

## **Memorandum of Understanding**

This MoU is a legally non-binding document, which summarises the sincere intentions of the signatories, and represents the issues discussed and the intentions of Anglo Platinum to improve on how it engages with the Magobading community. The Bench Marks Foundation facilitated a study looking at how a model community engagement approach can be developed between Anglo Platinum and one community. The Foundation looked at community perceptions about the corporation, and presented these to the joint meeting of Anglo Plat, the Magobading community and the Foundation. In so far as the contents of this MOU are concerned, the Bench Marks Foundation is a witness as to the outcomes and intentions of the meeting. The stated intentions of the Bench Marks Foundation is not to enter into agreements on behalf of communities with companies, but rather to play an independent oversight role in promoting better mining and community engagement that leads to meaningful participation of communities and levelling the playing fields between mining and communities. . This MOU sets targets for the company and the community and the Bench Marks Foundation is only interested insofar as first steps in this model are implemented with the community. Thus the Foundation although party to the understanding (MOU) reached is not a partner in the full sense of the word, what we witness is the intentions of the company and the community to improve upon and set some basic principles for community and mining engagement approach. The Bench Marks Foundation is not the implementation agency.

On February 18, 2010, the parties to this MoU (in the following text referred to as 'the parties'):

- Anglo Platinum Limited (represented by Stephen Bullock, Sustainable Development Manager), and
- The Bench Marks Foundation (represented by John Capel, director)

met in Johannesburg at the Protea Wanderers hotel, in a meeting facilitated by the Roundtable on Sustainable Production and Use of Platinum Group Metals (Dr Reinier de Man and Wouter Pronk). Members of the Magobading (also referred to as Mecklenburg-A) Community participated in this meeting.

The parties agreed on the following.

### Preamble

1. The parties agree that their cooperation will take place in the context of South Africa's development needs and social and economic and be based on a sustainable agenda that addresses communities on site. .
2. The parties envisage Anglo Platinum in the Mecklenburg district will work on projects that will contribute to the empowerment of disadvantaged groups in society and thus play a role in implementing anti-poverty measures. These measures will contribute to the uplifting of Communities and thereby correcting the legacy of our apartheid past.
3. The parties agree that there is a Policy Gap: the gap between declared policies of both government and private sector corporations and the realities in the communities. In this case the policy gap refers to Anglo Platinum Mecklenburg operations. Moreover, there are gaps between perceptions of policy makers and the realities as perceived by the communities.
4. The parties agree that only by joint understanding of the realities on the ground by Anglo Platinum and the community can they engage in joint action, and can this policy gap be narrowed and eventually closed.

5. Therefore the parties agree that fair, constructive and transparent negotiation between the mining companies, the affected communities and NGOs, who have the motivation and the skills to effectively mediate between the communities and the companies. Should they not have these skills, the company in consultation with the Bench Marks will look at how to empower such organisations to be able to negotiate from an informed position, and to strengthen the disadvantaged communities in this negotiation process is the way to go in the near future.
6. As a first modest and short-term step towards closing the policy gap, the parties agree Anglo Plat and the Magading community will embark on two manageable cooperation projects with a limited scope and confined time-line, in which specific issues between the Magobading Community and Anglo Platinum will be addressed and in which the Bench Marks Foundation will play a facilitating role.
7. The parties agree that during and after implementing the agreed projects, the discussion between the parties about additional issues and future cooperation projects will be continued. Future projects, however, will need a renewed agreement between the partners.
8. The parties agree Anglo Plat and the community with Bench Marks playing an oversight role will start to develop a project on 'Empowering the Magobading Community in maintenance and renovation of their homes' as soon as practically possible.
9. The parties agree that, in parallel to the above mentioned project, they will with the community explore the possibilities for 'Setting up a Trust Fund for the Magobading Community'.
10. Other suggestions for cooperation projects, as developed during the Johannesburg meeting on February 18, 2010 (See Annexe 1), and new ideas that will come up during the execution of the projects, will be kept on the discussion agenda for the months to come. The parties agree that work on Broad Based Black Economic Empowerment (BEE) is a priority with a focus on how Communities benefit.
11. The parties agree that the Bench Marks Foundation will play an independent monitoring and advisory role, to the community as its first priority and secondly to engage with the company in meeting its Community obligations. Such engagement with the company will, if related to a particular Community, be done openly and transparently with Community representatives participating.

#### Empowering the Magobading Community in Maintenance and Renovation of their Homes

12. The parties agree that there can only be a sustainable solution for the current problems with the deterioration of the Magobading housing, if the Community has the skills and the resources to carry out (major parts of) the maintenance and renovation work themselves.
13. The objective of this project is to empower the Magobading Community so that they have the skills and the resources to take care of their homes.

14. To reach this objective, the parties aim for setting up a dedicated training programme by trainer/trainers who have full understanding of the real needs of the community and who have well developed skills to train communities.
15. The parties agree that Anglo Plat will work on a solution for providing the community's access to building materials for maintenance and renovation.
16. A project team will be set up with representatives of the Magobading Community, Anglo Platinum and the Bench Marks Foundation will play an advisory role to the community... The project team will decide on the priorities and details in the project.
17. The parties agree on the following project time-line: the project shall start as soon as possible, but no later than May 2010. The project will run until February 1, 2011.
18. The parties will jointly and in full agreement appoint an independent evaluator, who will evaluate the project results in February 2011.

#### Setting Up a Trust Fund to Support Socio-Economic Development in the Magobading Community

19. The parties agree to explore the possibilities to set up a Trust Fund with the full involvement of the community to support the socio-economic development in the Magobading Community.
20. The aim of the Trust Fund is to reduce poverty through socio-economic development.
21. Socio-economic development may be the result of access to agricultural land, the development of economic opportunities in Anglo Platinum's supply chains, or the creation of other job opportunities. Details will be explored during the project.
22. A project team will be set up with representatives of the Magobading Community, Anglo Platinum and the Bench Marks Foundation. The project team will decide on the priorities and details in the project.
23. The parties agree that the start of this project will be an exploration phase, in which the best model for the trust fund and realistic objectives will be formulated.
24. The first phase of this project shall start in 2010, after starting the project on Renovation and Maintenance of Homes, but no later than May 2010.
25. During 2010, the exploration phase shall be concluded and steps for setting up the trust fund shall be taken.
26. If the exploration phase leads to the envisaged results, first steps towards setting up the Trust Fund shall be taken by the end of 2010 or the beginning of 2011.
27. The parties will jointly and in full agreement appoint an independent evaluator, who will evaluate the (intermediary) project results in February 2011.

Governance Rules

28. The parties agree that Anglo Platinum along with the community will work as partners in the selected projects. The cooperation shall be characterised by fairness and open exchange of information.
29. The parties agree that, within the cooperation projects, the communities will have a strong voice in defining policies and making decisions;
30. The parties maintain their rights to criticise each other (also in public and in the media), to engage in legal procedures, as long as they do not misuse the projects and the trusts built up in these projects for that purpose and as long as they do not seriously endanger the ongoing process of cooperation and negotiation between the project partners.
31. The parties agree that the cooperation projects will not provide any mechanisms for settling legal issues such as claims for financial compensation or land issues. The parties are encouraged to settle such issues through appropriate legal and administrative procedures in the appropriate settings, however.
32. The parties agree on the following practical rules for meeting and decision-making:
- a. The Community shall participate in drafting any meeting agenda;
  - b. When planning a meeting, all parties will send the other parties an invitation well in advance;
  - c. All meetings shall be minuted, properly constituted, with sufficiently advance warning and prior distribution of documents;
  - d. For any decision, a clear time-frame for implementation shall be agreed;
  - e. For any meeting, clear agreements on confidentiality and transparency will be made. Unless it is decided otherwise, meetings will be held under Chatham House Rule.
33. The parties agree that the Bench Marks Foundation will play a facilitating role in the first meeting and, as needed, in additional meetings between the Magobading Community and Anglo Platinum.
34. The parties agree that the project will be evaluated by an independent evaluator of their choice. The evaluator will not only evaluate actions and results but will also critically examine to what extent the parties have kept the agreed governance principles.


Signed, Guyancourt, France, April 8, 2010

The Bench Marks Foundation  
(Johannesburg, South Africa)



John Capel, director

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Mary-Jane Morifi, Executive Head, Corporate  
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