018 certification.

We have deepened our community engagement through the implementation of our Community Social Investment Policy and Charter, making a positive impact on the regions where we operate. We provided in-kind support and sponsorships aimed at building resilience and empowerment at the local level. In 2022, we continued the implementation and monitoring of our Karowe Village Initiatives (KVIs), which saw expansion of our income-generation projects expanding beyond the Boteti region, to establish a horticultural project in Kolonkwaneng village, in Kgalagadi South. We also invested funds in the completion of Khwee small stock and fodder production as well as the monitoring of our Mokubilo integrated farm. The highlight of all our KVI initiatives, led to Lucara Botswana receiving a Junior ESG Award in the Economy Category at the Mining Indaba 2022. The award recognized Lucara Botswana's Mokubilo Farm Project, which employs women and men from the local area, and generates income for the community.

To support the Company's ESG performance, the Board has established a Governance and Assurance ("G&A / internal audit") Department to coordinate corporate-wide regulatory compliance in collaboration with substantive departments, and to coordinate Internal Audits for assurance purposes. The coordination of regulatory compliance includes the management of all relevant regulatory requirements, including Anti-Money Laundering (AML) and Counter-financial Terrorism (CFT) initiatives, as well as other legal requirements, such as stakeholder Data Protection, and compliance with all relevant environmental requirements.

In recognition of the role that all departments play in ESG, and to assist in the implementation of the Company's ESG strategy, a number of technical working groups and committees (Climate Change Decarbonization working group, ESG Committee, Biodiversity Working Group and Community Impact Working Group) have been set up. The working groups and committees are multi-disciplinary and report quarterly to the Board.

We are a certified member of the Responsible Jewellery Council, the world's leading standard setting organisation for the jewellery and watch industry. We adhere to the Kimberley Process, an international certification scheme that regulates trade in rough diamonds. Lucara is also a founding member of the Natural Diamond Council, which seeks to advance the integrity of the modern diamond jewellery industry and inspires, educates, and protects consumers.



Our approach to innovation is centred on continuous improvement and technological advancement. This includes research and development, and we strive to explore sustainable mining technologies that reduce our environmental impact. Through collaboration, piloting, and scaling up of innovative solutions to our operational challenges, we strive to set new industry benchmarks. Our culture of continuous improvement and risk management also seeks to drive positive social outcomes while minimising our ecological footprint. By embracing innovation in our everyday work, we aim to lead in responsible and sustainable diamond mining practices.

*Naseem Lahri, Managing Director – Lucara Botswana*



## MESSAGE FROM THE GENERAL MANAGER

The year 2022 was yet another great year at Lucara Botswana. This is due to the brilliant minds we have and the Company strategy to drive efficiency as well as maximize production. Our people remain our greatest asset and as they express their skills, we are proud to refer to them as game changers, because they indeed are, as they continue to develop a unique and lasting legacy for which Lucara Botswana has become famous.

All key operational and financial metrics in line with the year's guidance were achieved. The consistency in the resource was again proven as 795 Specials (diamonds greater than 10.8 carats) were recovered during 2022, representing a 7.2% weight percentage of total carats recovered. A total of 34 diamonds greater than 100 carats were recovered, including 9 diamonds greater than 200 carats.

The Lucara Botswana family embraces safety as a value, because it is the right thing to do. Worth celebrating was the fact that in December 2022, we surpassed a 2 years Lost Time Injury Free milestone. To have achieved this, given the heightened activity in the Underground Expansion Project, is a true testament that not only do we believe in zero harm, but we achieve it as well, through interventions like behavioural based safety programs.

As the subject of Environmental, Social and Governance is getting more topical, and rightly so, we are proud to continuously improve our ESG mandate as an organization guided by the United Nations Sustainable Development Goals.



It was exciting and rewarding to have won the Junior ESG Award for the Mokubilo project, an integrated farm project that is positively impacting the livelihoods of the communities in and around Mokubilo. The recognition validates our on-going focus on making strides in positively impacting people's lives and sustainably empowering communities.

We have also made great strides with regards to the implementation of the Global Industry Standard on Tailings Management, and our talented workforce is trending very well within the targets, requirements, expectations and milestones of this standard. This has been a great effort.

The underground project at our mine is a unique opportunity. The expansion is planned to extend the mine life to at least 2040 mining predominantly from the highest value EM/PK(S) unit and is forecasted to contribute approximately \$4 billion in additional revenues, using conservative diamond prices. Each and every day, our employees reflect on many exciting opportunities brought about by the underground expansion. This will be the first underground diamond mine in Botswana, and to have transitioned from an open pit to the sinking of two shafts concurrently at plus 700m depths is an unique experience. Significant milestones in 2022 included the substantial completion of surface civil works. This includes headgear erection and winder installation, on time and within budget, and the initiation of main shaft sink activities in both the ventilation and production shafts to depths below collar of 179 meters and 132 meters, respectively, as well as the commencement of grouting programs in each shaft during December. We also completed a bulk power upgrade consisting of a 29km, 132kV power line, and the Letlhakane and Karowe substations, which is a strategic milestone since it enables the mine to meet its future power demands.

*Johane Mchive, General Manager – Karowe Diamond Mine*



## Governance & Commitment

The Lucara Botswana Board (“the Board”) is comprised of Lucara Botswana senior management and Lucara Diamond Corp. executives. The Board strives to meet its sustainability objectives through strategy formulation and oversight of strategy implementation. The Board is committed to upholding the Company’s ESG objectives and has nominated the Safety, Health, Environmental and Community Relations Committee (SHECRC) and the Human Resources Committee (HRC), which are specifically mandated to oversee the management of these ESG topics, to assess the Company’s impact on the economy, environment, and people, in addition to administering incentive strategies for Lucara Botswana.

At the bedrock of Lucara Botswana’s governance approach is the promotion of transparency, competence, independence, and diversity, which underpin the tenets of sustainable leadership. Emphasis is placed on the SHECRC and the HRC’s authority to guide Lucara Botswana’s strategic and tactical management, and to implement and execute its ESG commitments. Lucara Botswana management executes its mandate based on a corporate-wide risk management framework, which seeks to promote preparedness, mitigation, and assurance on sustainability of the economic, social, and environmental context.

To support the Company’s ESG performance, the Lucara Botswana Board has established a Governance and Assurance (“G&A / internal audit”) department to coordinate corporate-wide regulatory compliance in collaboration with substantive departments, and to coordinate internal audits for assurance purposes. The coordination of regulatory compliance includes the management of all relevant regulatory requirements, including Anti-Money Laundering (AML) and Counter-financial Terrorism (CFT) initiatives, as well as other legal requirements, such as stakeholder Data Protection, and compliance with all relevant environmental requirements.

To ensure sustainable adherence with regulatory requirements, practical key performance indicators have sought to incorporate awareness of compliance requirements within the Company. For instance, during the reporting period, we prioritized building capacity regarding adherence to the Botswana Data Protection Act requirements, especially appropriate mechanical and technological personal data safeguards, to support readiness for the Act coming into effect in late 2023. Efforts were also employed to raise awareness about the Company’s obligations and liabilities in terms of the Act. In addition, we engaged with external stakeholders, including Tribal leaders and leaders of village development communities in the Boteti area, to increase awareness of the rights and obligations arising from the Act. These efforts are consistent with the broader efforts of the Company’s Board to promote transparency across all of our operations.

## Governance & Assurance

For assurance purposes, internal audits were undertaken to measure the effectiveness of the operational processes implemented by management in support of the Board's ESG strategy. During the reporting period, G&A undertook audits, which assessed topics including stockpile management, spillage management, pit dewatering, fire management, security effectiveness, and housing. These audit reports were disclosed to the Board and served to provide assurance on the effectiveness of the Company's control environment as it may relate to the environmental, social, and governance requirements and obligations.

In 2022, four (4) risks related to corruption were assessed as part of our enterprise risk management. At the operational level, reviews were carried out quarterly to monitor and manage risks associated with corruption. Zero incidents related to corruption were reported. To further ensure risks related to corruption are understood and communicated at the operations, we undertook a project to refresh our information material we use to communicate and train our employees and contractors about anti-corruption policies and related procedures.

Lucara Botswana has taken a stance against child labour and forced labour through its Human Rights Policy. The Company has also developed contractor on-boarding guidelines through its Procurement function to socialise contractors around issues of human rights and fair employment practices. The Company's Human Resources function conducts in-person monthly labour inspections on contractors as part of contractor labour audits.



A monthly forum involving the HR function and all contractors has been established, to promote information sharing and capacity building on labour relations and fair employment practices.

## Technical Working Groups & Committees

In recognition of the role that all departments play in ESG, and to assist in the implementation of the Company's ESG strategy, a number of technical working groups and committees have been established, and are listed below. The working groups and committees are multi-disciplinary and report quarterly to the Board.



As part of the ongoing 10-year anniversary celebrations, Lucara Botswana hosted its first Long Service Award Ceremony, which celebrated employees who have been with the organization since its inception.

The Long Service Awards ceremony seeks to recognize the hard work and dedication of staff members, in this case those that have been with Lucara Botswana for 10 years. In addition to award recipients, an invitation was extended to one person in their family as we recognize that they would have played an integral role in supporting them.

Over the last 10 years we have been privileged to be a part of that exponential growth at Lucara Botswana. The Company has grown in leaps and bounds in our respective departments. We believe appreciation and recognition are powerful motivators leading to an increase in performance, productivity, morale, employee retention and overall satisfaction.

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

***"As a business we have witnessed the power of collaborations and partnerships through the technical working groups and committees we have initiated. This is to complement the brilliant minds we have and the company strategy to maximize production and employee participation. We believe the strength of the team is in each individual member and that is why our partnership with our external stakeholders and communities continue to make strides with regards to corporate social responsibility in our efforts to achieve sustainability."***

***– Johane Mchive, General Manager***

# OPERATIONS

**3,308,255 tonnes**

ORE MINED

**2,770,039 tonnes**

ORE MILLED

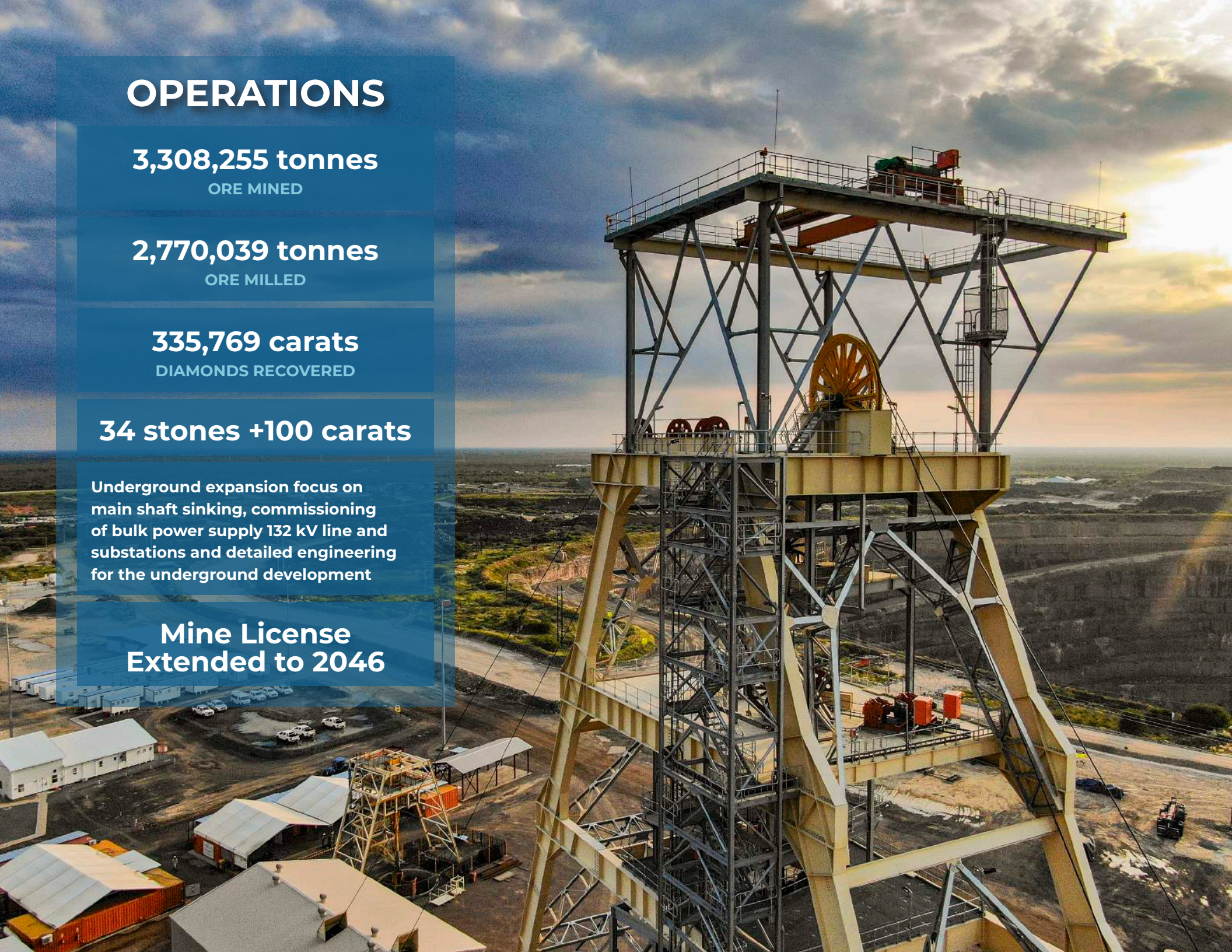
**335,769 carats**

DIAMONDS RECOVERED

**34 stones +100 carats**

Underground expansion focus on main shaft sinking, commissioning of bulk power supply 132 kV line and substations and detailed engineering for the underground development

**Mine License  
Extended to 2046**



## OPERATIONS & EXPANSION

During the reporting period, we completed construction on a new 29km, 132 kV power supply line, which includes the Letlhakane and Karowe substations and the 200 worker camp complex. An 11kV transmission line to the Underground Project was commissioned in mid-January 2023. Back-up power will continue to be provided by diesel generators. Pre-sinking was completed, and main sinking commenced in both the production and ventilation shafts.

The initial agreement to build the 132Kv transmission line was signed with the Botswana Power Company (“BPC”) in 2021, when a way leave permit for the proposed power line was also issued. On December 31, 2022, we handed over the Letlhakane and Karowe sub-stations and the 132kV transmission line to the BPC to own and maintain. A two-year warranty period began with the handover.

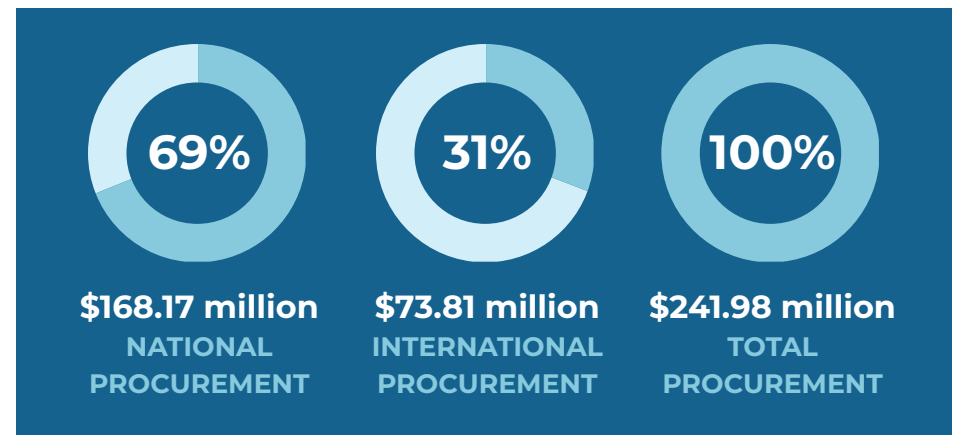
The Company updated the estimated capital cost for the Underground Project to \$683 million in 2023 (including contingency) to reflect expected pricing changes following execution of the main sink contract in Q2 2022. Following the update to the 2021 Base Plan, the total life-of-mine (LOM) capital costs were updated to approximately \$756 million. This includes costs to develop the planned underground, as well as current and future sustaining costs for the existing site and open pit operations.

## Operational Performance

During 2022, a total of 327,028 carats from the Karowe Mine were sold, generating revenue of \$165.4 million before top-up payments of \$38.4 million. Total gross revenues of \$212.9 million were earned, including \$9.1 million of purchased third party goods sold through Clara.

We did not experience any strikes or lockouts during the reporting period.

## Procurement



We continuously work to ensure that our procurement practices are conducted in a transparent and ethical manner. This includes everything that happens from the sourcing to the awarding of a contract, and everything that happens after the contract is awarded.

Lucara seeks to promote local socioeconomic development by procuring supplies locally when possible. In 2022 national procurement spending accounted for 69% of all procurement spending (down from 79% in 2021). The decrease in 2022 was due to the need to procure certain specialised equipment not available locally. Some of our ongoing local procurement initiatives include the following:

- Project to increase the local procurement spend by 5% through an Expression of Interest advertised in local newspapers inviting citizen-owned companies to register on Lucara Botswana's vendor database. 844 suppliers responded and are undergoing vendor due diligence. The process is envisaged to be completed by the end of the Q2 2023.
- Efforts to identify and reserve 69 goods and services exclusively from citizen-owned companies.
- Discussions with the Botswana Chamber of Mines (BCM) regarding citizen economic empowerment. We are currently awaiting guidelines.
- Engagement with financial institutions (Absa Bank and Access Bank) to provide their services to assist our Contractors/Suppliers with purchase order financing. (Note: Some contractors were able to meet their purchase order obligations through this funding.)
- Collaboration with the UNDP on a Supplier Development Programme that started in 2021 and continued in 2022. Three (3) Letlhakane-based suppliers participated in this

program: Royal Excellence (Air Conditioning and Chillers service and maintenance), Thotoetso Electrical (Pty) Ltd (scaffolding), and Edge Machining Solutions (fabrication).

- An SME workshop in collaboration with the Local Enterprise Authority (LEA) to equip potential local suppliers with the knowledge to fulfil vendor registration and procurement submissions for goods and services at Lucara Botswana.

In addition to the above-mentioned initiatives, Lucara Botswana's primary service providers are local. These suppliers are Trollope (mining), Petrohyper (Pty) Ltd (supply of fuel), Marung Development Services (drilling and blasting), Kalcon (Pty) Ltd (dam construction), TKM Engineering (Pty) Ltd (Letlhakane Stadium construction), and Serious Systems Transporters (Pty) Ltd (tailings management).

All service providers / contractors must adhere to Lucara Botswana procurement policies, practices, and protocols, and they must acknowledge and adhere to the Lucara Botswana Code of Business Conduct and Ethics. Furthermore, service providers / contractors are required to adhere to the ISO 45001 management system requirements, and are subject to periodic assessments, supplier performance reviews, and internal audits to evaluate compliance with the standards.

Service providers and contractors are also advised that they have the right to report any irregular, improper or corrupt procurement practices to Lucara's third-party operated whistleblower hotline.

## Security & Loss Control

Following the recommendations of a post product transportation / shipment security risk assessment completed the previous year, during the reporting period, our security services purchased two new shipment vehicles. Security, HR and SHE & CR have also begun the process of upgrading mine entrance infrastructure to accommodate new systems to address time and attendance, in addition to an automated alcohol testing system, without compromising existing security controls. The new systems are expected to be completed in 2023 and 2024.

During the reporting period, 101 officers (constituting 80.2% of all security staff), including those directly employed by Lucara Botswana, as well as outsourced security staff, received training on the Voluntary Principles on Security and Human Rights (VPSHR). Plans are in place to have all remaining officers trained in 2023.

## UNDERGROUND EXPANSION

This underground expansion project (UGP) will extend the life of the Karowe Mine by approximately 20 years to 2040. The Company updated the estimated capital cost for the Karowe UGP in 2023 to \$683 million (including contingency) in response to slower than planned ramp up to expected sinking rates, and, to account for time incurred to date, as well as for anticipated future grouting programs. During the reporting period, we completed capital spending of \$106 million. Full production from the Karowe UGP is expected in 2028 . Open pit mining operations have been adjusted to limit the risk of production shortfalls during the ramp up of the underground mine operations.

During 2022, we achieved several important milestones. We completed substantial surface civil works, including headgear erection and winder installs on time and within budget, and we began main shaft sinking activities in both the ventilation and production shafts to depths below collar of 179 meters and 132 meters, respectively. We also completed the bulk power upgrade consisting of a 29km, 132kV power line and the Letlhakane and Karowe substations. We also continued our training programs with UMS Botswana for training related to shaft sinking activities. In 2022 we also initiated an Operation Readiness Program, and started to implement training programs for Lucara Botswana technical staff. The training programs will focus on owner activities related to the operation of the shafts, conveyances, and underground mining, once shaft sinking is complete, and lateral development and underground mine construction are initiated.

We also completed Phase 2 of construction of a 200-person construction camp. The camp is now ready to be used by up to 200 workers at full capacity. All necessary permits, including a mining license extension to 2046, have been obtained to support construction and production activities for the ongoing open pit and planned underground mines.

## TAILINGS MANAGEMENT

### Our Approach

At Lucara Botswana we prioritise the safe governance and management of our Tailings Management Facilities, seeking to align with international standards such as the Global Industry Standard on Tailings Management (GISTM) and the Mining Association of Canada's Towards Sustainable Mining (TSM) Tailings Management Protocol, while meeting local regulations. We conduct regular inspections and monitoring using advanced techniques and technology to ensure that we comply with all relevant regulatory requirements while mitigating risks, and protecting the environment and the people near our operations. The facility is equipped with vibrating wire piezometers and monitoring boreholes for static level monitoring, while also using CPTU (cone penetration testing) analysis and virtual inspections. Daily inspections are conducted at two hour intervals by the operations team, and the Engineer of Record conducts monthly and quarterly inspections. InSAR (Interferometric Synthetic Aperture Radar) conducts monthly monitoring, and static water levels are also monitored monthly.

The Engineer of Record has conducted a Potential Failure Mode Analysis for existing tailings facilities, and this analysis will be reviewed annually. Furthermore, the Engineer of Record annually reviews the Design Basis for Tailings Facilities, and makes appropriate recommendations.



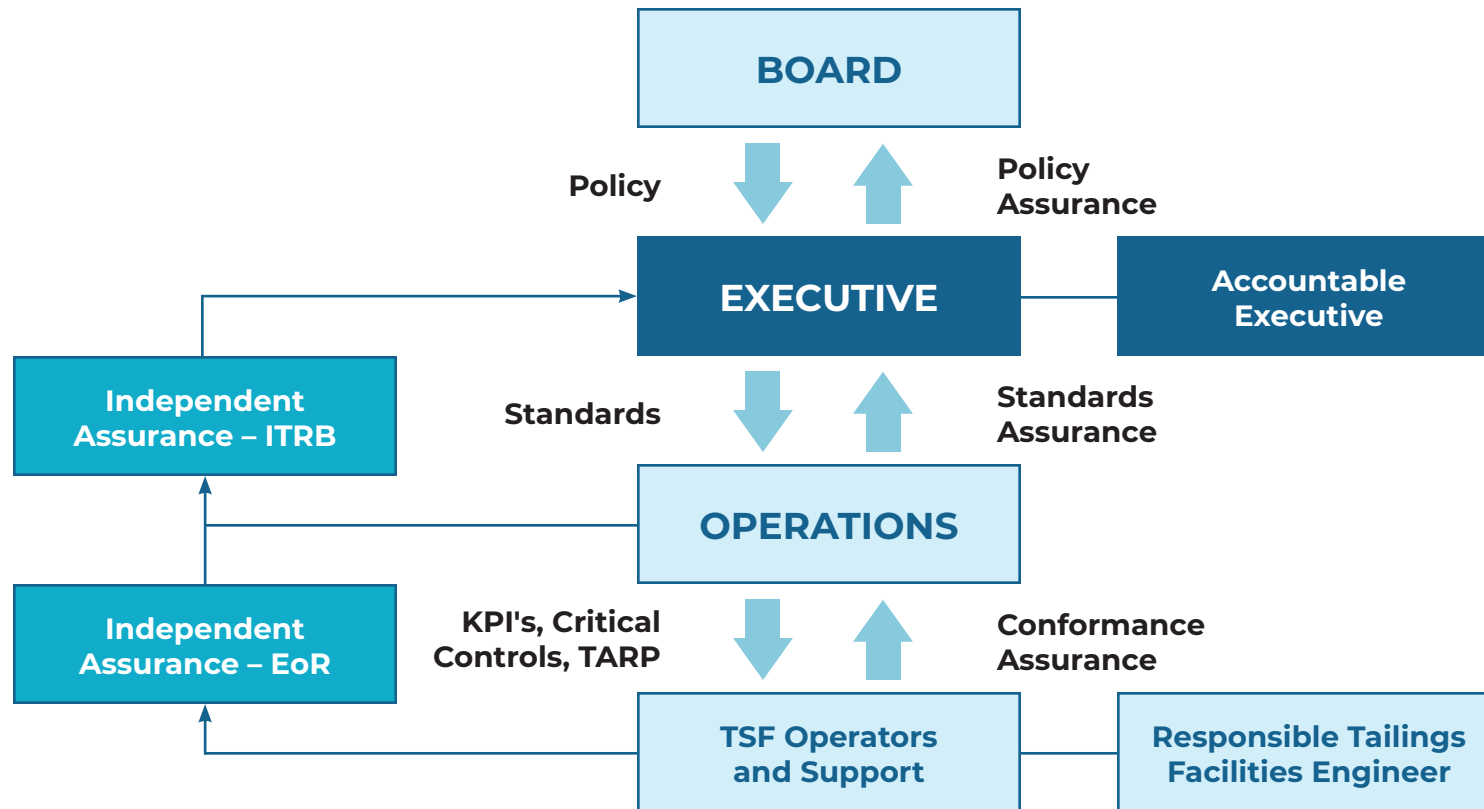
The mine regularly reviews policies and procedures for tailings management facilities to align with evolving standards on tailings management. We are also developing our human rights due diligence for tailings project affected people in 2023, as well as updating our Stakeholder Engagement Plan. Our commitment extends to emergency response planning, and our goal is to uphold a high standard of tailings management, ensuring the responsible and secure operation of our facilities. We are working to include our employees and contractors in emergency response planning and testing processes, which are related to our dam failure scenarios. Previous studies have indicated that credible failure scenarios would not impact any communities around the site, in part due to the flat topography and lack of surface water or rivers.



## Tailings Management Governance Structure

The governance framework below outlines the accountability throughout the Company, from management at Lucara Botswana, through the site level through to Lucara Diamond executive leadership team and our board of directors.

### FUNCTIONAL STRUCTURE



As part of responsible effective mine closure and social responsibility, the mine has closure plans to minimise environmental and social impacts. The latest revised closure costs for the mine were conducted in 2022 and the estimates for tailings are included in the 2022 Mine Closure Cost Update for Karowe Diamond Mine.

During the report period, we produced 2,748,239 tonnes of tailings and 1,493,112 tonnes of waste rock.

## Goals and Targets

Our Tailings Management Facilities (TMF) are located in a generally flat-laying, semi-arid to arid region, where evaporation exceeds precipitation. There are no permanent surface water bodies or communities in the zone of influence that could be affected by a potential breach of our tailings facilities. Karowe Diamond Mine site has two types of tailings: Coarse Residue Deposits (CRD) include waste rock that is placed in designated storage areas, without impoundment walls or dams; and Fine Residue Deposit (FRD) facilities, often referred to as Slimes Dams. The fine residue deposit is pumped as a slurry and discharged to FRD facilities. The mine has one CRD facility and two FRD facilities, referred to as Slimes Dam 1 (measuring at approximately 830m by 850m, 16m at final height) and Slimes Dam 2 (measuring 0.5 Km by 1.0 Km, the dam will be 10m high at final height). Slimes Dam 2 has been constructed to a 3m initial height.

Slimes Dam 1 is a waste rock impoundment wall, constructed using the downstream TMF construction method. There are a total of four cells (paddocks) within this facility which are filled on a rotating basis. The paddocks are occasionally raised to provide more storage volume. Deposition of the fine tailings is done to maximise water capture and recycling back to the process plant. The design criteria used are based on applicable South African National Standards (SANS 10286), which is also used in Botswana. Inspections are conducted according to Botswana's Mines, Quarries, Works, and Machinery Act, which prescribes internal and external (independent) inspections. This facility reached capacity in March 2023, and a closure and rehabilitation study is being undertaken to prepare a rehabilitation plan in line with the requirements of GISTM.

Slimes Dam 2 is currently located south of the pit and adjacent to Slimes Dam 1, and was completed in September 2022. It was designed in line with the requirements of the Global Industry Standard on Tailings Management (GISTM). It has been constructed with a downstream method, and is divided into two paddocks. It has been designed to accommodate the remaining life of mine from February 2023, with an operational capacity of up to 44 months at its final height of 10m.

On January 4, 2021, the mine received approval of its mining licence renewal and extension to 2046. Following this, we began the process of extending the Tailings Management Facilities capacity to accommodate the new life of mine, and completed a biodiversity and archeological assessment of the new footprint for Slimes Dam 2 before beginning construction on the dam. In 2022, we conducted a Site Selection Study for Slimes Dam 3, and identified potential sites within the mine lease. We are currently undertaking a feasibility study for those sites, which is to be concluded within 2023. We plan to begin construction of Slimes Dam 3 following the completion of the feasibility study. Efforts to accommodate coarse tailings for the revised LOM have also begun, including operation of the second deposition stream and plans to build a third deposition stream.

Lucara Botswana is committed to complying with the following standards in its tailings management approach:

**TOWARDS  
SUSTAINABLE  
MINING**



The Mine conducted an independent audit of its self-assessment of the MAC-TSM Tailings Protocol. The audit identified areas for improvement, which were addressed in 2022. These included appointments of an Engineer of Record (Geoflux was engaged in 2022), the testing of our emergency response procedures, and an annual dam safety review. We also conducted a Dam Breach Analysis (DBA) for both Dam 1 and 2 to define each dam's zone of inundation. The DBA concluded that a breach of either facility could affect the workforce, the open pit, underground project, and portions of the mine plant. In accordance with the criteria outlined in the South African National Standards 10286:1998 "Code of practice, Mine residue", the Dam 1 facility is classed as a High Hazard facility, and is classified as a Very High Hazard facility according to GISTM criteria. This means that there is potential for the flow from a breach to cause harm to the mine plant, the pit to the north of the facility, and the workers in these areas. The emergency response plan was updated in line with the results of the DBAs, and to reflect the impacts of a potential breach and provide to mitigation measures.

**GLOBAL  
INDUSTRY  
STANDARD  
ON TAILINGS  
MANAGEMENT**



In 2021 Lucara Botswana registered its Tailings Management Facilities with the Investor Mining and Tailings Safety Initiative hosted by the Church of England Pensions Board. The data is available digitally through the Global Tailings portal. Furthermore, in 2021 Lucara Botswana began to align the disclosure and governance of our tailings facilities with the Global Industry Standard on Tailings Management (GISTM) published in 2020. The mine is currently designing a new facility in alignment with the requirements of the GISTM, with the necessary reviews and approvals considered by the appointees under the Standard. The Company has appointed a Responsible Tailings Facilities Engineer (RTFE) (Lucas Ntsipe), an Engineer of Record (EOR) (Jenamiso Mphake), and an Accountable Executive (Johane Mchive). These appointments will be reviewed by the ITRB, which is currently being appointed. External verification to affirm compliance with GISTM is planned in late 2023. The Independent Tailings Review Board (ITRB) will also conduct its review in late 2023, followed by the submission of a self-assessment report in August 2023 as required under GISTM. In the meantime, no material changes have been observed, and designs are underway for a diversion berm.

**REPUBLIC OF  
BOTSWANA  
GOVERNMENT  
GAZETTE**



While working towards compliance with international standards, the mine is also complying with the local regulations on the management of Tailings Facilities under the Mines, Quarries, Works, and Machinery Act CAP 44:02.



Lucara employs tailings management systems to monitor and maintain the structural integrity of our tailings facilities and to minimize the risk of a catastrophic failure. In addition to piezometers, for monitoring purposes we conduct daily operator inspections at two hour intervals, we employ InSAR monitoring monthly, and we also monitor static water levels monthly. The Engineer of Record conducts monthly and quarterly inspections.

<b>Facility Name</b>	Karowe Diamond Mine Coarse tailings (CRD), and Slimes Dams/ Fines tailings (FRD)
<b>Location</b>	Karowe Diamond Mine Botswana Central District CRD: LAT-21.50982323 Longitude 25.48119270. FRD: LAT-21.51444556 Longitude 25.47089352
<b>Ownership Status</b>	Lucara Diamond Corp. / Lucara Botswana- Active
<b>Operational Status</b>	Active

<b>Construction Method</b>	CRD – drystack, material stands at natural angle of repose FRD - Downstream
<b>Maximum permitted storage capacity</b>	Note: Estimate for LOM (2040) CRD 14,333,824m <sup>3</sup> FRD: 27,345,731 m <sup>3</sup>
<b>Current amount of tailings stored (Metric Tons)</b>	CRD – 5.57 million m <sup>3</sup> FRD – 5,050,317m <sup>3</sup>
<b>Consequence classification (as per GISTM)</b>	CRD - Medium Hazard Facility FRD - Very High Hazard Facility
<b>Date of most recent independent technical review</b>	June 2020 (next scheduled in late 2023)
<b>Material Findings</b>	No. <sup>1</sup>
<b>Mitigation Measures</b>	No. Designs are under way for the diversion berm, which could align the consequence classification to As Low As Reasonably Possible once implemented.
<b>Site-Specific EPRP</b>	Yes. Emergency Response plans are being developed with input from project affected people. The zone of inundation is largely within the mine lease area, with possible residues extending up to 2 km north of the lease along the mine access road. Internal stakeholders are all departments within the mine. External stakeholders include farmers along the mine access road, local communities, the District Commissioner’s office, Botswana Police Services, Letlhakane Primary Hospital, and the Department of Mines, who are being consulted for the update of the EPRP.

<sup>1</sup> Material change is defined as significant variations (increase or decrease) from expected production volumes, expected particle size distribution, expected material characterization, or the expected water-to-solid ratio of slimes.



## **THABISO MOSESANE**

### **Tailings Superintendent**

Thabiso possesses a Mining Engineering degree from the University of Botswana and boasts a diverse and extensive career within the mining industry. He served as Shift Foreman in the Processing Plant and subsequently transitioned into the role of Shift Foreman in Tailings Management, whilst at Tati Nickel Mining Company. Thabiso's career path led him to positions as Shift Foreman and later Tailings Superintendent at Lazenby Holdings. He joined Lucara Botswana in 2020 as a Tailings Superintendent, which is the position he currently holds.

Thabiso is a married family man from Thamaga village, blessed with 2 beautiful girls. He grew up in the mining town of Selebi-Phikwe, and mining engineering is a field he wanted to explore. Along the way, he found more excitement in the field of Tailings Management. Tailings Management is one field that is still being discovered and brings in a multi-disciplinary approach to the management of facilities. At present, Thabiso and his team have embarked on the construction of Slimes Dam 2 project.

In his time at Lucara Botswana, he has led the implementation of the TSM Standard and GISTM, as well as ensuring compliance with the Mines, Quarries, Works, and Machinery Act for the Tailings Facilities. He has also facilitated the appointment of the Engineer of Record, as well as the Independent Tailings Review Board. Thabiso finds the Tailings Management exciting and a great opportunity to explore the field.



## Decommissioning

The Mining License for the Karowe Mine was extended in December 2020 for 25 years (with the new license effective from January 2021), and we are permitted to conduct both open pit and underground mining activities until January 2046. Open pit mining is expected to cease in 2026, while the proposed underground mine would extend mining activities at Karowe until 2040. As of December 31, 2022, the estimated reclamation liability was US\$33.0 million on an undiscounted basis (US\$29.7 million in fiscal 2021). Lucara Botswana has provided financial guarantees of approximately US\$19.5m for reclamation obligations, consisting of cash on deposit of US\$3.24m and a US\$16.2m standby letter of credit.

## Information & Communications Technology

In line with global digitisation trends, Lucara Botswana has over time increasingly adopted Information and Communication Technologies (ICT) to enhance business effectiveness. Our ICT facilities enable sustainable and continuous operations, and ICT are also used for employee empowerment by ensuring that workers are not constricted to working within certain spaces but can work from anywhere. This enhances employee motivation, innovation, and responsible technology utilisation. We also provide users with documentation and training on cybersecurity and the appropriate use of technology.

Lucara Botswana uses a hybrid of on-site servers and cloud services to provide users access to technology. Even though desktop personal computers are available, most users have laptops and mobile phones which allow them to access services from anywhere provided they adhere to the right security protocols.

In setting up the ICT facilities in Lucara Botswana, consideration has been given to the following areas of sustainability: energy usage; ICT and communities; and sustainable waste management.

## **Energy Usage**

In procuring technology devices, the ICT department has taken into consideration issues of energy use and our carbon footprint. Where possible, we have procured energy efficient equipment, including computer screens and televisions. Devices are also set up with default settings for sleep/wake mode so that they are not continuously on, thus reducing energy consumption.

Lucara Botswana has over time moved services to the cloud, especially those with a high demand for continuous access and uptime. The use of cloud services has had the impact of reducing energy consumption in Lucara Botswana. Using cloud services also allows the organisation to piggy-back on the data centres of global companies that have strict levels of ESG management and reporting.

Since the outbreak of COVID-19, technologies that allow employees to work remotely have become more ubiquitous. Lucara Botswana uses Microsoft Teams for various online meetings, including internal meetings, meetings between sites, or with suppliers. This has reduced the need for more frequent travel for face-to-face meetings at different locations. This in turn leads to less consumption of fossil fuels and less carbon emissions from vehicles.

The organisation uses a centralised managed printing platform to limit the use of paper. Printouts do not spool out automatically at printers unless activated by the user. Printer usage reports are available to create consciousness and to make users think before printing.

## **ICTs and Communities**

To maintain a sustainable relationship with the community, we engage in activities that promote ICT use in communities in order to address their needs and to facilitate digital inclusion. These community activities include training on responsible use of ICT, cyber awareness, and basic IT literacy. The Company has on occasion donated ICT equipment that is used by communities to enhance their livelihoods. The donated equipment includes either new equipment, or used equipment that still has a long-term operational lifespan. Lucara Botswana does not donate equipment unless the equipment is fully usable and will be serviceable for a long duration. The Company has also provided tower site hosting for mobile operators, which benefits surrounding communities because it enhances mobile phone signals.

## **Sustainable Waste Management**

Lucara Botswana is in the initial stages of producing a policy on electronic and related material waste disposal. Replacement and disposal of battery packs and uninterrupted power supply (UPS) related material is done in partnership with the Lucara Engineering Department. The Company is currently actively researching partnerships for the disposal of electronic waste in a responsible and sustainable manner. In the meantime, such equipment is held at our disposal warehouse. Employees who qualify get mobile phone handsets through the Company. When it is time to replace these phones, since they are generally in good condition, the used phones are handed down to other people without posing a disposal problem.

Connectivity used for ICT is gradually moving to either fibre or over-the-air connections. These connection methods use more sustainable materials with a lower carbon footprint.

## Innovation

Our approach to innovation is centred on continuous improvement and technological advancement. This includes research and development, and we strive to explore sustainable mining technologies that reduce our environmental impact. Through collaboration, piloting, and scaling up of innovative solutions to our operational challenges, we strive to set new industry benchmarks. Our culture of continuous improvement and risk management also seeks to drive positive social outcomes while minimising our ecological footprint. By embracing innovation in our everyday work, we aim to lead in responsible and sustainable diamond mining practices.

Lucara Botswana prides itself on its diverse workforce that is constantly innovating, and over the years, we have seen a rise in new ideas coming from different individuals. Some of these innovations are harnessed through the annual Lucara Colloquium. In 2022, the colloquium had speakers from all disciplines inclusive of the corporate office and the operations departments. Some of the outstanding presentations included one on harnessing the power of SAP S4 Hana to carry out predictive maintenance and to aid the procurement process. Another exemplary presentation considered an interactive digital fatigue management system that could revolutionise safety at the mine site. The interactive digital fatigue management system has already been implemented and it attests to Lucara Botswana's intention to introduce intentional changes to its products, systems, and processes to generate long term social and environmental benefits.



Demonstrating our affinity for sustainable technological advancement, we are working with external researchers to explore systems and process developments through the utilisation of Artificial Intelligence solutions in Mine Planning, Risk Control, Safety and Process Automation. A memorandum of understanding has been signed between Botswana International University of Science and Technology (BIUST) and Lucara Botswana to partner in research areas that may offer long term opportunities to Lucara's processes and products. This is a unique partnership that will assist the Company in harnessing innovative technologies while providing individuals with on-the-job skills training.





Pako M. Ntshole has over 13 years of experience in procurement, and has enrolled with Westford University College, where he is currently pursuing an MBA in Supply Chain, Shipping & Logistics. He has obtained a Level 4 CIPS Diploma membership and has attained an ICM Advanced Diploma Certificate in Purchasing and Supply.

Pako has had significant experience as a Procurement professional, including significant mining industry experience, which helps him thrive in our diverse fast-paced environment. He is currently serving as a Procurement Administrator at Lucara Botswana's Karowe Diamond Mine. For his most recent three-year tenure in this role, he has nourished his passion for systems tools development and enhancement. Pako's diverse data analytics and systems enhancement skills played an important role in his being appointed as an SAP Super User, and he has introduced several tools to help Lucara Botswana evaluate operational requirements more accurately and to improve service deliverables. He is open to challenges, conversations, and an exchange of ideas from colleagues and partners in the business industry. Pako's relentless drive for excellence and his ability to navigate the ever-evolving data analytics landscape continue to position him as an upcoming diverse Procurement professional, inspiring others and shaping the future of the industry.

In 2022, Pako M Ntshole delivered a presentation on Driving Value Beyond Saving through System Optimization during the Annual Lucara Botswana Colloquium competition. Pako won the competition with his proposal on continual breakdowns in the main plant through the system optimization of the PI Historian software system. His proposal seeks to reduce data storage in multiple systems, which can limit data access for analysis. The proposed optimization reduces costs by utilising the PI Historian software, Artificial Framework, and version- plus tools already available.

**PAKO M. NTSHOLE**  
**Procurement Administrator**

**Intellectual Property**

Lucara Botswana acknowledges the added value generated through the incorporation of innovations that prioritise social and environmental factors in our operations. This emphasis on innovation promotes an attention to sustainability in the Company, and fosters a dedication to the Company's long-term ESG objectives. However, since access to some inventions and innovations requires respect for intellectual property rights, Lucara Botswana incorporates third-party intellectual property rights in contractual agreements.

# OUR PEOPLE

**1,869**

TOTAL WORKFORCE

**27%**

WOMEN IN MANAGEMENT

**589**

EMPLOYEES AT LUCARA BOTSWANA

**145**

WOMEN AT LUCARA BOTSWANA

**93%**

BOTSWANA NATIONALS

**55,700**

HOURS OF TRAINING

**4.6%**

STAFF TURNOVER



## Our Approach

Our approach towards managing our people includes creating a healthy and fulfilling work environment that emphasises local talent development. We actively promote diversity: women fill numerous strategic leadership roles, and we undertake initiatives to continually increase the employment of local women. Employee welfare is central, and is prioritised through long service awards, retirement programs, and wellness initiatives. Strategic talent management enables us to identify and nurture top performers as well as to encourage skills development. We respect freedom of association and maintain open dialogue with the Botswana Mine Workers Union, promoting regular employee engagement. Our fair wages exceed statutory minimums, and we are committed to ensuring a workplace free of discrimination in line with our Human Rights Policy.

In 2022, Lucara Botswana provided:

	Some of the training provided included:	LB (in Hours)	Contractors (in Hours)
	Basic First Aid Training	5,760	11,920
	Breathing Apparatus	1,400	440
	Hazard Identification and Risk Assessment (HIRA)	204	443
	Radiation Awareness	456	0
	Radiation Safety Training	576	0
	Snake Awareness	110	100
	<b>Totals</b>	<b>8,506</b>	<b>12,903</b>

## Workforce

Lucara Botswana strives to be an employer of choice by creating a working environment that allows our employees to be content, safe, healthy, and proud to work for the Company. The Company also recognizes the environment in which it operates, as evidenced by its maintaining and growing local talent, one of its key focal areas. Local employment and the development of locals are fundamental components of our success as a business.

### National Workforce

By December 2022, the Company had a total of 589 employees under its direct employment, with 441 being local males, 145 females, and three male expatriate staff. During the same period in 2021, the Company had a total of 558 employees under its direct employment, which shows an increase of 28 from the previous year. Botswana nationals accounted for 93% percent of our workforce.

### Low Staff Turnover

The Company has been able to attract and retain its staff, as evidenced by the low staff turnover of less than five percent (4.6% ) for 2022. The staff turnover figures are similar to those in 2021 and remain below our five percent threshold.

## Diversity & Gender

The Company's recruitment policy provides equal opportunity in recruiting its staff, as evidenced by continued growth in women's employment. Operating in a male dominated sector, the Company has placed women in leading strategic positions across the Company in recent years. Figures from 2020 to date show an increase in women employed at the Company. By December 2022, we had 145 women employees, up from 137 in 2021 and 133 in 2020.

The sustainability of the Company's management is bolstered by a continuous succession plan that is maintained and systematically applied. An awareness and training program is also followed to promote the sustainability of the knowledge and skills of the Company's leadership. During the reporting period, the succession plan facilitated a seamless succession from the erstwhile SHE manager, who had reached retirement age, to the current SHE manager. This succession affirms a progressive gender diversity narrative evidenced by increased female representation for Lucara Botswana's executive leadership.



## Women in Management



Kabelo Koma  
Material Requirements  
Planning & Data Controller



Amogelang Bogacu  
HR Superintendent-OD



Catherine Mrosso  
Senior Process Engineer



Constance Rakesilwe  
HR Superintendent- ES



Ikanyeng Kudzani  
Compliance Specialist



Letsebeng Selawe  
Sustainability Coordinator



Kesego Kereemang  
SHE&CR Manager



Laone Mbengwa  
Process Engineer



Lentle Kesitilwe  
Facilities Coordinator



Lerato Tladi  
Mechanical Engineer



Tholego Potokwe  
Senior Process Engineer  
QA-QC



Masego Gobolaang  
Process Engineer-Civil



Miriam Raborokgwe  
Procurement Manager



Morongwa Basiang  
HR Superintendent UGP



Opelo Legotlho  
Hydrogeologist



Oratile Mosesane  
Mine Accountant



Nametsegang Poloko-Nthake is Lucara Botswana's Chief Finance Officer and has served in this role for the past two years. Over the years she has worked her way up the corporate ladder, pushing through glass ceilings to get to where she is today. She considers herself to be highly driven and once her mind is set on a goal, her drive and tenacious nature carry her to the finish line.

Name, as she is affectionately known, was appointed as Lucara Botswanas Chief Finance Officer in January 2022, after being promoted from the position of Finance Manager, Compliance and Reporting where she served for over 3 years. She enjoys the challenges that come with the new role as it is very strategic and gives her the opportunity to be one of the key role players and influencers of the Lucara Botswana ship as she oversees two departments that are at the very center of the Company's finances.

Ms. Poloko-Nthake oversees a broad team made up of 57 individuals that are led by four managers, three Finance Managers and a Procurement Manager. The key performance areas for the team include financial reporting and risk management, projects management, management accounting, cost performance, buying, strategic sourcing, contracts and inventory management respectively.

In her 5 years of working for Lucara Botswana, she remains confident that Lucara Botswana is not just a game changer because of the record-breaking world-class diamonds we unearth or the state-of-the-art technology that is used, but because the Company also affords women a platform to present themselves, be heard and shine, which is something that is not usually common in the mining world.

She further believes that with women in leadership positions throughout Lucara Botswana and at the helm, dreams of other women aspiring to excel in the mining industry have been validated.

## **NAMETSEGANG POLOKO-NTHAKE**

### **Chief Finance Officer**

### **Progressive Benefits**

Lucara Botswana strives to be an employer of choice. To achieve this feat, the Company considers progressive benefits as an integral pillar for achieving its strategic objectives. In 2022, we introduced Long Service Awards for those achieving 10 years of service, in recognition of employees who have continued to diligently serve and propel Lucara towards greatness.

### **Long Service Awards**

During Lucara Botswana's 10-year celebrations, the Company honoured employees who have been with Lucara since its beginnings, and who have played an integral role in the growth of the Company.

A celebratory event was held on 19th August 2022 to honour the 40 employee pioneers (26 males and 14 females) and their partners.

The event was attended by then Lucara Diamond Corp CEO Ms. Eira Thomas, Lucara Botswana Managing Director Ms. Naseem Banu Lahri, and former Boteti Mining Lucara Botswana Managing Director Mr. Ribson Gabonowe, who was the keynote speaker of the day. These employees' continual commitment is responsible for our success as a company today.

### Retirement

Employees who have reached the age of 65 receive an honorary farewell as a thank you gesture from the Company for having served the organisation until retirement age. In 2022, the Company celebrated Mr. Goronang Otukiseng, a Shift Foreman, as he started his retirement journey. The event was attended by the Lucara Botswana General Manager, Mr. Johane Mchive, the members of the Lucara Botswana Executive team, and employees from various departments within the organisation.

### Talent Management

During 2022, we focused on implementing the Talent Management Initiative that was introduced in 2021. Our activities included:

- Employee development – through interventions that were discussed during talent management feedback sessions;
- Identification of Critical Skills and Critical Persons – this assisted with informing retention criteria;
- Identification of top talent and the retention of talent;
- Progress plans for top-performing employees;
- Promotional opportunities;
- Increased employee morale through engagement during the talent management feedback sessions;

- Broadening of skills by creating career paths; and,
- Performance Management.

During the reporting year, we undertook an exercise to profile and align roles throughout the organisation. All functions have been profiled, and the evaluation results will be released in 2023.

To enhance our leadership capacity, we continuously seek to develop leaders in different categories through our Supervisory Development Programme (SDP) and the Management Development Programme (MDP). The Senior Management (Heads of Departments) took part in Executive Coaching that ran from August 2022 and continues in 2023.

Programme	No of Participants	Grade Category
Supervisory Development	25	C3 & C4
Management Development	11	D1; D2 & D3

The SDP and MDP participants were required to develop a strategic solution that is supported by an operational implementation plan.

During 2022, Lucara Botswana also advanced its Colloquium Initiative. These annual conversations are meant for employees to present their ideas, suggestions, and issues, which would close gaps, solve problems, meet current working standards, or shape the future of how we work in Lucara Botswana and the Diamond Industry. During the reporting period, we had a total of 11 employees submit their innovative ideas. Mentors and coaches have been assigned to these employees as they work on implementing their various projects.

This first cohort of the Lucara Colloquium (2021) continued to advance their projects in 2022.

The Workplace Registration and Accreditation application was approved on 16th December, 2022 by the Botswana Qualifications Authority (BQA). This now renders Lucara Botswana an Accredited Training Provider.

The Botswana Government encourages employers to develop and instil skills and competencies relevant to industry needs through accredited training programs. As such, it reimburses costs associated with training to participating organisations. These costs are claimed against the mandatory Training Levy that organisations contribute to the Fund. Lucara Botswana successfully claimed BWP 4,614,617.36 (approximately US\$374,000) from the Botswana Government Human Resources Development Fund in 2022.

Lucara afforded experiential learning to sixteen Botswana students from various local and international universities across all organisation disciplines. The duration of the attachment ranged from 3 to 6 months per attaché. The students followed a structured program to translate theory into practice by affording them real-life experiences in a working environment. The program also included assessments in the form of monthly reports and panel presentations to both Lucara host departments and lecturers from their respective Institutions.

Letlhogonolo's passion lies in the realm of management accounting, recognizing the pivotal role numbers play in shaping a company's strategic direction. Balancing her professional aspirations with personal commitments, including a recent marriage and the pursuit of an MBA in Finance, she empathizes with the challenges that employees face when clerical tasks encroach upon valuable family time.

Driven by her desire to free up valuable time for strategic decision-makers in her organization, Letlhogonolo has embarked on a Supervisory Development Programme project. Her initiative revolves around optimizing and digitalizing Lucara Botswana's monthly cost management, performance reviews, and reporting processes. She has identified that manual interventions in their ERP system are not only time-consuming but also prone to human errors, compromising the integrity of standardized trend analysis.



**LETLHOGONOLO RAMATU**  
**Assistant Accountant-Payable**



To address these challenges, Letlhogonolo has harnessed the power of MS Power BI, leveraging it to provide Lucara Botswana's management team with interactive charts, tables, and dashboards. These dynamic tools are seamlessly integrated with the Company's capital and operational expenditures, serving as invaluable forecasting templates.

The ultimate objective of Letlhogonolo's project is to create much-needed breathing room within the schedules of Lucara Botswana's management team. By delivering readily available and easily digestible information for analysis and decision-making, she aims to propel Lucara Botswana further along its mission, ensuring that the Company continues to thrive and excel under her strategic guidance.

## Labour Relations

The Company continues to uphold the principle of freedom of association. In 2018, Lucara Botswana concluded a collective labour agreement with Botswana Mine Workers Union. The agreement granted Botswana Mine Workers Union the organisational rights to recruit members and bargain freely on improving employment conditions for its members.

At the end of December 2022, Botswana Mine Workers Union had 351 members, representing 58% of the workforce at Lucara Botswana. The Company supports the trade Union by supporting the capacity building of its local branch committee, and assists them with developing skills to participate in the resolution of workplace conflicts. The Company further provides the trade Union with office space and other amenities, enabling easy access to their members, and supporting their day-to-day operations.

The Company and the Union continue to enjoy cordial relations. Given this, the two parties have embedded in their annual commitment plan a Relationship Building by Objectives Initiative. As part of this initiative, all parties convene annually to reflect and seek improvement to their working relationship. In addition, the parties continue to engage through established consultation and negotiation structures.

During 2022, these engagements helped support the following: a review of the Memorandum of Agreement, the Disciplinary Code, and the Grievance procedure, as well as the conclusion of critical policies such as the Acting Policy, the Temporary Appointment Policy, and the Human Resources Policy.

## Employee Engagement

Regular engagement involving employees and management at the operational level takes place through monthly departmental consultative meetings. These meetings are a platform for employee consultation and participation, and they further promote discussions around productivity improvements and employee welfare.

## Labour Rights

The Company's Human Rights Policy promotes fairness and non-discrimination in the workplace and in our employment practices. The policy discourages harassment and discrimination based on gender, sexual orientation, race, colour, religion, political opinion, union membership, or national extraction and social origin. Any issues that are raised in contravention of the policy are investigated and dealt with in accordance with the Disciplinary Policy and grievance procedures.

The Company's security personnel are mandated to carry out access control, random searches on employees, and other security control measures. Since these activities often result in interaction with employees, our security personnel have been trained on human rights protocols that align with local laws and the United Nations General Principles on Human Rights. The Company also has a Memorandum of Understanding with Government Security Forces to ensure all our internal security processes align with local laws.

Employees are encouraged first to approach their supervisors if they are aggrieved. Should there be no recourse, a worker grievance is escalated through all levels of management up to the Company's General Manager or Managing Director.

For grievances affecting more than one employee, unionised members may also pursue their grievances through their union representative or the Union. In 2022, two employee grievances were recorded and resolved. No complaints of discrimination or other types of violations of labour rights were registered in 2022.

The Company reviewed its Leave Policy in 2022, and extended paternity leave rights to its male employees. Under the revised Leave Policy, male employees are now allowed a two week paternity leave.

## Fair Wages

Lucara Botswana's wages are above the statutory minimum requirement and are competitive within the mining sector. The Company's remuneration philosophy is based on affordability and sustainability. Other factors considered for determination of fair wages are:

- The Company's structured job evaluation system;
- Employee skill level;
- Employee performance;
- Internal equity; and
- Local market guidance.

The Company's collective Labour Agreement with the Union provides for the required annual review of wages and other conditions of service. The Company has never had any industrial action or disputes with its workforce emanating from wages or conditions of employment.

# HEALTH, SAFETY & WELLNESS

0

FATALITIES

0

LOST TIME INJURIES

0

LTI FREQUENCY RATE

0.40

TRIFR

2

NEAR MISSES

0.10

NEAR MISS FREQUENCY RATE

56,206

STOP & FIX

98%

COVID-19 VACCINATED

LTI – Lost Time Injury, see annex and GRI Index for additional data;  
TRIFR – Total Recordable Injury Frequency Rate



## Our Approach

Health and Safety is one of our core values. We believe all employees, business partners and visitors have a right to a healthy and safe working environment. Our approach to health and safety is defined by Lucara Botswana's Occupational Health and Safety Management System, which details our commitment, guidelines, and standards to embed our health and safety core values in our workforce.

## Systems & Standards

Lucara Botswana is certified under the ISO 45001:2018 health and safety management system. Having been first certified in November 2021, the mine undertook its first surveillance audit in October 2022 and retained its certificate. The surveillance audit's main purpose was to ensure that our health and safety management system operates as intended during daily operations. The aim is to continually improve our people's health and safety at work.

Continuing our journey of adopting and implementing the Mining Association of Canada's Towards Sustainable Mining (TSM) standard, the mine conducted several self-assessments against performance indicators to track progress and compliance. In 2022, the focus was on continual improvement to ensure that the mine achieves a minimum of A-ratings for all indicators that had scored B and C in 2021. There was marked improvement in self-assessments.

To improve our TSM performance, the mine has adopted GISTM. Lucara started the journey to GISTM in 2021, and will have its first external audit in late 2023.



## Risk Management

In 2022, our focus was on improving our safety performance through revamping of the "5-SHE Steps" with the focus on the People and Systems to drive our Zero Harm philosophy. The 5-SHE Steps focus on addressing people issues, the management of change, hazard identification and risk assessment, housekeeping, and learning from incidents and near misses. We believe that understanding how and where hazards and risks may arise helps all employees implement the right controls using the Hierarchy of Controls. The 5-SHE Steps also promote a positive safety culture within our workforce, with all employees encouraged to report any unsafe acts and conditions that arise in their work areas. In 2022, a total of 56,206 unsafe acts and unsafe conditions were reported, with a closure rate of 92%. We continue to strive for improvement.

## Community First Aid Training

We invited members of the community from Letlhakane, Xere, Xhumo, Rakops, Mmadikola, Mopipi, Mosu, Mokubilo, Mmatshumo, Makgaba, Mmea, Kedia, Mokoboxane, Khwee, and Toromoja villages to take part in First Aid training and a Snake Awareness campaign organised by the mine. Fifty-five community members participated.

## Training & Communication

All employees and contractors receive safety training at work, and regularly throughout their career with Lucara Botswana. By adjusting our training to COVID-19 safety protocols, we were able to deliver several training and awareness courses to our employees using a risk-based approach. Some of the training offered to our employees and business partners included Fire Awareness, Snake Awareness, First Aid, Legal Training for Legal appointees, ISO 45001 Awareness, Basic Principles of Hygiene Training and Intermediate Mine Ventilation.

## Health & Wellbeing

We promote a culture of health and well-being evidenced by the provision of on-site health care at Karowe. Karowe Diamond Mine Clinic is a facility offering holistic health care to Lucara employees and contractors on site. It has a staff complement of two resident doctors on rotation, three nurses offering primary health care, a wellness program, and occupational health services, in addition to a psychotherapist offering mental health services, and nine paramedics who are contracted to provide 24-hour emergency response and to assist with daily administrative duties at the facility.

In addition to conducting pre-employment and primary health care, the wellness program has its main objectives aligned with providing preventative health care. This includes offering risk factor awareness and screening for common non-communicable diseases such as hypertension, heart disease (stroke), diabetes mellitus, cancer, chronic obstructive lung disease, asthma, alcohol and drug abuse, and mental illness.

Communicable diseases such as common sexually transmitted infections (STI's), HIV/AIDS, COVID-19, hepatitis ABC, tuberculosis and other influenza-like illnesses are also covered jointly by the wellness and primary health programs.

The primary health wing is covered by a family nurse practitioner whose sole responsibility is offering outpatient services including general consultations, the treatment of injuries and minor illnesses, as well as the referral of serious cases to higher levels of care. The nurse practitioner also ensures that the clinic subscribes to all Ministry of Health and Wellness requirements of operation.

Our occupational health nurse runs a medical surveillance program aimed at ensuring fitness for duty as defined by the Mines Quarries Works and Machineries Act. The program monitors all employees doing their required pre-employment or periodic screening, and considers whether there is any deterioration measured during subsequent exams.

## Occupational Diseases

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

## COVID-19 Response

Although the COVID-19 pandemic continued to have a material impact on our business, 2022 saw a general decline in COVID-19 cases and related hospitalizations and deaths. During the year, there was also a nationwide relaxation of stringent preventative measures.

414 employees tested positive for COVID-19 during the reporting period. Out of those who tested positive, there were no cases of hospitalisation or death because of COVID-19. Booster doses of the COVID-19 vaccine were offered throughout the year.

## Occupational Hygiene

In 2022 Lucara Botswana began 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. Six programs were developed:

- The hearing conservation program: this is a program that focuses on occupational noise assessments, the evaluation of effectiveness of noise controls, noise zoning and awareness of noise management.
- Ergonomics management program: this is a program that focuses on the appropriate design and arrangement of equipment and products for people to ensure that

they appropriately fit their users. In 2022, ergonomic specifications for office furniture were incorporated during procurement.

- Hazardous chemical substances management: The program focuses on the correct purchasing, transportation, storage and handling of chemicals to prevent exposure to harmful chemicals used in operations. In 2022, in line with the Ministry of Health and Wellness requirements, Lucara Botswana undertook an exercise to assess all hazardous chemicals present in our operations to ensure they are approved for use on site by the Ministry. Where non-compliances surfaced, the approval processes by the Ministry were initiated.
- Fatigue management program: this program includes conducting fatigue risk interviews, identifying fatigue contributing factors, and addressing any gaps identified.
- Occupational hygiene monitoring program: the program includes surveys and measurements of stressors. In 2022, we focused on stressors such as noise, hand-arm and whole-body vibration, illumination, and airborne pollutants. Corrective actions were implemented.
- Occupational health incident management: this program aims at ensuring that all suspected occupational health cases and diseases are investigated, and that relatedness to work is confirmed. The program links Lucara Botswana medical surveillance and occupational hygiene exposures and develops strategies to ensure that employees do not develop occupational diseases.



## Fatigue Predictive Technology

Lucara Botswana prides itself in innovation, and we have begun to explore the management of fatigue objectively through FIT 2000 Technology. In 2022, various fatigue predictive technologies were explored and the FIT 2000 Machine was chosen since it enables different occupations (e.g., sedentary workers, driver operators, and manual workers) to get an opportunity to check their fitness for duty before they start work. Other technologies explored were tailored only to driver operators.

FIT 2000 is a unique technology that measures human impairment. The system is able to identify conditions present in people indicative of fatigue, legal medicines, drugs, alcohol, and lack of sleep, by comparing results to an established individual baseline. Through a non-invasive process, the system measures the involuntary reaction of the human eye with exposure to known stimuli, and then makes a comparison with usual conditions previously registered as part of a baseline.

Benefits that come with the use of the FIT 2000 technology include the proactive management of fatigue related risks in the mining industry. By identifying and addressing worker fatigue, we can reduce the likelihood of errors, accidents, and injuries caused by impaired cognitive and physical abilities. Furthermore, the data collected by the FIT 2000 technology can be analysed to identify and analyse patterns and trends in fatigue levels, and can allow for interventions and adjustments in work schedules, rest periods and overall fatigue management strategies.

Chawangwa Pretty Malibamba is a registered Occupational Hygienist with the Southern African Institute of Occupational Hygiene (SAIOH). She obtained her Bachelor of Science degree in Environmental Health from the University of Botswana, and is currently a candidate for a Master of Science in Strategic Management with the University of Derby. Chawangwa was born in Francistown, and she hails from a small village in the Northeast, Nlapkhwane.

Although Environmental Health is a quite broad field, she found a niche in the occupational hygiene and ventilation space. She was first introduced to the Occupational Hygiene field through a comprehensive Learner Official program which contributed to her being an all-rounded occupational Hygiene practitioner.

She is currently the resident Occupational Hygienist for Lucara Botswana. Her role includes identifying, assessing and reducing the mine's occupational hygiene risks and potential associated costs through the implementation of a robust occupational hygiene monitoring program. She also evaluates, analyzes, plans, and coordinates the implementation of interventions to address emerging occupational health and hygiene risks. In addition, she identifies and coordinates the implementation of relevant research, or technologies related to the management of occupational hygiene hazards. She plays a pivotal role in ensuring a healthy working environment, which is critical for the business because the adverse impacts of occupational health stressors such as dust, noise and vibration, tend to manifest many years after exposure.

She is excited to be given the opportunity to explore technologies that intend to enhance the occupational hygiene field, seeing as this is a relatively new field in Botswana. The highlight of her Lucara experience is bringing the FIT 2000 technology on trial as part of the fatigue management program pillars.

She aspires to see the Lucara Occupational Hygiene program mature, with the workforce seeing the powerful impact of the program on the business.



**CHAWANGWA PRETTY  
MALIBAMBA**

**Occupational Hygienist**



# PARTNERSHIP & ENGAGEMENT

**19 villages**

TRADITIONAL KGOTLA MEETING

**\$4.32 million**

COMMUNITY EXPENDITURE

**US\$8,600**

GENDER & GBV EVENTS

**Partnership with  
Orate Africa Trust**

**0**

GRIEVANCES

GBV – Gender Based Violence



## Our Approach

Lucara is committed to community development through meaningful engagement, socio-economic investment and empowerment, partnership, and respect for cultural heritage. We monitor our social impacts, and we strive to be active participants in the development of sustainable and inclusive communities in our area of operation, leaving a positive and lasting legacy beyond the lifespan of our mine. Our Stakeholder Engagement Plan, in addition to several other policies, guide our activities, including our approach to engagement with indigenous and vulnerable peoples.

Through our Community Social Investment (CSI) Policy and CSI Charter, our Community Relations team in partnership with the local community identifies and implements CSI projects that meet local needs. Our public consultations provide a means for our office to engage directly with members of the community through providing in-kind support and sponsorships to local organisations, as well as offering opportunities to build resilience and empowerment at the local level. With the support of our community leaders, we also aim to communicate our approach consistently, to manage our impacts responsibly, and to create opportunities for dialogue and shared value.

In line with SDG17, Partnerships for the Goals, Lucara Botswana realises that engaging and empowering local communities is critical to our success. Guided by our core values and through collaboration, we identify benefit sharing opportunities. Annually, we invite the traditional leadership of our villages to a workshop. This allows us to be accountable and to learn about

their expectations and concerns. This also allows us to build resilience in our area of operation. We also implement policies and processes to protect the health, safety, security, and livelihoods of the communities in the areas within which we operate.

Our grievance mechanism process is shared with the local communities so that they are aware of processes to follow when reporting a grievance. We also ensure impacts are mitigated and communities are aware of forthcoming work that could impact them.

We have partnerships with the Department of Road Safety and Transport to promote traffic awareness within local communities by conducting a road safety campaign with the objective of reducing risks to pedestrians and other road users on the mine access road. Additionally, our community relations office ensures that we recruit local workers whenever possible as a way of empowering local communities.

We also have a year-end workshop which brings together village leadership to get feedback on the working relationship between the community and the mine, and to collect recommendations on how to improve delivery of mine services.

In 2022, we established a partnership with a local university, the Botswana International University of Science and Technology (BIUST), which was formalised through a Memorandum of Understanding. This partnership provides a basis for collaboration in research and development of appropriate technologies and training, and includes a staff exchange, student internships, and short courses.



## Engagement

In line with the Botswana traditional consultative process, during the reporting period, we attended kgotla meetings in all 19 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 indigenous 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 2022, kgotla meetings centred around communicating the Company's safety performance and grievance procedure, and updating stakeholders about the CSI initiatives undertaken by Lucara Botswana. We also sought to get input from communities as one of our major stakeholders for future planning.

We engaged with different government departments through various forums. We attended three quarterly District Economic Development Committee meetings where the performance of our Karowe Village Initiatives (KVIs) was discussed. The purpose of this forum is to update the government on the contribution of the Company towards the economic development and empowerment of our local communities. It also provides a forum to solicit collaboration efforts on various capacity building and monitoring related to these initiatives.

We engaged with the local government by also attending Boteti Sub District Council meetings where the Company's performance and CSI initiatives were discussed, and feedback from local authorities was gathered.

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

## Partnerships with Schools

Lucara Botswana has for the past years embarked on a project in schools to motivate students who excel in STEM by awarding them prizes. The initiative allows students to explore a wide range of opportunities available to them in all the disciplines of STEM. The long-term aim is to develop a stronger aptitude for these four disciplines, and for students to acquire knowledge in the four STEM areas for future success in those areas.

Lucara Botswana has also partnered with Orate Africa Trust on another school program to promote GBV sensitization. In doing so, the partnership seeks to educate students, teachers and other stakeholders on what GBV is, how it can be identified, what the social and legal frameworks surrounding victims and perpetrators are (and how these can be improved with the objective of eradication in mind). The partnership has yielded a Moot Court & Public Speaking project dubbed Lucara Rare Gems Championships, the beneficiaries of which are all students and teachers (105) in the Boteti region.

The Moot Court and Public Speaking Competitions encourage stakeholders to start conversations about gender roles early on, and challenge the traditional features and characteristics assigned to men and women. The competitions aim to teach children, the Botswana Government, local police and other interested stakeholders of the importance of providing shelters, hotlines, and counselling to those in need.



## Sports Development

In line with SDG 3, Good Health and Wellbeing, Lucara has partnered with the Boteti Regional Football Association and the national women's football team (The Mares) and the women's netball team, to encourage sports development in the region. Our junior cyclists' program, which benefits students from Mosu, Mmatshumo, Mokubilo and Letlhakane villages, has also made strides since inception in 2018. The purpose of this program is to develop sports talent in the country with the specific intent of promoting grass root level passion and drive, for the junior cyclists who could potentially make a living from the sport.

Hailing from Francistown and raised in the cultural hub of Serowe, our esteemed colleague Kgalalelo has carved a niche over her career trajectory, leaving her mark at BCL Limited, British Petroleum, and notably, Lucara Botswana. As one of the pioneering women at Lucara's Karowe Diamond Mine, she personifies the ethos: "FROM GROUND TO CROWN."

Her journey has been filled with accolades, notably the Presidential Certificate of Honour in 2015 and the distinguished PDAC Award for Environmental Responsibility in 2016. Beyond her professional realm, she's the driving force behind the Women Empowerment Network (WEN) in Boteti, championing diverse causes from spiritual upliftment in her parish to gender-based violence activism.

A former national netball player, her passion doesn't end on the field. An ardent public speaker, she is a mentor, coach and mother to the Boteti community. Passionate about women's empowerment, her dedication and message extends to nurturing the next generation, emphasizing the pillars of communication, integrity, and unwavering determination – a message with which she inspires many at Lucara and throughout the Botswana community.

In her words, "If you are determined to learn, no one can stop you." As we celebrate her journey, we're reminded of the power of perseverance, empowerment, and the indomitable spirit of community service that she embodies.



**KGALALELO MOKGWEETSI**  
**Community Liaison Officer**

## Karowe Village Initiatives

In response to requests by our local communities, we developed the Karowe Village Initiatives (KVIs). Its features include community-ownership and governance, and a focus on vulnerable communities. This program provides funding for income generation projects in various communities in Botswana, aligning with the 10 Sustainable Development Goals adopted by Lucara Botswana from the 17 United Nations Sustainable Development Goals. Our aim is for these projects to be sustainable even beyond the life of mine.

In 2022, approximately BWP 1,274,987 (approximately US\$103,400) was invested to complete the implementation of the Khwee Small Stock and Fodder production project, to procure additional stock and ICT equipment for the Mmadikola Hardware Store, and to establish a horticulture project in Kolonkwaneng village in Kgalagadi South.

## Mokubilo Integrated Farm

Financed under the KVI, the Mokubilo Multipurpose Co-operative Society is a farm that was financed in 2018, and which started operations in 2019. The farm includes horticulture and egg production, which seek to ameliorate malnutrition that was prevalent in the community. Two additional poultry houses and additional laying hens were developed as part of Phase 2, resulting in an increase in the number of eggs produced from 115,322 in 2021 to 178,983 in 2022. The produce contributed to an improved supply to the school feeding program, and it reached three area schools (Mokubilo, Mmea and Mosu Primary Schools, which together host a total of 2,030 students, an increase from 1,553 in 2021). The project has created employment for seven people.



In 2022, the farm made total sales of BWP 430,908 (approximately US\$35,000) and a net profit of BWP 81,225 (approximately US\$6,600). The area planted and operated under irrigation currently totals 3.5 hectares, while an additional two hectares is rain-fed. Capacity building was facilitated through the Community Investment office and collaboration with other stakeholders such as the Department of Crops, the Department of Cooperatives, and the Local Enterprise Authority. These capacity building initiatives focused on the development of cropping plans, customer service training, record keeping, market access, horticulture techniques, pest and disease management, corporate governance, and benchmarking against best horticulture practices. A total of twelve people, including the board of directors for the farm and farm employees, attended the training.

## **Khwee Small Stock & Fodder Production Farm**

In 2022, we completed the implementation of the Khwee Small Stock and Fodder community project. Activities completed in 2022 included land clearing and soil preparation for planting fodder, installation of an irrigation system, stocking of the farm with 35 does and 2 bucks, and the planting of fodder grasses. The goats multiplied with 31 offspring, and 2023 will mark the commencement of animal sales. The project has created employment for six people.

The Khwee project will contribute towards improving the quality of small stock breeds in the area through the sale of high-quality bucks, thereby making small stock more commercialised. It will also ensure the availability of feed to farmers in the area through the sale of excess fodder.

Capacity building and skills transfer were undertaken through our Community Investment office and collaboration with other stakeholders such as the Department of Animal Health and Production, Department of Cooperatives, and the Local Enterprise Authority. These focused on proper animal health, diagnosis and treatment of animal diseases, First Aid training and bookkeeping.

As part of the program, project employees attended a trade fair to network with other farmers and service providers.



## **Mmadikola Hardware Store**

The year 2022 saw the unveiling and official opening of our Mmadikola community hardware store. This project is in Mmadikola village and has brought hardware services closer to the community, reducing the need to travel long distances to access building materials. The store made total sales of BWP 246,185 (approximately US\$20,000) in its first year of operation, with a profit of BWP 49,051 (approximately US\$4,000). Capacity building and skills transfers were undertaken through our Community Investment office, and in collaboration with other stakeholders such as the Department of Cooperatives, and the Local Enterprise Authority. These focused on Sales and Marketing, Customer Service, Record Keeping and Corporate Governance for staff and the Cooperative board. Fifteen employees and board members attended these training sessions. The project has created employment for four employees.

## **Kolonkwaneng Horticulture Farm**

During the year we broadened our horizon beyond the Boteti District through the implementation of a horticulture project in Kolonkwaneng Village in Kgalagadi South. Kolonkwaneng Village has a population of 634, and the project was necessitated by a shortage of vegetable supply in the area, which has resulted in Primary Schools in the area having inadequate supply for their school feeding program. Activities carried out during the year include Business Plan development, Stakeholder Consultations, Soil Testing, Water Surveys, Borehole Drilling, Borehole Equipping and the employment of Farm Assistants.

Planted crops included tomato, cabbage, rapeseed, spinach, butternut, and maize. The project is at 100% implementation and has created employment for five people. Capacity building and skills transfer were done through our Community Investment Officer and by collaborating with other stakeholders such as the Department of Crops, and the Local Enterprise Authority. Training sessions delivered focused on proper pruning of indeterminate crop varieties, the proper trellising and lowering of tomato plants, the proper way of using knapsack sprayers, and the difference between the modes of action of chemicals. Four farm employees attended these training sessions.



## **Sports Complex**

In 2020, we started construction of the Letlhakane Sports Complex with a capacity of 2,500 people. The construction of the sports complex continued in 2022 and is expected to be completed in 2023. The sports complex includes a football pitch, and an athletic track with change rooms and ablutions. The sports complex will provide a place for the community, and for recreational and competitive sporting events. The facility will also contribute towards promoting a healthy active lifestyle for the community.



## **Letlhakane Abattoir**

In 2016, Lucara Botswana passed the ownership of the Letlhakane abattoir over to the Boteti District Council. Since that time, the abattoir has become the Council's largest source of revenue annually. Lucara Botswana is currently refurbishing the abattoir to increase the carrying capacity and to maximise production. In 2022, Lucara Botswana provided BWP 856,468 (approximately US\$69,500) for these refurbishments. Following many discussions between the Council and Lucara Botswana, a decision has been made to privatise the abattoir after the completion of the refurbishments. Privatisation of the abattoir will assist in ensuring that the abattoir runs efficiently, optimally and sustainably. Income for the Council will be generated through rental payments made by the private operator.

The abattoir employs fifteen people and benefits 57,376 people residing in Letlhakane and surrounding villages.

## **Gender Equality & Gender Based Violence Awareness**

Lucara Botswana, in partnership with the Gender Affairs Department, facilitated Gender Based Violence awareness training for the Village Gender Committees in 8 villages and the Orapa mining town. The workshops attracted 193 participants from the villages of Kedia, Mmatshumo, Khwee, Letlhakane, Mokubilo, Mosu, Makgaba and Mmea and Orapa mining town.

The purpose of the workshops was to educate the Gender Committees on GBV prevention, with the goal of helping to intensify national efforts towards the eradication of gender-based violence in our communities.

The workshop covered building awareness on GBV issues, providing support services to survivors and perpetrators, promoting the involvement of men and boys on gender issues, and reducing and eliminating GBV cases in the Boteti area.

## **Khwee Village Off-grid Solar Project**

In our efforts to contribute to rural electrification and to promote access to energy, a solar power project was undertaken in the village of Khwee. This project aligns with SDG 7, Affordable and Clean Energy, which seeks to ensure access to affordable, reliable, sustainable, modern energy for all by 2030. The solar project powers 9 Village Development Committee (VDC) houses and the Tribal Administration offices. This project has contributed towards the socio-economic development of Khwee Village as the VDC will be able to attract more tenants for their rental houses, and can therefore generate more income for other village developments. The electrification of the Tribal Administration offices will promote the usage of ICT as well.

## **Community Boreholes**

In our efforts to improve water accessibility to our communities in 2022, we drilled boreholes in Mosu, Borolong, Gweta, and Bogogobo. These boreholes were sought by the communities for sustainable production projects such as campsites, horticulture, a predator park, and the watering of livestock.

# ENVIRONMENTAL PERFORMANCE

**No Freshwater Used\***  
IN PROCESSING

**Zero Discharge**  
NO EFFLUENTS DISCHARGED

**577,124 GJ**  
ENERGY USED

**120.3**  
ENERGY INTENSITY<sup>1</sup>

**85,778.48 tCO<sub>2</sub>e**  
GHG (SCOPE 1 & 2)

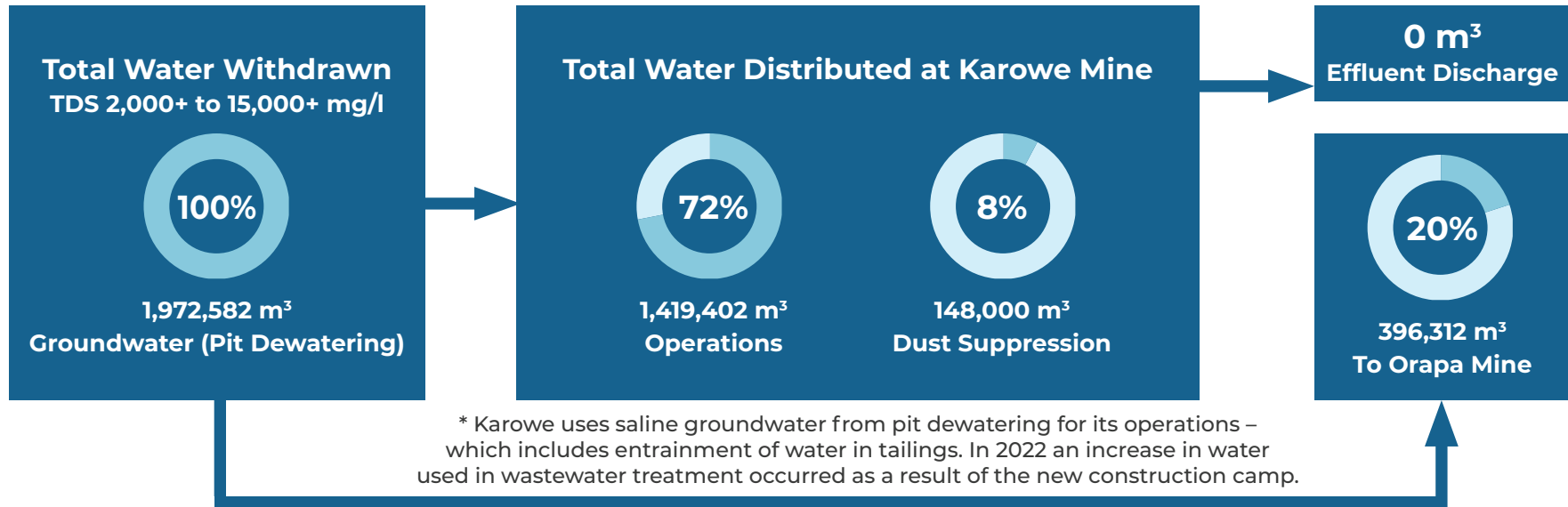
**17.9**  
GHG INTENSITY<sup>2</sup>

**0**  
REPORTABLE SPILLS

\* TDS over 2,000 mg/l; GHG – Greenhouse Gas; tCO<sub>2</sub>e – tons of carbon dioxide equivalent;  
1 – Energy Intensity: Total Energy (GJ)/Ore + Waste Rock Mined (kt);  
2 – GHG Intensity: Total CO<sub>2</sub>e(kt)/ore + waste rock mined (t)



## NO FRESHWATER\* USE AT THE KAROWE MINE



### Water Stewardship

The area surrounding the Karowe Mine is characterised as a semi-arid to arid climate with hot, wet summers and cold, dry winters. There are no permanent water bodies near the operation. Groundwater produced from shallow aquifers (well depths approximately 50 to 100 meters) is generally the main water source for domestic use, livestock, and agriculture. Karowe’s pit dewatering targets deeper aquifers (>100 meters depth), which also exhibit higher salinity and total dissolved solids. The World Resources Institute’s Aqueduct, a tool which identifies and evaluates water risks around the world, categorises the Central District of Botswana, which hosts the Karowe mine, as a “High Baseline Water Stress” area.

### Our Approach

Our Responsible Mining Policy emphasises the need for conservation of natural resources. The Karowe Mine’s water balance was last updated in 2021 to help plan our future underground mining construction and operations. Our Emergency Response Plan covers water-related impacts, including spills and floods. The background quality of our groundwater resource is brackish to saline. Abstraction rates are dictated by ore access and mine safety considerations.

### Goals & Targets

Our goals include remaining a “zero discharge” operation, in addition to further improving our engagement and data sharing with neighbouring agricultural water users, and providing surplus water from our pit dewatering activities to a neighbouring mining operation.

## Pit Dewatering

Dewatering is done to depressurize the open pit slope and to keep water away from mining areas. We pump from aquifers that are at over 100 meters depth, and which are extensive across central Botswana. Therefore, our water usage does not adversely affect neighbouring farm wells, which are typically shallow. As part of our underground mining plans, and in line with our updated regional groundwater model, we plan to introduce water level monitoring equipment at neighbouring farms in 2023 to better track and manage any potential future impacts. All our water needs come from pit dewatering boreholes, enabling us to minimise the impact of our mining operations on local water resources.

## Groundwater Abstraction

The monitoring of groundwater abstraction is achieved using a centralised Supervisory Control And Data Acquisition (SCADA) system located in our control room. The SCADA system is used to remotely collect data from boreholes, and the monitoring of water volumes abstracted ensures compliance with the Company's allocated water rights. The pit dewatering and some wellfield production boreholes are operated on this system, while the remaining boreholes are operated and monitored manually.

In 2022, the total annual abstraction from the pit dewatering and water supply boreholes stood at 1,972,582 m<sup>3</sup>, compared to 1,911,017 m<sup>3</sup> in 2021. The annual abstraction rate includes water pumped from the sump. The abstracted volume was within the limits of the Company's Annual Water Abstraction Rights of 8,015,400.0 m<sup>3</sup>, granted to the mine by the Water Apportionment Board.



## Groundwater Quality

Groundwater monitoring is conducted on a quarterly basis for both farmers and Karowe Mine boreholes. The groundwater extracted through pit dewatering at Karowe exhibits significantly elevated total dissolved solids, ranging from over 2,000 mg/l to over 15,000 mg/l. This defines the groundwater quality as brackish to saline. In contrast, freshwater is defined by total dissolved solids concentrations below 1,000 mg/l.

Chemistry results for 2022 show that groundwater around the mine is predominantly of Na-Cl type and shows no chemistry changes from previous reporting periods. However mild dilution by young and fresh basalt water is observed from the reduction of major ions, Sodium (Na) and Chloride (Cl) respectively. This is attributed to the direct and localised recharge from rainfall.

Two dominant water types have been interpreted:

- Na-Cl dominant water type – Karowe Mine boreholes
- Na-HCO<sub>3</sub>-Cl/Na (Mg/Ca)-HCO<sub>3</sub>-Cl water type – Private boreholes

### **Groundwater Level**

Groundwater data indicates constant groundwater levels for regional boreholes and a water level drop of more than 2 meters for boreholes closer to the pit. Groundwater level measurements show a localised and non-expansive cone of depression around the dewatering/groundwater supply boreholes, and this supports the minimal to zero effect of groundwater abstraction by the mine on private boreholes around the mine. The dolerite dykes to the south and east of Karowe Mine lease area prevent water movement across, and therefore reduce our impact on aquifer systems located to the east and south of the mine. Data from regional boreholes reflect minimal influence of the mine dewatering/water supply pumping regime on privately-owned boreholes that are near the mine.

### **Rainfall**

The reporting year recorded an annual rainfall of 374.5mm. The highest rainfall event recorded was 103 mm (November), and the lowest was at 1.2 mm (May). The months of April to August received little or no rainfall.

### **Water Use & Recycling**

The volume of groundwater withdrawn to dewater the open pit varies over time. It is dictated by our mining activities and the variable hydrogeological conditions we encounter during our operations. Our main water losses occur through entrapment in tailings materials and evapotranspiration. We collect and meter decant water from the fine tailings storage facility. This water is returned to the processing plants for reuse. In 2022, decanted water from tailings allowed us to recycle 817,838 m<sup>3</sup> of water, slightly less than the quantity recycled in 2021. As in previous years, we continued to have surplus water from our dewatering activities. In 2022, as part of our collaboration with the Water Utilities Corporation and the Debswana Diamond Mining Company, we were able to direct 396,312 m<sup>3</sup> of surplus water to Debswana's Orapa Diamond Mine. We also used 148,000 m<sup>3</sup> of water for dust suppression on the access road to our mine. The water consumption associated with the new mine camp (capacity: 100 workers) is counted towards water used in operations. We estimated that the municipal (tap) water consumption in our offices in Vancouver and Gaborone, which serve a combined workforce of less than approximately 50 individuals, or the approximate 120 company-sponsored houses used by our workforce in Letlhakane and surrounding villages, contribute below one percent of our total water footprint. As a result, we do not routinely monitor or report this water use. Rainfall captured within our operational footprint, even though very insignificant, is stored as runoff and pumped to the plant for processing.

## Natural Water Treatment

In 2021, Lucara Botswana engaged WEC Project, a leading EPC contractor that specializes in the provision of engineered solutions in the water and wastewater treatment industry, for the expansion of the mine's sewage treatment facility to meet the increase in the number of staff at the mine. While the treatment plant itself was a fairly standard installation, Lucara Botswana requested a variation to the original project. This includes a man-made natural reed bed wetland system that can provide a polishing phase to the effluent produced by the initial treatment process, using natural organisms and filtration processes to further clean the wastewater.

In 2022, the wetland system was fully operational, and final effluent water quality exceeded expectations by also creating a habitat that is now being used by many different bird species. The final effluent is used for landscaping at the mine site.

## Water Resources Monitoring

Water resources monitoring is conducted both at the perimeter of the pit, and at boreholes located >1km from the pit (regional monitoring). The pit-shell monitoring seeks to establish the impact of mine dewatering in the immediate vicinity of the pit, whilst the regional monitoring boreholes are strategically positioned in and around the mine lease to give local to regional trends of groundwater level. Monitoring data from regional boreholes is used as baseline data to represent the non-pumping/natural state of the groundwater system. The data are also used to evaluate impacts of groundwater abstraction of the mine on boreholes privately-owned by farmers in the vicinity of the mine.

The groundwater level in boreholes around the slimes dams has been rising since 2012, indicating seepage into the subsurface. However, water levels around the landfill site show a steady increase.

Groundwater chemistry for boreholes around the mine landfill shows no sign of contamination of groundwater by the facility. The landfill is lined with plastic and contains small volumes of domestic waste material. Other waste material is disposed of in accordance with Botswana's environmental guidelines. Water chemistry from boreholes surrounding slimes dams show a decrease in Electrical Conductivity and Total Dissolved Solids (TDS) from 2012 to date.

There were no incidents of non-compliance associated with water permits, standards or regulations during the reporting period.

# ENERGY USE & GHG

**378,227 GJ**  
DIRECT (DIESEL)

**26,662 tCO<sub>2</sub>e**  
GHG SCOPE 1

**198,896 GJ**  
INDIRECT (POWER)

**59,116 tCO<sub>2</sub>e**  
GHG SCOPE 2

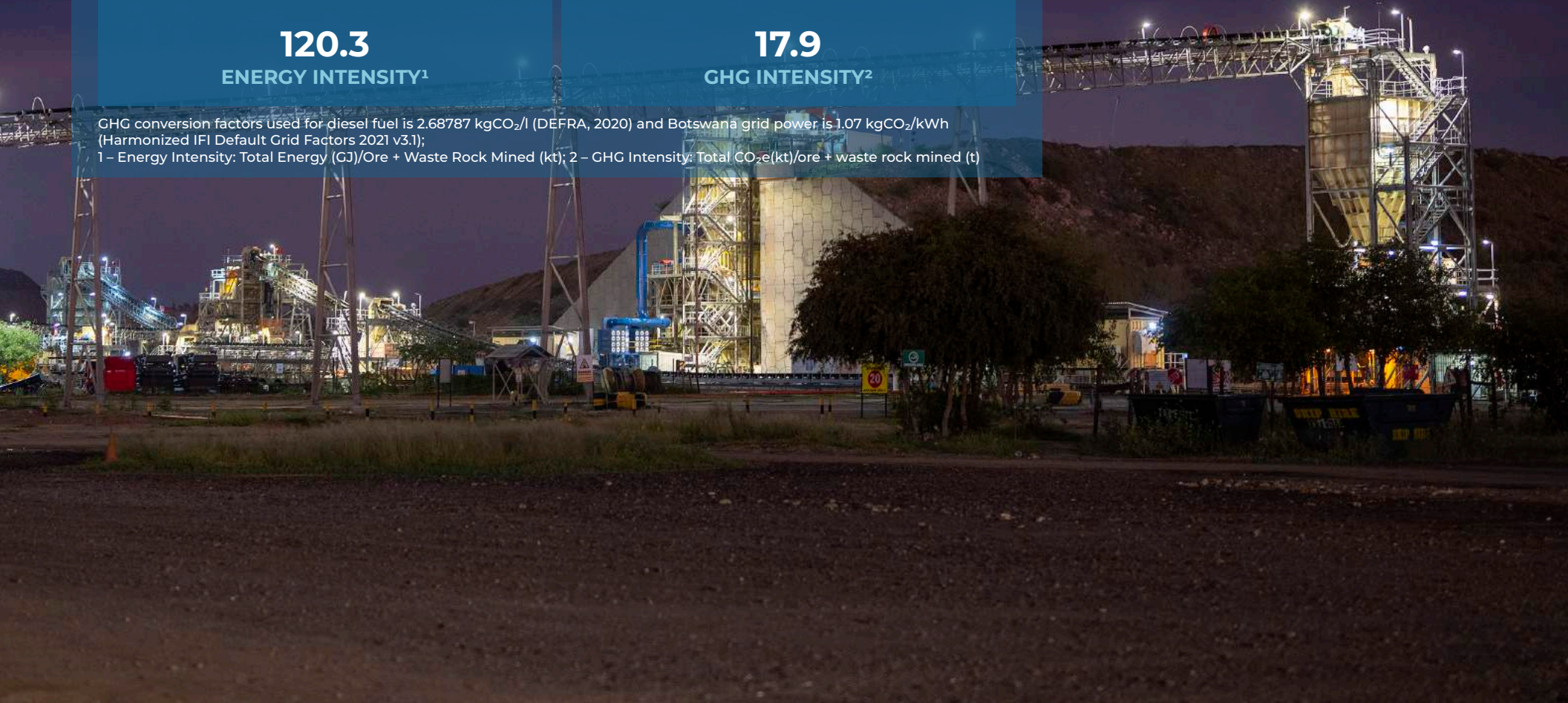
**577,124 GJ**  
TOTAL ENERGY

**85,778 tCO<sub>2</sub>e**  
TOTAL GHG

**120.3**  
ENERGY INTENSITY<sup>1</sup>

**17.9**  
GHG INTENSITY<sup>2</sup>

GHG conversion factors used for diesel fuel is 2.68787 kgCO<sub>2</sub>/l (DEFRA, 2020) and Botswana grid power is 1.07 kgCO<sub>2</sub>/kWh (Harmonized IFI Default Grid Factors 2021 v3.1);  
1 – Energy Intensity: Total Energy (GJ)/Ore + Waste Rock Mined (kt); 2 – GHG Intensity: Total CO<sub>2</sub>e(kt)/ore + waste rock mined (t)



## Botswana Power Supply Snapshot

In 2022, the national electricity distribution for the year was 4,265 GWh (2021: 3,928 GWh). The national electricity generation for the year was 3,173 GWh, an increase from 2,144 GWh compared to the previous year. The volume of imported electricity was 1,092 GWh, a decrease from 1,785 GWh from the preceding year. The increase in local generation was due to improved performance at the generating plants at Morupule, particularly from Morupule B generators. In the fourth quarter of 2022, the majority of the electricity imports were sourced from Eskom (44.4%), Zesco (20.9%), and Southern Africa Power Pool (11%). Other imports came from the cross-border electricity market, which is an arrangement whereby towns and villages along the border are supplied with electricity directly from neighboring countries such as Namibia and Zambia.

## Climate Change Risk in Botswana

Botswana, with an annual share of global CO<sub>2</sub> emissions below 0.02% (excluding land use changes), is a semi-arid country vulnerable to climate change risks. The scenario planning published by the Government of Botswana indicates that climate change will be associated with hotter temperatures, marginal change in precipitation, increased evaporation, and more use of groundwater. Livestock productivity is expected to decrease, while crop yields can both increase and decrease, depending on the type and location of activities. Adverse health impacts are expected to include an increase in malaria and malnutrition.

The Karowe mine is shielded from certain physical climate change risks and continues to review its transition risks. For example, the mine's water needs can be fully met from dewatering activities targeting deeper aquifers (>100m below surface), which are less sensitive to changes in frequency or intensity of precipitation. The water produced from deeper aquifers is unfit for human consumption, livestock or agriculture. Also, the recent completion of a new, high voltage power transmission line using robust steel towers (reducing dependency on the previous transmission lines erected using wooden poles), is expected to eliminate power interruptions experienced annually during the rainy season. During the reporting period, Karowe commissioned a pre-feasibility study for a large scale solar PV photovoltaic power plant, which could provide cheaper power, reduce transition risks linked to future carbon tax liabilities, and could further improve the marketability of Lucara's rough diamonds.

With the publication of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) in March 2023, we plan to continue to review our climate-related physical and transition risks, and to improve our alignment with the recommendations of the Task Force for Climate-related Financial Disclosure (TCFD).



## **Karowe Power Supply Snapshot**

In 2022, the Karowe Mine was supplied through the BPC distribution network from Orapa 1 substation. The same substation distributes power to Orapa, Letlhakane, Rakops and surrounding villages. The power transmission is through a 33kV overhead line. The existing power supply agreement was reviewed with BPC to accommodate Lucara's increasing demand arising from our underground project, which is expected to increase the base maximum demand to 30MVA. The agreement was enacted in June 2022 and will be reviewed every 5 years.

Our underground construction activities were powered by diesel generators and contributed largely to the increase in Karowe's diesel consumption during 2022. At peak, the installed base had seventeen 1,250kVA generators onsite, while the generating capacity for underground operations was just under 20 MVA from up to 17 generators. Nine of these generators were decommissioned in January 2023, and the eight remaining will serve as back up for ventilation, lighting, pumping and associated emergency rescue missions.

The power supply demand and consumption remained relatively constant throughout the year, with dips during quarterly maintenance activities and during the month of February, when our operations were affected by heavy rains.

## **Our Approach**

Our approach to energy use and greenhouse gas emissions management centres on understanding the material topic of climate change, including how our operations may be contributing to climate change, and how climate change can in turn impact our business. We focus on monitoring fuel and power use, which are significant factors in our operating costs, while constantly exploring efficiency improvements. In 2022, our management continued to be inspired by recommendations of the Task Force for Climate-related Financial Disclosure (TCFD). We also sought external verification of our self-assessment against MAC's TSM Climate Change Protocol, in addition to establishing a dedicated climate committee, and establishing viable decarbonization strategies. We have also prioritized the use of renewable energy in our community development initiatives.

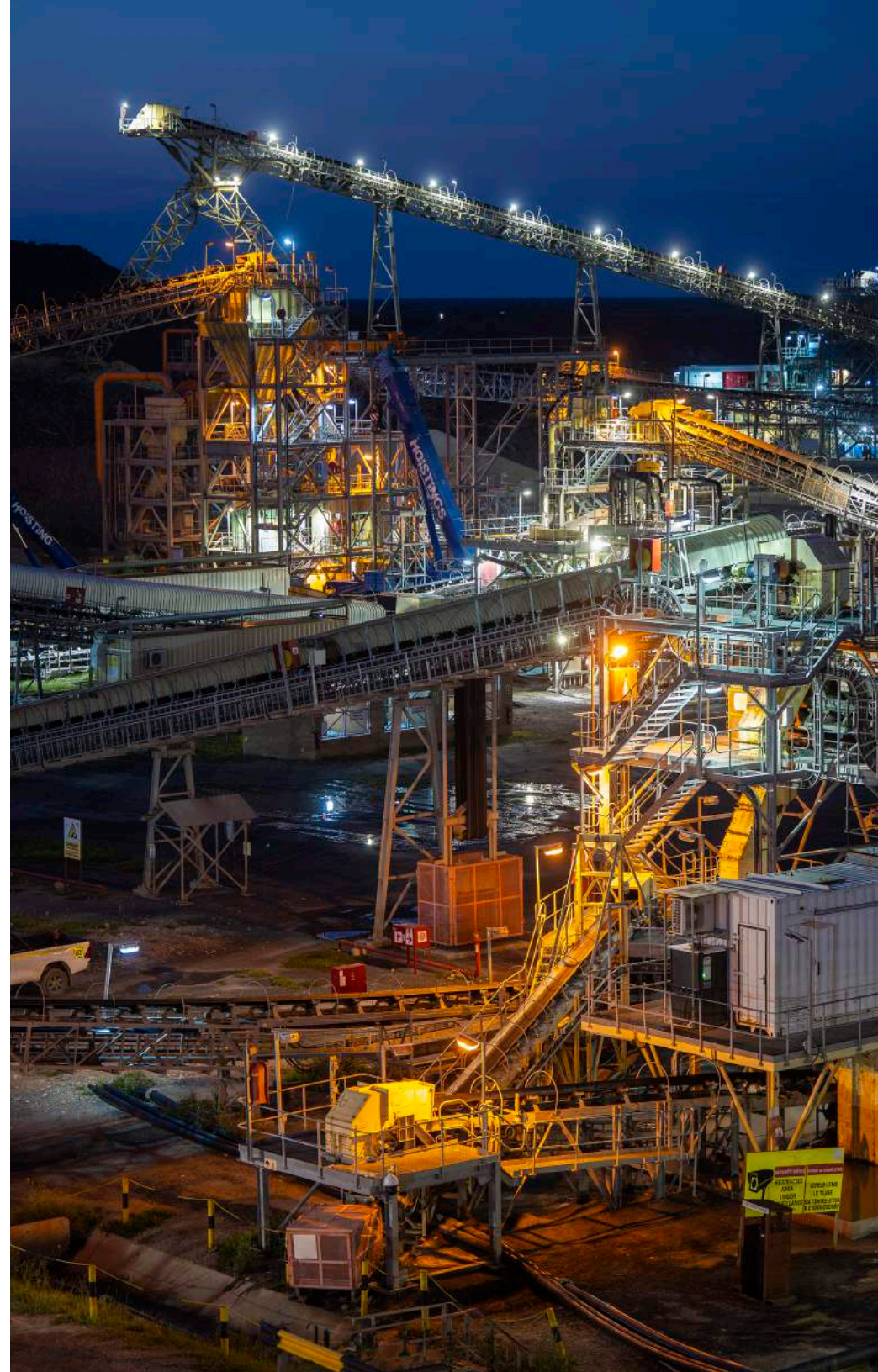
Botswana currently lacks emissions-limiting regulations specifically targeting mobile machinery. However, the country does have established emission limits in place for stationary sources, such as incinerators, as outlined in BOS 807:2019, titled "Air Emissions from Stationary Sources." These regulations are designed to govern and control emissions, ensuring environmental compliance.

## Goals & Targets

To assist us in developing ambitious but feasible GHG reduction targets, during the reporting year we commissioned a prefeasibility study for a solar PV project including battery energy storage system (BESS), as well as a study to estimate our Scope 3 GHG emissions. The objective of these studies is to help us understand how we could reduce our GHG footprint by 15 to 30 percent by 2030.

In 2022, a total of 26,662 tonnes of CO<sub>2</sub>e were emitted from Scope 1 direct sources, while 59,116 tonnes of CO<sub>2</sub>e originated from Scope 2 indirect sources.

Our Scope 1 emissions are mainly caused by diesel consumption used for mining activities (drilling, hauling and loading), and power supplied by diesel generators for the construction of our underground project. There was a significant increase in diesel consumption (resulting in a rise in Scope 1 emissions) due to the power demand associated with our underground construction activities, while Scope 2 emissions show only a modest increase compared to the previous year. The GHG intensity increased due to reduced volumes of mined waste rock and ore, and the increased diesel fuel consumption associated with our underground construction activities.



## ALIGNING WITH THE TASK FORCE ON CLIMATE-RELATED DISCLOSURES (“TCFD”) RECOMMENDATIONS

### Climate Governance

In January 2022, the Board of Directors, the ultimate body responsible for managing our climate change-related risks, established Lucara Botswana’s Climate Change Working Group. The working group is responsible for all climate-risk assessments, strategy setting, management performance monitoring, and metrics and KPI setting. The working group reports to the Lucara Botswana Executive Committee and the General Manager or their appointee, who reports climate risk related matters to the board on quarterly basis. This information is then also reported to the Lucara Diamond Corp. Board of Directors on a quarterly basis.

### Climate Strategy

The Climate Change Working Group is developing a strategic plan and KPIs for climate action based on credible decarbonisation scenarios. The working group has also established an action plan to improve climate change awareness within the Company, and to improve energy efficiency and embed carbon reduction activities within our operations.

Since 2023, the working group has collaborated with the Lundin Foundation to develop a range of climate-relevant strategies and KPIs. This has involved reviewing already existing plans, and planning for the development of the Company’s next 5-year strategy.

A feasibility study of the solar project for the mine has been initiated, and we have contracted Mott Macdonald to assist. The final report is expected to be finalized in late 2023. The study will be used to finalize and adopt climate change KPIs. Another study was also commissioned as an effort to understand Scope 3 emissions for Lucara Botswana.

### Climate Risk Management

In 2021, Lucara Botswana conducted a high-level study on climate related risks. The content formed the baseline for our Climate Change Working Group action plan and for monitoring and review. A more detailed review is planned for 2023. Identified key climate risks will also be incorporated in the mine wide risk register CURA under the charge of the Chief Risk Officer. The portfolio of the Chief Risk Officer also covers crisis management.

### Metrics and Targets

Lucara Botswana has been estimating and disclosing its direct (Scope 1) and indirect (Scope 2) GHG emissions since operations commenced in 2012. In 2022, we commissioned a study to estimate indirect emissions within our value chain (Scope 3). Additionally, a range of climate-relevant metrics are being tracked and disclosed in the sections on Water Stewardship, Biodiversity and Tailings Management.

## Investments in Power Supply

The construction of the new 132kV transmission overhead line from Letlhakane substation was completed in December 2022. Phase 1 of the 132kV powerline was commissioned in December, and the overhead line was energized December 30, 2022. Phase 2 of the commissioning exercise was completed by April 2023. These improvements have enabled us to transition from using diesel generators for the underground construction project, in addition to allowing surface infrastructure supply to relocate to Letlhakane Substation from the Orapa substation. This transition is expected to improve the stability of supply to the mine, especially during the rainy season when the mine experiences numerous interruptions (since the 33kV network could not cope well with adverse weather conditions). This development is also expected to reduce diesel supply costs for the underground project.



## Local Energy Investments

We also completed a solar PV project for the community of Khwee Village. The project cost about BWP 700,000 (approximately US\$57,000) and included the following:

- 21.6kW Off-grid Solar System with 35.5kWh Li-ion Battery Backup at 19.4kWp, powering the Village Development Community houses at the Village Development Committee compound opposite Kgotla at Khwee village.
- 7.2kW Off-grid Solar System with 14.2kWh Li-ion Battery Back-up at 7.5kWp powering the Kgotla offices at Khwee village.

Innocent Seru, hailing from the outskirts of Good-Hope, Barolong Farms, shares an inspiring life journey. He is a loving husband and proud father of two daughters, Lelegolo and Sesigo. Innocent's educational path led him to earn a BEng (Hons) in Electrical & Electronic Engineering at the University of Nottingham's Malaysia Campus. His thirst for knowledge extended further, culminating in postgraduate diplomas in Project Management and Business Administration.

Innocent's fascination with mathematics and physics steered his interests towards electrical concepts. Fate intervened when an electrical fault occurred at his home while awaiting his Form 5 results. Witnessing the electrical contractor's struggles ignited a spark of interest that would shape his future career. His passions encompass people development, achieving success, refining processes, effective leadership, deploying technology, and fostering community development.

Among his notable achievements, Innocent initiated the ambitious decarbonisation project, which holds immense relevance for Lucara. The project has catalyzed a solar feasibility study, now nearing completion, and prompted vital discussions on climate change within the Company and at the national level with external stakeholders. Complementing these efforts, mini solar projects are already underway, and a comprehensive decarbonization strategy is in development.

Innocent's story serves as an inspiring message to aspiring electrical engineers: success is not determined by one's origins, but rather by their aspirations. Despite never having seen a mine before completing his degree, Innocent always believed he would work in a mining environment. His advice to fellow engineers is simple yet profound: identify your strengths, couple them with passion, invest the necessary effort, and let determination pave the way to your goals.



**INNOCENT SERU**  
**Electrical Engineer**

# BIODIVERSITY

**1,523 hectares**

LICENSED AREA

**Management Plan**

UPDATED

**White-backed Vulture**

DEFLECTORS INSTALLED ON  
NEW TRANSMISSION LINE

**Partnership**

BIRDLIFE BOTSWANA

**5,701 Seedlings**

PLANTED ACROSS THE BOTETI REGION  
WITH DEPARTMENT OF FORESTRY

## Our Approach

Lucara has established biodiversity management practices that have evolved over the lifecycle of the mine to align with protocols and principles outlined in the IFC Performance Standards 1 and 6, MAC TSM Principle 8, and Botswana national policies and regulations.

The licensed and fenced-in Karowe Diamond Mine, including both proven and probable reserves, covers an area of 1,523 hectares, located at approximately 12 kilometers from Letlhakane village, in Botswana. This area is characterised as a Modified Habitat. Therefore, any critical habitat triggers are not applicable, but 100% of our proven and probable reserves are in or near sites with protected conservation status or endangered species habitat. The noted species can be found in the following table.

The nearest area of high biodiversity value is the Orapa Game Park, approximately 30 kilometers from the Karowe Diamond Mine site.

Notably, the kimberlites and the host rocks in the are non-acid generating, presenting minimal impact risk to local biodiversity. The Letlhakane village has a population of 36,338 inhabitants (2022 census) and is surrounded by grazing livestock, farming, and diamond mining operations.

In 2020, we conducted a biodiversity survey for Karowe to determine if any International Union for Conservation of Nature (IUCN) species of conservation concern were present on our site. No such species were found. However, one succulent plant species was identified at the mine site, *Hoodia currorii*, which is categorised by the IUCN as Least Concern, but is listed as Vulnerable in Botswana’s National Red List. The distribution of this plant is along an east–west belt spanning 600 km within Botswana, and is also found in South Africa, Zimbabwe, and elsewhere. The plant is not considered to be endemic to Botswana. A summary of numbers of species with special conservation status is depicted in the following table.

Species with special conservation status (IUCN and Botswana Red Book) present at the Karowe Mine site and associated infrastructure

Conservation Status	IUCN	Botswana Red Book
Critically Endangered	1 <sup>1</sup>	1
Endangered	1 <sup>2</sup>	1
Threatened	0	2 <sup>3</sup>
Vulnerable	4 <sup>4</sup>	4

1 – Nests of White-backed vulture (*Gyps africanus*) were observed 1.6 km from the new Transmission Line;

2 – African Elephant (*Loxodonta Africana*) rarely seen within the licensed area;

3 – Devils claw (*Harpagophytum procumbens*) and Hoodia (*Hoodia currorii*) in the License Area;

4 – 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

In 2022, we carried out a species identification survey before constructing the new tailings storage facility area, the advancement area for the Coarse Tailings Facility and the expansion area for the new Landfill Cell. The survey was used to determine the species at the sites and to scout for protected and or threatened or vulnerable species, specifically *Harpagophytum procumbens* (Devil's Claw or Sengaparile) and *Hoodia Currorii*. No threatened species were identified. This survey was carried out with the Department of Forestry and Range Resources.

We are considering opportunities to relocate the *Hoodia currorii* to an alternative site. We are also considering building a nursery for various plant species, including *Vachellia* (previously *Acacia erioloba*), and working to limit the growth of invasive species. *Vachellia erioloba* does not have any Botswana legislation protecting it, however, the species is protected in greater Southern Africa as a norm.

Inspections were undertaken in 2022 along the Karowe's new 29 km long 132 kV Power transmission line where two nests were identified at different heights of pylons. One of the nests was new as it had not been there the previous month, indicating that there is bird life along the powerline.

In 2022, Lucara Botswana partnered with the Department of Forestry at the National Tree Planting Event held in Letlhakane village. As a result, 5,701 seedlings were planted across the Boteti Region to combat desertification and to halt biodiversity loss. Lucara will leverage this partnership for future rehabilitation exercises within the mine lease area.



## Dust & Air Quality

Lucara Botswana acknowledges that mining operations inherently present an environmental impact and voluntarily discloses environmental initiatives it undertakes as part of its environmental sustainability efforts.

Lucara Botswana monitors its dust deposition measurements monthly. These measurements are undertaken at 11 sites around Karowe Mine and along the access road leading to the Letlhakane village. The nearest residential community receptors are about 3-4 km from the Karowe Mine.



The mitigation measures applied to reduce dust include dust filtering and extraction technologies at our Process Plant, in addition to daily water application for dust suppression on roads. Monitoring during 2022 indicates that the dust deposition rates were below the residential and industrial limit values stipulated by applicable Botswana standards (BOS575:2013). The dust deposition measurements were deemed compliant with the local non-residential area standards.

No grievances concerning dust or noise were recorded during 2022.

Other air quality metrics commonly used by companies reporting against the SASB Metals and Mining Standard (2021) are not relevant or material to the Lucara diamond mining context, including mercury (Hg), lead (Pb), and volatile organic compounds (VOCs). Additionally, CO, NOx, and SOx are not monitored or reported at this time, in particular because Lucara uses low-SOx diesel fuel. We do not routinely quantify or report on sources of NOx and SOx, including those associated with our diesel-fueled mobile mining fleet (which uses 50 ppm low-sulfur diesel) and explosives.



## Land Management

The licence area for Karowe remains unchanged at 1,523 hectares (ha).

During the reporting period, the total amount of disturbed areas in the licence area increased as we completed a second Slimes Dam, and as the amount of waste rock and tailings deposits continued to expand as planned.

In 2022, the newly disturbed land area was 80 ha, bringing the total disturbed area to 851 ha (2021: 771 ha).

To date, no land has been rehabilitated or handed over to the local government. However, rehabilitation studies have commenced at the first Slimes Dam, where deposition is planned to stop in 2023.

## Non-Mineral Waste

- Total non-mineral waste generated: 77,391.87 tonnes
- Total tailings produced: 2,748,239 tonnes
- Total waste rock generated: 1,493,112 tonnes
- Total hazardous waste generated: 25.47 tonnes
- Total hazardous waste recycled: 13.93

Aside from our mineral waste, we also generate other types of waste as part of our operations. We segregate our waste in accordance with our environmental management plan across both our Karowe Mine and our Gaborone operations.

At Karowe Mine, we operate and maintain four licensed waste management facilities within the mine lease area. This includes a landfill, a sewage treatment plant, a salvage yard, and a fixed incinerator (mainly used for disposal of oily pieces of cloth). Additionally, we continue to store waste tires on-site until suitable disposal options have been identified.

A new landfill cell was constructed in 2022, as the initial landfill cell was expected to reach its full capacity in the second quarter of 2023.

At Gaborone, we used 122 litres of acids, caustic soda, and methanol at our diamond cleaning facility. The resulting liquid waste is neutralised before it is discharged, as authorised, to the municipal industrial wastewater facility.

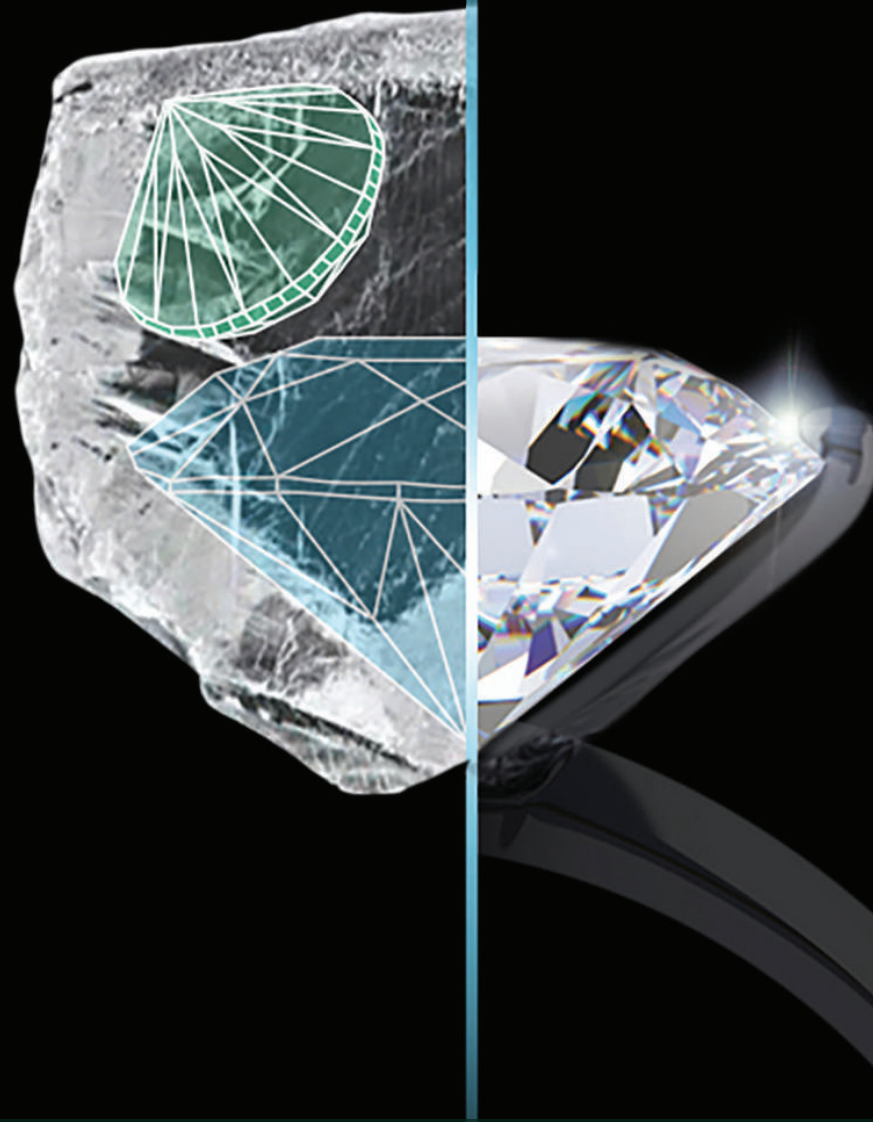
As part of our hazardous waste management, we started handling disposal of batteries and hydraulic hoses in 2022.

Details regarding our waste statistics, including recycling of scrap metal and hazardous waste, are provided in the annexes to this report.

## Compliance & Grievances

Compliance parameters, which Lucara Botswana is obliged to adhere to, are dictated expressly by laws and regulations, and tacitly, by a social contract with its social stakeholders. Regulatory compliance is enforced by governmental institutions, with which Lucara Botswana constantly engages on permitting, licensing, and policy improvements. Social compliance, on the other hand, is self-regulatory, and the Company constantly engages with its stakeholders, including local communities, customers, suppliers, contractors, and employees, to ensure that the social context is not overlooked when the Company sets and employs efforts towards its performance targets.

During the reporting period, Lucara Botswana registered no instances, significant or otherwise, of non-conformance with applicable laws and regulations. There were no financial, judicial, or administrative sanctions imposed on the Company or its agents. In 2022, no grievances were received through our operational grievance mechanism.



CLARA

DIAMOND SOLUTIONS

## About Clara

Diamonds may indeed be forever, but their path from mine to finger has been primarily the same for more than a century. Clara Diamond Solutions is an innovative approach to rough diamond sales, creating a sales process that is more sustainable and transparent.

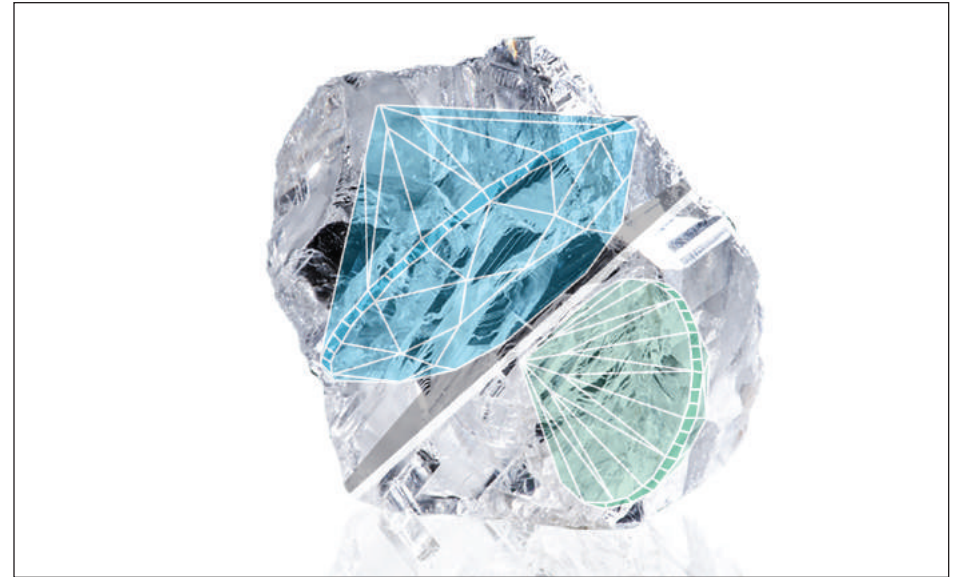
The Clara platform, a modern, secure, web-based digital marketplace uses blockchain technology to transform the current antiquated sales process and to move away from the traditional diamond sales batching methodology. By matching buyers to sellers on a stone-by-stone basis based on polished demand, Clara drives efficiencies, unlocks value for producers and manufacturers alike, reduces waste and inventory issues, and offers verified traceability and provenance for buyers.

Clara is 100% owned by Lucara Diamond Corp. and sells stones from Karowe , as well as stones from other rough diamond sources around the world . During 2022, our secondary market supply grew.

## Innovating the Supply Chain

2022 was a strong year for Clara. A producer trial was completed on the platform and ~40% of goods on the platform were from third-party producers and the secondary market, expanding the available supply and diversifying the selection.

In 2022, US\$35.7 million was transacted through Clara, with approximately 60% of all diamonds sold (measured in terms of value) originating from Karowe. Clara recorded revenues of US\$9.1 million in the year, which was reflective of a strong market early in 2022.



## Decarbonization

Clara eliminates the need for traditional diamond tender sales, where inefficient and costly travel is required. The Clara platform is accessible around the world, at any time of day, and is convenient and flexible for buyers and sellers. We continue to see users turning to Clara as a way of reducing their travel-related carbon footprint and modernizing the diamond sales industry.

## Intellectual Property

Clara has developed and protects the intellectual property which underpins its digital sales platform. Clara's exclusive partnership with Sarine Technologies Ltd. is fundamental to our success and we continue to collaborate.

## Ensuring Provenance

Increasingly consumers and manufacturers are focused on traceability and knowing the provenance of each diamond. With the implementation of international sanctions and restrictions on the movements of goods, identifying the origin of each stone is important.

Clara's integrated scanning, sorting, and recording of each stone's origin enables buyers to know exactly where their diamond came from. Buyers on the platform can select which country, and even which mine, they would like to purchase their diamonds from, allowing manufacturers to fulfill demand for stones from a specific source. Clara enables manufacturers to provide consumers with detailed and accurate provenance information to support conscious and ethical purchasing.

### How Clara is transforming the diamond sales process

Traditional diamond tender sales	Purchasing stones via Clara
<b>Buyers purchase diamonds in batches</b> , which includes some stones they require, and some they have no use for	<b>Clara eliminates waste and excess inventory</b> – buyers purchase rough stones that match their polished orders
Large, <b>costly sales hosted multiple times</b> throughout the year	<b>Minimal infrastructure</b> required to host sales, including both physical space and human resources
<b>Upwards of 10</b> international flights every year and as many as 4 people from each company flying to see goods and to visit sale sites around the world	<b>No travel required</b> – access Clara at any time and from any location from your desk
<b>Bulk buying is inefficient and costly</b> as stones need to be separated and shipped around the world to the correct buyer. Stones travel around the world and exchange many hands before arrival at the correct manufacturer	Manufacturers can buy directly from Clara, only purchasing what they need and <b>eliminating the multiple shipments of goods around the world</b> . Clara delivers individual stones that match exact specifications.
<b>Intensive human capital</b> is required to sort and manage parcels of diamonds	The Clara team conducts the scanning and sorting, <b>unlocking efficiencies</b> by providing these services at the front end of the chain



# MATERIALITY REVIEW

## Our 2022 Material Topics

Our materiality assessment process identifies topics that have significant economic, environmental, and social impacts, and influence the decisions of our key stakeholders, in accordance with the approach advocated by the GRI Standards. Our materiality assessment processes include engagement across our business as well as with local communities. We conducted a full materiality assessment workshop in February 2022, while developing our last sustainability report.

For the 2022 Sustainability Report, we organised an internal material topics review workshop at Lucara Botswana's Karowe Diamond Mine in February 2023. As part of our journey to aligning with the GRI Standards, we updated our material topics list by beginning with a review of our performance during the reporting period. This review specifically included activities to identify the positive and negative impacts of our business activities during the reporting period. Our teams then reviewed the Company's material topic list with these impacts in mind, resulting in the validation of existing material topics and the identification of some additional ones.

The following list of topics produced from our materiality assessment review reflects the outputs of our prioritisation and validation process. These topics represent Lucara's most significant economic, environmental and social impacts. Lucara's senior management team has reviewed and approved this revised list.

- Government & Business Ethics
- Labour Practices
- Human Rights
- Tailings Management
- Biodiversity
- Climate Change
- COVID-19 Pandemic
- Environmental Stewardship
- Partnerships
- Health, Safety & Wellness
- Community Development
- Local Content: People & Supply Chain
- Product Stewardship
- Economic Performance
- Innovation

Based on the materiality workshops, we reconfirmed most existing topics and identified additional topics. The new incorporated topics covered in our 2022 report are Government and Business Ethics, Labour Practices, and Human Rights. Although these subjects were previously covered in our last sustainability report, they were deemed to have risen in importance during the reporting period, meriting distinct inclusion in our material topics list. Finally, Innovation and Economic Performance were separated as independent material topics.

Our 2022 Material Topics	Why Important?	Lucara Diamond Corp.	Lucara Botswana	Clara
Government & Business Ethics	Core Value. Comply with anti-corruption practices and communicate with transparency among government stakeholders.	●●●	●●●	●●●
Labour Practices	Employment practices in compliance with international standards and local regulations.	●●●	●●●	
Human Rights	Promoting constructive relationships with the Union and ensuring freedom of association, non-discrimination and due diligence.	●●●	●●●	
Tailings Management	Industry-wide focal area, which required us to revisit our plans, engineering, governance, disclosure, and emergency response.	●●●	●●●	
Biodiversity	Although expansion plans will not generate significant adverse impacts, we identified numerous engagement and collaboration opportunities. Working with conservation NGOs will enhance biodiversity conservation and improve our reputation.	●●	●●	
Climate Change	Mining consumes significant energy, and emits GHGs. Botswana is vulnerable to climatic risks, while financial and other stakeholders advocate GHG reduction. Introducing renewables can generate cost savings in addition to reducing our GHG footprint.	●●	●●●	●●
COVID-19 Pandemic	Material adverse impact on local communities and disruption of the diamond market from 2020 continued in 2022, although has been rebounding since 2021.	●●	●●●	●●●
Environmental Stewardship	Core value, aligned with host country requirements and RJC certification.	●●	●●●	●
Partnerships	Generates and magnifies SDG impacts. Business partnerships improve our cash flows and profitability. Water partnership enables supply of surplus water to the Orapa mine. Working with NGOs can magnify conservation benefits and climate change adaptation of communities.	●●	●●●	●●
Health, Safety & Wellness	Core value, which allowed us to continue operations during the COVID-19 pandemic, and is aligned with regulatory requirements. Clara improves safety by offering digital sales channels without the need for travel.	●●	●●●	●●

●●● = strong link; ●● = important link; ● = some link; Blank = no or limited link



Our 2022 Material Topics	Why Important?	Lucara Diamond Corp.	Lucara Botswana	Clara
Community Development	Supporting local communities is essential to maintaining our social licence, generating SDG benefits, and leaving a positive legacy.	●●	●●●	
Local Content: People & Supply Chain	Creates positive local economic impacts and shared value. Entrenches our social licence to operate.	●	●●●	
Product Stewardship	Aligned with our Responsible Mining Policy, host country requirements, and RJC certification. Demanded by our customers.	●●●	●●●	●●●
Economic Performance	Enables sustainable growth and adaptation, also to climate change risk.	●●●	●●●	●●●
Innovation	Improve technology and skills to achieve sustainable growth.	●●●	●●●	●●●

●●● = strong link; ●● = important link; ● = some link; Blank = no or limited link

## SUMMARY ESG PERFORMANCE DATA

<b>Economic</b>	<b>Units</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Diamonds Produced	Carats	335,769	369,390	381,706
Stones 100+ carats	Carats	34	39	34
Revenues	USD \$ million	203.8 <sup>1</sup>	230.1	125.3
Total Botswana Benefits <sup>2</sup>	USD \$ million	222.47	178.06	125.78
Clara Customer Base	Number	96	81	75
Lucara Corp Board % Female	%	43	43	43
Lucara Corp Executives % Female	%	67	75	75
Lucara Botswana Board % Female	%	67	67	67
Lucara Botswana Executive % Female	%	67	67	67
Lucara Botswana Senior Managers – % Female	%	27	36	36
Workforce in Botswana % Female	%	25	38	31
<b>Workforce</b>	<b>Number</b>	<b>1,869</b>	<b>1,928</b>	<b>1,108</b>
Employees	Number	589	558	545
Lucara Botswana National Employees	%	93	99	98
Employee Union Members	%	58	63	49
Contractors	Number	1,280	1,370	563
Training	Hours	55,700	25,840	3,424
Lucara Botswana Employee Grievances	Number	2	0	1

1 - Without Clara third party sales revenue

2 - Botswana total Benefit: Royalty, Corporate Tax, Employee compensation, Local Procurement, Donations and Community Investments

## SUMMARY ESG PERFORMANCE DATA (CONTINUED)

<b>Occupational Health &amp; Safety</b>	<b>Units</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Fatalities	Number	0	0	0
Lost Time Injury Frequency Rate	Ratio	0.00	0.00	0.09
<b>Environment</b>	<b>Units</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Freshwater in Mining & Processing <sup>3</sup>	m <sup>3</sup>	0	0	0
Effluent Discharge	m <sup>3</sup>	0	0	0
Total Energy Use	GJ	577,124	426,952	440,135
Total GHG emissions (Scope 1+2)	tCO <sub>2</sub> e	85,778	75,117	76,501
<b>Community</b>	<b>Units</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Community Investments (US\$)	US\$	4.32 million	694,000	1,240,000
COVID-19 Pandemic Response	US\$	352,000	980,000	540,000
Community Grievances	Number	0	1	1

<sup>3</sup> – GRI and SASB define freshwater to have TDS < 1,000 mg/l, groundwater from Karowe's pit dewatering exhibits TDS > 1,000 mg/l

The 2022 Sustainability Report is developed with reference to the GRI Universal Standards (2021) and in alignment with the Sustainability Accounting Standards Board (SASB) Standards for Metals and Mining (2021).

# INDEPENDENT ASSURANCE REPORT TO THE MANAGEMENT OF LUCARA BOTSWANA PTY LTD

## INTRODUCTION

IBIS Environmental Social Governance Consulting Africa Pty Ltd (IBIS) was appointed by Lucara Botswana Proprietary Limited (Lucara) to conduct an independent third-party assurance over selected sustainability subject matter criteria and disclosures in relation to the sustainability information in Lucara's Sustainability Report (the Report) for the financial year that ended 31 December 2022.

## ASSURANCE STANDARD APPLIED

The independent third-party assurance was conducted using the AccountAbility AA1000 Assurance Standards version 3 (2020) (AA1000AS) at a Moderate assurance level. IBIS conducted a Type II assurance engagement in accordance with AA1000AS for selected subject matter criteria and disclosures.

## IBIS INDEPENDENCE AND COMPETENCE

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from Bongani Machabe, and Ibrahim Akoon from IBIS. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with more than 25 years' experience in sustainability performance measurement involving both advisory and assurance work.

IBIS applies a strict independence policy and confirms its impartiality to Lucara in delivering the assurance engagement. This assurance engagement is the seventh consecutive assurance engagement conducted for Lucara by IBIS.

## RESPECTIVE RESPONSIBILITIES OF IBIS AND THE DIRECTORS OF LUCARA

IBIS' responsibility is to the management of Lucara alone and in accordance with the scope of work and terms of reference agreed with Lucara.

Lucara is responsible for ensuring the integrity of Lucara's Sustainability Report of 2022. They satisfy themselves that there is an adequate and effective control environment, which supports the integrity of information used in the 2022 Sustainability Report and the preparation and presentation of sustainability information within the report. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues and commitments with respect to sustainability performance, as well as for the design, implementation, and maintenance of internal controls relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error.

## ASSURANCE OBJECTIVES

The objective of the assurance engagement is to provide the Directors of Lucara with an independent Moderate level assurance opinion on whether the report meets the reporting objectives stated in the subject matter in the scope of the engagement.

## SUBJECT MATTER IN SCOPE

The assurance subject matter in the scope of the engagement are as follows:

- Adherence to the AA1000AP (2018) AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact,

- Lucara’s alignment with the GRI Standards in respect of the ‘core’ reporting requirements (GRI Index: [www.lucaradiamond.com/sustainability](http://www.lucaradiamond.com/sustainability)),
- Fair reporting on a selection of KPIs and specific disclosures as agreed with Lucara and as indicated below:

<b>ENVIRONMENTAL KPI</b>
Total amount of water used and water use intensity (p. 67)
Total direct and indirect energy used and energy use Intensities (p. 71)
Scope 1 and 2 GHG emissions and intensities (p. 71)
Waste disposed in the different categories (p. 82)
<b>HEALTH &amp; SAFETY KPI</b>
Lost Time Injury Frequency Rate (LTIFR) (p. 51)
Number of fatal injuries (p. 51)
<b>SOCIAL KPI</b>
Percentage of Botswana nationals in workforce (p. 42)
Amount of CSI spend (p. 57)
Staff turnover (p. 42)
Number of grievances lodged and resolved (p. 82)
<b>SPECIFIC DISCLOSURES KPI</b>
The Mining Association of Canada (MAC) Towards Sustainable Mining (TMS) Performance Indicators self-review and independent review verification statements (p. 52)
Responsible Jewellery Council (RJC) certification statement (p. 13)
Initiation of an updated Biodiversity action plan (p. 79)

## **WORK PERFORMED BY IBIS**

IBIS performed the assurance engagement in accordance with the AA1000AS Type II requirements. The following suitable assessment criteria were used in undertaking the work:

- AccountAbility AA1000 Accountability Principles (2018) (AA1000AP) adherence criteria for the Principles of Inclusivity, Materiality, Responsiveness and Impact
- The Global Reporting Initiative (GRI) Standards
- The Mining Association of Canada (MAC) Towards Sustainable Mining (TMS)
- Lucara’s Sustainability Reporting Guideline

Our assurance methodology included:

- Interviews with relevant functional managers from head office and operations to understand and test the processes in place for adherence to the AA1000AP stakeholder engagement principles and disclosure of the selected KPIs in the assurance scope.
- Site visits performed at Lucara’s Karowe operation, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting of selected sustainability information, inspection and corroboration of supporting evidence to evaluate the data generation, calculation, and reporting processes against the assurance criteria.
- Reporting the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process.
- Assessing the presentation of information relevant to the scope of work in the Reports to ensure consistency with the assurance observations.

## **ENGAGEMENT LIMITATIONS**

IBIS planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a Moderate level of assurance in accordance with AA1000AS.

The procedures performed in a Moderate Assurance engagement vary in nature from and are less in extent than for a High Assurance engagement. As a result, the level of assurance obtained for a Moderate Assurance engagement is lower than for High Assurance as per AA1000AS.

Conversion factors used to derive emissions and energy used from fuel and electricity consumed, are based upon information and factors derived by independent third parties. The assurance work did not include an examination of the derivation of those factors and other third-party information.

The scope of work did not extend to any subject matters other than specified in this assurance statement. IBIS experienced no limitations to the agreed extent of work required for the engagement.

## **ASSURANCE CONCLUSION**

In our opinion, based on the work undertaken for Moderate Assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined reporting criteria and are free from material misstatement.

## **KEY OBSERVATIONS AND RECOMMENDATIONS**

Based on the work set out above, and without affecting the assurance conclusions, the key observations and recommendations for improvement are as follows:

### **In relation to the inclusivity principle**

Lucara has made formal commitments to be accountable to stakeholders in its corporate reporting, and through its United Nations Global Compact (UNGC) communications on progress reports.

It is recommended that Lucara continue to enhance its articulation of its stakeholder engagement processes in its reporting.

### **In relation to the materiality principle**

Lucara has implemented a materiality determination process that is aligned to the international best practice. The process is undertaken by a multi-disciplinary team, overseen by the Board.

It is recommended that Lucara continues to formalize the materiality determination process by enhancing its documenting of its processes.

### **In relation to the responsiveness principle**

Lucara has a process in place for providing responses to stakeholders and has made available the necessary competencies and resources to respond appropriately. Lucara through its annual reporting and other communications platforms ensures that it reports to stakeholders in a comprehensive, accurate, timely, accessible, and balanced way, using suitable reporting principles, frameworks and guidelines that support comparability of information.

It is recommended that Lucara continue to document and formalize its process for responding to stakeholders.

### **In relation to the impact principle**

Lucara has identified several SDGs to which it contributes. Also, through its participation in several industry sustainability initiatives, Lucara has developed insight into its positive and negative impacts.

It is recommended that Lucara continue to report on the progress against its targets set in terms of the select SDGs as well as the impacts on its stakeholders and on Lucara's business itself.

### **In relation to the selected KPIs and specific disclosures**

IBIS is satisfied with the final data accuracy in the assurance scope as reported. It was observed that, although systems and processes are in place to provide source data related to the selected disclosures assessed, internal data quality controls need to be enhanced to improve the consistency of reported data. Inconsistencies noted were corrected prior to data finalization.

It is recommended that regular reviews of sustainability data are carried out by the respective teams to ensure data accuracy. A comprehensive management report detailing the findings and recommendations for continued sustainability reporting improvement has been submitted to Lucara Botswana management for consideration.



### **Petrus Gildenhuys**

Director, IBIS ESG Consulting Africa (Pty)  
Johannesburg, 27 October 2023



*The assurance statement provides no assurance on the maintenance and integrity of sustainability information on the website, including controls used to maintain this. These matters are the responsibility of Lucara.*

## FORWARD-LOOKING STATEMENT

Certain of the statements made and contained herein and elsewhere constitute forward-looking statements as defined in applicable securities laws. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved.

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. 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 impact of the COVID-19 pandemic on the Company's operations and cash flows and its plans with respect to the Karowe underground expansion project, the Company's sustainability initiatives and 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 the Karowe Diamond Mine; estimated costs for capital expenditures related to the Karowe Diamond Mine; production

costs; exploration and development expenditures and reclamation costs; expectation of diamond prices and the potential for the supply agreement with HB Group to achieve both higher prices from the sale of polished diamonds and to provide more regular cash flow than in previous periods; expectation of diamond prices; changes to foreign currency exchange rates; assumptions and expectations related to the development of an underground mining operation at Karowe, including associated capital costs, financing strategies and timing; expectations in respect of the development and functionality of the technology related to the Clara platform, the intended benefits and performance of the Clara platform, including our ability to complete sales without viewing diamonds, the growth of the Clara platform, the timing and frequency of sales on the Clara Platform, and the quantum of and timing for participation of third parties on the Clara platform; expectations regarding the need to raise capital and its availability; possible impacts of disputes or litigation; and other risks and uncertainties described under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com> (the "AIF").



There can be no assurance that such 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 "COVID-19 Global Pandemic" in the "Risks and Uncertainties" section of the Company's most recent Annual Information Form available at <http://www.sedar.com>, as well as 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 and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), 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, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters).

Accordingly, readers are cautioned not to 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 to reflect new events or circumstances, except as required by law.

All currencies mentioned in the Sustainability Report are in United States Dollars ("US\$") unless otherwise mentioned.

Qualified Persons: Dr. John Armstrong, Ph.D. P.Geol, is the Qualified Person as defined by NI 43-101. Dr. Armstrong is Lucara's Vice President Technical Services and has reviewed and approved the scientific and technical information contained in the Sustainability Report. 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 located in the 2021 Annual Information Form for the year ended December 31, 2021, dated March 30, 2022, which can be found on the Company's website and under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

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 December 16, 2019 with an effective date of September 26, 2019, titled "Karowe Mine Underground Feasibility Study Technical Report, Botswana, posted to the Company's website and under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).



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