PERFORMANCE EVALUATION POLICY

1. Overview

The Lucapa Diamond Company Limited ("Lucapa" or "the Company") Board must review its performance and the performance of the individual Directors including the Managing Director, the committees of the Board (if applicable), the Company and senior management regularly (this will be achieved with the assistance of the Remuneration Committee if applicable).

This is an important element of the Board's monitoring role, especially with regard to the long-term growth of the Company and of Shareholder value.

2. Performance Evaluation Process

The Board is required to annually assess their performance as a whole. Consideration should be given to any objectives and defined criteria established as a benchmark for assessing performance. The Board should at a minimum address the following:

- Does the Board understand the Company's business adequately?
- Does the Board know the competition, market and risk factors of the Company?
- Does the Board spend enough time on the long term strategy for the Company?
- What is the balance of power between the Board and the Managing Director?
- Does the Board have access to information from management and other sources?
- Is the Board enhancing Shareholder value?
- Do the Board ensure that any benchmarks that they are being appraised against are regularly reviewed to account for the changing environments facing the Company?

Whilst discussing the performance of the Board, the Directors are encouraged to provide comments on the performance of the chairperson.

The chairperson of the Board is responsible for meeting with individual Directors to discuss their individual performance and contribution to the Board. The chairperson should at a minimum address the following:

- Degree of independence including relevance of any conflicts of interests;
- Familiarity with Company operations and industry trends;
- Willingness to devote the necessary time including attendance at meetings, extent of preparation for meetings and willingness to participate in committee work (if applicable);
- Value and adding value to the discussions and deliberations of the Board;
- Level of ethical awareness; and
- Personal relationships with colleagues, management and Shareholders.

Whilst meeting with individual Directors to discuss individual performance, the chairperson must take the opportunity to discuss the Director's performance on the Board.

As part of the performance evaluation process, all Directors are expected where applicable, to highlight areas for improvement and provide a description as to how this can be achieved.

At least annually the Board must review the performance of Committees (if applicable) reporting to it to ensure that the Committees are achieving outcomes.

The Managing Director is responsible for assessing the performance of the key executives within the organisation. This is to be performed annually with the outcomes and recommendations reported to the Remuneration Committee (if applicable).

The Remuneration Committee (if applicable, otherwise the full Board) are then responsible for reviewing the recommended compensation arrangement, making adjustments if necessary and preparing a recommendation to the Board of the compensation arrangements for each individual.

The Managing Director's performance is assessed by the Remuneration Committee (if applicable, otherwise the independent members of the Board) and the Committee (or independent members of the Board) recommends a compensation arrangement for the Managing Director in line with the Committee Charter (if applicable).

Each manager is responsible for assessing the performance of their direct reports. This is to be performed through a formal process involving the completion of a performance appraisal questionnaire which is to be completed by the relevant employee and reviewed and discussed with their manager in a formal meeting.

Based on the evaluation of the individual's performance, all managers are required to present a document to the Managing Director outlining the proposed compensation arrangements for each individual employee.

The results of any review of the performance of an individual within the Company should be linked to their compensation arrangement.

With respect to performance-based remuneration and the issue of securities under an Incentive and Retention Plan, the securities will be forfeited if prior to completion of the vesting period, the employee commits any fraud, dishonest or grossly negligent act.

In the event that a Director, key executive or employee is not performing to an acceptable level, then a performance evaluation can be conducted on an as needs basis.

3. Facilitating Performance by Education

In order to provide Directors with the best possible chance of adding value to the Company and contributing to an accepted level, the Company has induction procedures which are designed to allow new Board appointees to participate fully and actively in Board decision making at the earliest opportunity. It is noted that new Directors cannot be effective until they have a good deal of knowledge about the Company and the industry within which it operates.

The Company Secretary is responsible for ensuring that any new Director gains an understanding of all the necessary information relating to the Company. Such items include:

- The Company's financial, strategic, operational and risk management position;
- Their rights, duties and responsibilities;
- The role of the Board Committees (if applicable); and
- The orientation and continuing education programs for Directors.

4. Facilitating Performance by Access to Information

In order to enhance performance the Board is provided with information it needs to efficiently discharge their responsibilities. The following is noted:

- The Company has an agreed procedure that Directors are permitted to take independent professional advice if necessary, at the Company's expense;
- All Directors have access to the Company Secretary;

- The appointment and removal of the Company Secretary is a matter for the Board;
- Directors are entitled to request additional information where they consider that the information supplied by management is insufficient to support informed decision; and
- An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the independent exercise of their judgement.

Authorised on behalf of the Lucapa Board of Directors.

Stephen Wetherall
Chief Executive Officer & Managing Director

Dated: 29 March 2023
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