

Corporate Social Responsibility and Investment Strategy (CSRI)

1.0 Background

As a committed corporate citizen, Letšeng whole-heartedly embraces the principles of corporate social responsibility to address our overall response to the communities and the nation in which we work and live.

Letšeng Diamonds undertook the *Needs Analysis Survey* in the District of Mokhotlong (the primary community), and based on the identified needs, Letšeng Diamonds *Corporate Social Responsibility & Investment (CSRI) Implementation Strategy* was developed. Projects were identified in relation to the most affected communities in Mokhotlong to the less affected.

The strategy is a long term commitment of Letšeng Diamonds to the community to assist in the implementation of key areas of need identified by the communities, to result in sustainable economic community projects. The strategy would result in material impacts on the community and not only be sustainable during the life of the mine due to the low human resource demand but also well beyond the life of the mine.

The strategy which is for three years, 2011 to 2013, is focusing on the development of Small and Medium Enterprises (SMEs), but not to the exclusion of educational scholarships.

2.0 Overview

Broad thematic areas of intervention were identified. Priority will be given to the following projects in the period 2011 to 2013;

1. Wool and Mohair product development in Mokhotlong;
2. Award of tertiary scholarships to worthy students;
3. High Altitude Summer Marathon;
4. Maloraneng Lodge and 'Mapoka Camp Sit;
5. Livelihoods and Food security project and
6. Provision of ablution facilities to Khaphamali;

3.0 Projects

Consultations were made to identify key developmental interventions that the company would support in a sustainable nature.

Projects were identified, but due to limited resources priority was given to the below mentioned projects in the current strategy.

3.1 Wool and Mohair product development programme

The overarching objective of the project is to create entrepreneurs along the wool and mohair value chain. With adequate technical, entrepreneurship skills and material support it is envisaged that through this project the following sections along the wool and mohair value chain could be turned into viable commercial avenues;

- Wool shearers;
- Wool classers and recorders;
- Community Paravets;
- Farmers trainers;
- Ram breeders

The wool and mohair project will focus on the following specific areas;

3.1.1 Farmers Skills Development;

The purpose of the project is to arm farmers with the necessary knowledge and skills to run successful, profitable and sustainable wool and mohair farming operations. The farmer and skills training envisaged is aimed at to open the farmer's minds and to deepen their appreciation of the possibilities and potential of wool and mohair commercial farming. Specifically, trainings will be conducted for the woolsheares, basic animal health workers at the community level and wool classers and recorders. Institutional capacity building will be provided to the associations.

3.1.2 Infrastructure Development;

Two woolsheds would be built at Pae-la-ithlatsoa and Thabang in 2011, while the two woolsheds would be built at Linakaneng and Masoleng in 2012 and 2013 respectively. New equipment would be procured as needed for each woolshed based on its specific requirements.

3.1.3 Ram Breeding Support Programme ;

Training would be provided to ram breeders in Mokhotlong. The purpose of this programme is to urgently assist commercial Basotho breeders who will breed high quality rams and bucks that are adapted to local conditions for sale to Basotho farmers at affordable prices.

The trained breeders would assist or provide breeding services to the rest of the farmers. The trained ram breeders would be supported to set up their ram breeding services to farmers as businesses. Farmers would then be expected to pay a fee to access this service.

3.1.4 Support to Accessibility of Veterinary Services.

Training would be provided to selected farmers who would perform basic animal health procedures to small stock farmers in Mokhotlong district. Each woolshed would be expected to nominate a participant at this training. Farmers would be expected to pay a fee to access these services.

3.2 Award of tertiary scholarships to worthy students

Section 9(i) of the Mining Agreement provides that the company shall establish an educational trust to be administered by the Board of Directors of the Company or any subcommittee appointed by such Directors.

The Letšeng Diamonds educational scholarships were first offered to Basotho nationals in 2006. To date thirty two scholarships have been awarded, eighteen scholarships awardees successfully completed their studies, four graduates are employed by the mine while seven are on internship. The Company gives preferential employment to students who have successfully completed their studies if there is an existence of a vacancy.

The CSRI sub-committee of the Board of Letšeng Diamonds on an annual basis determines areas of study that the company would support in the subsequent year. Since 2006 when the scholarships were first offered the following areas of study have been supported: Bsc Mining Engineering, Msc Geology, Bsc Geology, Msc Chemical Engineering, Msc Chemical Engineering (Metallurgy), Post-graduate Diploma in Engineering, MTech Chemical Engineering, BEng Mining, Bcomm Accounting, MTech Environmental Health, Bsc Eng Electrical and Comps and Msc Eng (Mineral Processing).

3.3 High Altitude Summer Marathon

Letšeng Diamonds is a major sponsor of the High Altitude Summer Marathon race for three years from 2009 to 2011. The sponsorship value is 1 Million Maloti per annum. The marathon consists of three races 42.2km, 21.1km and 10 km. The marathon creates temporary employment opportunities during the preparation, implementation and phase out of the race. Business opportunities are created for Mokhotlong business suppliers because all the supplies are from within Mokhotlong except in cases where such services cannot be obtained from Mokhotlong.

The race has several spin offs particularly regarding the promotion of Mokhotlong as a potential tourist centre for Lesotho. Foreign athletes take part on an annual basis at the race.

3.4 Maloraneng Lodge and 'Mapoka Camp Site

The property consists of the Grand Lapa and six en-suite chalets located at Maloraneng and an open Lapa and ablution facilities located at 'Mapoka Camp Site, constructed by Letšeng Diamonds and subcontractor Alluvial Ventures. The Ownership and title in the property is vested in the Khubelu Valley Tourism Ventures.

The property is run by an independent operator as a business enterprise for the benefit of the community. Revenue generated from the project is used by the community on communal projects that are decided upon by the same community.

3.5 Livelihoods and Food Security project

Through subsistence farming and agricultural related activities farmer's capacity and skills will be improved to produce more and better quality crops with minimum cost. By promoting low external input sustainable agriculture (LEISA) local farmers and households, especially the elderly and HIV/Aids affected families, will be able to produce crops without relying too much on external inputs. The following specific activities will be undertaken at Pae-la-lthlatsoa community council.

- Backyard gardening, which will include keyhole gardens and sheltered beds;
- Small stock production and
- Seed Evaluation and Multiplication.

3.6 Provision of ablution facilities to Letšeng Village (Phuthalichaba)

Provision of basic amenities such as toilets and water supply to this village and in partnerships with all relevant service delivery role players such as central level Ministries, Local Government, Health and rural water supply department and local community council, office of the District Council Secretary and District Administrator in Mokhotlong will be done.