



LUCARA

July 24, 2020

To our stakeholders:

Lucara Diamond Corp. became a Participant of the UN Global Compact on February 19, 2018. On behalf of Lucara, I am pleased to reaffirm our support for the UN Global Compact's Ten Principles on Human Rights, Labour, Environment and Anti-Corruption.

Please find attached Lucara's eighth consecutive annual sustainability report, prepared in accordance with the GRI Standards: Core option, as our updated Communication of Progress. This report, which was subject to limited assurance, covers the reporting period from January to December 2019 and its UN Global Compact index is presented overleaf.

The report demonstrates our sustainability performance across numerous indicators and highlights how we continue to integrate the Ten Principles and UN Sustainable Development Goals (SDGs) into our business strategy, culture and daily operations. This includes our contributions to several SDGs, such as No Poverty (SDG1), Zero Hunger (SDG2), Good Health and Well-being (SDG3), Quality Education (SDG4), Gender Equality (SDG5), Clean Water and Sanitation (SDG6), Decent Work and Economic Growth (SDG8), Industry Innovation and Infrastructure (SDG9), Peace, Justice and Strong Institutions (SDG16), and Partnerships for the Goals (SDG17).

We welcome feedback on how we could further improve our sustainability performance. Please send your email to csr@lucaradiamond.com.

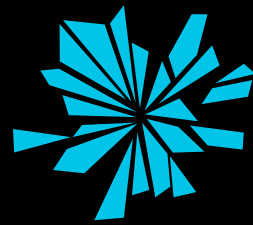
Kind regards,

Eira Thomas
President and CEO



LUCARA

UNGC Principles	Information in Section
HUMAN RIGHTS	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Our Code of Business Conduct and Ethics (p. 9), Our CSR Charter (p.9), Support of UN Guiding Principles on Business and Human Rights, and the Voluntary Principles on Security and Human Rights (p.1 and 9)
Principle 2: Businesses should ensure that they are not complicit in human rights abuses	Membership and adherence to the Kimberley Process, Responsible Jewellery Council, and Natural Diamond Council (p. 1 and 11)
LABOUR	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	We place no restriction on freedom of association or union membership (Our People, p.29)
Principle 4: Businesses should uphold the elimination of forced or compulsory labour	Our Code of Business Conduct and Ethics (p. 9); Adherence to Responsible Jewellery Council principles (p. 11)
Principle 5: Businesses should uphold the effective abolition of child labour	Our Code of Business Conduct and Ethics (p. 9) Adherence to Responsible Jewellery Council principles (p. 11)
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	Board Member Diversity (p.8) Equal opportunity approach (Our People, p. 27)
ENVIRONMENT	
Principle 7: Businesses should support a precautionary approach to environmental challenges	Environmental Policy (p. 20)
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Board-level Safety, Health, Environmental and Community Relations Committee meetings (p. 8), Promote environmental awareness with employees, contractors, visitors and other parties (p. 42)
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	We work to improve energy efficiency, monitor our energy usage, improved efficiency, and report performance (Energy & Carbon Emissions, p. 44-47), We monitor and manage water abstractions so as to optimize our use. We improved water extraction from tailings and more than doubled our performance from 2018 (p. 48-50)
ANTI-CORRUPTION	
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery	Our Code of Business Conduct & Ethics (p. 9) Membership and adherence to the Kimberley Process, Responsible Jewellery Council and Diamond Producers Association (p. 11), Compliance with the Canadian Extractive Sector Transparency Measures Act, ESTMA (p.9)



LUCARA

DIAMOND

GRI & UN Global Compact Indices and Appendices to the Lucara Diamond 2019 Sustainability Report
















REPORT REFERENCED

This document complements Lucara's 2019 Sustainability Report and includes the following:





- Appendix 1: Summary Matrix of Material Topics
- Appendix 2: Additional Health & Safety Statistics
- Appendix 3: GRI Index
- Appendix 4: UN Global Compact Index

For questions regarding Lucara Diamond's Sustainability Report or this supplement, please contact sustainability@lucaradiamond.com.

Appendix 1: Lucara's Material Topics Matrix

INNOVATION & ECONOMIC PERFORMANCE	PRODUCT STEWARDSHIP	LOCAL CONTENT: SUPPLY CHAIN & OUR PEOPLE	COMMUNITY DEVELOPMENT
WHY IMPORTANT			
Critical to all aspects of our business to ensure sustainable and successful growth.	Responsible mining practices, provenance are essential to establishing and maintaining trust with our customers.	Creates positive local economic impacts and shared value.	Supporting local communities is essential to maintain our social license and align with UN SDGs.
BOUNDARY			
Lucara Diamond Corp., Lucara Botswana, Clara, Diamond value chain, Investors.	Lucara Diamond Corp., Lucara Botswana, Clara, Host Government, Jewellery supply chain, Investors.	Lucara Botswana, Local Community, Host Government.	Lucara Botswana, Development partners, Local Community, Host Government.
APPROACH			
We are early adopters of technology and good business practices from exploration (drone surveys) to recovery (large diamond recovery using XRT technology) and sales (Clara).	We comply with, participate in, or are certified by the Kimberley Process, Responsible Jewellery Council, and the UN Global Compact.	Routinely seek to identify and utilise local / national suppliers of goods and services which can meet quality, safety, cost and other competitive criteria. Routinely seek to identify and employ skilled local / national workforce.	In collaboration with local communities, government, and development partners, we identify and support impactful socio-economic initiatives.
EVALUATION OF APPROACH			
2019 record recovery of 31 specials (>100 carats), totalling 411,438 carats (ca 24,424) of revenues. Women top executive positions. Successful operation of Clara sales platform.	Maintained compliance with the Kimberley Process. We were re-certified by Responsible Jewellery Council in March 2018.	Need to collect more segmented data, recognizing that high-value capital goods are unavailable locally.	Limited micro-loan repayments required redirection to capacity building, and start-up of community-owned projects.
TARGETS			
Decision about underground mining Digitize fuel management system Grow Clara platform	Comply with diamond product stewardship frameworks and good international diamond mining industry practices	Talent management strategy Implement talent management framework Accreditation for staff training programme	Progress sports complex Commence Mokubilo Farm Phase 2 Support 1-2 new community projects
GRI DISCLOSURES			
GRI 201-1	GRI 417-1, 417-2, 417-3, 418-1	GRI 204-1	GRI 413-1
KEY UN SDGS			
  	   	 	   

Appendix 1: Lucara's Material Topics Matrix (continued)

HEALTH, SAFETY & WELLNESS	PARTNERSHIPS	ENVIRONMENTAL STEWARDSHIP
WHY IMPORTANT		
Core part of our responsible mining practices, aligned with regulatory requirements and Global Compact, healthy and happy workers are critical to our success.	Critical to successful business, magnifies community development, and supports SDGs and Botswana's development strategy.	Core part of our responsible mining practices, host country regulatory and RJC certification requirements.
BOUNDARY		
Lucara Diamond Corp., Lucara Botswana Clara, Contractors, Local communities	Lucara Diamond Corp., Lucara Botswana, Clara, Main contractors, Local Communities, Host Government, UN Global Compact and SDGs.	Lucara Diamond Corp., Lucara Botswana, Main Contractors, Local Communities, Host Government, Buyers.
APPROACH		
Award-winning performance in Botswana. Two lost time injuries in 2019.	Collaborate closely with contractors, implement structured engagement plan, be accountable to local communities, and collaborate with development partners.	Maintain environmental policy, consult impact assessments, implement management and monitoring plans, subject to external audits.
EVALUATION OF APPROACH		
Zero lost time injuries	Stakeholder Engagement Plan developed. Built partnership with Debswana and WUC.	Updated EMP in Jan 2019, Maintained RJC certification, no fines or fees imposed.
TARGETS		
Continue behaviour-based safety Zero LTIs Transition to ISO 45001 certification Continue medical and wellness support	Set targets for adopted SDGs Support and implement partnership-driven efforts related to water, school, sports and community development projects	Updated EMP to be submitted for approval, update closure plans and associated estimates, commence rehabilitating trials for slopes
GRI DISCLOSURES		
GRI 403-1, 403-2	Not available. Qualitative descriptions provided.	GRI 302-1, 302-3, 303-1, 303-2, 303-3, 307-1
KEY UN SDGS		
 	  	 

Appendix 2: Additional Health & Safety Statistics

ADDITIONAL STATISTICS	2017			2018			2019		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Fatality	0	0	0	0	0	0	0	0	0
Restricted Work Injury (RWI)	2	2	0	0	0	0	0	0	0
Medical Treatment Injury (MTI)	3	3	0	0	0	0	1	1	0
First Aid Injury (FAI)	30	25	5	14	13	1	5	3	2
Absenteeism Rate	1.24			0.55			0.76		
Days Lost to LTI	11			0			20		
Days Lost to RWI	4			0			0		
Severity Rate	0.11			0			1.56		
Exposure Hours	3,163,773			3,409,217			2,557,045		
Property Damage	48			51			20		

Appendix 3: GRI Index to Lucara Diamond's 2019 Sustainability Report

Disclosure No.	Title	Location/Information/Reason for Omission	Page
101- REPORTING PRINCIPLES, USING GRI STANDARDS, MAKING CLAIM			
GENERAL DISCLOSURES			
102-1	Name of the organization	Corporate Profile	
102-2	Activities, brands, products and services	Corporate Profile	
102-3	Location of headquarters	Corporate Profile	
102-4	Location of operations	Corporate Profile	
102-5	Ownership and legal form	Corporate Profile	
102-6	Markets served	Corporate Profile; Lucara markets its rough diamonds through tenders and Clara, a digital sales platform, in Botswana and other major international markets	
102-7	Scale of the organization	Corporate Profile; Economic Performance; Operations and Exploration; Our People	
102-8	Information on employees and other workers	Our People	
102-9	Supply chain	Supply Chain	
102-10	Significant changes to the organization and its supply chain	Corporate Profile; Operations and Exploration	
102-11	Precautionary Principle or approach	Environmental Performance	
102-12	External initiatives	Governance and Ethical Conduct; Product Stewardship	
102-13	Membership of associations	Governance and Ethical Conduct; Product Stewardship (incl. Kimberley Process, Diamond Producers Association, UN Global Compact); Membership and Awards	
STRATEGY			
102-14	Statement from senior decision maker	Message from the CEO Lucara Corp	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behaviour	Mission; Values & Priorities; Governance and Ethical Conduct; Health, Safety & Wellness; Our People	
GOVERNANCE			
102-18	Governance structure	Governance and Ethical Conduct	

Appendix 3: GRI Index to Lucara Diamond's 2019 Sustainability Report

Disclosure No.	Title	Location/Information/Reason for Omission	Page
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Stakeholder Engagement; Key Partnerships	
102-41	Collective bargaining agreements	Message from the General Manager, Labour Engagements	
MM4*	Number of strikes and lock-outs exceeding one week's duration by country	Our People; Labour Grievances	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	
102-43	Approach to stakeholder engagement	Stakeholder Engagement; Partnerships and Engagement	
102-44	Key topics and concerns raised	Material Topics; Stakeholder Engagement	
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	African Diamonds Ltd., UK, Clara Diamond Solutions Corp., UK, Lucara Diamond Holdings Inc., Mauritius, Mothae Diamond Holdings Inc., Mauritius, Boteti Diamond Holdings Inc., Mauritius, Wati Ventures (Pty) Ltd., Botswana, Debwat Exploration (Pty) Ltd., Botswana, Lucara Botswana (Pty) Ltd.	N/A
102-46	Defining report content and topic Boundaries	About This Report; Material Topics; Appendix 1	
102-47	List of material topics	Appendix 1	Appendix 1
102-48	Restatements of information	No restatements of information	N/A
102-49	Changes in reporting	Includes newly acquired Clara Diamond Solutions; Name change Boteti Mining Pty to Lucara Botswana Pty	N/A
102-50	Reporting period	About This Report (2019 calendar year, unless otherwise stated)	
102-51	Date of most recent report	2018 calendar year	
102-52	Reporting cycle	About This Report (annual)	
102-53	Contact point for questions regarding the report	About This Report; back cover (sustainability@lucaradiamond.com)	
102-54	Claims of reporting in accordance with the GRI standards	About This Report (In accordance with GRI Standards: Core option, and selected G4 Mining and Metals Sector Disclosures)	
102-55	GRI content index	Appendix 3	Appendix 2
102-56	External assurance	About This Report, Independent Assurance Report	

* Mining & Metals Sector Disclosure (G4)

Appendix 3: GRI Index to Lucara Diamond's 2019 Sustainability Report

Disclosure No.	Title	Location/Information/Reason for Omission	Page
103 – MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	Appendix 1	Appendix 1
103-2	The management approach and its components	Appendix 1	Appendix 1
103-3	Evaluation of the management approach	Appendix 1	Appendix 1
200 - ECONOMIC STANDARDS			
201 - ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Economic Performance	
201-2	Financial implications and other risks and opportunities due to climate change	Environmental Performance/Greenhouse Gas Emissions	
201-3	Defined benefit plan obligations and other retirement plans	Our People, Performance Management	
203 - INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	Impact Investment, Economic Performance	
203-2	Significant indirect economic impacts	Impact Investment, Economic Performance, Supply Chain	
204 - PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers	Economic Performance, Supply Chain	
300 - ENVIRONMENTAL DISCLOSURES			
302 - ENERGY			
302-1	Energy consumption within the organization	Fuel and Power Use	
302-3	Energy intensity	Fuel and Power Use	
303 - WATER (2016)			
303-1	Water withdrawal by source	Water Use and Management	
303-2	Water sources significantly affected by withdrawal of water	Water Use and Management (No water sources are significantly affected)	
303-3	Water recycled and reused	Water Use and Management	

Appendix 3: GRI Index to Lucara Diamond's 2019 Sustainability Report

Disclosure No.	Title	Location/Information/Reason for Omission	Page
304 - BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity (not in/near or adjacent to such areas)	
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity (no significant impact)	
MM1 *	Amount of land disturbed or rehabilitated	Land Management	
305 - EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions	
305-4	GHG emissions intensity	Greenhouse Gas Emissions	
306 – EFFLUENTS AND WASTE			
306-1	Water discharge by quality and destination	Water Use Management; Waste Management	
306-2	Waste by type and disposal method	Waste Management	
306-3	Significant spills	Water Management (no significant spills)	
MM3 *	Total amount of overburden, rock, tailings, and sludges and their associated risks	Production Statistics, Waste Management	
307 – ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	Environmental Performance. (No fines or penalties received)	
400 - SOCIAL DISCLOSURES			
401 - EMPLOYMENT			
401-1	New employee hires and employee turnover	Our People	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People, Performance Management	

* Mining & Metals Sector Disclosure (G4)

Appendix 3: GRI Index to Lucara Diamond's 2019 Sustainability Report

Disclosure No.	Title	Location/Information/Reason for Omission	Page
403 – OCCUPATIONAL HEALTH AND SAFETY (2016)			
403-1	Workers representation in formal joint management–worker health and safety committees	Health, Safety & Wellness	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health, Safety & Wellness; Appendix 2	Appendix 4
413 – LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments and development programs	Corporate Profile; Partnerships and Engagement (Karowe Diamond Mine, Botswana)	N/A
417 – MARKETING AND LABELING			
417-1	Requirements for product and service information and labeling	Product Stewardship (100% of products/rough diamonds covered by Kimberley Process)	
417-2	Incidents of non-compliance concerning product and service information and labeling	None	N/A
417-3	Incidents of non-compliance concerning marketing communications	None	N/A
418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	None	N/A

Appendix 4: United Nations Global Compact Index

UNGC Principles	Information in Section, Page # or Comment	Page
HUMAN RIGHTS		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Governance & Ethical Conduct, Responsible Mining Policy	
Principle 2: Businesses should ensure that they are not complicit in human rights abuses	Governance & Ethical Conduct, Responsible Mining Policy, Product Stewardship, Labour Engagement	
LABOUR		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Product Stewardship, Our People, Labour Engagement	
Principle 4: Businesses should uphold the elimination of forced or compulsory labour	Product Stewardship, Our People, Labour Engagement	
Principle 5: Businesses should uphold the effective abolition of child labour	Product Stewardship, Our People, Labour Engagement	
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	Board Member Diversity, Our People, Diversity and Gender, Labour Engagement, Adopting SDG5	
ENVIRONMENT		
Principle 7: Businesses should support a precautionary approach to environmental challenges	Responsible Mining Policy, Environmental Performance	
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Responsible Mining Policy, Environmental Performance, Supply Chain	
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	Responsible Mining Policy, Environmental Performance, Supply Chain	
ANTI-CORRUPTION		
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery	Governance & Ethical Conduct, Responsible Mining Policy	