

1. BACKGROUND

a. Position of The Company

Letšeng Diamonds (Pty) Ltd (“the Company”) recognises that the company’s national and international profile attracts close attention with respect to corporate social governance from mine-adjoining communities, the nation at large and the international community. Accordingly the Company strives to establish strong relationships with local communities, the nation and other stakeholders through a strong and effective corporate social responsibility and investment strategy as an integral part of its mining business strategy.

b. Adoption of Corporate Social Responsibility and Investment Policy

The Company aims to foster social and economic community development that will sustain the communities well beyond the mine’s planned life.

As a committed corporate citizen of Lesotho, the Company whole-heartedly adopts and embraces the notions of Corporate Social Responsibility and Investment (CSRI), addressing the company’s overall response to economic, social and environmental considerations and the latter (in addition to its regular business activities) the company’s contribution to the communities and the nation in which it operates. This Corporate and Social Responsibility and Investment Policy is adopted to pursue the company’s CSRI endeavors.

2. OBJECTIVES OF THE POLICY

- a. To identify, assess and manage the risks to the communities in which we operate;
- b. To set CSRI objectives on a regular basis to promote monitoring and improvement;

- c. To maintain transparent, consultative relationships with all stakeholders in the community through effective communication channels;
- d. To support the fundamental human rights of the communities in which we operate;
- e. To respect the traditional right of indigenous people;
- f. To contribute to the long-term social, economic and institutional development of the communities within which our operations are located;
- g. To develop CSRI programmes that maintain goodwill for the Company and address the long-term needs of communities in a sustainable manner without creating a culture of dependency;
- h. To ensure projects are handed over to the stakeholders thereof, after a fixed period of time, as determined by the sub-committee.
- i. To promote the growth of alternative and sustainable economic development;
- j. To be responsive to the needs of communities and to promote best practice in areas such as human rights and community development;
- k. To be committed to the principles behind the Kimberley Process, which is against the buying or handling of rough diamonds where this will encourage or support conflict;
- l. To have safeguards in place to ensure that the use of child labour does not occur in any of its businesses or associates.

3. FOCUS OF THE POLICY

The focus of the Policy, is the peoples and communities of the District of Mokhotlong primarily, and the Kingdom of Lesotho as a whole. The Policy aims to develop mutually beneficial relationships with the community, establishing and ensuring the continued integrity of Letšeng Diamonds (Pty) Ltd. The goals of the Policy are to ensure the provision of sustainable development to the community to uplift the socio-economic status of the surrounding peoples and communities and

that even after the mine operations cease the community should preferably remain self-sufficient

4. BUDGET

- a. The Sub-committee shall submit an annual request to the Board of Directors who shall make an annual budget provision to be dedicated to the meeting of the objectives of the Policy.
- b. The CSRI Committee shall expend the funds approved by the Board after considering the merits of projects and ensuring them to be in line with the requirements of the policy.
- c. Notwithstanding the budgetary provision, the Policy is not limited to only monetary assistance. Letšeng Diamonds (Pty) Ltd may elect to utilise any of its resources in furtherance of and in accordance with the CSRI Policy.

5. ADMINISTRATION

- a. Membership
 - i. The CSRI fund is to be administered by a stakeholder inclusive committee, which shall be composed as follows;
 - Two representatives of the Local community,
 - Two Government appointed members of the Board of Directors,
 - One executive member of the Board of Directors of the Company,
 - One non-executive Director of the Board of Directors of the Company,
 - The General Manager of the mine,
 - The Financial Manager of the Company.
 - ii. The sub-committee shall annually appoint the Chairperson from amongst its members.
 - iii. The Company Secretary shall be the secretary of the Sub-committee.

- b. The quorum for the transaction of business shall be four members of the Sub-committee with the proviso that at least two of the four members are directors, of which one should be a Government appointed director, and one of the four members is a Local community representative.
- c. All decisions of the sub-committee shall be by majority vote and the Chairman shall have a second or casting vote in case of an equality of votes.
- d. Those persons who attend sub-committee meetings by invitation shall not be allowed to vote at the meeting
- e. The CSRI Committee shall meet at least once a financial quarter.
- f. The CSRI Committee shall determine its own rules and procedures.
- g. The functions of the CSRI Committee shall be to:
 - Identify and receive possible project proposals,
 - Assess all project proposals in accordance with the Project Criteria
- h. Members of the CSRI Sub-committee shall declare any personal interests and the Sub-committee shall have the right to exclude said member from the meeting or deliberation of any item of the agenda pertaining to the personal interest.

6. PROJECT CRITERIA

- a. It is imperative that when the Company elects to assist a community or fund a project, it ensures that resources are really for the benefit of those communities and create sustainable development for such communities.
- b. Letšeng Diamonds (Pty) Ltd believes that sustainable development is truly about teaching people how to fish as opposed to giving them fish. Accordingly, in assessing a project's suitability the following shall be considered:
 - i. The project responds to the needs of the community as wanted by them and contributes to improvement of quality of life in the community.

- ii. The project must be owned and driven by the community, with fora/structures in place, with community peoples, to facilitate same at all stages.
 - iii. Community ownership must be through contribution to cost of project if not financially with “Sweat equity”.
 - iv. Projects must be properly managed and run by the community with supervision by Letšeng Diamonds (Pty) Ltd.
 - v. Supervision by Letšeng Diamonds (Pty) Ltd should ensure that the project is well managed from inception through to maturity and independence.
 - vi. Proper mechanisms are to be put in place to ensure good governance e.g. audit trail.
 - vii. The project is financially viable and is able to be implemented, i.e. its input/output ratio is acceptable?
 - viii. The project is self-sustaining and fosters self-reliance.
- c. Should the Company partner with Government Agencies, NGOs and other organisations, these are to foster sustainability and bring technical expertise.
- d. Consequences must be understood and accepted by the community for non-performance, including accountability for resources given. A mechanism for funding to be gradually converted into grants to encourage sustainability and productivity.
- e. Notwithstanding any of the above criterion, and recognising the capacity within the surrounding communities, the CSRI Committee be mandated to assist proposals to meet the criterion, within the principles of good governance.
- f. The Sub-Committee should assist communities with **the technical know-how and the skills to draft and present sustainable projects.**

7. **COMMUNICATION**

The Sub-Committee shall promote effective and efficient communication strategy with all stakeholders.

8. **REVIEW**

The CSRI Policy shall be reviewed every 2 (years) unless an earlier need arises.