
 LETŠENG DIAMONDS	REFERENCE:	CSR Policy vs1
	COMPANY POLICY:	
TITLE:	Corporate Social Responsibility Policy	

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1. BACKGROUND

As a committed corporate citizen of Lesotho, the Company whole-heartedly adopts and embraces the principles of Corporate Social Responsibility (CSR), addressing the company's overall response to economic, social and environmental considerations and in addition to its regular business activities, the company's contribution to the communities and the nation in which it operates. Accordingly the Company strives to establish strong relationships with local communities, the nation and other stakeholders through a strong and effective corporate social responsibility strategy as an integral part of its mining business strategy.

2. SCOPE

The purpose of this policy is to outline the CSR activities of the Company in line with the company's strategic intent, and relevant mining legislation including the Mining Charter. Letšeng is committed to being a responsible corporate citizen having clear corporate values, recognising the interest of the others and communities, being transparent and following best corporate governance practises. The Company takes a broader view of its role in the society and therefore realises the importance of socio-economic development, ethics, safety, health and environmental management.

3. CSR FOCUS AREAS


Letšeng' CSR activities may cover the following areas:

3.1. Education

Education is important in the development of any society. Letšeng recognizes the critical role that education will play in the transformation of Lesotho. Letšeng, in accordance with section 9 (i) of the Mining Agreement will contribute to education in the areas relevant to the development of the natural resources of Lesotho. The scholarship programme will be for the benefit of Lesotho nationals at university level. The objective will be to educate the society for a better tomorrow.

3.2. Socio-economic development

Letšeng has been involved in the area of socio-economic development throughout its stages of growth. Some of the areas that the Company will continue to invest

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in include health promotion, job creation and the elimination or eradication of poverty, and community safety. In the area of socio-economic development Letšeng will identify and focus on areas of need in line with the Mining Agreement. Should the opportunity exist, the Company may also partner with other stakeholders including non-governmental organizations that are participating and active in socio-economic development. Letšeng also recognises the importance of partnership with all spheres of government.

3.3. Enterprise Development


Letšeng may contribute to the development of the small, medium or emerging businesses in both the mining communities and the nation at large. Letšeng is in the business of producing diamonds and therefore can play a significant role in the diamond downstream processes. Our investment in this area may involve cutting and polishing. This is an area where the Company may make significant contribution to society with a cutting and polishing school and factory.

3.4. Arts, culture, sports and recreation

Arts, culture, sports and recreation is part of the soul and history of the nation, Letšeng recognizes this and will continue to invest that area. The Company may seek partnerships with various organizations that are involved in this area to identify opportunities for investment for the benefit of communities and the nation.

3.5. Other areas

The Company will actively seek to identify other areas for involvement and funding depending on the nature of the needs identified and benefit to society, especially mining communities. Consideration will be made to support projects that are linked to meeting or exceeding the requirements of the Mining Agreement and relevant legislation in Lesotho.

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4. BUDGET

The Board shall allocate for CSR, including education, an amount no greater than 1% of the dividends declared annually, however the 1% is to be a guideline as flexibility is necessary.

5. RESPONSIBILITY

5.1. The CSR Sub-committee will be responsible to consider and monitor all corporate social responsibility projects, programmes, and activities in the Company.

5.2. The function of the CSR Sub-committee will include the following:


- 5.2.1. The identification of worthy causes for funding or support.
- 5.2.2. The assessment of requests received for funding or support.
- 5.2.3. Approval and funding of social responsibility projects.
- 5.2.4. Follow-up and monitoring of projects or initiatives that have been funded.
- 5.2.5. Reporting to Letšeng Board.

6. CSR FUNDING PROCESS

Letšeng will fund projects, which the Company has identified in line with the focus areas stated above. The Company will follow the steps identified below for the funding of corporate social responsibility projects and programmes:

6.1. Proposals received from communities, individuals or organizations, or proposals identified within the Company.

- 6.1.1. The CSR Administrator will acknowledge receipt of the proposal.
- 6.1.2. The CSR Administrator will prepare the funding proposal for submission to the Corporate Social Responsibility Committee for consideration.
- 6.1.3. The CSR Sub-committee will approve or reject the proposal.
- 6.1.4. If a proposal is rejected, the CSR Sub-committee will record the reasons for rejection.
- 6.1.5. If a proposal is approved, the CSR Sub-committee will allocate funds to the project after the necessary agreements have been signed with the relevant beneficiary organisation.
- 6.1.6. The CSR Administrator will make arrangements for the disbursement of the funds to the project and be responsible for the monitoring and reconciliation of all funds disbursed.

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6.1.7. The CSR Sub-committee will continuously monitor projects that are funded by the Company

6.1.8. The CSR Administrator will ensure that proper reporting on the CSR projects and programmes is made to the CSR committee on a quarterly basis.

7. CSR PROGRAMME FUNDING

Letšeng will have a Corporate Social Responsibility budget to support all approved projects. The budget will be an amount equal to 1% of the dividends declared annually, however the 1% is to be a guideline and the budget will be formulated annually as part of the Company's annual strategic planning processes. Letšeng's CSR budget will be based on the profitability or financial performance of the Company. Funds obtained from external parties may be utilised to increase the scope and strengthen the impact of Letšeng's CSR programmes, on condition that such funds aligns with the Policy focus areas outlined above.

8. EVALUATION, MONITORING AND REPORTING

Continuous evaluation, monitoring, and reporting will provide evidence of performance, success stories and areas requiring attention. Reporting on CSR activities will demonstrate to Letšeng shareholders and other interested parties the progress the Company has made with respect to CSR to make the Company a good corporate citizen, and to comply with relevant mining legislation. This will also allow feedback and continuous improvement. Letšeng will not be involved in the management of the projects that the Company supports, however, the recipients will be expected to provide quarterly reports on overall CSR project management and implementation. A stakeholder management approach will be followed in the implementation of Letšeng's CSR programme.