

 <b>LETŠENG DIAMONDS</b>	REFERENCE:	P01/09/15/006
	COMPANY POLICY:	
TITLE:	Corporate Social Responsibility and Investment Policy	

ORIGINATOR	NAME	DESIGNATION	SIGNATURE	DATE
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ADMINISTRATED BY	T Hlojeng	CSRI Administrator		
Approved by		CSRI Sub-Committee		
DISTRIBUTION	CSRI Sub-Committee Members CEO COO			


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## 1. Background

As a committed corporate citizen of Lesotho, Letšeng Diamonds Pty (Ltd) (“the Company”) whole-heartedly adopts and embraces the principles of Corporate Social Responsibility and Investment (CSRI), addressing the company’s overall response to economic, social and environmental considerations, in addition to its regular business activities. Accordingly, the Company strives to establish strong relationships with local communities, the government and other stakeholders through a strong and effective Corporate Social Responsibility and Investment (CSI) strategy as an integral part of its mining business strategy.

## 2. Scope


The purpose of this policy is to formalise the CSRI strategy of the Company in line with the Company’s strategic intent, and relevant mining legislation and also the Mining Agreement. The Company is committed to being a responsible corporate citizen having clear corporate values, recognising the interest of the communities, being transparent and following relevant 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, environmental management, human rights and economic development and fair labour practices.

## 3. CSRI Focus Areas

With this policy the Company commits to assist in the implementation of key areas as identified below, to result in sustainable economic community projects that would remain after the life of mine. It is recorded that all decisions in relation to the CSI focus areas and projects shall be in the sole discretion of the CSRI Sub-committee.

### 3.1. Investment in Education

3.1.1. Education is important in the development of any society. The Company recognises the critical role that education will play in the transformation and development of Lesotho. The Company, in accordance with section 8.3 of the Mining Agreement will contribute to

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education in the areas relevant to the development of the natural resources of Lesotho through the Company's scholarship programme. The scholarship programme will be for the benefit of Lesotho nationals at university level including technical training where necessary.

3.1.2. The Company will establish and maintain a 12 (twelve) month internship programme for not less than 8 (eight and up to 15) Basotho university students in the fields of study which include, but are not limited to, Mining Engineering, Geology, Metallurgy and Mine Survey. the number of students will be reviewed every 5 (five) years.

3.1.3. The Company intends to support the development of educational infrastructure such as school buildings and furnishings.


### 3.2. Development of Sustainable SMME (Small, Medium and Micro Enterprise)

3.2.1. The Company has been involved in the area of socio-economic development throughout its life cycle. Some of the areas that the Company will continue to invest in include job creation, the elimination or eradication of poverty, and community safety.

3.2.2. In the area of socio-economic development, the Company will identify and focus on areas of need in line with the Mining Agreement while ensuring the development of the small to medium businesses in both the mining communities and the nation at large. Should the opportunity exist, the Company may also partner with other stakeholders including non-governmental organisations that are participating and are active in socio-economic development.

### 3.3. Community Health

Lesotho is faced with multiple health challenges that range from, but not limited to, high rates of child mortality, tuberculosis, poor nutrition, inadequate hygiene and the high prevalence rate of HIV/Aids. This has affected all developmental areas of the country including human resources. The

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Company has identified investment in the uplifting of Community Health services and facilities based on specific community health needs as one of its goals.

### 3.4. Infrastructure

The Company prefers to invest in the development of community facilities by means of providing infrastructure for the community benefit. The infrastructural needs of the communities that would ensure and support sustainable development initiatives will be given preference. Where feasible, the infrastructural projects will be handed over to the relevant community authority for its management and maintenance going forward.

### 3.5. Regional and Environmental Initiatives


The Company will seek to support community based environmental projects which will be jointly run with the communities themselves. The aim of the projects will be to protect and improve the environment within the communities.

### 3.6. Other areas

The Company will also seek to support other areas such as emergency donations and sporting sponsorships where appropriate in the sole discretion of the CSRI committee. Consideration will be given to support projects that are linked to meeting or exceeding the requirements of the Mining Agreement and relevant legislation in Lesotho.

## 4. Budget

- 4.1. The Company will have a CSRI budget to support all projects approved by the CSRI Sub-Committee after consultation with the Commissioner of Mines.
- 4.2. The Letšeng Diamonds Board shall annually allocate for CSRI, an amount being equal to M5,000,000 (Five Million Maloti) ("the Minimum Budget") or 1% of the total dividends declared and paid in the relevant financial year, whichever is greater.

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4.3. In the event that the Company recovers a Special Diamond, the Letšeng Diamonds Board shall allocate an amount being equal to M500,000 (Five Hundred Thousand Maloti) (“the Minimum Budget”) or 1% of the market value of the Special Diamond, whichever is greater, to fund a community project chosen by the CSRI Sub-Committee after consultation with the Commissioner of Mines, which project shall be taken from the 5 year plan referred to in clause 6.2 below.

4.4. Funds obtained from external parties may be utilised to increase the scope and strengthen the impact of the Company’s CSRI programmes, on condition that such funds align with the Policy focus areas outlined.

## 5. Responsibility

5.1. The CSRI Sub-committee will, in its sole discretion, be responsible for considering and monitoring all CSRI projects, programmes, and activities in the Company.

5.2. The function of the 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 Diamonds Board.

## 6. CSRI Funding Process

Through a consultative process with the communities, a needs analysis exercise will be undertaken to identify viable investment projects and opportunities.

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- 6.1. The identified needs will be matched with the approved funding or the Minimum Budget.
- 6.2. A detailed five-year plan will be developed based on the identified needs and the Minimum CSRI Budget. The plan will indicate milestones to be achieved within specific time frames and will be updated annually.
- 6.3. The budget for projects proposed for the year, which shall be part of the five-year plan shall be submitted to the CSRI Sub-committee for approval.
- 6.4. Oversee the implementation the plan.
- 6.5. The systems are to be put in place to monitor projects' progress on a regular basis, and production of a periodic HSSE report and quarterly CSRI Sub-committee reports should be done.
- 6.6. Formal written proposals received from communities, individuals or organisations will go through the following process:
  - 6.6.1. The CSRI Administrator will acknowledge receipt of the written proposal.
  - 6.6.2. The CSRI Administrator may, if he deems it worthy of the attention of the CSRI Sub-committee, prepare the funding proposal for submission to the CSRI Sub-committee for consideration.
  - 6.6.3. The CSRI Sub-committee may, in its sole discretion, approve or reject the proposal.
  - 6.6.4. If a proposal is rejected, the CSRI Sub-committee may elect to record the reasons for rejection.
  - 6.6.5. If a proposal is approved, the CSRI Sub-committee may allocate such funds to the project as it deems appropriate before or after the

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necessary agreements have been signed with the relevant beneficiary organisation.

6.6.6. The CSRI 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.

6.6.7. The CSRI Sub-committee will periodically monitor projects that are funded by the Company.

6.6.8. The CSRI Administrator will ensure that proper reporting on the CSRI projects and programmes is made to the CSRI Sub-committee at every meeting of the Sub-committee.

## 7. Evaluation, Monitoring and Reporting

Continuous evaluation, monitoring, and reporting will provide evidence of performance, success stories and areas requiring attention. Reporting on CSI activities will demonstrate to the Company's shareholders and other interested parties the progress the Company has made with respect to CSI to make the Company a good corporate citizen, and to comply with relevant mining legislation. This will also allow feedback and continuous improvement. The company may choose to assist in the management of the projects and handover once convinced that adequate capacity to manage such projects would have been acquired. Project beneficiaries will be expected to provide quarterly reports on overall CSRI project management and implementation. A stakeholder management approach will be followed in the implementation of the Company's CSRI programme.