

Environmental, Social and Governance **Report** 2026

2026 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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01 About our report



Read alongside our integrated report, our first ESG report goes deeper into the environmental, social and governance detail behind how we serve Basotho.



Scope, boundary and framework

This report covers the financial year from 1 April 2025 to 31 March 2026, aligned with the reporting period of our integrated annual report and with the Government of Lesotho's fiscal year. Revenue Services Lesotho (RSL) is the reporting entity, defined consistently with the integrated report, and the organisation as a whole is within scope. The operational boundary for the ESG information in this report covers RSL's head office in Maseru, our network of service centres across all 10 of Lesotho's districts, and our network of ports of entry along Lesotho's borders. As RSL's first annual ESG report, there are no material prior-year boundary changes in our ESG reporting.

The topic boundary (the matters this report addresses in substance) extends beyond the operational boundary to include the material environmental, social and governance effects of RSL's work as they arise. In practice this means we report on:

- the compliance and welfare of the taxpayers we serve;
- our contribution to the Lesotho public finances and the services those finances fund;
- the environmental and social outcomes of the levies we administer; and
- the effects our procurement and partnerships have across our value chain.

This report is prepared with reference to the GRI Standards issued by the Global Sustainability Standards Board (GSSB). The report's GRI content index can be reviewed on page 49.

Materiality basis

This report applies both materiality lenses that governance thinking on sustainability disclosure has converged on.

1. Impact materiality addresses matters where RSL's activities have (or could have) a substantive effect on the economy, environment or people, whether or not those effects are financially material to RSL itself.
2. Financial materiality addresses matters that could reasonably be expected to affect RSL's financial position, financial performance, cash flows or access to finance, in the short, medium or long term.

In this report, a topic material by impact is typically also material by financial exposure over the longer horizon. The dual-lens approach is intended to serve both those focused on RSL's outward effects on Lesotho and the environment and those focused on the resilience of RSL and its revenue base against ESG-related risks.

To read about how we determined the year's material ESG topics, the topics themselves and the stakeholder input that shaped them, refer to page 21.

ABOUT THIS REPORT *continued*

Relationship to the integrated report

The 2025/26 ESG report is a companion to the RSL integrated annual report for the same financial year. Each report is designed to stand on its own for the audience it primarily serves.

The integrated report tells the connected story of how RSL creates values across the Six Capitals (Financial, Manufactured, Intellectual, Human, Social and relationship, and Natural), over the short, medium and long term, in service of our mandate to positively impact Basotho's livelihoods. It is prepared in accordance with the International <IR> Framework. This ESG report provides the deeper disclosure that specialist environmental, social and governance audiences expect.

Content on our strategy, governance architecture, material matters, stakeholder engagement, business model, risk landscape and workforce appears in both documents, but the treatment differs. The integrated report presents each in the context of value creation across the capitals; this ESG report goes deeper on the ESG substance itself, with the technical detail the sustainability framework requires. Where coverage in the integrated report is sufficient, this report cross-references to that document.

Forward-looking statements

This report contains forward-looking statements about RSL's environmental, social and governance topics. These statements are based on information available to the Board and management at the date of approval and reflect our reasonable expectations as of that date. They are subject to risks, uncertainties and other factors; many of them outside our control.

The auditors have not reviewed or reported on the forward-looking statements in this report. The Board does not undertake to revise or update forward-looking statements to reflect events or circumstances arising after the date of this report, except as required by law.

Board statement of responsibility

The RSL Board of Directors acknowledges its responsibility for ensuring the integrity of this ESG report. Management is responsible for establishing and maintaining appropriate systems, processes and internal controls for the collection, validation and reporting of ESG information.

The Board accordingly approved RSL's 2025/26 ESG report on 30 September 2026



7 Message from the Board Chairperson and the Acting Commissioner General



02 Message from the Board Chairperson and the Acting Commissioner General

“

As a revenue authority, sustainability means the country we serve remains one we can serve well over a long horizon.

”

To our stakeholders,

This is the first Environmental, Social and Governance report from Revenue Services Lesotho, prepared alongside our integrated report for the year to 31 March 2026. We describe what the year has meant for the environmental, social and governance dimensions of our work, including the pressures that shaped the year, priorities we have set for the year ahead and areas where our thinking and disclosure are still developing. ESG at RSL demands shared stewardship of our institution across short, medium and long term horizons, which is why we signed this message jointly.

A critical ESG initiative for the year was to raise sustainability awareness with members of staff. Following the approval of the ESG Policy, we sought to implore RSL staff across the organisation to contribute to the ESG objectives. With requisite awareness and endorsement, our staff will also be able to influence the communities they live in to contribute to national sustainability objectives for the benefit of Lesotho.

RSL sought to determine the areas in which we could make a difference through our ESG contributions. A detailed assessment weighed the impacts of different areas and led to recommendations of ways to make a positive impact.

As a socially responsible organisation, we continued our Corporate Social Investment and Responsibility (CSIR) efforts. During the period under review, staff celebrated the “Back to School” period by gifting school shoes. Every staff member contributed a pair of shoes, which were collected and offered to children in need.

The year’s focus in the area of ethics was to secure a common understanding of RSL’s values and the principles that drive them. We strived to ensure that every member of staff understood how to live the RSL values. Members of senior leadership were substantially involved in delivering these messages and ensuring each staff member received them.

Geopolitical and geoeconomic shifts early in the year involved reciprocal tariffs by the United States on trade from Lesotho and the suspension of USAID donor funding; however, in subsequent months, the tariff rate was reduced and a bilateral health funding agreement between the United States and Lesotho was concluded. A comprehensive overview of the external environment and its impacts on RSL can be read on page 14.

In forthcoming years, RSL intends to:

- build RSL House in compliance with eco-friendly building requirements as a way to care for the environment and promote sustainability;
- seek a strengthened stakeholder relationship with the Ministry of Environment and Forestry, where ideas will be shared for compliance and other relevant issues;
- acquire bins to facilitate separation of garbage at point of collection in all its offices, enabling easier recycling and reductions of sorting at points of disposal; and
- educate staff in the simple ways of saving energy and protecting the environment wherever they are.

We extend our appreciation to all RSL employees, strategic partners, taxpayers, Board of Directors and other stakeholder groups, including the Government of Lesotho and the Ministry of Finance and Development Planning, as well as the Ministry of Environment and Forestry, for their valued engagements with the ESG topics included in this report.

Adv. Lindiwe Sephomolo KC
Board Chairperson

Mr. Rakokoana Makoa
Acting Commissioner General

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Headline ESG indicators for the year



03 RSL at a glance

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The year in numbers is most easily read as data, with each number describing what our work did to the environment, our people or the institutions we belong to.

”

Headline ESG indicators for the year

Workforce size

653

(2024/25: 648)

Gender ratio

44% Male
56% Female

(2024/25: 59% Female & 41% Male)

Training interventions implemented

40

(2024/25: 56)

Staff members trained

569

(2024/25: 721)

Electricity expenses

M5.28 million

(2024/25: M3.61 million)

Fuel expenses

M1.21 million

(2024/25: M1.76 million)

Water expenses

M0.23 million

(2024/25: M0.11 million)

Plastic Levy collections

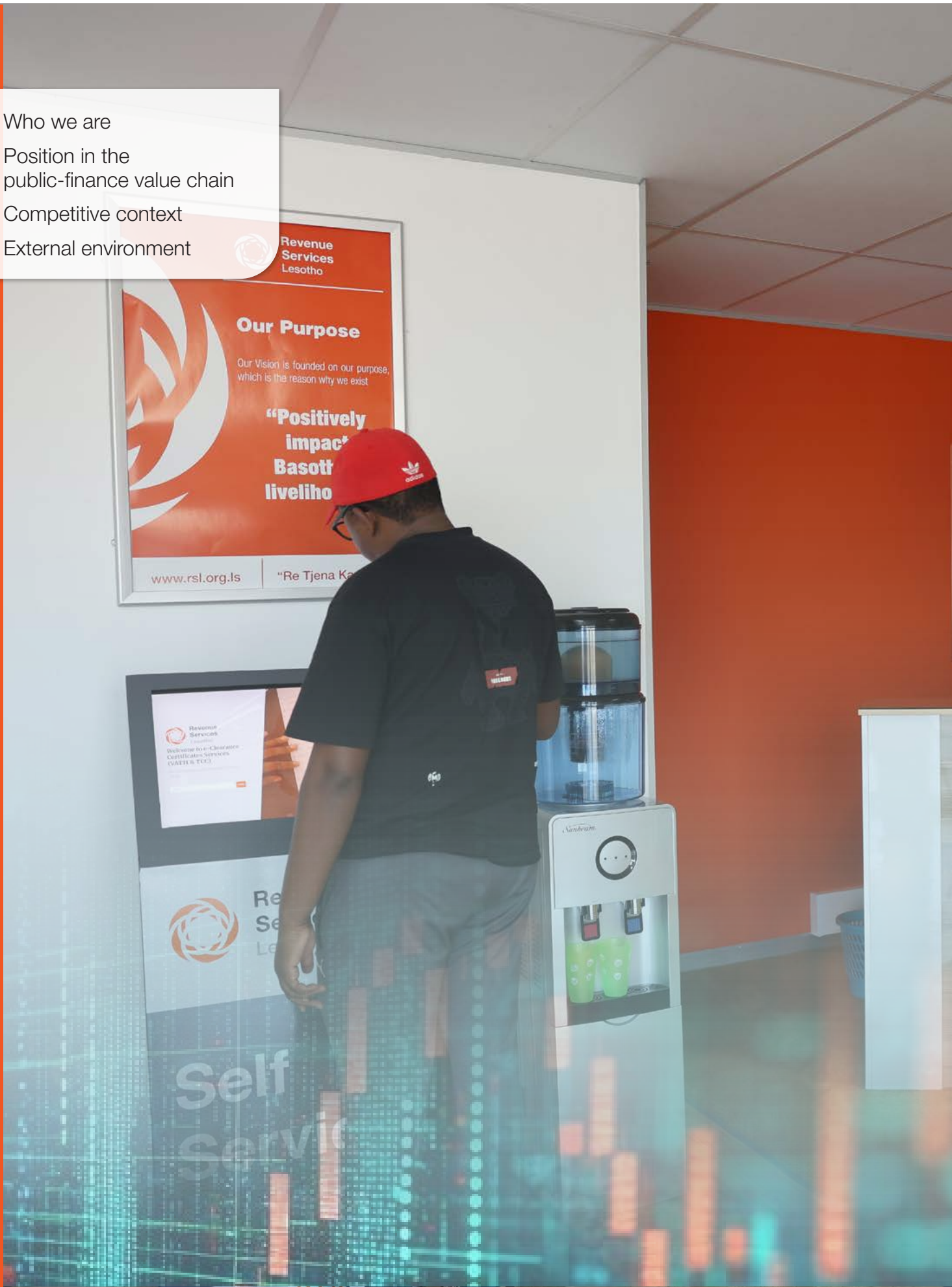
M9.74 million

Material cybersecurity incidents

0

(2024/25: 0)

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04 Organisational overview and external environment

“Every loti we collect begins as a Mosotho’s wage, sale or import, and ends as a school, a clinic or a border post infrastructure. Our work is what happens in between.”

Who we are

Revenue Services Lesotho (RSL) is an autonomous body established by the Lesotho Revenue Authority Act No. 14 of 2001 (as amended). We became operational in January 2003, consolidating the former Income Tax, Customs and Excise, and Sales Tax Departments into a

single revenue administration. We operate under the policy direction of the Minister of Finance and Development Planning and are accountable to Parliament. Our head office is in Maseru, supported by service centres and a network of ports of entry across Lesotho’s 10 districts.

OUR MANDATE

To operate as a designated agency of the Government of Lesotho responsible for the assessment, collection and receipt of specified revenue, and for the administration and enforcement of laws relating to that revenue.

OUR MISSION

- To enable government funding
- To fight corruption
- To foster a fair tax environment
- To be the best employer
- To be financially stable

OUR PURPOSE

To positively impact Basotho’s livelihoods.

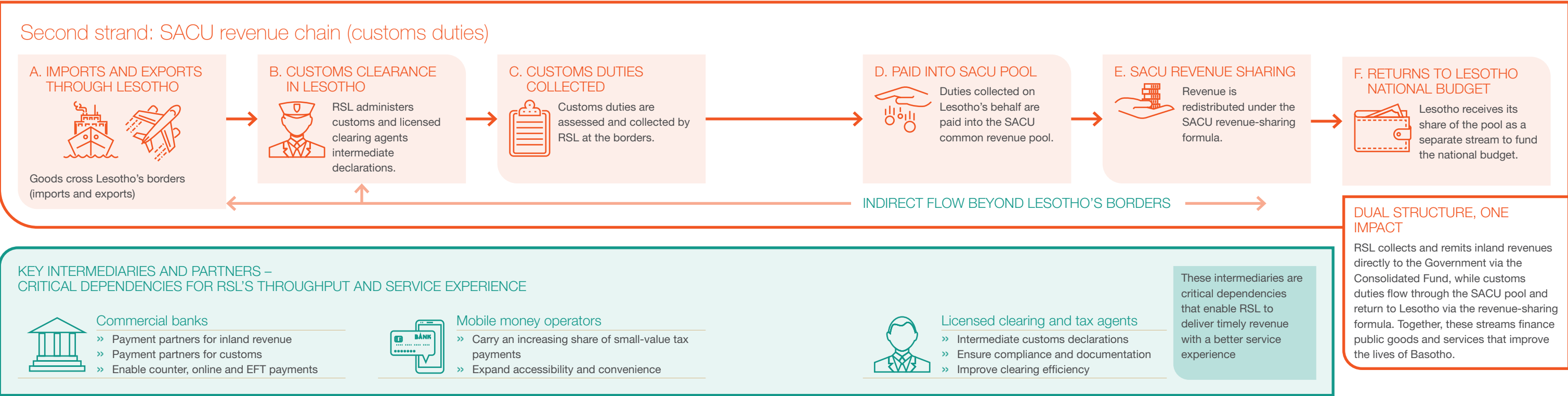
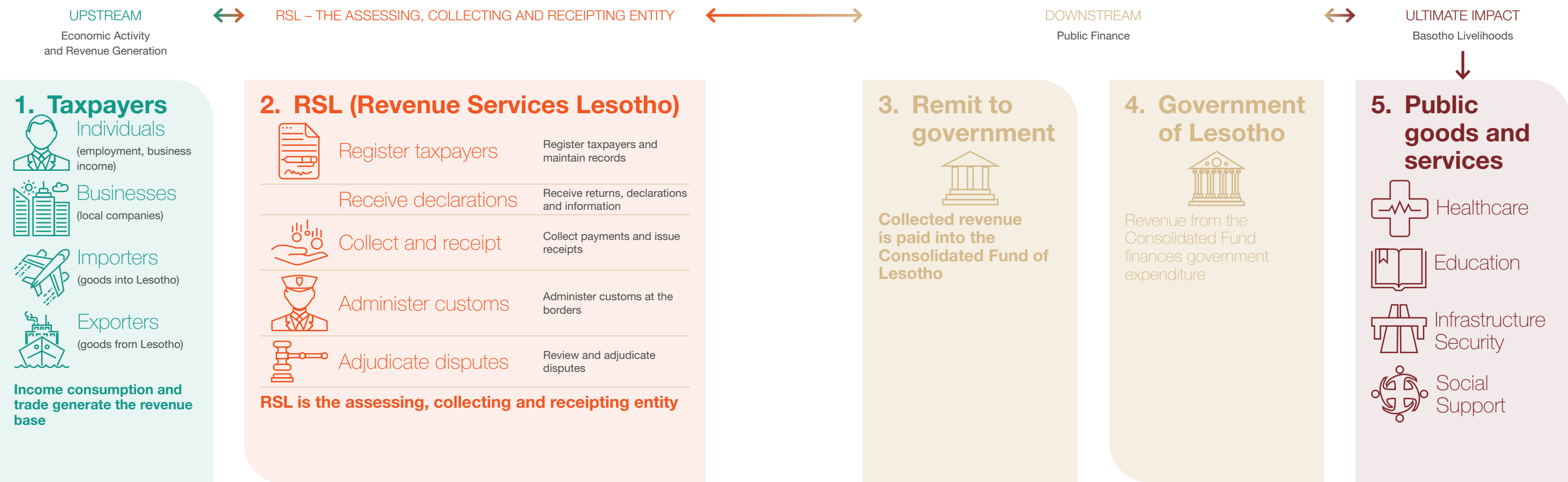
OUR VALUES

- Teamwork
- Innovation
- Professionalism
- Integrity
- Empathy

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENTcontinued

Position in the public-finance value chain

RSL sits in the middle of the chain that turns Basotho’s economic activity into public services.



ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT *continued*

Competitive context

RSL has no commercial competitor for its mandate, since by statute we are the sole revenue authority for Lesotho. The competitive dynamics that nonetheless bear on our value creation are of three kinds.

- 1. The informal and non-compliant economy is largely the de facto competitor for our tax base.

Economic activity that occurs outside the registered tax system, or that is deliberately underreported or concealed within it, results in revenue we do not collect and limits the government's capacity to fund essential public services. We contest this space through compliance interventions, data-driven risk targeting and partnerships with key stakeholders, sister law enforcement and registration agencies.

- 2. We compete in the labour market for scarce technical and leadership skills.

Our stated ambition to be the best employer in Lesotho is, in practice, a statement about a labour market in which we compete with banks, telecoms, audit firms and regional employers for tax, customs, data science and IT talent. Our employee value proposition, leadership development and reward design are the levers.

- 3. Peer revenue authorities are our benchmarks.

We participate in peer learning with revenue administrations across Southern Africa and beyond (supported by membership of the African Tax Administration Forum and the Commonwealth Association of Tax Administrators, and engagement with the IMF, World Bank, OECD and UNDP) and we measure our administration against the Tax Administration Diagnostic Assessment Tool (TADAT). The benchmarks they provide are how we know whether we are improving in absolute or relative terms.

External environment

Lesotho's operating environment during FY2025/26 was shaped by a turbulent combination of global, regional and domestic forces. The conditions under which we administered the revenue system are set out below.

Global and geopolitical context

The global outlook deteriorated through the reporting year. At year end, the International Monetary Fund (IMF) projected global growth at 3.3% for 2026, with significant downside risks; a sustained rise in international crude oil prices has shifted the global narrative from disinflation to renewed stagflation risk. Two United States policy decisions had particularly material consequences for Lesotho.

- 1. Tariff-related impacts In April 2025 the United States (U.S.) imposed a 50% reciprocal tariff on imports from Lesotho, the highest rate levied on any country. The tariff was reduced to 15% in August 2025 following intense bilateral engagement, though Lesotho's principal regional competitors, Kenya and Eswatini, faced only 10%. The African Growth and Opportunity Act (AGOA), which had provided duty-free access to the US market for 25 years and underpinned Lesotho's textile industry, lapsed on 30 September 2025; a one-year extension was granted to the end of 2026. Textiles and apparel dominate Lesotho's exports to the U.S., while the U.S. accounts for approximately one-fifth of Lesotho's total export market. Around 20,000 textile sector jobs were estimated to be at risk over the reporting period, with significant order cancellations and factory closures already realised in the industry.

- 2. USAID funding disruption

A U.S. Executive Order in January 2025 froze USAID funding; by March 2025 approximately 83% of USAID initiatives had been terminated globally. Local HIV/AIDS programmes were severely impacted; approximately 1,500 health-sector workers in Lesotho were directly affected. Lesotho has the second-highest HIV prevalence in the world. A five-year United States-Lesotho health-funding pact announced in November 2025 partially restored support.

Regional and domestic context

Lesotho's monetary stability rests on the long-standing peg of the loti to the South African rand, maintained by the Central Bank of Lesotho. The peg has continued to anchor inflation expectations within a band aligned to South Africa's.

IMF estimates indicated that Lesotho's real GDP growth picked up modestly to 2.6% in FY2024/25 before almost halving to a projected 1.4% in FY2025/26, reflecting the deteriorating external environment. The African Development Bank's projection for 2026 is more cautious at 0.5%. Growth has remained narrowly concentrated, with the Lesotho Highlands Water Project Phase II (LHWP II) accounting for the bulk of activity in construction and related services; without it, the economy would have approached stagnation. Mining, manufacturing and agriculture remained weak. Inflation eased from a peak of 8.2% in January 2024 to an average of 4.38% across 2025.

The 2025/26 national budget, presented under the theme *Building Strategies for Inclusive Growth*, projected total revenue of M26.5 billion against expenditure of M33.6 billion. The SACU revenue-sharing mechanism remains the single most consequential external factor for the Lesotho budget. SACU receipts dropped to 20.4% of GDP in FY2025/26 (down from 27.8% of GDP in FY2024/25) and are expected to stabilise at around 20%.

Three pieces of legislation directly relevant to RSL were announced for tabling in FY2026/27, the Tax Administration Bill, the Income Tax Amendment Bill and the VAT Amendment Bill.

Implications for RSL

The combined effect of structurally lower SACU receipts, the textile-sector contraction and the US tariff regime, and the partial restoration of US development assistance, is to place a substantially heavier burden on domestic revenue mobilisation than at any point in our recent history. Personal Income Tax is exposed to both the textile-sector contraction (a meaningful PAYE base) and to the donor-funded employment that exited the economy during FY2025/26. Value-Added Tax is exposed to the wider consumption effects of lower employment and constrained fiscal space. The legislative pipeline anticipated for FY2026/27 provides the statutory platform to extend our administrative reach, modernise compliance instruments and broaden the tax base in proportion to a national budget that can no longer rely on the SACU windfalls of recent years.



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05 Our approach to ESG

“As a revenue authority, ESG is embedded in what strategy asks of us, from the employees who deliver it to the trust it depends on.”

Our ESG policy framework

RSL introduced ESG as part of the Lesokoana Strategy in FY2024/25 (the first year of the strategy’s implementation). It was approved by the Board in March 2025.

To date, most ESG reporting in Lesotho is largely voluntary although the Mohlomi Corporate Governance Code recognises sustainability and integrated reporting as elements of good corporate governance. With ESG considerations gaining increasing prominence among governments, regulators, investors and other stakeholders around the world, a structured ESG Policy was deemed essential. RSL structured the Policy to provide a clear framework for managing and reporting the organisation’s environmental, social and governance impacts, risks and opportunities and to establish awareness of ESG matters across the organisation, built as a plan to mitigate risks and make meaningful improvements.

RSL developed its ESG Policy to provide a coordinated approach to managing ESG-related matters, recognising that their effective management requires breaking down organisational silos and integrating ESG considerations across the organisation. The Policy seeks to foster an ESG mindset fully embedded into the organisation’s operating model. The Policy guides RSL on the effective implementation and alignment with locally and internationally recognised standards, and other relevant frameworks, to reach a desired level of maturity in ESG-related matters.

The purpose of the ESG Policy is to promote RSL’s accountability and sustainability by addressing ESG risks and opportunities in a manner that supports long-term value creation. It is intended to apply to all RSL employees, stakeholders, service providers and suppliers.

The objectives of the ESG Policy are to:

- integrate environmental, social, and governance (ESG) principles into RSL operations to minimise the negative impact (risk) and maximise the positive impact (opportunity) on RSL operations;
- facilitate management’s accountability for effective identification, assessment, management and reporting of ESG issues in their respective areas of control;

- align RSL’s business with the national and best international ESG laws, regulations, best practices and standards;
- improve the RSL’s position as a national leader in sustainability through ESG implementation and reporting; and
- provide policy direction for RSL to reduce its environmental impact by focusing on sustainability and responsible resource management.

The Policy explains that RSL commits to:

- integrate ESG risk management into its tax administration, revenue collection, customs operations, policy formulation and internal operations;
- embed ESG best practices into its tax administration, revenue collection, customs operations, business strategy, policy formulation and internal operations;
- perform ESG Materiality Impact Assessments periodically, as a means to identify focus areas;
- accelerate and increase deployment of capitals that optimise financial, social and relationship, and natural returns;
- report on, communicate successes, lessons learned and areas for improvement (internally and externally) to inspire confidence and support for ESG initiatives;
- endeavour to work only with vendors and suppliers who align with the ESG best practices to ensure sustainability of its operations;
- develop key results and metrics to measure progress toward ESG goals and track performance over time;
- monitor and evaluate the effectiveness of the implemented ESG initiatives on an ongoing basis and continuously seek opportunities for improvement and innovation;
- establish a Management Committee responsible for governing and managing ESG-related matters;
- set aside a budget annually to fund ESG related initiatives; and
- conduct environmental and social impact assessments, and develop an implementation plan in designing and executing its projects.

OUR APPROACH TO ESG *continued*

Connection to the four Lesokoana pillars

The Lesokoana strategy translates RSL's purpose, mission and values into four pillars of execution, each with an ESG dimension:

1. Improved employee experience
We intend to boost job satisfaction and organisational productivity while serving with passion. This pillar carries our Human Capital and diversity work.
2. Value-driven processes
We will concentrate on efficiency, innovation and client satisfaction in all process improvements. This pillar carries efficiency and environmental footprint.
3. Digitalisation
We will leverage digital technologies to improve our operations, products and services to create new opportunities for growth. This pillar carries paperless administration and digital access.
4. Combined assurance
We will integrate risk management and compliance into each business process to enhance organisational resilience and performance. This pillar carries integrity, ethics and combined assurance.

An overview of performance against the Lesokoana Strategy is included in our 2025/26 integrated report.

Mapping to the UN Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) adopted by the United Nations General Assembly provide the most widely used framework for describing how an organisation contributes to global development. Six of the 17 goals bear substantively on what RSL does; the others do not, or bear only through indirect contribution that we will not overstate. We map our contribution at the level of specific SDG targets, not the goals themselves, by naming the targets we contribute to and the RSL activities or outcomes that make the contribution. The six SDGs to which we identify a material contribution are:



SDG 5 (Gender equality), through our workforce composition, leadership pathway for women and remuneration policy.



SDG 8 (Decent work and economic growth), through the employment we provide directly, the formalisation of economic activity that our administration enables and our contribution to a stable macroeconomic environment through the revenue we collect.



SDG 10 (Reduced inequalities), through the progressivity of the tax system we administer, the accessibility of our services to taxpayers across income segments and our role in redistributing revenue from higher- to lower-income populations through the public services our collections fund.



SDG 13 (Climate action), through our administration of the Plastic Levy, our operational environmental footprint reduction and our participation in climate-related fiscal instruments as they emerge.



SDG 16 (Peace, justice and strong institutions) is our most substantive contribution because an effective, autonomous, transparent revenue institution is itself an instance of strong institutions, and our ethics, anti-corruption and work towards combined assurance directly serves the goal.



SDG 17 (Partnerships for the goals), through the partnerships that make our work possible, such as with the IMF, African Development Bank, ATAF, CATA, bilateral partners and the domestic partnerships with the Ministry of Finance and Development Planning and other government agencies.



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06 Materiality and stakeholder engagement

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From every environmental, social and governance matter that could bear on RSL, the ones below are those we and our Board judge most consequential (and the groups that helped us see them).

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RSL's environment is characterised by economic uncertainty, fiscal pressures, evolving taxpayer expectations, technological disruption, regulatory developments and changing societal needs. Against this backdrop, the organisation remains committed to creating sustainable value for government, taxpayers, employees, businesses and society at large.

The process by which we determined our material topics for the year is detailed below; the materiality basis (how we applied both impact and financial materiality lenses to the contents of this report) is detailed on page 3.

Materiality determination process

For FY2025/26, RSL identified a set of ESG topics considered material to the organisation's mandate, strategy, operations and stakeholders. The determination drew on information and insights available through the year, including stakeholder considerations, enterprise risk management, strategic priorities, organisational performance, and developments in the external operating environment.

The identified topics were considered in the context of their significance to RSL's ability to fulfil its mandate, execute the Lesokoana Strategy (2024/27), manage key risks and opportunities, and create long-term value. The resulting material topics are presented below.



MATERIALITY AND STAKEHOLDER ENGAGEMENT *continued*

Our material ESG topics for the year

1. Revenue sustainability in a weak economic environment

FY2025/26 was characterised by subdued economic growth, declining productive activity, constrained investment and weakening consumer demand. Economic growth slowed significantly, placing pressure on business profitability, household spending and employment levels. As a revenue administration institution, our ability to generate sustainable revenue is closely linked to economic activity. A weaker economy translates into slower growth in VAT, PAYE and Corporate Income Tax collections, reducing government’s fiscal capacity to deliver essential services.

During the year, we intensified taxpayer engagement programmes, strengthened compliance monitoring and accelerated strategic initiatives aimed at improving revenue administration effectiveness. We also continued implementing the Lesokoana Strategy to improve organisational agility and responsiveness. Economic conditions are expected to remain subdued during FY2026/27. Consequently, strengthening domestic revenue mobilisation remains a strategic imperative for ensuring fiscal sustainability and national development.

2. Reducing fiscal vulnerability through domestic revenue growth

SACU receipts continue to represent a significant component of government revenue. However, declining regional trade volumes and slowing economic growth across Southern Africa have exposed the risks associated with reliance on external revenue sources. This topic is material because long-term fiscal sustainability requires a more resilient and diversified domestic revenue base.

In FY2025/26, we continued facilitating legitimate trade while strengthening domestic revenue collection capabilities. Customs modernisation initiatives, stakeholder awareness programmes and trade facilitation efforts remained key priorities. RSL will continue supporting government efforts to reduce fiscal dependence on SACU receipts by strengthening domestic tax administration and compliance effectiveness.

3. Strengthening tax compliance and VAT performance

VAT remains one of the most important sources of domestic revenue. Continued underperformance against targets highlighted the need for enhanced compliance management, improved transaction visibility and more effective taxpayer engagement. Improving VAT performance is critical to strengthening domestic revenue mobilisation and reducing fiscal pressure.

We established a dedicated VAT and PAYE Compliance Monitoring Centre and intensified taxpayer education and engagement activities. The development and deployment of the VAT e-invoicing solution represents a transformational intervention that will improve visibility of transactions, strengthen compliance and reduce revenue leakages. The implementation of the e-invoicing solution is expected to materially improve VAT compliance and support sustainable growth in domestic tax revenues. Positively, this solution has an unintended yet inherent capability to collect levies, such as the Tobacco and Alcohol Levy and the Plastic Levy. To read about our administration of the Plastic Levy, refer to page 32.

4. Digital transformation and institutional resilience

Digital transformation remains a critical enabler of RSL’s long-term sustainability and one of the key pillars of the Lesokoana Strategy. Technology is fundamental to strengthening revenue administration, improving taxpayer experience and enhancing organisational resilience. Digitalisation enables RSL to modernise service delivery, improve compliance management, increase operational efficiency and leverage data-driven insights to support informed decision-making. It also serves as a key enabler of other material matters, including domestic revenue mobilisation, VAT compliance effectiveness and organisational capability. At the same time, increasing reliance on technology exposes the organisation to emerging risks that require continuous investment, strong governance and proactive risk management.

While digital transformation presents significant opportunities for value creation, it also introduces strategic risks that require active management. The organisation maintains a zero-risk appetite towards cyber-attacks, information security breaches, poor data quality, obsolete technology platforms and low digital adoption, recognising that failure in any of these areas could compromise taxpayer information, disrupt critical operations, weaken compliance effectiveness and adversely affect public confidence in the institution. Data privacy and cybersecurity matters during the year are detailed on page 45.

5. Human Capital, safety and organisational culture

Our people remain our most valuable asset and the primary enabler of strategy execution. Delivering on our mandate requires a capable, engaged and values-driven workforce that embraces innovation, accountability and continuous improvement. Human Capital is a critical driver of value creation and underpins the successful execution of every strategic pillar within the Lesokoana Strategy. Creating an environment where employees feel valued, supported and empowered enhances organisational performance and strengthens the institution’s ability to deliver sustainable outcomes for taxpayers, government and society.

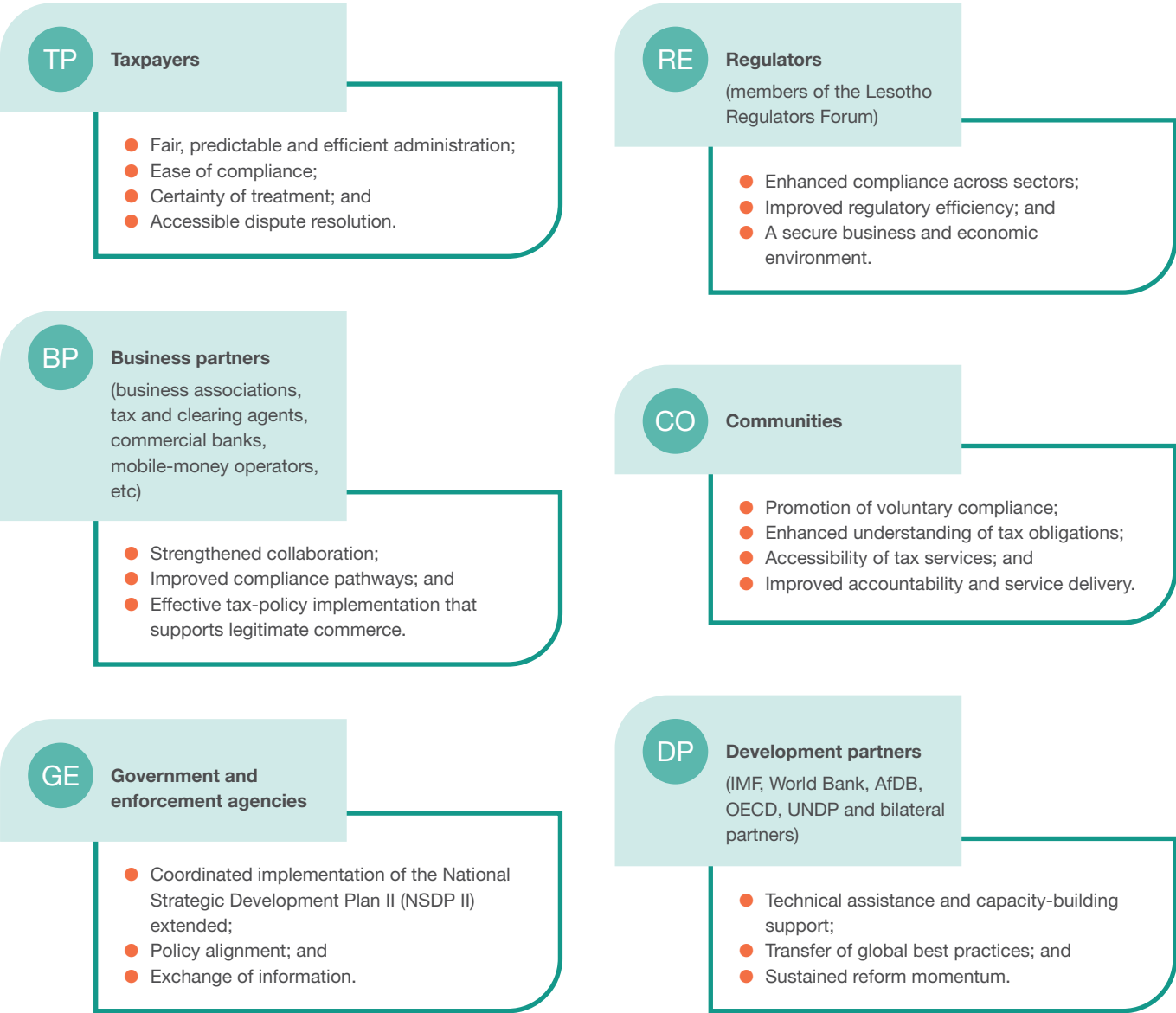
In FY2025/26, RSL continued investing in initiatives designed to strengthen employee wellbeing, engagement and organisational culture. Key interventions included enhancing the employee value proposition through the introduction of additional employee benefits, including improved medical aid options, financial wellness initiatives, funeral assistance schemes and employee support services. The organisation also invested in team-building programmes, culture-building initiatives, leadership engagement platforms and ethics awareness programmes aimed at reinforcing our core values. Employee safety and wellbeing remained a priority, supported through workplace security measures and initiatives designed to foster a healthy, respectful and productive working environment. Refer to page 35 to read about the social dimension of our work.

Stakeholder engagement on ESG matters

We define our stakeholders as entities whose actions, decisions or interests materially affect (or are materially affected by) RSL’s ability to fulfil its mandate. 10 groups introduced in the 2025/26 integrated report meet this definition; they are the same groups RSL aims to substantively engage with to inform our ESG agenda going forward. Some are external to RSL but instrumental to its work; some are internal.

In FY2025/26, ESG-related stakeholder engagement clustered around three primary themes:

1. Environmental
This theme was driven by government agencies (particularly the Ministry of Environment and Forestry), who remain our closest domestic partners on environmental substance, through the Plastic Levy and related environmental initiatives.

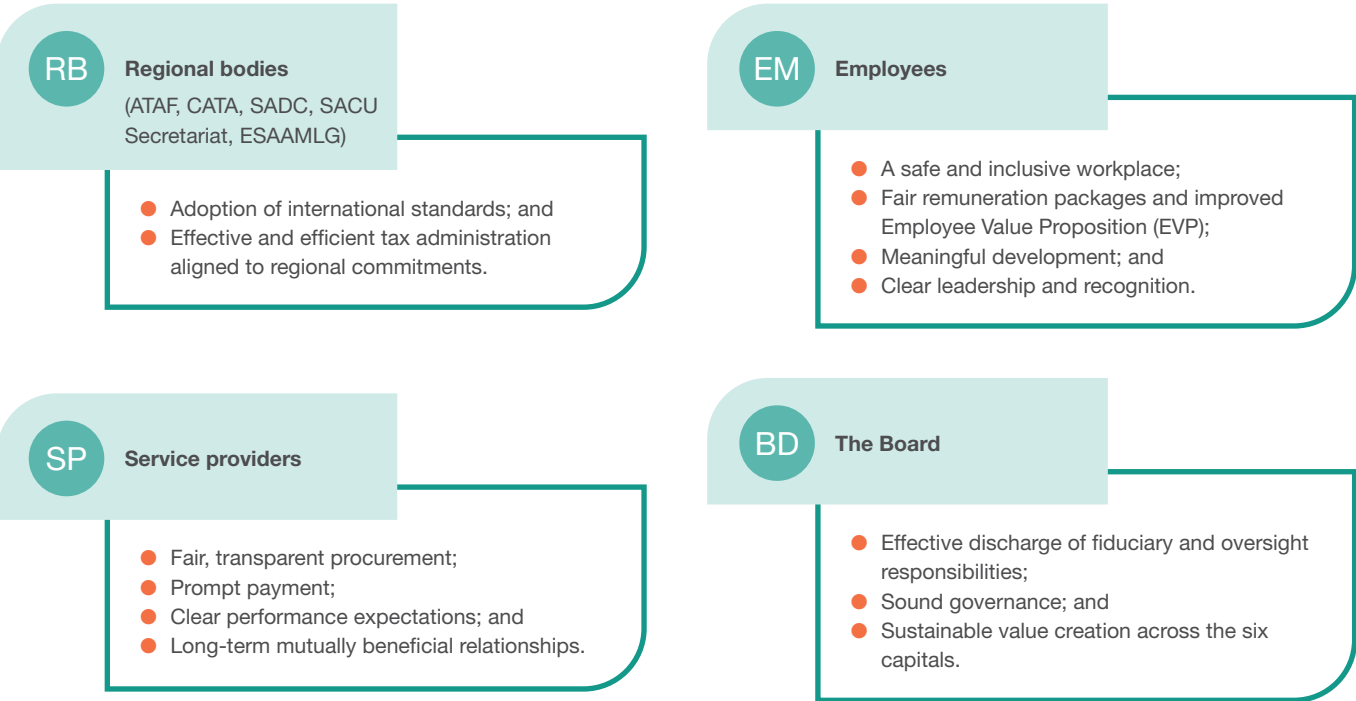


2. Workforce and social
This was driven by employees through the year’s engagement mechanisms, communities through our outreach channels and business partners through various areas of dialogue.
3. Governance and integrity
This was driven principally by the Board, regulators through the Lesotho Regulators Forum, and taxpayers through the complaint and feedback channels that surface concerns about fairness and treatment.

For each stakeholder group, the table below sets out what value means from their perspective (that is, what they care about most in their relationship with us) and why that matters for the way we discharge our mandate.

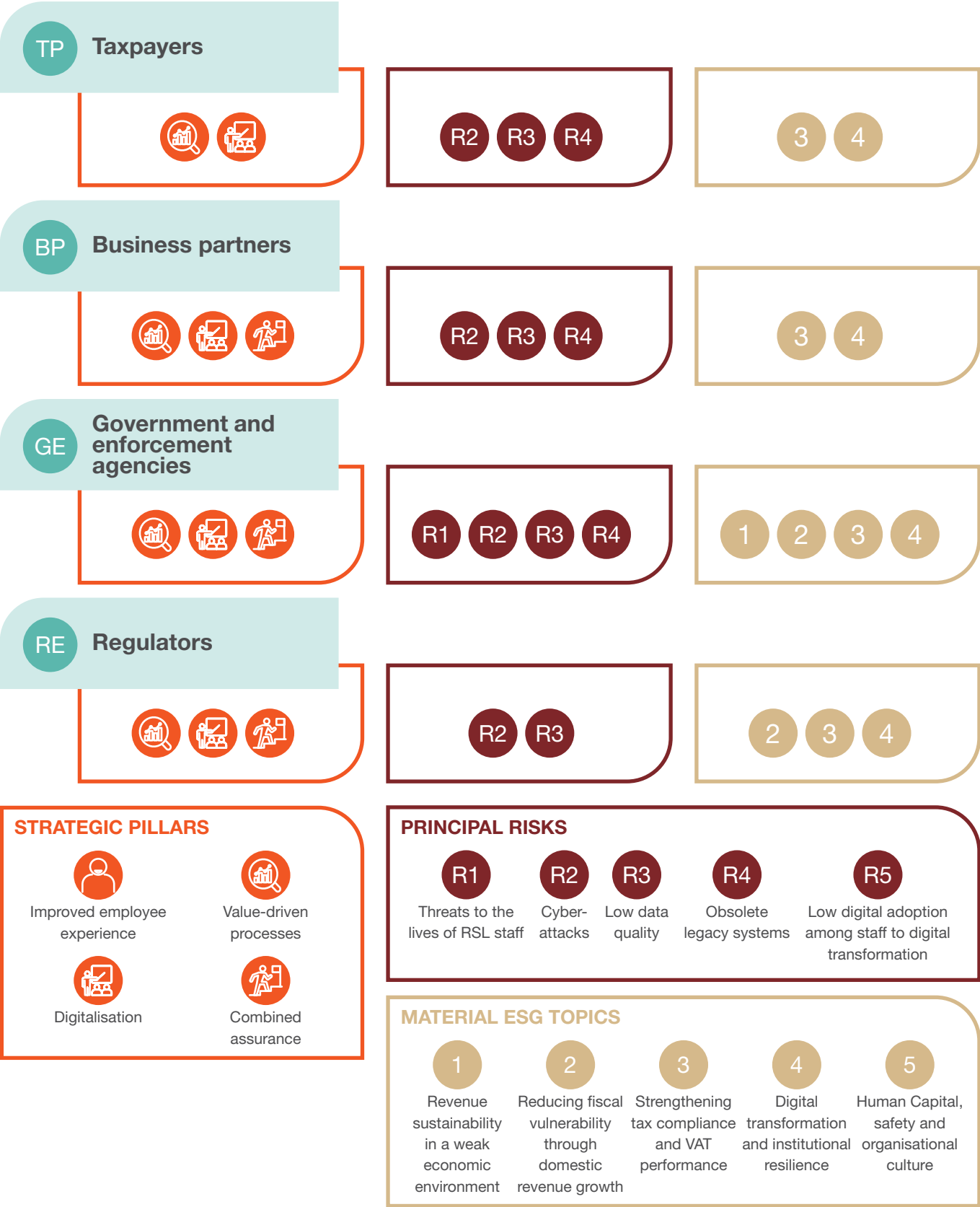
MATERIALITY AND STAKEHOLDER ENGAGEMENT *continued*

Stakeholder engagement on ESG matters *continued*



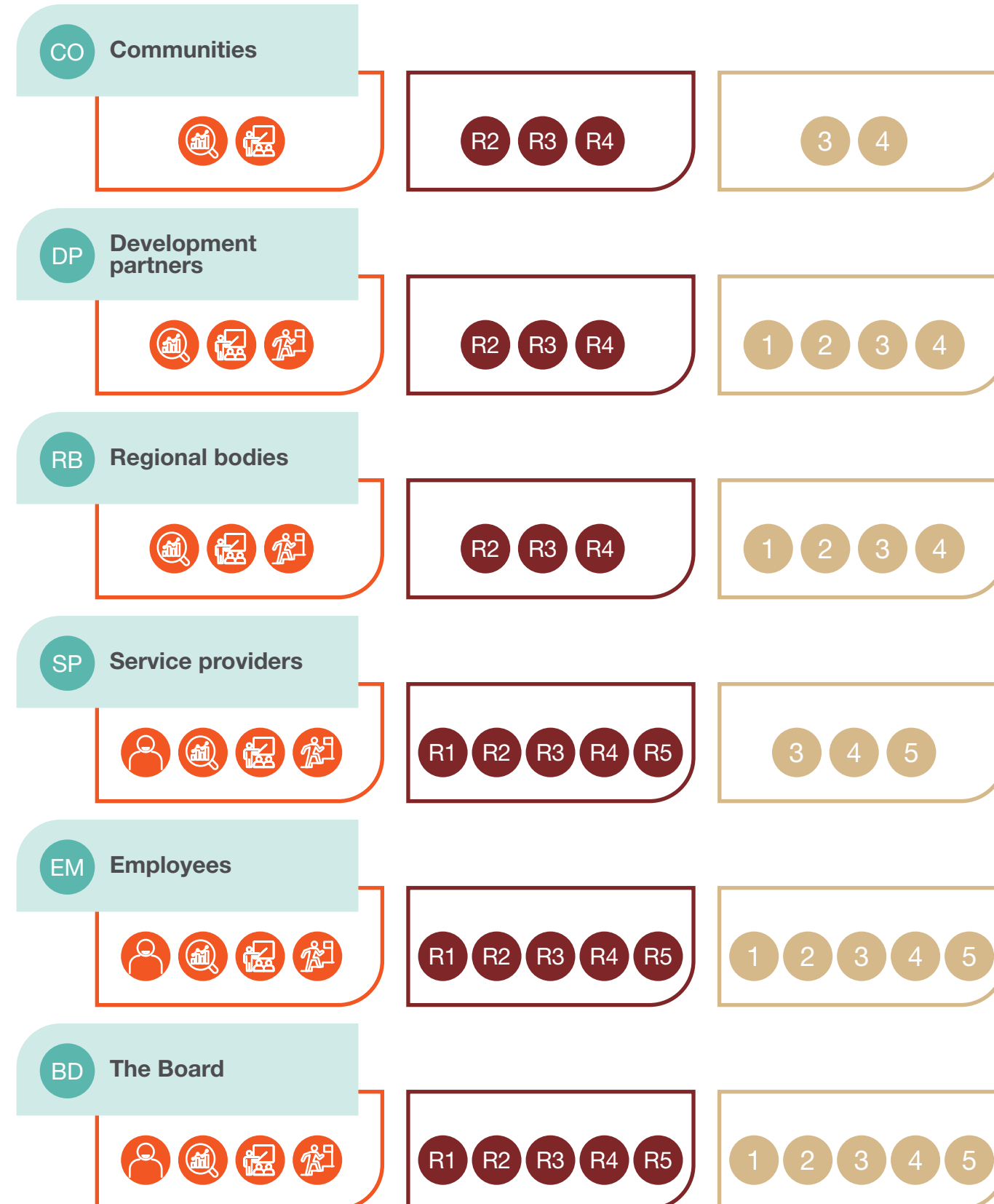
The table below outlines the interconnectivity between stakeholder groups, strategic pillars, principal risks and material ESG topics.

RSL's strategic pillars and principal risks are covered in depth in our 2025/26 integrated report.



MATERIALITY AND STAKEHOLDER ENGAGEMENT *continued*

Stakeholder engagement on ESG matters *continued*



How we engage with stakeholders

Our engagement is shaped by three principles.

FIT-FOR-PURPOSE

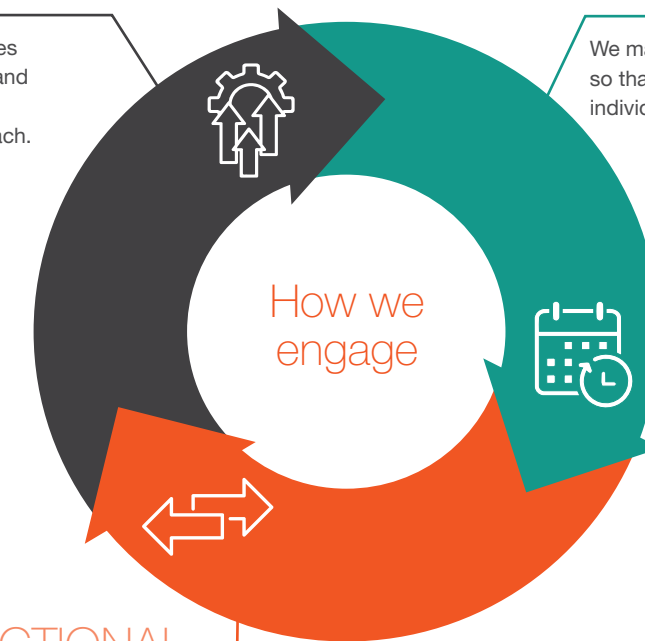
Each stakeholder group requires a different approach, channel and depth of engagement, and we resist a one-size-fits-all approach.

STRUCTURED RATHER THAN AD HOC

We maintain standing forums and routines so that engagement does not depend on individuals or current circumstance.

TWO-DIRECTIONAL

We listen as much as we communicate, and the inputs we receive feed back into our planning, policy and operational decisions.



STRATEGIC PILLARS



PRINCIPAL RISKS



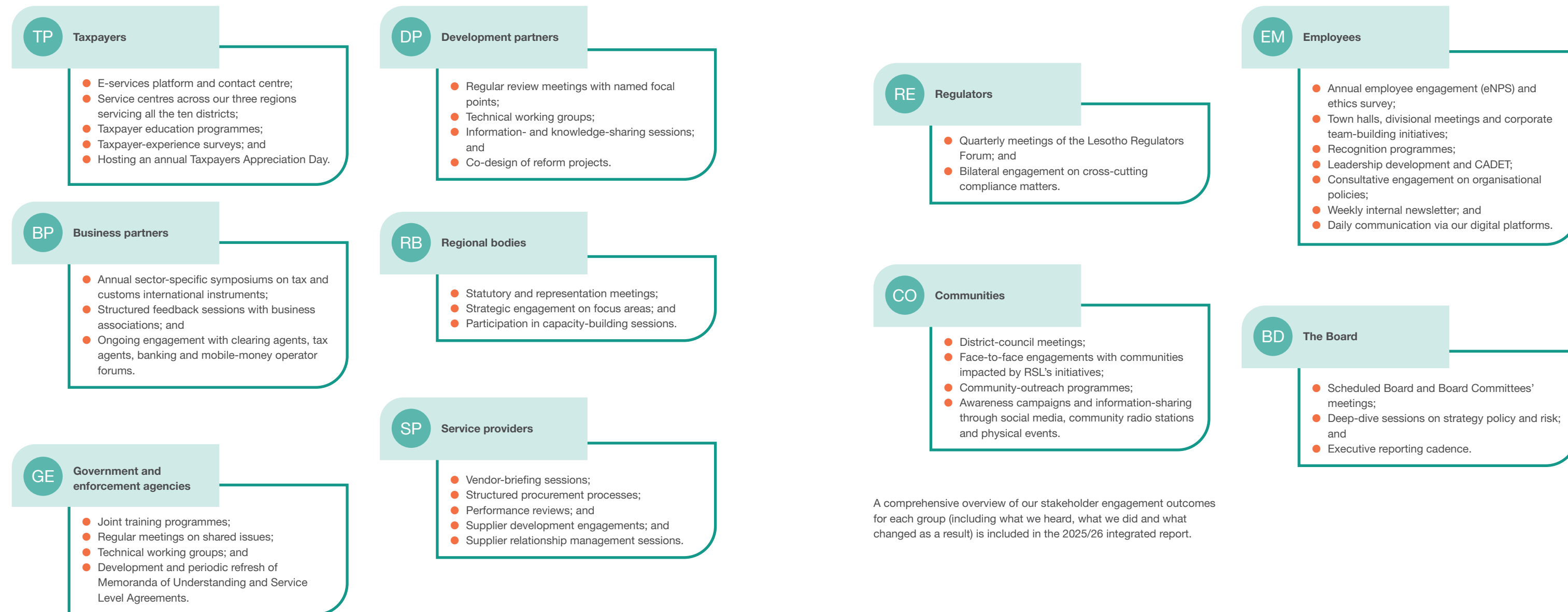
MATERIAL ESG TOPICS



MATERIALITY AND STAKEHOLDER ENGAGEMENT *continued*

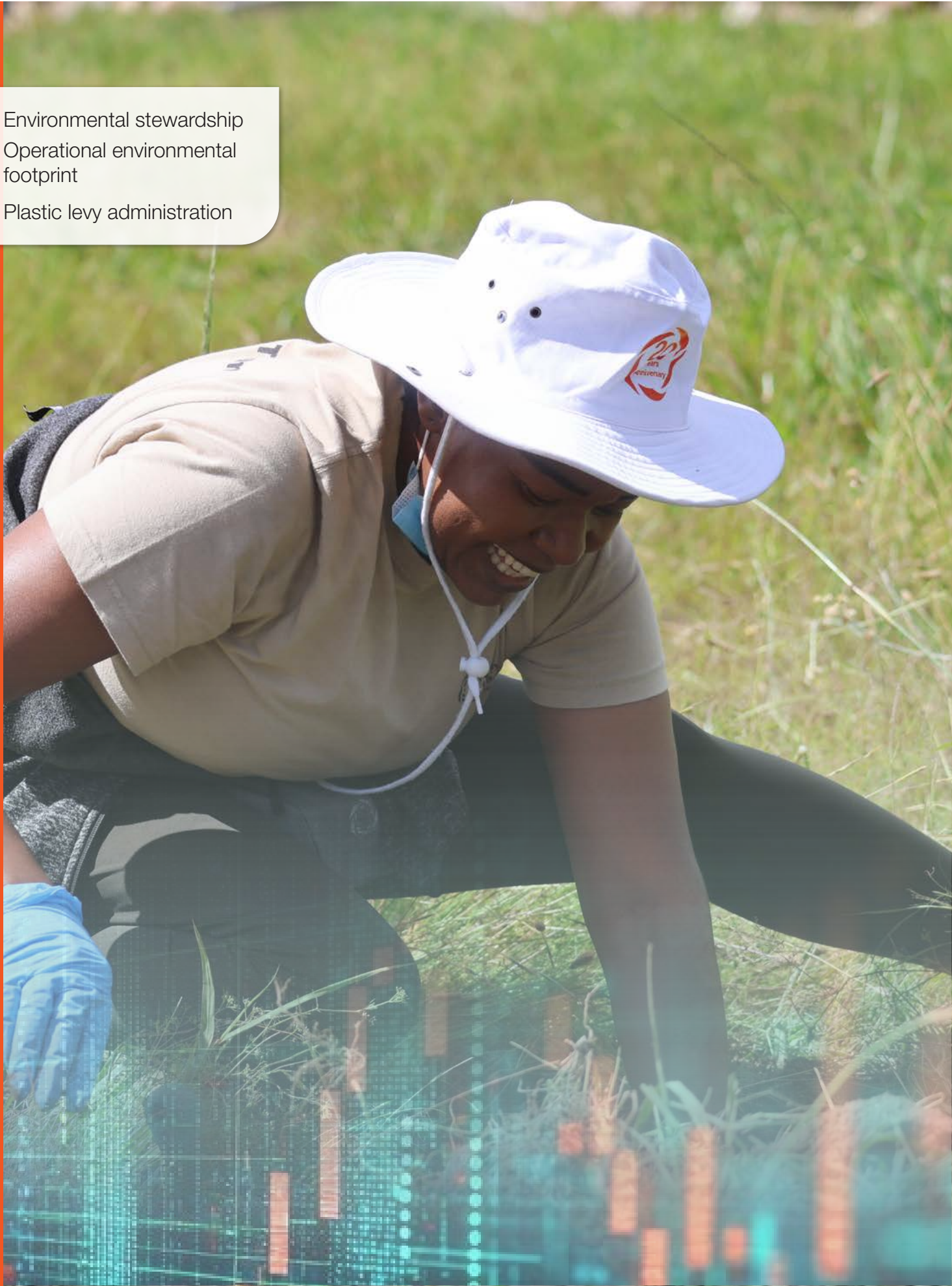
Stakeholder engagement on ESG matters *continued* How we engage with stakeholders *continued*

The table below summarises the principal mechanisms by which we engaged with each group during the year.



A comprehensive overview of our stakeholder engagement outcomes for each group (including what we heard, what we did and what changed as a result) is included in the 2025/26 integrated report.

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- 31 Operational environmental footprint
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07 Environment

“Every levy we administer, port we operate and ream of paper we do not print connects to a natural environment on which Lesotho and its economy depend.”

Environmental stewardship

RSL’s ESG policy outlines our approach to environmental stewardship, where we commit to:

- actively lobby, in our advisory role to the Government of Lesotho, for the development and implementation of tax policies to promote environmental sustainability;
- develop and implement processes to prioritise customs clearance for environmentally compliant imports and exports;
- implement an environmentally sustainable waste management system;
- adhere to green initiatives and adopt strategies for efficient use of water, digital transformation, paperless processes and energy-efficient buildings and office spaces;
- integrate mitigations for the effects of climate change into its strategic plan and policies;
- protect wetlands, natural springs, wells and other habitats in designing and executing construction projects;
- engage strategies for the minimisation of greenhouse gas emissions through lobbying our staff and changing our practices; and
- support the Government of Lesotho’s initiatives to control pollution and contamination of the environment.

In collaboration with the Ministry of Environment and Forestry, RSL continued a drive to plant 22,000 trees across the country to contribute to environmental conservation. In 2022/23, RSL planted 20,000 trees as we celebrated 20 years of operations, and we committed to increase this amount each year. Our annual increment for tree-planting reflects RSL’s dedication to expanding its environmental impact year by year. This initiative supports environmental conservation and aims to demonstrate RSL’s dedication to sustainable development and community engagement.

The 22,000 trees in FY2025/26 were planted in Ha Leutsoa, Ha Makotoko, Mahloenyeng, Ha Ntsane, Masapong Primary School, Metolong Primary School, Mafika Li Siu Primary School, Matikoe High School, Toloane Primary School, Machache Primary School, Setebing Primary School, Metsoarong Primary School, National University of Lesotho (NUL), Lesotho Defence Force (LDF), Ha Pita and Ha Lechesa.

RSL actively participates in the Operation Hloekisa Lesotho cleaning campaign. Relunched in 2023, it is a national campaign that calls for a united front in creating a cleaner, healthier and more sustainable country. We have been a dedicated partner since the relaunch, continuously supporting the campaign’s mission and values. We adopted the Maseru Bridge – Lesotho Tractor Traffic lights at Ha Hooхло as part of our environmental responsibility programme, recognising it as the first point of contact for visitors entering Lesotho. This strategic location serves as a visual and symbolic introduction to the country, making its cleanliness and upkeep a matter of national pride.

In FY2026/27, RSL plans to celebrate World Environment Day by continuing to support the Operation Hloekisa Lesotho cleaning campaign at Maseru Bridge and Ha Hooхло. Through our involvement in the campaign, we reaffirm our commitment to complementing Government-led efforts aimed at raising environmental consciousness and promoting public participation in cleanliness initiatives. The organisation stands alongside communities and fellow institutions in nurturing a culture of responsibility and care for the environment.

In terms of compliance with the Lesotho Environment Act, 2008, a formal compliance risk management plan has not been conducted, but considerations that relate to the Act are being factored into the implementation of RSL construction projects.

Operational environmental footprint

While RSL does not currently measure its paper consumption trends, over the past three years, we have implemented measures to reduce the level of printing and the use of paper, both internally and externally. Measures that have substantially reduced use of paper include digital signing of documents, online submissions for leave applications, and procurement requests and other communications. The tax clearance certificate, a compliance document issued to taxpayers, is now applied for and issued in a digital format. Additionally, the newly introduced Private Shopper online platform allows individuals to declare personal imports online, eliminating paperwork.

ENVIRONMENT *continued*

Operational environmental footprint *continued*

RSL further contributed to a cleaner Lesotho through distribution of garbage bins to mitigate the effects of littering and our staff contribute periodically to state-led environmental initiatives. At the Headquarters, efforts were made to segregate waste and garbage into its different categories, such as glass, paper, plastic and other. As outlined in our ESG policy, all waste must be properly sorted into recyclable and non-recyclable categories and disposed of in compliance with applicable national laws. We are also in the process of safely disposing mobile scanners with harmful environmental effects.

Water expenses

M0.23 million

Electricity expenses

M5.28 million

Fuel expenses

M1.21 million

Litres of fuel purchased

84,426

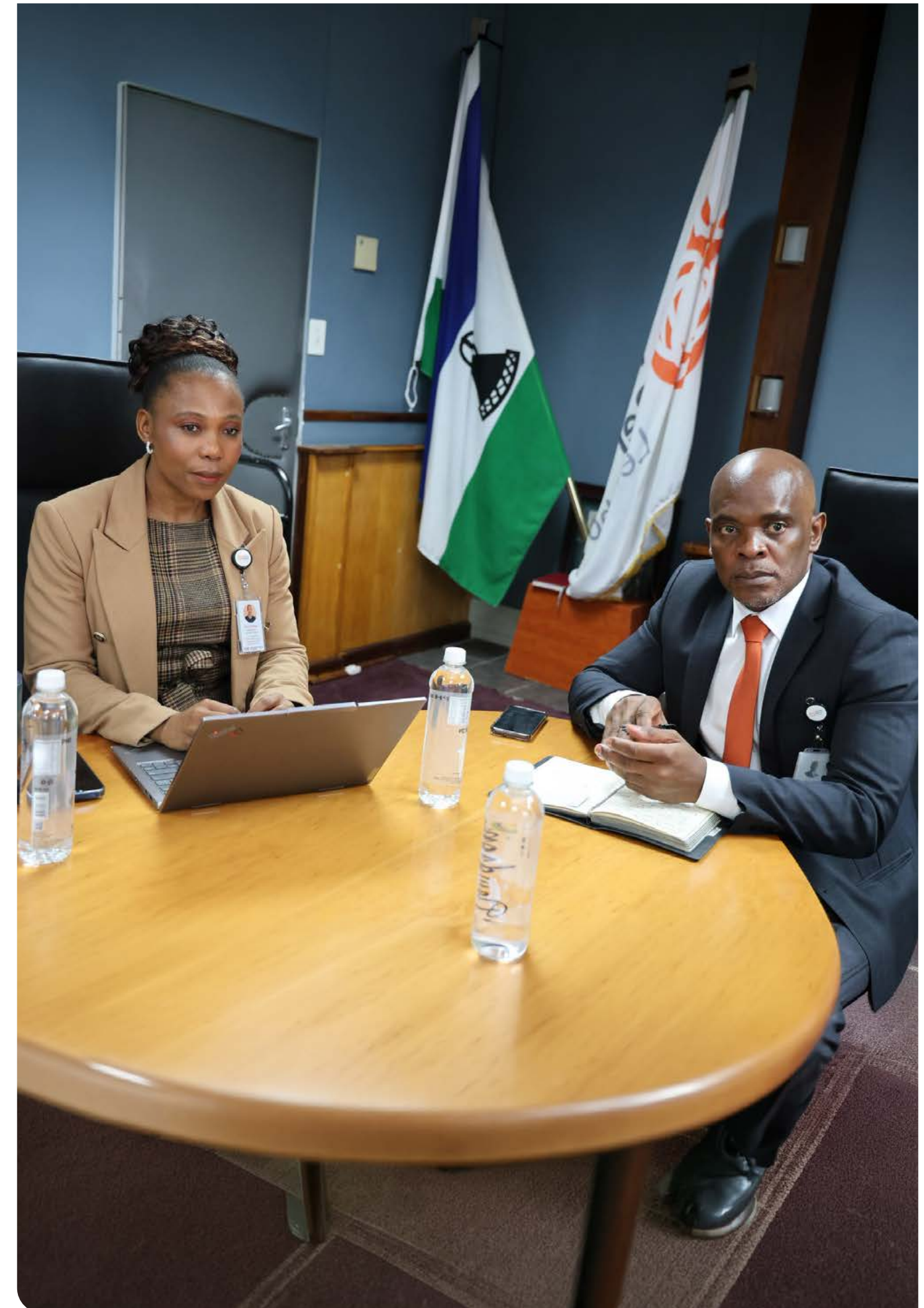
Plastic levy administration

The Environment (Plastic Levy) Regulations, 2022 introduced the charging of a levy on certain plastic products used in Lesotho. The regulations indicate which plastic products can be manufactured, imported and distributed. RSL collects the Plastic Levy and is required to deposit collections into the Environment Fund. The Plastic Levy is used for various purposes, such as cleaning the environment, funding programmes to prevent and control pollution, providing public education and awareness campaigns on environmental issues and ensuring compliance with the Environmental Act, 2008.

Every manufacturer, wholesaler, retailer or business that intends to provide plastic shopping bags registers under the Environment Regulations with the Director of the Department of Environment (DDE) for provision of the requisite permit. Once registered, the manufacturer, wholesaler, retailer or business may supply or distribute plastic shopping bags at a M0.90 levy charge to customers, at the point of sale, for each plastic bag supplied to the customer. The Commissioner General of RSL automatically registers those who have been issued with a permit by the DDE and issues a Plastic Levy number. RSL uses the register to follow up on all levy compliance-related issues.

On or before the 20th of the month following the month in which the Plastic Levy was charged and collected from the customer, the supplier shall file a Return of Plastic Levy on the form prescribed by the Commissioner General of RSL. Compliance is monitored through regular inspections and audits by RSL officers and Environmental Inspectors.

In FY2025/26, over 10 million plastic shopping bags were lawfully sold in Lesotho and M9.74 million was collected from the Plastic Levy. The impact of introducing the Plastic Levy to reduce plastic usage is yet to be determined.



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08 Social

“Our workforce, the taxpayers we serve and the communities we invest in are three concentric groups, and RSL sits at their centre.”

Social sustainability

The ESG Policy describes our social sustainability commitments. RSL must:

- actively combat the smuggling of counterfeit, illegal, or harmful goods to safeguard public health, ensure consumer safety, and uphold societal wellbeing;
- create a healthy, safe and inclusive work environment where all employees, regardless of gender, age, sexual orientation, disability, or any other characteristic, are valued, respected, and given equal opportunities to contribute and succeed;
- promote good work-life balance that prioritises employees’ overall health and wellness;
- actively lobby, in our advisory role to the Government, for the development and implementation of tax policies that recognise and promote the welfare of society;
- deliver value to taxpayers, invest in our employees, deal fairly with suppliers, and support the communities within which we do business;
- educate and raise awareness to our employees on the importance of observing ESG in their respective communities;
- support Government’s initiatives to educate and raise awareness to the public on the importance of ESG;
- in awarding funds for CSIR, give preference to those initiatives that directly relate to ESG matters; and
- strive to be an employer of choice.

What social sustainability actually means for a manufacturer, bank, hospital and revenue authority are different concepts. As such, adopting a generic framing for our social sustainability disclosures risks reporting neither what our organisation actually does nor what our stakeholders actually care about. In addition to the commitments above, RSL’s social sustainability rests on three propositions.

1. The workforce is our first social responsibility. Our 653 employees do work that many of them will continue for decades, in an institution that their families and communities take note of, in a labour market where they could (for many roles) be earning elsewhere. Whether they are treated fairly, developed well and led ethically is a first-order social matter and the largest single group of people over whom we have direct responsibility.
2. Taxpayers are stakeholders in our social performance. When tax administration is fair, accessible, respectful and responsive to vulnerability, it strengthens the social contract on which effective government rests. When it is not, it damages the contract, and this is concentrated among those least able to defend themselves against it. The fairness of our administration is a social outcome we produce and should account for.
3. Our contribution to the communities we serve extends beyond the Corporate Social Investment and Responsibility (CSIR) framing that dominates ESG reporting. Our largest contribution to Lesotho’s communities is the revenue we collect that funds the public services on which those communities depend. Our CSIR programmes sit alongside that larger contribution.

These commitments and propositions frame the disclosures that follow.

SOCIALcontinued

Our workforce

RSL improved the employee value proposition during the year by continuing to engage staff and respective teams, with the aim of promoting a psychologically safe space at work. Additionally, we managed to finalise procurement of the corporate wear as part of embodying our corporate value of professionalism.

The Board approved the Human Capital Management Policy, aimed at modernising people management practices, aligning organisational culture and workforce management with the Lesokoana Strategy and improving employee attraction and retention.

	CLIENT SERVICES	CORE OPERATIONS	OPERATIONS SUPPORT	BUSINESS ENABLEMENT	CG'S OFFICE	TOTAL
Permanent	239	134	115	67	38	593
Temporary	10	21	9	4	16	60
Total	249	155	124	71	54	653

An overview of Human Capital performance is included in our 2025/26 integrated report.

Health, safety and wellbeing

The Board approved two safety-related policies. The Facilities Management and Maintenance Policy is aimed at strengthening operational continuity, health and safety compliance, risk mitigation, cost efficiency and the overall user experience within RSL facilities. The Revised Transport Policy intends to strengthen accountability, safety, operational efficiency, cost-effectiveness, business continuity and ESG integration in transport management.

‘Threats to the lives of RSL staff’ constitutes a principal risk. The recently developed Physical Security strategy includes clearly defined KPIs with implementation planned to start in quarter one of FY2026/27. The Security Office will engage with RSL employees throughout the country in order to ensure that security is embedded into daily work; their visibility is key, as both a preventative and a deterrence control. Employees are encouraged to report security incidents to Security Offices as soon as they become aware of them. Our staff were also equipped with security skills in CADET training with the Lesotho Defence Force. A breakdown of RSL's risk management approach and key risks is included in our 2025/26 integrated report.

We acknowledge that mental wellbeing is one of the contributors to employee productivity and performance. As such, in FY2025/26 we continued to roll out the mental wellbeing programme, aimed at strengthening the participants’ mental (psychological, emotional and social) wellbeing. The dominant cross-cutting theme emerging from staff feedback is a deficit in psychological safety. RSL conducted several mental health and wellbeing awareness sessions and strengthened targeted one-on-one engagements between employees and line managers. The interventions were intended to create safe spaces for dialogue, encourage employees to raise concerns and strengthen trust and support within teams.

RSL supported staff members to participate in local and international marathons to promote healthy lifestyles. Employees participated in races such as Maseru City Run, Alliance Hillbusterz and the Comrades Marathon. The participation of RSL employees in sports exemplifies exceptional talent, determination and dedication, and serves as an inspiration both within the organisation and beyond.

Going forward, particular emphasis will be placed on enhancing employee experience, supporting wellbeing and fostering a workplace where employees feel valued, empowered and inspired to contribute to the organisation’s long-term success.

Learning, development and career progression

RSL's strategy commits to investment in people and technology. Key to investment in people is enhancing employee knowledge and skills through training and development. In each financial year, Management makes a budgetary provision of 2-2.5% of staff-related costs to make staff capacitation possible. In FY2025/26, RSL implemented several staff capacitation initiatives aimed at driving productivity, performance and staff growth. These initiatives spanned across leadership, management, soft and technical skills programmes. RSL achieved 80% implementation of our planned training and development interventions.

Structured employee engagement initiatives, including divisional culture sessions and leadership interactions, continued to promote collaboration, trust and psychological safety across the organisation. Leadership and management development started in year one of the corporate strategy and is a continued journey.

The Executive Coaching Programme delivered over the year was completed. Senior Management engaged in a three-month programme to empower them in coaching and mentoring. The programmes reached five and 25 leaders, respectively.

In carrying out our mandate, we have a social contract with the people of Lesotho, as their trusted custodians of public revenue funds, to protect their interests and safeguard those funds. To live up to this, we understand that we need to exhibit certain traits and conduct ourselves in a way that is fitting of a tax official. Therefore, employees participated in the CADET programme, aimed at instilling patriotism, discipline, service excellence and professionalism.

We will continue focusing on strengthening employee engagement, leadership capability, talent development, succession planning and organisational culture going forward. We aim to strengthen tomorrow’s foundation for sustainable value creation by investing in our people today.

Community investment and impact

RSL views Corporate Social Investment and Responsibility (CSIR) as an integral component of its broader mandate and sustainability agenda, with a focus on creating measurable social, environmental and economic impact in communities across the country.

During the reporting period, RSL implemented several CSIR initiatives aligned to national development priorities and stakeholder needs. In support of education, health and gender equity, RSL distributed a year’s supply of sanitary towels to more than 900 girls across 14 schools nationwide. This intervention aimed to promote menstrual health management, improve school attendance, and reduce barriers affecting girls’ education.

Through a drive to recognise and honour excellence, RSL presented awards for outstanding performance to graduates of institutions of higher education. The students were from the National University of Lesotho (NUL), Limkokwing University of Creative Technology (LUCT), Botho University and Centre of Accounting Studies (CAS) and were recognised in the fields of information technology, economics, taxation and accounting.

Recognising the importance of youth economic empowerment, RSL collaborated with strategic partners to finance five start-up businesses owned by young entrepreneurs, supporting enterprise development, innovation, and job creation. RSL also supported capacity development within the media sector through the provision of training programmes designed to strengthen reporting standards and professional skills. In addition, the organisation financed annual media excellence awards, recognising outstanding journalism and promoting quality reporting.

The Acting Commissioner General officially handed over a donation of school shoes to Sekamaneng Primary School on behalf of RSL employees. The shoes were generously contributed by RSL employees during the back-to-school themed day held in January 2026, reflecting the organisation’s strong spirit of unity and social responsibility. Through this gesture, RSL demonstrated its commitment to supporting learners and uplifting communities, especially those facing socio-economic challenges. Proper school attire, including shoes, contributes significantly to learners’ comfort, attendance and self-esteem. The donation is therefore an investment in the future of Basotho children.

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09 Governance

“

As a revenue authority, RSL’s governance is scrutinised more closely than most organisations because the money we steward belongs to Basotho, and the trust that stewardship requires is not lightly given.

”

Governance framework

RSL is committed to the highest standards of corporate governance, ethical leadership, accountability, transparency and responsible stewardship in the execution of its mandate. The organisation recognises that sound corporate governance is fundamental to institutional sustainability, stakeholder confidence, operational effectiveness and the delivery of long-term public value. RSL’s governance framework is guided by applicable legislation, principles of good governance and the organisation’s strategic direction under the Lesokoana Strategy. It ensures that decision-making processes support operational resilience, ethical conduct, stakeholder inclusivity and effective risk management.

Our governance is anchored in two complementary instruments. The Mohlomi Corporate Governance Code is the applicable governance code for entities operating in Lesotho, and we apply its principles as our primary frame of reference. We also align with the King IV Report on Corporate Governance for South Africa (2016) as a regional benchmark to test our practices against a widely adopted standard and to support peer comparability with revenue administrations and public-sector entities elsewhere in the SADC region. Our application of both codes informs how the Board structures its work, how authority delegates through Executive Management, and how we account upwards to Parliament and the minister of Finance and Development Planning, and outwards to the Basotho we serve.

In FY2025/26, the Board and Management continued to strengthen governance structures, policies, systems and oversight mechanisms to ensure alignment between strategy execution, operational performance, stakeholder expectations and sustainable development priorities. We remain committed to continuously strengthening our governance framework to enhance accountability, advance ethical leadership and embed sustainability into organisational decision-making.

The organisation will continue to prioritise:

- Effective Board oversight and strategic execution;
- Ethical leadership and values-based culture;
- Robust risk management and internal controls;
- Digital transformation and innovation;
- Stakeholder inclusivity and transparency;
- Environmental and social sustainability; and
- Human Capital development and organisational resilience.

Through these ongoing efforts, RSL seeks to reinforce public trust, improve institutional performance and deliver sustainable value to all stakeholders while fulfilling its national mandate responsibly and effectively.

GOVERNANCE *continued*

Board of Directors

The Board of Directors provides strategic leadership and oversight to the organisation and remains accountable for ensuring that RSL fulfils its mandate effectively, responsibly and sustainably.

The Board exercises oversight over strategy implementation, financial management, risk governance, internal control systems, policy direction, ethics management and organisational performance. It operates through

established governance structures and management processes designed to support effective decision-making, accountability and oversight across all operational areas.

Management is responsible for implementing the strategic direction approved by the Board, executing operational plans, managing risks, maintaining effective internal controls and ensuring compliance with applicable laws, regulations and policies.

Advocate Lindiwe Sephomolo KC (54)
(Association of Lesotho Employers and Business)

Board Chairperson
Appointed: 6 November 2023

- Chief Executive Officer of the Association of Lesotho Employers and Business (ALEB).
- Appointed to the RSL Board in 2015 and served as the Chairperson of the Human Resource and Remuneration Committee (HRRC) and a member of the Information and Communication Technology Committee (ICTC).
- Advocate of the Courts of Lesotho, a specialist in labour law, a seasoned negotiator and a policy professional with over 25 years’ experience.
- Passionate about business development and trade. Her postgraduate studies included courses in labour law, trade and policy, lobbying and advocacy and corporate governance.
- Active spokesperson for employers at national, regional and international levels



Mrs. Tšireletso Mojela (58)
(Ministry of Trade, Industry & Small Business)

Deputy Chairperson
Appointed: 6 November 2023

- Appointed to the RSL Board in 2015 and served on both the FAC and the Human Resource and Remuneration Committee. She is currently serving a second term on the RSL Board.
- She has served on numerous other Boards, including as Chairperson of the Basotho Enterprises Development Corporation (BEDCO) and the Lesotho Land Administration Authority (LAA).
- She has extensive experience in trade and industry development issues and strategic planning, her previous roles include Director of Industry, Chief Industry Development Officer and Deputy Director of the Lesotho Manufacturers Association.
- She is currently the Deputy Principal Secretary at the Ministry of Trade and Industry.
- In her position as Business Counsellor at the Business Advisory and Promotion Services Centre, she provided training and advisory services to small businesses.
- Throughout her career, Mrs. Mojela has demonstrated a commitment to enhancing industry operations, supporting economic development and fostering international trade relations.



Mrs. Libako Leisanyane (59)
(Ministry of Finance and Development Planning)

Member
Appointed: 6 November 2023

- Appointed Deputy Chairperson of the LRA Board in November 2017.
- She is also on the Board of the Lesotho Petroleum Fund, and previously served as Chair of the Audit and Risk Committee on the Council of Lerotholi Polytechnic.
- Mrs. Leisanyane has extensive experience in economics, statistics and corporate governance.
- She is currently the Director of the Department of Macroeconomic Policy and Management in the Ministry of Finance.



Mrs. Matumelo Rebecca Ralebakeng (48)
(Central Bank of Lesotho)

Member
Appointed: 6 November 2023

- Mrs. Ralebakeng is a Chartered Accountant (CA–L) and holds ACCA qualification and MSc in Professional Accountancy from the University of London.
- She is an experienced finance professional and Director of Finance at the Central Bank of Lesotho, where she oversees the Finance Department.
- Prior to this she served as Head Accounting and Senior Accountant.
- Her professional career includes working at Financial Intelligence Unit (FIU), Lesotho Institute of Accountants and Lesotho Revenue Authority.
- She has served in various oversight roles including serving as the President of the Lesotho Institute of Accountants and Council Chairperson, member of Audit Committee at Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Current Chairperson of the Audit Committee of Alliance for Financial Inclusion (AFI) and Alternate Chairperson of the Lehakoe Recreation and Cultural Centre (LRCC) Oversight Committee.



GOVERNANCE *continued*

Board of Directors *continued*

Mr. Rakokoana Makoa (49) (Acting Commissioner General)

Member

Appointed: 7 November 2025

- Mr. Makoa served as RSL's Chief Information Officer for four years, before being appointed as Commissioner Client Services and Head of Customs on 1 January 2024.
- With almost two decades of experience in tax and customs revenue administration, Mr. Makoa has expertise in IT, project management, and strategy development.
- He was very instrumental in the design and implementation of modernised business processes and technological capabilities of RSL for both tax and customs.
- He worked as a part-time expert at the IMF from 2017 to 2019, supporting tax reform and modernisation initiatives in Seychelles and Mozambique, and has a wealth of experience in software development, digital transformation and project management.
- Mr. Makoa holds a Master's degree in Technology Management, an Honours in Management of Technology from the University of Pretoria, South Africa, and a Bachelor's Degree in Computer Science and Physics from the National University of Lesotho.
- He is certified in the governance of enterprise IT by the Information Systems Audit and Control Association (ISACA) and currently serves on the Board of the African Customs Policy Network.

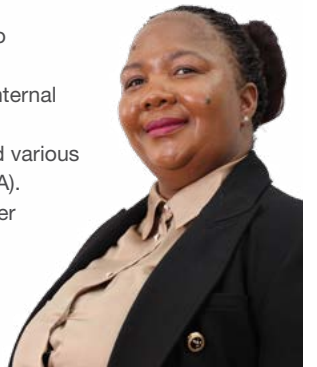


Ms. Morongoenyane Florinah Nyakane (43) (Lesotho Institute of Accountants (LIA))

Member

Appointed: 6 November 2023

- Ms. Nyakane is an experienced finance professional with a background in accounting and external and internal auditing.
- She has exceptional strategic financial planning, governance, risk management and control environment and holds a Bachelor of Commerce in Accounting and an ACCA qualification.
- Ms. Nyakane is currently pursuing her Certified Internal Auditor (CIA) certification and is committed to continuous professional development and excellence in the finance sector.
- She has held several key positions during her career, and currently, she is Head of the Division, the Internal Audit Department at the Central Bank of Lesotho.
- She is actively involved in professional associations, having served as a Council Member and chaired various committees at the Lesotho Institute of Accountants (LIA) and Institute of Internal Auditors Lesotho (IIA).
- Her involvement in developing the Mohlomi Code, a governance framework for Lesotho, highlights her commitment to ethical standards and best practices in the financial industry.
- Ms. Nyakane possesses exceptional leadership and supervisory abilities. With extensive experience in accounting and auditing systems, she has honed her expertise through professional training in accounting, auditing, fraud, ethics, governance, risk management, information technology and business continuity management.



Mrs. Mamonaheng Koenane (43) (Lesotho Chamber of Commerce and Industry)

Member

Appointed: 6 November 2023

- Mrs. Koenane has a background in Computer Science and a wealth of international experience and expertise.
- She holds a Higher Diploma in Computer Science from Griffith College, Dublin, and a BSc (Hons) in Financial Economics and Computer Science from the University College Cork, Ireland.
- She worked in the European tech and start-up communities for over 15 years, where she gained valuable experience in Ireland, Denmark, Germany and Portugal.
- Mrs. Koenane is multilingual, proficient in German and Portuguese, and a native speaker of Sesotho and English.
- Her commitment to advancing education and technology in Lesotho is evident in the various initiatives she has spearheaded. She founded the Impact School in Lesotho, introducing advanced technology programmes such as electronics, coding, robotics, space technology, and the Robot Operating System (ROS), the first of its kind in the country.
- She established Holberton School, Lesotho, a collaboration with Holberton School in Silicon Valley, providing in-demand computer science and software engineering programmes to local youth.
- She serves as the Ambassador for Lesotho at Mission ShakhthiSAT, a pioneering initiative to construct the world's first lunar satellite built by 108 students from 108 different countries.
- She has been a panelist at the UN's Workshop on Space Technology and is an active participant in the Space Generation Advisory Council.
- She serves on the Steering Committee for the Lesotho Research and Network (LesREN), contributing to the strategic direction of research and education in the country.
- She has been invited by the Ministry of Information, Communication, Science, Technology & Innovation to review and validate key national documents: The National Digital Policy and the Digital Transformation Strategy.



Dr. Lerato Lerato (51) (Private sector)

Member

Appointed: 6 November 2023

- Dr. Lerato has been involved in governance and advisory roles throughout his career.
- He has been a member of the Risk and Information Technology Governance Committee at the Central Bank of Lesotho since 2018, served on the 11th Council of the National University of Lesotho from 2009 to 2012 and has served on the university's ICT Steering Committee. His contributions extend to evaluating IT curricula and consulting for ICT directorship appointments.
- Dr. Lerato holds a PhD in Electronics from the University of Stellenbosch, and an MSc Eng (Electrical) from the University of Cape Town. He is a Senior Lecturer in Computer Science at the National University of Lesotho, where he teaches courses in VoIP communications, machine learning, and multimedia systems.
- Prior to his academic career, Dr. Lerato was a Speech Scientist and Software Developer at Intellecta Voice and Mobile in Johannesburg, where he designed speech technology components for Interactive Voice Response (IVR) systems.
- He was awarded the 2010 African Union-TWAS National Young Scientist Award (Lesotho) and the best academic paper at the Southern Africa Telecommunication Networks and Applications Conference (SATNAC) in 2002.
- Dr. Lerato is a published author, whose extensive research has significantly advanced the field of electronics and computer science.



GOVERNANCE *continued*

ESG governance structure

The Finance and Audit Committee of the Board is charged with responsibility for ESG. The Committee oversaw drafting of the Policy and presented it to the Board for approval in March 2025. The executive owner of ESG is the Executive Support and Corporate Secretary.

The Board of Directors

The RSL Board is responsible for:

- approving the ESG Policy;
- monitoring implementation of findings and recommendations from ESG assurance providers;
- overseeing adherence to appropriate standards of best practice in the governance of ESG; and
- providing oversight over the implementation of the Policy.

EXCO

EXCO is responsible for:

- directing development and/or review and approval of the ESG Policy;
- facilitating the approval of the Policy by the Board;
- monitoring the implementation of the Policy;
- reporting performance against the Policy;
- owning the ESG risks and opportunities;
- revising the Policy in line with the revision timelines or business needs;
- assuming the responsibility of custodian and sponsor of the Policy, acting through the Commissioner responsible for ESG; and
- complying with the Policy and ensuring that management at all levels complies with the Policy.

Commissioner General

The Commissioner General is responsible for:

- presenting the ESG Policy to the Board for approval; and
- holding EXCO members accountable for the implementation of the Policy.

RSL management

Management is responsible for:

- understanding and communicating the ESG Policy to employees;
- mainstreaming ESG issues into relevant processes as well as daily operations of all business departments;
- establishing processes, procedures and standards for the implementation of the Policy;
- ensuring that ESG standards are met and take corrective action in the event of non-compliance;
- continuously scanning the operating environment and advise the governance, risk and compliance (GRC) department of any observed and emerging ESG-related risks;
- managing the risks associated with the ESG processes; and
- facilitating action to be taken in relation to all reported ESG breaches.

Governance, risk and compliance (GRC) department

The GRC department is responsible for:

- identifying, escalating and recommending solutions to risks for the successful execution of the approved ESG Policy;
- communicating and clarifying the contents of the Policy and availing it to all staff members at all levels and regions;
- providing all key stakeholders with appropriate ESG skills, knowledge and information and support required for them to discharge their respective roles under the Policy;
- monitoring adherence to the requirements of the Policy and recommending appropriate corrective measures to the relevant structures; and
- developing and/or reviewing ESG procedures and other artefacts for effective implementation of the Policy.

Employees

RSL employees are responsible for:

- reading, understanding and upholding the ESG Policy;
- implementing the Policy;
- performing and observing established controls; and
- raising and escalating emerging ESG risks through the set risk management structures.

Assurance providers

Assurance providers are responsible for:

- providing ESG Policy development advisory and risk management services;
- monitoring compliance to the Policy;
- reporting on incidences in relation to ESG and how they are managed, mitigated or controlled;
- reviewing ESG processes for adequacy and effectiveness of controls;
- reporting to management and the Board on any deficiencies and action agreed to control them;
- following up on implementation of agreed Internal Audit and other recommendations;
- providing physical security advisory and services; and
- playing an advisory role on ESG matters.

Ethics, integrity and anti-corruption Code of Ethics

Cognisant that the efforts that we make are central to the development of the country and improvement of the lives of Basotho, we have undertaken to achieve our mandate to improve livelihoods in the country. This is primarily achieved through digitalising our services, adopting value-driven processes and improving our employees' experience, among others, guided by corporate values like teamwork, innovation, professionalism, integrity and empathy. We deliberately invest in our people and technology, considering them strategic assets that will accelerate our mission to become a data-driven organisation.

We envision a preferable future in which RSL fosters a conducive tax environment where our clients will find it easy and quick to comply with their tax obligations with less or no financial costs. We also believe it is upon each RSL staff member to appeal to their inner good for the sake of RSL's image, which they represent, as well as the image of the nation we serve and the future of our country.

This vision and belief informed the need to enshrine our integrity principles in the Code of Ethics, approved by the RSL Board in the 2024/25 financial year. It is intended as a general guide to the ethical standards expected of all employees. The tone of the Code aims to appeal to the inner emotions and provides for the desired behaviour that RSL wants to achieve, through manifestation of that behaviour among employees. Each employee pledges to live by the RSL ethical culture, without fear of sanction and favour. As the Code is not exhaustive, where more detailed information or clarification is required, employees are expected to consult their Line Managers and/or the Ethics Office.

The Code sets out RSL's approach to organisational ethics and how the organisation fosters and directs an ethical culture as set by the tone prescribed by the Board of Directors. The RSL Board members are responsible for setting the direction for how ethics should be approached and addressed within the organisation. In FY2025/26, the Board approved a Revised Code of Ethics aimed at embedding and institutionalising the corporate values articulated under the Lesokoana Strategy. The revised Code strengthens the organisation's commitment to integrity, accountability, professionalism, transparency and responsible conduct across all levels of the organisation.

During the year, we continued to prioritise ethical awareness and values-based leadership through sustained engagement initiatives involving employees and senior leadership. Particular focus was placed on creating a shared understanding of organisational values and expected ethical behaviours to ensure consistency in the application of governance principles throughout the organisation.

Integrity risk and Whistle-Blowing Policy

RSL has a zero-tolerance stance for non-compliance with regulatory and non-regulatory obligations, and as such will continually act to address instances of fraud, corruption, diversion of resources or statutory violations. Reports of detected incidents of corruption were investigated and reports were submitted to the relevant internal authorities for action.

RSL has a Whistle-Blowing Policy that was approved by the Board in 2024, where we commit to establishing a safe and supportive environment to encourage Whistle-Blowers to come forward. The Policy applies to all RSL staff, clients, law enforcement agencies, members of the public or any other person who has useful and relevant information relating to tax fraud and evasion, corruption or any misconduct against RSL. It must be reviewed every two years, or as and when necessary to consider the changing circumstances.

The objectives of the Policy are to:

- encourage Whistle-Blowers to report acts of corruption, fraud or misconduct or offence committed;
- provide ways for Whistle-Blowers to raise concerns;
- assure Whistle-Blowers that the information provided will be followed up and necessary action taken;
- assure Whistle-Blowers that they will be protected from possible reprisals or victimisation on any information provided by them in good faith and believed to be reasonably true;
- promote integrity in the behaviour of the RSL staff and clients;
- create a fair and effective revenue environment;
- promote voluntary compliance;
- build a strong and sustainable organisation;
- enhance RSL's corporate image; and
- fight corruption, fraud and tax evasion.

Two report centres exist within the organisation; one in the Intelligence Office in Core Operations Division, and another in the Ethics and Anti-Corruption Unit in the Commissioner General's office.

Leadership and executive oversight

During the 2025/2026 financial year, the Board of Revenue Services Lesotho (RSL), in discharging its statutory and fiduciary responsibilities and in support of the organisation's strategic objectives, provided oversight of the environmental, social and governance (ESG) matters relevant to RSL's mandate, operations and stakeholders.

The Board considered material ESG-related risks and opportunities and exercised oversight to ensure that these were appropriately identified, assessed and addressed by Management. In doing so, the Board had regard to the legitimate interests and reasonable expectations of RSL's stakeholders, recognising the importance of responsible revenue administration, public trust and sustainable value creation.

The Board continued to oversee RSL's ethical and integrity framework, including the organisation's anti-corruption measures, ethical standards and related governance arrangements. It also provided oversight of matters relating to taxpayers' rights, taxpayer experience and service delivery, with a focus on ensuring that RSL's administration is fair, transparent, accountable and responsive to the needs of taxpayers and other stakeholders.

The Board further exercised oversight over responsible procurement and the effective stewardship of organisational resources. This included monitoring Management's approach to the prudent, efficient and accountable utilisation of financial and other resources, consistent with RSL's mandate, applicable laws and governance requirements.

More broadly, the Board recognised RSL's role in contributing to Lesotho's economic development and sustainable development objectives. Through its oversight of strategy, performance, risk, governance and resource stewardship, the Board sought to ensure that RSL continued to fulfil its revenue administration mandate in a manner that supports public value, economic sustainability and confidence in the country's revenue administration system.

Data privacy and cybersecurity

Confidentiality of taxpayer data is mandated by law; data cannot be divulged, except in pursuit of the objectives of the LRA Act (as amended). No cases of breach of confidentiality of taxpayers' data were reported during the year.

RSL adopted COBIT 2019 as its overarching IT governance framework, which includes cybersecurity. COBIT was previously applied in development of the cybersecurity strategy. The cybersecurity governance framework supports the identification, assessment, management and monitoring of cybersecurity risks through defined oversight governance structures, including EXCO, ICTC, policies, accountability and incident response processes. No material cybersecurity incidents with significant operational, financial, regulatory or reputational impact occurred during the year, but some security incidents were encountered.

Cyber-attacks are most commonly enabled by employees and third parties. Phishing exercises that took place throughout the year played an instrumental role in ensuring that our employees, as the first line of assurance, fully understand the danger of opening any links in emails.

GOVERNANCE *continued*

Data privacy and cybersecurity
continued

However, it became evident that the security of some of the engaged third parties is compromised and this leaves RSL exposed. RSL’s Enterprise Risk Management (ERM) Policy directs that due diligence must be done prior to the engagement of external service providers. Cybercriminals are increasingly using AI, deepfakes and advanced social engineering making attacks harder to detect. There is a need to strengthen the implementation of the risk mitigations below to fully realise the impact and safeguard against emerging cyber threats. Reporting of incidents also needs to be strengthened to allow lesson learning for prevention.

Cyber-attack risk mitigations included:

- implementing recommendations from the third party security assessment in order of criticality;
- fully implementing patch management procedures as per vendor requirements; and
- conducting intensive and complex phishing simulations.

The most notable improvements in progress are:

- the establishment of the security operations centre (SOC);
- the acquisition of a web application filter (WAF);
- commissioning of network access control (NAC); and
- the KnowBe4 awareness programme.

RSL plans to continue investing in cybersecurity improvements, including monitoring, identity and access management, user awareness, incident response readiness and security infrastructure modernisation. We continue to build capacity with the relevant stakeholders.





10 GRI content index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	Organisational overview and external environment – Who we are (page 11)
GRI 2: General Disclosures 2021	2-2 Entities included in the organisation’s sustainability reporting	About this report – Scope, boundary and framework (page 3)
GRI 2: General Disclosures 2021	2-3 Reporting period, frequency and contact point	About this report – Scope, boundary and framework (page 3)
GRI 2: General Disclosures 2021	2-4 Restatements of information	As RSL’s first annual ESG report, there are no restatements.
GRI 2: General Disclosures 2021	2-5 External assurance	Integrated Annual Report (p 79)
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	Organisational overview and external environment – Position in the public-finance value chain (page 12)
GRI 2: General Disclosures 2021	2-7 Employees	Social – Our workforce (page 36) Integrated Annual Report (page 61)
GRI 2: General Disclosures 2021	2-8 Workers who are not employees	Integrated Annual Report (page 61)
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Integrated Annual Report (page 64) includes disclosures 2-9-a and 2-9-b.
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	Governance – Board of Directors (page 40)

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GRI STANDARD	DISCLOSURE	LOCATION
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GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	<i>Governance – ESG governance structure (page 44)</i>
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	<i>About this report – Board statement of responsibility (page 4); Materiality and stakeholder engagement – Materiality determination process (page 21)</i>
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	<i>Governance – Ethics, integrity and anti-corruption (page 44)</i>
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	<i>Governance – Integrity risk and Whistle-Blowing Policy (page 45)</i>
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	<i>Integrated Annual Report (page 66)</i>
GRI 2: General Disclosures 2021	2-19 Remuneration policies	<i>Integrated Annual Report (page 77)</i>
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	<i>Integrated Annual Report (page 77)</i>
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	<i>Message from the Board Chairperson and the Acting Commissioner General (page 7)</i>
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	<i>Governance – ESG governance structure (page 44)</i>
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	<i>Governance – Integrity risk and Whistle-Blowing Policy (page 45)</i>

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	<i>Governance – Ethics, integrity and anti-corruption (page 44)</i>
GRI 2: General Disclosures 2021	2-28 Membership associations	<i>Stakeholder engagement on ESG matters (page 23) Integrated Annual Report (pages 30, 33 and 34)</i>
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	<i>Materiality and stakeholder engagement – Stakeholder engagement on ESG matters (page 23)</i>