

Lucara Diamond Corp. Modern Slavery Act Report / Report on Fighting Against Forced Labour and Child Labour in Supply Chains

For the Financial Year Ended December 31, 2023

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About this Report

Lucara Diamond Corp. presents this Fighting Against Forced Labour and Child Labour in Supply Chains Report (the “Report”) in accordance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) for the financial year ended December 31, 2023. Lucara Diamond Corp. makes this report on behalf of its indirect, wholly owned material operating subsidiaries, in particular Lucara Botswana Proprietary Limited (“Lucara Botswana”) and Clara Diamond Solutions Limited Partnership (“Clara”) (together “Lucara” or the “Company”).

This Report details actions taken by Lucara to assess and address Lucara’s risks with respect to forced labour and child labour in our operations and supply chain. All monetary amounts are in U.S. dollars, unless otherwise stated.

About our Business

Lucara Diamond Corp. 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, the Clara digital sales platform, as well as through quarterly tenders in Gaborone, Botswana and Antwerp, Belgium.

Lucara’s revenue comes from the sale of natural rough diamonds mined by Lucara Botswana at Karowe and which are sold through HB Antwerp, via the quarterly tenders in Gaborone and Antwerp, and from diamonds sold through the Clara digital sales platform. Botswana is a conflict-free country.

Mission: Using innovation, creating value, making a difference across the diamond industry

Values:

- **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.

Governance

Lucara's Board of Directors (the "Board") oversees the Company's approach to risk management, which includes risks related to human rights.

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 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.

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.

Since 2018, Lucara has been a Participant of the [United Nations \("UN"\) Global Compact](#), and we are committed to implementing its Ten Principles focused on Human Rights, Labour, Environment, and Anti-Corruption. We also support the [UN Sustainable Development Goals](#) and have adopted the Mining Association of Canada's [Towards Sustainable Mining \("TSM"\) Standard](#), the [IFC Performance Standards](#), the World Bank Group's [Environmental, Health and Safety Guidelines for Mining](#), in addition to the [Equator Principles](#). Lucara adheres to the [Kimberley Process](#), is a certified member of the [Responsible Jewellery Council \("RJC"\)](#), and in 2023 Lucara was a member of the Natural Diamond Council.

Overview of Supply Chain

Procurement

All service providers and contractors must adhere to Lucara procurement policies, practices, and protocols, and they must acknowledge and adhere to the Lucara [Code of Business Conduct & Ethics](#). Furthermore, service providers and contractors at Karowe are required to adhere to the ISO 45001: 2018 Occupational Health and Safety management system requirements, and are subject to periodic assessments, supplier performance reviews, and internal audits to evaluate compliance with the standards. The general contract terms stipulate that a contract can be terminated where there is a breach of the governing laws and regulations such as the labour laws outlined in the Employment Act of Botswana.

Lucara seeks to promote local socio-economic development by procuring supplies locally when possible. We continuously work to ensure that our procurement practices are conducted in a transparent and ethical manner. This includes all requirements at sourcing and the awarding of a contract, and through the duration of the contract until completion.

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

Policies, Due Diligence Processes, and Grievance Procedures

Lucara's corporate policies define our commitment to act lawfully, ethically, and responsibly, and outline the Company's expectations of acceptable business practices.

- i. [Code of Business Conduct & Ethics \(the "Code"\)](#) – sets out key guiding principles of conduct and ethics that Lucara expects of its employees, directors, and officers and is designed to deter wrongdoing and to promote responsible business practices. Lucara expects all of its employees and contractors to comply and act in accordance with the Code at all times.

Lucara's Code includes explicit mention of forced labour and child labour and states: *"The Company will comply with all applicable labour laws including laws prohibiting the use of forced labour and child labour"*. The Code also includes mention of forced labour and child labour in relation to contractors and stipulates that: *"Contractors must operate in full compliance with all laws, rules and regulations applicable to the countries in which they operate including anti-bribery laws, insider trading laws, competition laws and prohibition of forced labour and child labour laws"*.

All officers and all managers, including those at the Company's subsidiaries, shall maintain an "open door" policy regarding questions of business conduct as regards to this Code and its applicability. Employees shall be encouraged to ask such questions in respect of any particular situation no matter how small or insignificant it may seem to be. Each employee is encouraged to be alert to any work-related activities which could be construed as a violation of the Code. They should: (i) bring the matter to the attention of his/her immediate supervisor, or an officer of the Company, as appropriate or proceed internally on a confidential and/or anonymous basis as explained in the Code; and (ii) take corrective action, if possible, to remediate the situation and/or prevent recurrence of the violation.

The Company's human resource function has a responsibility to educate employees and contractors on adherence and consequences of violation of the Company's code and other policies and procedures relating to labour rights. The function also facilitates resolution of grievances violations, in line with established internal grievance and disciplinary processes.

If any employee is uncertain whether an activity in which he/she is engaged or an activity he/she is witnessing could be construed as a violation of the Code, he/she must discuss the matter with his/her immediate supervisor, or an officer of the Company, as appropriate. If it is determined that there is a violation, the employee, supervisor or officer, as applicable, shall advise the Chair of the Audit Committee in writing.

Following the receipt of any reports submitted hereunder, the Chair of the Audit Committee will investigate each matter so reported and report to the Board which will take corrective disciplinary actions, if appropriate, which may include termination of employment.

There will be no reprisals against employees, officers and directors for good faith reporting of compliance concerns or violations.

- ii. [Human Rights Policy](#) – Lucara is committed to meeting our responsibility to respect human rights and labour standards as defined by the UN Guiding Principles on Business and Human Rights. Our commitment is based on the Kimberley Process, the RJC Code of Practices (2019), and other relevant standards. We actively participate in the UN Global Compact and have adopted ten of the seventeen Sustainable Development Goals. Our principle is that where national law and international human rights standards differ, we will follow the higher standard; where they are in conflict, we will adhere to national law, while seeking ways to respect international human rights to the greatest extent possible. This policy applies to Lucara Diamond Corp. and all its subsidiaries. Contractors and suppliers are required to uphold these principles.

Lucara's Human Rights Policy includes the following principle on forced labour and child labour: *"Throughout our business practices, we uphold the freedom of association, the elimination of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation"*.

If any violation of the Human Rights Policy is observed, whether committed by Company employees or by others associated with the Company, it is to be reported to an immediate supervisor, or an officer of the

Company, as appropriate. If it is determined that there is a violation, the employee, supervisor or officer, as applicable, shall advise the Chair of the SHECR Committee in writing.

Following the receipt of any reports submitted hereunder, the Chair of the SHECR Committee will investigate each matter so reported and report to the Board which will take corrective disciplinary actions, if appropriate, up to and including termination of employment.

There will be no reprisals against employees, officers and directors for good faith reporting of compliance concerns or violations.

We report to the public on our human rights-related commitments, efforts and statements, consistent with this Human Rights Policy, as part of our annual Sustainability Report (available on [Lucara's website](#)).

The Human Rights Policy is overseen by Lucara's Chief Executive Officer with support from the Executive team. This ensures that every part of our business is clear about the responsibility to respect human rights and to remedy any violations. Board-level oversight is provided by the SHECR Committee of Lucara.

- iii. [Anti-Bribery and Anti-Corruption Policy](#) – Lucara, including its subsidiaries, is committed to conducting its business in accordance with all applicable laws, rules and regulations and the highest ethical standards, and this commitment is embodied in Lucara's Code. The purpose of the Anti-Bribery and Anti-Corruption Policy is to set out Lucara's expectations regarding compliance by the Company and its officers, directors, employees and agents with Canada's *Corruption of Foreign Public Officials Act*, Botswana's *The Penal Code and the Corruption and Economic Crime Act*, the UK's *Bribery Act ("UKBA")*, South Africa's *Prevention and Combatting of Corrupt Practices Act ("PRECCA")*, the U.S. *Foreign Corrupt Practices Act*, and any other anti-bribery or anti-corruption laws that are applicable. This Policy supplements Lucara's Code and applicable laws and applies to Lucara's operations worldwide.

The Anti-Bribery and Anti-Corruption Policy applies to all directors, officers, and employees of the Company. The Company's agents, contractors, consultants, and suppliers must comply with this Policy, or their own policy that Lucara has determined to be comparable, as a condition of doing business with Lucara.

Lucara's Chief Executive Officer is responsible for administering and interpreting this Policy, under the oversight of the Audit Committee. Any questions about the permissibility or lawfulness of any transaction or activity should be directed promptly to the Chief Executive Officer before the transaction or activity takes place.

- iv. [Whistleblower Policy](#) – The Audit Committee of the Board has established the Whistleblower Policy, which includes procedures for the receipt, retention and treatment of reports, concerns or submissions regarding accounting, internal accounting controls or auditing matters by its employees, officers and directors, as required under *National Instrument 52-110* promulgated by the Canadian Securities Administrators.
- v. [Responsible Mining Policy](#) – Lucara's Responsible Mining Policy details Lucara's commitments to environmental responsibility, social responsibility, governance, and planning for a positive legacy. This includes our commitment to sustainable development, on-going dialogue with a range of stakeholders across our operations and conducting our business in a transparent manner that complies with applicable laws, respects human rights, and safeguards our employees, contractors, communities, and stakeholders.
- vi. [Corporate Social Responsibility Charter](#) – Lucara will initiate and promote ongoing dialogue with a broad range of stakeholders across our operations, maintained in a spirit of transparency and good faith. Lucara recognizes that effective stakeholder engagement can create value and mitigate risk for both the company

and its stakeholders. We acknowledge that mining is, by definition, finite and therefore will work to provide lasting benefits in the communities where we live and work.

Potential Modern Slavery Risks

According to the [Walk Free Global Slavery Index](#), both Canada and Botswana have a modern slavery prevalence of 1.8 per 1,000 people and rank in the lowest 20 countries, out of a measure of 160 countries.¹

Lucara's employment processes adhere to legal requirements in Canada and Botswana and are overseen by management. Lucara has assessed the risk of child labour within its own workforce as extremely low.

Botswana ratified the ILO Convention No. 138 in 1997, which stipulated 15 years as the minimum age for employment and prohibits children under 18 years to be employed in hazardous work, and ratified C182 concerning the Worst Forms of Child Labour in 1999. The Botswana Employment Act also sets the minimum age for employment at 15 years and allows for 15 to 18-year-olds to conduct light or non-hazardous work.² Lucara's internal recruitment and hiring policies prohibit the employment of persons under the age of 18 years.

Botswana ratified ILO C105 on the Abolition of Forced Labour in 1957. Working hours at Lucara are within the legal approved work shifts and overtime within the limits stipulated by Botswana law.

Wages paid to Lucara employees in Botswana are above the statutory minimum requirement and are competitive within the Botswana mining sector. The Company's remuneration philosophy is based on affordability and sustainability. Lucara's collective Labour Agreement with the Botswana Mine Workers 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.

Training

Lucara requires all new employees to read and acknowledge understanding of the Company's policies, including the Code and the Human Rights Policy. On an annual basis Lucara employees are required to review and acknowledge their understanding of the policies.

In 2023, employees underwent training on anti-money laundering and counter financing of terrorism and proliferation, the Voluntary Principles of Security & Human Rights, corporate governance, and labour law and discipline and grievance handling.

Assessing Effectiveness

Lucara contracted a third party to conduct a desktop human rights risk assessment in 2021 to evaluate current processes and no findings were reported. As part of the Mining Association of Canada's TSM standard, Lucara conducts self-assessments to evaluate the prevention of forced labour and child labour within the Company. The last assessment was completed in Q4 2023 with no contraventions reported.

Plans for 2024

In 2024, Lucara will undergo the recertification audit on the RJC standard, where human rights will be assessed under the RJC Code of Practices (2019) to check for compliance. We will be undergoing our second external verification on the TSM standard, which involves the assessment of our compliance to the Prevention of Child and Forced Labour protocol.

¹ Source: [Walk Free Global Slavery Index - Botswana and Canada](#)

² Source: [International Labour Organization - Good Practices and Lessons Learned on Direct Interventions for the Elimination of the worst forms of Child Labour in Botswana, June 2012](#)



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During the year, Lucara plans to undertake a review of the human rights risk assessment, together with the review of the internal Human Rights Policy. We also intend to roll-out additional training on Lucara's Code and Voluntary Principles on Human Rights.

Approval and Attestation

This Report was approved by the Board of Directors of Lucara Diamond Corp. on May 9, 2024, for and on behalf of itself and its subsidiaries.

In my capacity as a Director of Lucara Diamond Corp. and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

On behalf of the Board,

William Lamb
President and Chief Executive Officer
May 31, 2024