



XSTRATA SOUTH AFRICA SUMMARY COMMUNITY DEVELOPMENT FUNDING GUIDELINES

1. PURPOSE OF COMMUNITY DEVELOPMENT

The purpose of Community Development at Xstrata South Africa is:

“To create prosperous and sustainable communities around our operations and to contribute to national development, in collaboration with our stakeholders and partners”

Xstrata’s Community Development Strategy goes beyond mere regulatory compliance. It reflects Xstrata’s commitment to genuine and sustainable community development beyond the end of life of mining operations.

2. OUR APPROACH

Xstrata South Africa will adopt a collaborative and holistic view of Community Development with a focus on sustained impact.

2.1 Types of projects supported

Xstrata will engage in projects at three levels:

- *National flagship projects* which are aligned to national development priorities, and involve implementing partners with a national presence or capability
- *Local and regional projects* which are managed at an operating business or site level, and involve local or regional partners and stakeholders (including non-profit organisations and start-up enterprises)
- *Discretionary project donations* which respond to urgent and deserving needs, and are awarded by Xstrata management to projects within communities surrounding our operations

| Criteria | National flagship projects | Local and regional projects | Discretionary project donations |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Geographic area | <ul style="list-style-type: none"> • National; rolled out in the regions in which we have mines or plants wherever possible | <ul style="list-style-type: none"> • Within a 50 kilometre radius of operations | <ul style="list-style-type: none"> • Within a 50 kilometre radius of operations |
| Funding partners | <ul style="list-style-type: none"> • Multilateral, international and regional (Southern African) organisations • Government departments and agencies • Other corporates | <ul style="list-style-type: none"> • Government departments and agencies • Other corporates | <ul style="list-style-type: none"> • Government departments and agencies • Other corporates |
| Application process | <ul style="list-style-type: none"> • Xstrata SA to source projects | <ul style="list-style-type: none"> • Can apply if meet criteria (geographic area and focus area) | <ul style="list-style-type: none"> • Can apply if meet criteria (geographic area and focus area) |



| Criteria | National flagship projects | Local and regional projects | Discretionary project donations |
|----------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Duration of support | <ul style="list-style-type: none"> Multi-year funding | <ul style="list-style-type: none"> Multi-year funding | <ul style="list-style-type: none"> Once-off (once per year with no obligation thereafter) |
| Branding | <ul style="list-style-type: none"> Xstrata SA | <ul style="list-style-type: none"> Xstrata SA (where appropriate, business unit branding may be applied) | <ul style="list-style-type: none"> Brand association where it makes sense |

2.2 Project principles

- The project methodology should demonstrate that it adheres to leading practice (through prior evidence of success, endorsement of developmental experts or other such means)
- Wherever possible community development initiatives should target women, the physically challenged and unemployed youth
- Community Development will focus on communities around Xstrata South Africa operations and its labour-sending areas
- All national flagship and local and regional projects (i.e. excluding discretionary donations) will be monitored on an ongoing basis and periodically evaluated
 - Wherever possible, performance against pre-determined indicators will be recorded by the project implementing partner or beneficiary organisation (NGO or other entity)
 - Xstrata staff will also undertake project site visits and record or verify project performance against these indicators
 - For large scale and flagship projects, external evaluation will be required from time to time
- A project’s design should include an exit plan to ensure its continued sustainability beyond Xstrata South Africa’s involvement
- Xstrata South Africa will endeavor to involve employees in its Community Development initiatives



2.3 Focus areas

Projects should fall into one of the following six focus areas:

| Development focus area | Description |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Enterprise and Job Creation | <ul style="list-style-type: none"> Support provided to small companies operating outside of the mining value chain (excludes procurement enterprise development support) Feasibility studies on enterprises needing support should be conducted and documented Women, youth and the disabled should benefit from the project – either as owners, managers or employees |
| 2. Environment | <ul style="list-style-type: none"> Enterprise development projects with an environmental focus including the support of recycling, waste management and mine dump reclamation and recovery enterprises Non-profit environmental programmes including eco-schools, biodiversity centres and conservation projects <p>Exclusions: mitigation of the environmental impacts of Xstrata’s operations</p> |
| 3. Education | <ul style="list-style-type: none"> Can be provided at all levels: early childhood development, General Education and Training (GET), Further Education and Training (FET), tertiary and Adult Basic Education and Training (ABET) Includes: <ul style="list-style-type: none"> Building infrastructure e.g. schools, classrooms, ABET centres etc Bursaries and scholarships Teacher training Capacity building of school governance bodies Learner programmes e.g. Saturday schools or holiday programmes Provision of learning material and equipment Bridging programmes to improve learners’ National Senior Certificate symbols and eligibility for tertiary studies All projects in this category require consultation with the relevant Department of Education |
| 4. Social / Community Development | <ul style="list-style-type: none"> Building infrastructure e.g. roads Safety and security including support of SAPS (e.g. the provision of mobile reporting centres, offices or bicycles), crime prevention initiatives and victim support centres. Xstrata SA will <i>not</i> fund weapons. Social welfare including old age homes, feeding schemes, orphan and vulnerable children homes and hospices Building the institutional capacity of municipalities and other government departments <p>Exclusions: sports development (see Culture & Art)</p> |
| 5. Health | <ul style="list-style-type: none"> Building infrastructure e.g. clinics and hospitals Nurse training Disease-specific drugs and equipment (eg, malaria and TB) Health awareness campaigns Community wellness programmes Home-based care and outreach programmes <p>Exclusions: ARVs and other health services for Xstrata employees</p> |
| 6. Culture & Art | <ul style="list-style-type: none"> Infrastructure for arts and sports Development programmes in fine arts (e.g. music, drama) and sports Expenditure on tours and sponsorships should be minimised and exercised at the discretion of management. |



2.4 Exclusions

Xstrata South Africa does not provide support for the following:

- Political parties
- Individuals
- Xstrata employees
- Church and religious activities which exclusively benefit members of one faith
- Sporting initiatives that are undertaken primarily as a means of marketing sponsorship or which are not developmental by nature

2.5 Application format

Applicants are required to complete the relevant application form, available from the Xstrata plc website (www.xstrata.com). The two options are:

- *Application form for discretionary projects*
- *Application form for national and regional projects*

Please refer to section 2.1 for more detailed descriptions of national, regional and discretionary projects and the differences between them.

2.6 Reporting and evaluation

Successful applicants are required to complete and submit a *Self-Managed Assessment Report* form once a year (the exact dates are to be agreed on with the relevant business unit). Projects may be visited by Xstrata staff from time to time, and may also be reviewed by an independent evaluator appointed by Xstrata.

2.7 How to apply

For more information or to submit an application, contact:

Ms Lindi Zwane

CSI Administrator: Xstrata South Africa

Tel: +27 (0) 11 250 0000

E-mail: pzwane@xstrata.co.za

Postal address:

Xstrata South Africa

Suite no 19, Private Bag x1

Melrose Arch

2076

Johannesburg

South Africa