



Community project, Iduapriem, Ghana

Community

1. Key issues at a glance

- Continued development and implementation of community relations and social development management systems.
- Implementation and observance of the Voluntary Principles on Security and Human Rights.
- Engaging with communities and other interested parties in jointly addressing and resolving issues, including legacy issues.
- Ensuring that any resettlement undertaken is carried out in accordance with company policy.
- Understanding and managing relationships with artisanal and small-scale miners, within the bounds of country-specific legislation.
- Ensuring sustainable local economic development in the areas in which we operate.

Contents

Living our values	132
Our scorecard	133
Review of 2007	134
Case studies	154
Objectives for 2008	155

2. Living our values

One of our values relates to the communities in which we do business, namely:

We strive to form partnerships with host communities, sharing their environments, traditions and values. We want communities to be better off for AngloGold Ashanti having been there. We are committed to working in an environmentally responsible way.

Our business principle, 'AngloGold Ashanti and the community', guides the way we do business and enables us to live our values.

AngloGold Ashanti and the community

1. AngloGold Ashanti's aim is to have a positive impact on the people, cultures and communities in which it operates. Accordingly, we will be respectful of local and indigenous people, their values, traditions, culture and the environment.
2. We will strive to ensure that surrounding communities are informed timeously of, and where possible are involved in, developments which affect them, throughout the lifecycle of our operations.
3. We will undertake social investment initiatives in those areas of need where we can make a practical and meaningful contribution. In particular, we will contribute to those areas of education and health care which are relevant to our business activities, and those most likely to be sustainable once our operations in that community have ceased.
4. The company will encourage its employees to make themselves available for participatory and leadership roles in the community.
5. We will seek to acquire and use land in a way which promotes the broadest possible consensus among interested people. Where involuntary resettlement is unavoidable, we will abide by appropriate guidelines for resettlement, where they exist, and in any event will work with the local communities to develop workable plans for any resettlement which may be necessary.
6. We will strive to contribute to the sustainable economic development of host communities through procurement activities; the contribution of redundant assets to the community; assistance in the establishment and growth of small- to medium-sized sustainable enterprises; and the procurement of goods and services from local vendors where appropriate, including the outsourcing of appropriate functions.

3. Our scorecard

In 2007 we set a number of objectives. We report our performance against these in the table below.

Objectives for 2007	Performance in 2007	Achieved or not achieved	The next steps
Further refinement of community relations and social development management system. Additional modules will be developed as required to cover issues including: <ul style="list-style-type: none"> ■ resettlement and compensation; ■ human rights and security; and ■ cultural heritage and sacred sites. 	Roll-out of the community and social development management system was achieved during the year.	Partially achieved	Both the resettlement and compensation and human rights and security modules will be completed and implemented in 2008. The cultural heritage and sacred sites module will be completed in 2008.
Addressing issues arising from small-scale and artisanal mining, including human rights concerns. In 2007, the focus will remain on continued implementation of the company's strategy, particularly at Geita, Obuasi, Siguiiri and in the DRC.	Progress made at various sites, although several incidents of conflict occurred in Ghana, and land/pit invasions were experienced at Siguiiri, Geita and in the DRC.	Partially achieved	Ongoing discussions are being held at international, national and local levels to reach acceptable solutions.
Alignment of security arrangements with the Voluntary Principles on Security, a process which should be completed by mid-2008.	Training of security personnel begun at all high-risk operations. Internal review of alignment against voluntary principles undertaken at key operations.	Partially achieved	The process should be completed by the end of 2008.
Increased emphasis on local economic development activities will continue in 2007 in line with the management targets set for key operations.	Process continued in 2008.	Achieved	The company will continue to look for opportunities for supporting sustainable local economic development.



4. Review of the year

Introduction

We have a wide variety of formal and informal structures in place to deal with our stakeholders – see page 19 for further details – and a comprehensive, but not exhaustive, list of these stakeholders appears on our website at www.aga-reports.com/07/stakeholders.htm. Of these, the communities in which we operate, or in the case of exploration activities, could potentially operate, are vitally important to us. It is for this reason that we have included discussions on our activities in the Democratic Republic of Congo (DRC) and Colombia in this section of the report.

Management approach

Community-related matters are addressed at board level by the Safety, Health and Sustainable Development Committee which has within its remit the evaluation of social, economic, environmental and health impacts of the company's operations on local communities. (See page 32 for further details on the functioning of this committee).

At a corporate level, a community relations and sustainable development team develops company policy in respect of community-related issues as well as guidance and processes to assist the operations in acting in accordance with our business principles and policies. This team has also been responsible for the development of company-wide planning support and reporting systems, particularly in respect of Stakeholder Engagement Action Plans (SEAP) and Integrated Development Action Plans (IDAP), which form the backbone of our community engagement efforts.

Over the coming year the web-based management system will continue to be rolled out to all operations via a series of workshops and operational visits. The priority remains the full implementation of the two core modules (SEAP and IDAP). A supporting module on Resettlement and Compensation practices, including cultural heritage and sacred sites, will be finalised for implementation in 2008. A Human Rights and Security



Community project, Bamako, Mali

module (to bring the company in line with the Voluntary Principles on Security and Human Rights) was completed during 2007 and will be implemented in 2008.

Also at a corporate level, AngloGold Ashanti engages with international advocacy and voluntary bodies to develop standards, norms and best practice, such as the International Council for Mining and Metals (ICMM) and the International Organization for Standardization (ISO). AngloGold Ashanti is also supportive of, and has participated in discussions and programmes initiated by, the Council for Responsible Jewellery Practice, the World Gold Council, the Initiative for Responsible Mining Assurance, and Communities and Small-scale Mining.

The South African socio-political landscape is governed by a range of legislation, the most important to the mining sector being the Mineral and Petroleum Resources Development Act (MPRDA) which requires that all mining operations submit and adhere to a Social and Labour Plan as a prerequisite to the granting of new order mining rights and report their compliance with the MPRDA in accordance with the Mining Charter. In addition to specific human resources-related issues, the Charter requires mining companies to engage with local communities in which the company's operations are situated and from which it draws its workforce. AngloGold Ashanti was granted these conversions in respect of all of its operations in August 2005 and again reported on its compliance with the Mining Charter in 2008. This report may be accessed at www.aga-reports.com

Stakeholder engagement

AngloGold Ashanti recognises that there are a wide range of people – employees, their families, communities and others who have a real and material interest in whether or not we operate in their communities or indeed countries, during the entire life cycle of a mining project. We recognise that this impact may be negative or positive, depending to a large degree on how we plan for it and how it is managed. We also recognise that in addition to the provision and development of infrastructure for the mine (such as roads, water supply, accommodation), certain direct social and economic initiatives will need to be undertaken. Our definition of

International standards for social responsibility

The International Organization for Standardization (ISO) has launched the development of an international standard providing guidelines for social responsibility. The guidance standard will be published in 2010 as ISO26000 and its use will be voluntary. It will not include requirements and will thus not be a certification standard.

The ISO is looking for a middle way that promotes respect and responsibility based on known reference documents without stifling creativity and development. Its aim is to encourage voluntary commitment to social responsibility that will lead to common guidance on concepts, definitions and methodologies.

Industry, government, labour, consumers, NGOs and other stakeholder groups are participating in the social responsibility working group to develop ISO26000. Joint leadership is being provided by the Swedish Standards Institute (SIS) and the Brazilian Association of Technical Standards (ABNT).

Alan Fine, the company's corporate affairs manager, represents South African industry at this forum.



Community project, Nova Lima, Brazil

corporate social investment is narrow and excludes infrastructure development that is related to mine development. We endeavour to engage with stakeholders on an ongoing basis and through specific fora that have been created. A great deal of attention has been paid to getting these fora started at every operation in line with the operation's Stakeholder Engagement Action Plan (SEAP).

The company also works within the regulatory and good practice frameworks within the countries in which we operate. For example, the Australian Department of Industry, Tourism and Resources (DOIR) has released its Leading Practice Sustainable Development Programme Handbooks on Community Engagement and Involvement and Working with Indigenous Communities, both for the mining industry.

AngloGold Ashanti is committed to engaging with non-governmental organisations (NGOs) and other stakeholders on issues of mutual concern. Our over-arching strategy is to develop relationships based on a mutual recognition of each other's legitimate right to operate.

A number of meetings have been held with NGOs during the year and, where appropriate, joint monitoring and investigation processes are being put in place to deal with both legacy issues and ongoing stakeholder concerns at Obuasi and in the DRC. Training in the use of the Stakeholder Engagement Action Plan (SEAP) toolkit was provided during the year, and accordingly all operations have reviewed or are reviewing their current engagement processes. Specific structures are being put in place to deal with grievances and legacy issues.

Open door policy at CC&V

CC&V mine, located near the picturesque town of Victor in a historic mining area, has a close relationship with its local communities. In addition to meetings and offering tours of the property to community members, the company maintains an open door policy for interested parties to raise issues and concerns.

Says Jane Mannon, Community Relations manager, "By keeping an open door policy, we hear about problems or issues that may arise and try and address community concerns before they become larger issues. Through this we are also able to learn which community development projects the community would like us to support and where our participation will be most effective."

It is not always plain sailing for CC&V. In 2007, activities on the western side of the operation, which are closer to residential areas, have generated increased interest from residents who voiced their concerns. Several operational changes have been made in response, including, for example, noise curtains on exploration drills and the reduction of leaching on side slopes near highways.

The mine is an active member of the Southern Teller County Focus Group. This entity, set up in 1998, meets on a quarterly basis to discuss historic preservation, economic development and the mining operations in general.



Among the particular interest groups and reports that have been addressed by the company during the year are:

- Food First Information and Action Network (FIAN), in relation to environmental and social performance at Iduapriem mine. For further information on what the company is doing at Iduapriem see case studies on *An integrated approach to community relations at Iduapriem* at www.aga-reports.com/07/Community-Iduapriem.htm and *Rehabilitation success at Iduapriem* at www.aga-reports.com/07/Iduapriem-environment.htm.

Community continued

- Amnesty International's report called: 'Colombia – Killings, arbitrary detentions and death threats: the reality of trade unionism in Colombia'. Amnesty International's report and the company's response may be found on our website at www.anglogoldashanti.co.za/Social+Responsibility/Stakeholder+Communication.htm. Further information on the company's activities in Colombia may be found in the country report at www.aga-reports.com/07/Colombia.htm and AngloGold Ashanti's views on freedom of association and collective bargaining may be found in the Employment section of this report on page 94, and in the case study called *Towards Collective Bargaining*, on page 104.
- The Catholic Agency for Overseas Development (CAFOD) and Human Rights Watch, in respect of the company's activities in the DRC and the publication *Unearth Justice: Counting the Cost of Gold*. A process has been put in place whereby AngloGold Ashanti now meets regularly with the elected Cadre de Concertation (Dialogue Executive) which is the civil society group that has been established following a multi-stakeholder conference held in Bunia, Ituri, in September 2006. It is hoped that this multi-stakeholder dialogue will work towards finding ways forward on the range of issues raised by these and other stakeholders, and indeed other stakeholders – including AngloGold Ashanti.

The basis for community relations is stakeholder engagement which is why so much emphasis has been placed on Stakeholder Engagement Action Plans. At many of our African operations (outside South Africa) the issues relate to artisanal and small-scale mining (ASM) and resettlement and compensation.

Community relations in Brazil

In Brazil the company has a long-standing Good Neighbourhood Programme which bridges the gap between community relations and environmental issues. The range of operations (from exploration, to construction, mining processing and closed operations) makes this process even more important as communities not only live and work in the region, but are highly dependent on the mines for their livelihoods. (See case study on *Good Neighbours programme takes on environmental emphasis at* www.aga-reports.com/07/Good-neighbours.htm)



What is ASM?

Artisanal and small scale mining (ASM) is a global phenomenon in mineral-rich, predominantly third-world and poorer countries. The NGO, Communities and Small-scale Mining Initiative (CASMI), estimates that there are 13 to 20 million people in over 30 developing countries actively engaged in ASM and a further 80 to 100 million people depending on the sector for their livelihood. (Source: www.casmsite.org).



Artisanal mining, DRC

ASM is largely a socio-economic issue that often traps its incumbents into a spiral of inter-generational poverty. It is a labour-intensive activity, frequently exposing the miners to unsafe working circumstances and processes, and bringing them into conflict with land-owners and regulators. ASM miners typically work in groups and can be highly organised, with certain people specialising in specific activities. But, with low levels of mechanisation, poor productivity and rudimentary processes for recovery, the ASM miners themselves are at the lowest end of a complex value chain, typically comprising several layers of middlemen and earning low, often subsistence, levels of income.

The sector often includes a large proportion of people from vulnerable groups such as women, children and migrant groups.

Dealing with artisanal and small-scale mining

The presence of artisanal and small-scale mining (ASM) at the company's operations in Ghana, Guinea, Tanzania and (to a lesser extent) Mali, as well as the exploration sites in Colombia and the DRC, poses one of the most significant and multifaceted community-related challenges facing AngloGold Ashanti.

Our strategy in respect of ASM is one that is evolving and takes into consideration local issues and regulations and, increasingly, site-specific practices and policies will be driven through consultation with the miners themselves. Our view is one that permits co-existence and promotes the development of orderly, viable small-scale mining sectors in collaboration with our host communities and governments as a *quid pro quo* for respect for the security of the operations. But the issues that present themselves are complex. (See case study in the report to society 2006 on AngloGold Ashanti's approach to artisanal and small-scale mining at www.aga-reports.com)

There is an inherent potential for conflict between large-scale operators, such as AngloGold Ashanti, working within a formal, regulated land tenure framework on the one hand, and small-scale miners on the other. The

situation is exacerbated by the fact that these miners may claim to have an historical entitlement and may experience difficulty in accessing appropriate land, given the preference given in the allocation of mining licences and capital development incentives to the larger-scale operators. At the same time, the lack of regulation, ambiguous legislation or a legal framework which is inappropriate to small-scale and artisanal operators (and consequently is not enforced) results in further potential conflict extending to security forces, the police and the state.

Small-scale miners often blamed for environmental degradation, seldom rehabilitating the areas they have mined and releasing mercury (used in an uncontrolled manner for processing) into the ecosystem. Poor health and safety practices may also have an impact, with fatal accidents an unfortunately frequent occurrence in the sector.

Our approach of multi-stakeholder engagement is based on the premise that government needs to take a lead role in addressing the issue along with artisanal miners, large-scale miners, NGOs and development agencies. Our experience is that ASM is a social issue that cannot be resolved unless we also address the underlying socio-economic issues in the communities around our operations. With this in mind, a key part of our strategy is the identification and development of regulated ASM sites or alternative livelihoods that are sustainable, safer, and provide a better livelihood to the miner and his or her family. At Iduapriem, for example, where an integrated approach to community development includes the development of alternative livelihoods, the mine has experienced a significant decline in ASM activity on company property during the past two years.

The risks associated with artisanal and small-scale mining continue to challenge mining companies operating in developing countries. As a member of the ICMM and CASM, AngloGold Ashanti has been part of an initiative to join the artisanal mining/large-scale mining working groups of both organisations. Such an initiative would allow us to develop more cohesive strategies with other mining companies, particularly in areas where our respective operations are in close proximity (for example Ghana and Tanzania).

A number of projects are under way and structures have been created to address these issues at both an international and local level, but the issue remains one of significant concern. Specific progress or issues raised at operations during the year include:

Engaging on the issue

AngloGold Ashanti is of the view that international debate and policy development is essential in establishing guidance for good practice in dealing with ASM. We retain a seat as one of two companies on the Strategic Management Advisory Group of the World Bank's Communities and Small-scale Mining initiative which was set up with a specific mandate to find collaborative solutions to this challenge. During 2007, AngloGold Ashanti was involved in setting up the International Council on Mining and Metals (ICMM) Working Group on Artisanal and Small-scale Mining.

We contributed to the International Finance Corporation (IFC) publication: Artisanal and Small-scale Mining Tools and Guidance for Large-scale Mining Companies, which is expected to be published during the course of 2008.

Ghana

The issue remains one of serious concern to the company both in respect of the conflict between artisanal and small-scale miners and mine-employed security and security forces on mine property, and also in respect of safety and health issues where these have an impact on the employees of Obuasi.

Guinea

Ongoing pit invasions by ASM miners at Siguiri have been experienced despite tighter security measures by the mine. Siguiri engaged the services of a local consultant to analyse and understand the activities of ASM both on site and within the local Siguiri municipality. See case study on Artisanal miners at Siguiri at www.aga-reports.com/07/Orpaillage-Siguiri.htm. Siguiri is seeking appropriate and adequate mechanisms to resolve the issues encountered.

Tanzania

An Artisanal Mining Working Committee has been established by the Tanzanian Chamber of Mines and members (including AngloGold Ashanti, Barrick, De Beers, TanzaniteOne, IamGold and Resolute Mining) participated in a day-long workshop during the year to formulate a national strategy for ASM. A joint Chamber of Mines and Police Special Unit is in the process of being established to address gold and diamond theft in line with the Voluntary Principles on Security and Human Rights.

Exploration

ASM is an issue encountered by our exploration teams too, particularly in the DRC and Colombia.

- In the *DRC* AngloGold Ashanti has contracted PACT Congo, a developmental NGO, to assist in the identification and implementation of appropriate strategies to create an initial co-existence with the ASM on the company's concession in the Ituri region. One avenue being explored is the development of more formal, small-scale mining units that could be employed in the responsible mining of identified areas. An ASM Working Group is in the process of being set up and a pilot project to improve ASM extraction and treatment techniques is planned for 2008.
- In *Colombia* contracts and collaborative agreements have been entered into with the communities and mining organisations present in all the areas where ASM has been encountered.
 - A policy has been developed that provides for the establishment of contracts and collaborative agreements, in the interests of promoting legalised and commercial mining activity. At the heart of the programme is the allocation of ground to ASM miners, giving them legal mining title over the property. In return for this, the miners have to register in terms of the local mining regulatory framework and comply with some basic health and safety and environmental requirements.
 - For the most part, the property identified for disposal to small-scale operators is restricted to narrow high-grade veins or alluvial-colluvial deposits, which are generally not of interest to AngloGold Ashanti in the short term. However, one of the key advantages of this approach is that it gives the operators a real, value-based, commercial interest in the property and, should the company wish to incorporate it into a larger-scale mining operation, the land could potentially be re-acquired.

Significant incidents are reported in the table.

Significant incident reporting 2007		
Operation	Nature of the incident	Action taken
DRC		
December 2007	Some 1,000 artisanal and small-scale miners operating illegally and placing themselves at risk were removed from an old decommissioned mine on the company's concession with the assistance of the Governor of the Oriental Province. The situation remains peaceful.	No further action currently required. AngloGold Ashanti has contracted PACT Congo a developmental NGO/consultancy, to assist in the identification and implementation of appropriate strategies to create an initial co-existence with the artisanal miners on the company's concession in the Ituri region of the DRC.
Ghana – Obuasi		
November	Mine guards were overrun by an ASM group, armed with cutlasses and other weapons. Four guards were injured, two of them seriously.	A security review was conducted in December and a range of options is being considered by management. In all cases, the responses to issues have been measured, and began with dialogues with the local communities and other stakeholders. However it is management's view that unarmed guards cannot continue to assume these risks. In the near-term, plans to arm the security force with non-lethal arms for self-protection will be considered. Additionally management is considering the employment of a rapid reaction force, which would include both police and military personnel.
December	A large group of ASM miners, armed with cutlasses and firearms, attacked guards on a tailings dam.	
January 2008	Employees were trapped below ground following the theft of electrical cable. Employees were safely evacuated from the mine through alternative means, although 37 employees waited underground for a number of hours before they could safely be brought to surface. A sub-surface fire was also started at this time causing damage amounting to some US\$5 million.	
Ongoing	Repeated invasion by artisanal and small-scale miners of the Sansu Tailings facility.	
Tanzania – Geita		
Throughout the year	A dispute arose in respect of compensation for agricultural land and settlements in the Katoma area.	Following discussions with the claimants and with the Tanzanian Minister of Mines to resolve the dispute, it was agreed that compensation would be paid and that any outstanding disputes would be mediated by the Minister. All eligible residents had received compensation by year-end. Where further complaints were received in respect of the value, these were jointly reviewed by the company and the District Council and appropriate actions taken. A consultant has been appointed by Geita to develop a broad stakeholder engagement and community development plan for the mine.

Significant incident reporting 2007

Operation	Nature of the incident	Action taken
March 2007	Eviction of people in illegal settlements.	Two significant cases of illegal settlements on the mine lease area leading to evictions occurred during 2007. Under Tanzanian law, and after consultation with the police and the Inspector of Mines, about 600 people at Tarzan Valley were served with eviction notices and left the area by the deadline date in July, without any significant incident. A further 4,500 people settled at Chipaka were evicted without significant incident in September 2007.
Ongoing	Diesel theft	Diesel theft is also a serious issue at the mine. These and related incidents of theft have resulted in a number of armed attacks with machetes resulting in serious injury to AngloGold Ashanti personnel. To address these issues a memorandum of understanding has been signed with the Tanzanian Police Force (see above) for the provision of security services through a specially created Gold and Diamonds Unit. The provisions of the Voluntary Principles on Security and Human Rights have been included.

Performance for the year

Significant incidents

A number of incidents were recorded during the year. Amongst the most significant are the increasing clashes at Obuasi mine in Ghana between employees and mine security on the one hand, and artisanal and small-scale miners operating illegally on company property on the other.

Indigenous people's issues

AngloGold Ashanti is mindful that there are specific considerations that need to be taken into account regarding indigenous people. The company is also involved in this dialogue via the International Council on Mining and Metals and supports the Council's draft position statement on indigenous peoples (http://www.icmm.com/news/1054Drafthighlevelpositionstatement_FINAL.pdf). No specific incidents or complaints were recorded during the year. AngloGold Ashanti participated in the ICCM IUCN roundtable on indigenous people's issues in Sydney in January 2008. A final position statement is expected to be released by the ICMM in mid-2008.

A handbook on working with indigenous communities developed by the Australian Department of Industry, Tourism and Resources, which has been adopted by AngloGold Ashanti in Australia, acknowledges the traditional and historical connection that aboriginal people have with the land and the effects of colonisation and development, including mining. Recognition of differences in culture, language, law and custom are also covered. An example of the approach by the company is the Plants for People (P4P) project which was designed to empower the local Aboriginal community near Sunrise Dam, by revitalising traditional knowledge. (See the *Report to Society 2006* at www.aga-reports.com/06/p4p-SDGM.htm).

Resettlement and compensation

Securing land to explore and conduct mining activities underpins the viability of the company. In some cases, particularly for open cast and surface operations, there is a need to move and resettle communities, many of whom have long-standing cultural and economic associations with the land on which they reside, and to compensate them fairly and appropriately. It is also important for the company to address grievance or legacy issues that have arisen in respect of past access to land.

Operations in which land resettlement and compensation present significant challenges to the company are Geita in Tanzania, Iduapriem and Obuasi in Ghana, and Siguiri in Guinea.

A number of legacy issues are being dealt with by the group, including:

- At Iduapriem, in Ghana, where an ongoing compensation and relocation dispute is being resolved with the assistance of the mechanism of the Monitoring Advisory Group. (See case study on *An integrated approach to community relations at Iduapriem* at www-aga-reports.com/07/Iduapriem-community.htm)
- A review of resettlement and compensation undertaken at Obuasi in Ghana prior to 2004. This is being jointly undertaken between the Wassa Association of Community Affected by Mining (Wacam) and AngloGold Ashanti through a Joint Investigative Group. (See the stakeholder engagement section on page 17).

In 2004, the Board Committee on Safety, Health and Sustainable Development ratified the International Finance Corporation's (IFC) Policies on Involuntary Resettlement as AngloGold Ashanti's policy on resettlement. A guidance note is being prepared to assist operations and exploration sites in handling resettlement and compensation.

The planned resettlement of the community in the Katoma area in the Kalangalala Ward, Geita, was progressed during the year and attracted attention. (See list of incidents on page 142). The area in question, comprising 553 households and 230 farms, is located within Geita's Special Mining Lease area. While negotiations with the community began in 2004, valuations were only carried out on these properties between May and July 2006 and payments were made between July and November 2007. Resettlement Action Plans are being developed for potential resettlement of communities at Ajopa, Iduapriem in Ghana and at Kintinian at Siguiri in Guinea.



Siguiri, Guinea



Settling with the people of Teberebie

Resettlement of the Teberebie farmers as recommended in a Resettlement Action Plan (RAP) in 2003 has continued to be a cause for concern for Iduapriem mine and an issue of contention with community members and NGOs, WACAM and FIAN. The RAP recommendations stipulated land-for-land replacement in addition to monetary compensation as per the mining laws.

At issue is the fact that, while compensation was paid in monetary terms and in line with prevailing legislation, community members were not provided with the replacement alternative land as part of the settlement. This is predominantly a result of the complex land tenure systems in Ghana.

The Teberebie Resettlement plan included intentions to provide alternative farming land to the displaced community. The mine has, until recently, been unsuccessful in securing alternative farming land. The community, through the MAG, has been involved in the process of alternative land identification. This includes ongoing negotiation with the chiefs of neighbouring communities.

Through a process of extensive engagement between the mine and community members, an area for potential resettlement that can accommodate the majority of displaced farm lines has now been identified and is currently being reviewed by the Teberebie chief and Resettlement Committee. The process of engagement will continue until a suitable arrangement has been reached.

Discussions with communities in the Ajopa mining lease area and valuation of land on which mining is likely to take place in the future has begun. The mine is committed to ensuring a more timeous and smoother implementation of the IFC guidelines during this resettlement process.

Another issue of concern is the injury to and rehabilitation of a local farmer. (*Reported in the Country Report on Iduapriem in 2006 – www.aga-reports.com*). Mr Baidoo was injured in 2006 in a scuffle between state security personnel and local farmers who were protesting against having to use an alternative route to the mine's major haul road (which was deemed by the mine to be unsafe for pedestrian traffic). Mr Baidoo was struck by a stray bullet in the torso. On humanitarian grounds, the mine has assumed responsibility for Mr. Baidoo's medical rehabilitation and care which is ongoing, and has provided an income to him.

Human rights and security

AngloGold Ashanti operates in a number of countries where security considerations make it necessary for operations to rely on special support, on a fee for services basis, from the police and/or army. This is the case in Ghana, Guinea, Mali, Tanzania, the DRC and Colombia. It is a complex issue that raises moral and social concerns and requires ongoing management, monitoring and attention.

Following AngloGold Ashanti's admission to the Voluntary Principles on Security and Human Rights (see accompanying box), a range of activities is under way to harmonise the group's activities with this international good practice guideline, including the finalisation of the group human rights policy.

A management standard and accompanying guidance note, a training programme and a toolkit to assist operations and exploration sites in aligning their security practices with the Voluntary Principles have been developed and will be implemented during the course of 2008.

Voluntary Principles on security and human rights

The Voluntary Principles were developed out of a multi-stakeholder process involving governments, resource companies, and non-governmental organisations (NGOs) in late 2000. They were drawn up with the objective of helping companies in the extractive sector to improve their performance in relation to security risk assessment and the control of security operatives, and to improve relations with communities over security issues. Accordingly, they focus on three main areas:

- risk assessment;
- interactions between companies and public security; and
- interactions between companies and private security.

Human rights toolkit

As part of the implementation of the Voluntary Principles on Security and Human Rights, AngloGold Ashanti has produced a guideline and toolkit for employees and contractors that will be implemented in 2008.

The guidelines elaborate on the group's policy on security and human rights (see website – www.aga-reports.com/07/humanrights-policy.pdf), explain what human rights and human rights abuses are, what the Voluntary Principles are and what they are designed to do and provide implementation guidelines for the group's operations.

Included in guidelines are operating standards for asset protection employees and contractors covering issues such as screening of employees, use of technology and entrapment, privacy and the interception of communication, carrying of firearms, use of force, dogs and firearms, dealing with arrest, among other issues.

Corporate social investment

Corporate social investment is one of the ways in which we work toward ensuring that communities are better off for our having been there. Many of our operations are located in areas of great need, where development has been minimal, resources are scarce and high levels of poverty exist. The need to invest appropriately and in a manner that is sustainable is countered by the pressure from communities and indeed governments to receive tangible and immediate benefits.

Where this makes sense to do so, and particularly in less economically developed regions, operations are encouraged to develop partnerships with other parties – such as mining companies and other industry, contractors, NGOs and government – in ensuring the greater impact of their delivery.

In 2007, the group spent \$8.05 million on corporate social investment (2006: \$7.75 million, which included Bibiani mine). A narrow definition of corporate social investment is used in establishing this figure: corporate social investment expenditure is defined as the voluntary investment of funds in the broader community, through programmes, which span a range of development and maintenance activities seeking to complement the work of government, non-government (NGOs), and community-based organisations (CBOs), where the target beneficiaries are external to the company. Corporate social investment specifically excludes those activities which the company is legally obliged to undertake or where the purpose is primarily commercial, for example marketing, employee benefits or public relations activities.



Corporate social investment (US\$000)			
	2007	2006	Reasons for variance
Argentina			
Cerro Vanguardia (92.5%)	371	234	Increased focus on corporate social investment initiatives.
Brazil			
Brasil Mineração	481	692	Expenditure related to the Pneumocology Reference Centre and programmes related to the care of former employees with silicosis was excluded in 2007.
Serra Grande (50%)	131	629	Expenditure on corporate social investment (\$492,000), which forms part of a tax incentive scheme, is not included here.
DRC			
Exploration	71	84	
Australia			
Sunrise Dam	77	249	Major once-off expenditure in 2006 included the Laverton Hall of Fame and Plants for People project.
Ghana			
Iduapriem (85%)*	319	432	
Obuasi	1,985	128	\$1.69 million attributed to expenditure on the malaria control programme.
Bibiani		156	The mine was sold in December 2006.
Guinea			
Siguiri (85%)**	395	308	
Mali			
Morila (40%)	55	39	
Sadiola (38%) and Yatela (40%)	47	210	
Namibia			
Navachab	360	787	Expenditure relating to the local school which many employees' children attend were not included in the spend this year.
South Africa			
Corporate office	3,001	3,025	
SA operations	179	107	
Tanzania			
Geita	265	478	
USA			
CC&V	311	190	Includes donations of goods (not previously included), a large donation was made towards the Pikes Peak Regional hospital fund to assist in getting this operational and 2007 was the first year of a three-year grant to the Cheyenne Mountain Zoo.
Total	8,048	7,748	

* 100% of Iduapriem held by AngloGold Ashanti from 1 October 2008.

** The figure for Siguiri includes the amount paid to the Prefectural Council for the development of Siguiri as part of a legally binding 0.4% revenue agreement.

The vehicles for corporate social investment differ from region to region, and operation to operation, and are in line with the specific needs indicated by communities.

A major change undertaken during the year was the way in which corporate social investment is managed in South Africa. Until the end of 2006, the group's corporate social investment in South Africa was managed by a specialist corporate donor support agency. In 2007, the management of these functions reverted to the group with the vehicle becoming known as the AngloGold Ashanti CSI Fund.

South African corporate social investment initiatives are now directed by the AngloGold Ashanti CSI Committee, the members of which are drawn from senior managers in different fields. Administration of the CSI fund, including the evaluation of proposals, is handled by the Corporate Affairs Department at corporate office.

In line with the Mining Charter, the focus is intentionally on regions in which AngloGold Ashanti has operations and the areas from which the company draws large numbers of employees, with 95% of the projects supported being situated in these areas. North West Province, where the West Wits and Vaal River operations are located, benefited from 46% of the available funding, followed by the south-eastern part of the Eastern Cape (12%) where the families of the majority of employees from this province reside.

During 2007 the CSI fund contributed \$1.98 million to 68 projects across southern Africa. In terms of sectors, education received the greatest backing (40%), followed by HIV/AIDS (20%), welfare and development (17%), and skills training and job creation (11%).

Several case studies may be found on our website:

- A change for AngloGold Ashanti corporate social investment fund at www.aga-reports.com/07/CSI-SA.htm.
- Hospice Matlosana at www.aga-reports.com/07/matlosana.htm
- Ergo model transfers to the Eastern Cape – www.aga-reports.com/07/ergo-model.htm
- Lesotho water project – www.aga-reports.com/07/lesotho-water.htm.



Morila, Mali



Local economic development

In line with AngloGold Ashanti's belief that its operations and activities should contribute toward the long-term sustainable development of host communities, operations have been charged with ensuring that they play a positive role in the local economic development of the communities and countries in which they operate. This is particularly challenging for sometimes short-lived mining operations or exploration projects, particularly when there is only a limited period in which to make an impact.

In more established mining areas such as Brazil, for example, where historically mining communities have been dependent on the mine for their livelihood, AngloGold Ashanti has initiated local economic development programmes to stimulate the development of small enterprises and to attract economic development, unrelated to mining, to towns such as Nova Lima, Sabará, Santa Barbara and Crixas.

At Cerro Vanguardia in Argentina, the company has been integrally involved in the establishment of the local development agency in Puerto San Julián. An integrated development plan is expected to be finalised by mid-2008 in which a number of parties – the company, the municipality, local businesses and individuals – will provide input into alternative economic development for the region. The process is being led by specialists at the University of Patagonia (UNPA).

Local economic development of mine-based communities and labour-sending areas is something that mining companies have been specifically mandated to perform by the South African Mining Charter. In South Africa, the Small and Medium Enterprise Development Initiative (SMEDI) continues to identify people with ability and potential, and enters into a partnership with them to provide education, training and funding with the long-term aim of creating sustainable business. The raising of venture capital is managed through Masakhisane Investments Limited, which was established in 1999, with an initial capital investment of R10 million. See case study on *Developing sustainable small businesses in South Africa* at www.aga-reports.com/07/small-business.htm, and associated case studies on:

- *Towards sustainable agriculture in Lesotho* at www.aga-reports.com/07/Lesotho.htm
- *Providing a community service at Vaal River* at www.aga-reports.com/07/VR-community.htm

Exploration activities

AngloGold Ashanti is engaged in greenfields exploration programmes in some remote parts of the world, in countries where the group does not have operations and where it has not been active in the past. These countries include China, Colombia, the DRC, Laos, the Philippines and Russia. The company seeks to explore for and develop mineral resources in these 'new frontier' territories in a manner that is socially and environmentally responsible, either through its direct activities, or in association with joint venture partners.

Says Paul Hollesen, Group Manager, Community Relations and Social Development: "The overarching strategy is to develop relationships based on the recognition of the legitimate right of all parties to operate. The focus of the strategy is to reach agreements and understandings with organisations, whether AngloGold Ashanti shares their interests or not. Dialogue with such entities is strongly encouraged and the group has produced a guidance note and toolkit – the Stakeholder Engagement Action Plan – to assist managers based in other countries in establishing and maintaining regular contact with stakeholders."

The group's Tropicana project in Australia is a case in point where in keeping with company policy and local law, extensive biodiversity and heritage protection studies were undertaken to determine a baseline in advance of mining. In addition to desktop and field studies to establish the biodiversity of the region, local indigenous communities were consulted to ensure that any known ethnographic sites within the proposed exploration area were also identified and protected. Although no ethnographic sites were recorded, a number of archaeological sites were identified across the tenement areas.

In addition, says Hollesen, attention is being paid to putting in place appropriate structures to deal with the concerns of local communities. The pressure for mining companies to meet local economic, and more general community development aspirations is an increasing challenge.

"This is particularly marked where there is great poverty in the surrounding communities," explains Hollesen. He points out that at local and national government level too, the trend is one of increased expectations for a larger 'slice of the pie'. This was the case in most countries in which the group does business.



Exploration, Colombia

Exploration activities (continued)

AngloGold Ashanti recognises the need for constructive relations with national and local government, and with civil society. Broader strategic aims include:

- advancing and furthering democracy, particularly in post-conflict and developing economies;
- ensuring that the group has the capacity to exert a positive influence on public policy and legislative reform; and
- promoting a culture of public-private partnership in the areas of infrastructure, tax, and social and human resource development.

In less economically developed countries such as the DRC, AngloGold Ashanti adopts the strategy of engaging in partnerships with reputable NGOs to assist with development interventions. For example, in the DRC the group is working with Pact Congo, a United States-based non-profit corporation which has field offices in 26 countries and more than 100 projects in 46 countries in Asia, Eurasia, Africa and Latin America.

These projects include two large grant management programmes addressing democracy in government, and the management of HIV/AIDS. Other priority areas are livelihoods, natural resource management and peace building. Technical assistance, capacity building and grants are components of most projects. Pact is developing a groundbreaking new alliance with a number of mining companies (including AngloGold Ashanti), NGOs and donors in the DRC to further social development aims in that country and to increase the capacity of these companies to operate as good corporate citizens. The alliance is tackling such issues as artisanal mining, health care, education, human rights and security.



Siguri, Guinea

Similar initiatives, such as the alternative livelihoods programmes, are being developed or are in place at all operations in less economically developed countries, such as Ghana, Guinea, Tanzania and Mali. See the case study *An integrated approach to community relations at Iduapriem* at www.aga-reports.com/07/Iduapriem-community.htm

Volunteerism programmes

In line with the company's belief that employees and the company itself fill a wider role in society, AngloGold Ashanti encourages employees to volunteer time and contribute money to their communities. The company will then either match the donation or offer employees time off in lieu of some of the time donated.

Four formal programmes are in place:

- At CC&V in the USA, employees are encouraged to involve themselves in the community through volunteer service. Employees are rewarded with one hour of paid time off for every three hours volunteered for participation in community groups, and one hour off for every two hours volunteered for positions in government, such as serving on the City Council or Planning Commission.
- The corporate office in Johannesburg runs its own volunteering and give-as-you-earn scheme, called Hearts of Gold. In 2007, employees volunteered their assistance and skills at soccer development clubs, hospices and school renovation initiatives. In March 40 volunteers from the corporate office participated in an Employee Volunteer week, repainting the recreation hall at the Abraham Kriel Home, in Langlaagte, Johannesburg, for abused children. Hearts of Gold awareness expo was hosted in September where various charities and NGOs could make contact with employees and vice versa.
- At Sunrise Dam in Australia there are established policies and practices in place to encourage employees to participate in leadership roles within their local communities. While this is made challenging by the fly-in-fly-out work arrangements, a number of Laverton and Lake Carey initiatives have been supported.
- In Brazil, volunteer time was donated by employees through the 'Holding Hands' programme. Examples of the activities undertaken are: computer training for underprivileged children, collection of coats for disadvantaged people in winter, tree planting on Arbor Day. An activity that was supported by company volunteers and funded by the company was the involvement of young people from Nova Lima, Sabará, Santa Bárbara and Raposos in a schools' competition in support of the United Nations Millennium Development goals. (See case study at www.aga-reports.com/07/Millennium-goals.htm)

Life cycle analysis

As exploration and mining activities frequently occur in areas that are remote or regions where there is very little other economic activity, their relative impact is often heightened. The potential impact of exploration and mining activities needs therefore to be considered at the exploration stage, before any activities begin, right through the operations' operating lives, to eventual closure and thereafter. A range of potential impacts and mitigating measures are identified during the environmental and social impact assessment, and mitigating measures are then incorporated into the Environmental Management Plans (EMPs) over operations' life of mine. These are discussed further in the Environmental section. During the year, the company once again actively participated in the ICMM Integrated Closure Planning Working Group and a final publication on its work is expected during the course of 2008.

5. Case studies

Brazil



- **Schools' competition focused on United Nations Millennium Development Goals** – AngloGold Ashanti believes that children and young people are the groups that stand the most to gain through the realisation of the United Nations Millennium Development Goals (MDGs). As a result, the company's Brazilian operations decided to develop an active outreach programme in support of these goals. A competition was established between schools, with scholars striving to disseminate awareness and ensure achievement of MDGs in their communities, with great success. *See case study at www.aga-reports.com/07/millennium-goals.htm*



- **Good Neighbours Programme takes on environmental emphasis** – Now in its fourth year, AngloGold Ashanti's Good Neighbours Programme in Brazil continues to bridge the divide between the company and its communities, and to improve the understanding between them. Quarterly meetings and the distribution of operational and environmental information has ensured that the communities concerned are always informed. The voicing of queries and the registering of complaints and observations has also been facilitated. *See case study at www.aga-reports.com/Good-neighbours.htm*

Ghana



- **An integrated approach to community relations at Iduapriem** – Iduapriem mine in the Tarkwa area in western Ghana is part of a community that has become heavily dependent on mining. The approach to community relations and development at Iduapriem, while always a feature of the mine's operations, has been formalised over the past few years with great success. This case study incorporates a description of Iduapriem's Hand-in-Hand Programme and of the experience regarding the resettlement of the Teberebie farmers. *See case study at www.aga-reports.com/Iduapriem-community.htm*.

Guinea



- **'Orpaillage' or artisanal mining at Siguiiri** – At Siguiiri gold mine in Guinea, a mine located in the heart of an ancient gold mining region, a highly formalised *orpaillage* or artisanal mining system forms an integral part of the village structures. The simultaneous existence of AngloGold Ashanti's mine and the *orpaillage* has required the development of a strategic cohabitation solution. *See case study at www.aga-reports.com/Orpaillage-Siguiiri.htm*

Southern Africa



- **A change for the AngloGold Ashanti corporate social investment fund** – 2007 saw significant changes to the way in which AngloGold Ashanti handles its corporate social investment (CSI) activities in southern Africa. An approach which ensures the company's proactive involvement in various projects has been developed. This case study examines some of AngloGold Ashanti's CSI initiatives, including Hospice Matlosana, the Ergo project, and the Lesotho Water Project. *See case study at www.aga-reports.com/CSI-SA.htm*

■ **Addressing socio-economic needs: the Nongoma Abalimi Phambili project** – The Nongoma Abalimi Phambili Project in KwaZulu-Natal, initiated in August 2006, was established with the primary goal of stimulating the local economy by exploiting the high potential agriculture resources successfully, efficiently and sustainably. The project has improved the livelihood of over 460 individual farmers and has brought over 400ha of arable land into production. The success of the project is set to continue in 2008. See case study at www.aga-reports.com/07/nongoma-social.htm.



■ **Developing sustainable small businesses in South Africa** – AngloGold Ashanti emphatically maintains that its operations and activities should contribute towards the long-term sustainable development of the communities in which it operates. The remote South African areas, from which the company draws a substantial proportion of its workforce, is of particular concern. AngloGold Ashanti has endeavoured to identify projects with potential, and to enter into partnerships to provide education, training and funding. See case study at www.aga-reports.com/07/sustainable-business.htm.



■ **Towards sustainable agriculture in Lesotho** – The Immigration Act, effective from 2005, deems that foreign nationals will not be allowed to work in South Africa unless they have previously done so. This Act has profound effects for the current and future Lesotho national employees of AngloGold Ashanti. As a result, the company has assisted concerned Lesotho citizens with programmes that promote sustainable enterprises and agricultural development through self-employment in their own country. See case study at www.aga-reports.com/07/Lesotho.htm



■ **Providing a community service in Vaal River** – Joseph Magetse's cell phone bureau, a much-needed service in South African communities where land line services are scarce, has grown and diversified substantially since its inception in 2003. The development of Mr Magetse's businesses was facilitated by AngloGold Ashanti's initial advice and assistance, endeavours which have made him an independent and highly successful entrepreneur today. See case study at www.aga-reports.com/07/VR-community.htm



6. Objectives for 2008

The following objectives have been set for 2008:

- Further refinement of the community relations and social development management system. Additional modules on resettlement and compensation (including cultural heritage and sacred sites), and human rights and security to be finalised and implemented.
- To continue to address issues arising from small-scale and artisanal mining, including human rights concerns.
- Continued alignment of security arrangements with the Voluntary Principles on Security and Human Rights.
- Increased emphasis on local economic development activities will continue in 2008 in line with the management targets set for key operations.