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1. INTRODUCTION
It is AngloGold Ashanti’s value intention that the communities and societies in which the Company operates will be better off for it having been there. This is achieved through, among other things, the Company’s socio-economic contribution in the host country, including economic value generation and distribution. Partnerships (public and private) can be a catalyst for achieving these goals. The scope of socio-economic contribution can vary considerably, depending on the nature of the site, on the levels of significance of its associated impacts, on the vulnerability of affected groups living within the areas of influence and on mine’s stage of development. This approach to sustainability calls for integration of community development and economic considerations into core business decision-making.

AngloGold Ashanti’s value -add is implemented through, for example, community investment, local procurement, local employment, tax and royalty payments and payments to country shareholders.

Normally, these value-adding activities take place in the context of the standard on Engagement; therefore implementation of this standard should reflect the outcomes of stakeholder engagement.

2. OBJECTIVES
The objective of this management standard is to ensure that AngloGold Ashanti sites are managed in line with the Company’s vision, mission and values, and to meet the Company’s Environment and Community Policy\(^1\) commitment to “undertake initiatives that contribute to sustainable futures in partnership with the societies in which we operate.” Furthermore, this standard meets the Company’s commitments to the ICMM Position statement on Mining: Partnerships for Development (2010).

3. NORMATIVE REFERENCES
3.1 The following documents shall be referred to and utilised as part of the socio-economic contribution management system:

3.1.2 AGA Group Risk Management Standard
3.1.3 AGA: Group Risk Management Policy Statement
3.1.4 Group Risk Management Guidelines and Risk Assessment and Reporting Matrix

4. DEFINITIONS
4.1 Area of Influence: area encompassing the primary mine site(s) and ancillary facilities (including those developed by contractors) such as power transmission lines, pipelines, access roads, borrow and disposal areas, construction camps etc, as well as any other associated facilities such as hospitals and schools set up by or in partnership with

\(^1\) http://moss/sites/ev/SiteDocuments/Leadership.aspx
AngloGold Ashanti and whose goods or services are essential for the successful operation of the project. Any area whose development is limited by project-related developments or impacts.

4.2 **Community Investment**: is an investment of resources, including funds and in-kind contributions in the community where the beneficiaries are external to the company. This support seeks to complement the work of government, non-government (NGO) and community-based organisations (CBOs). It includes those contributions which the company is obliged to undertake, such as those agreed with governments as part of stability agreements/mining conventions, and where legislation dictates that community contributions are made. AngloGold Ashanti typically allocates community investment within the following categories:

4.2.1 The establishment and growth of Small and Medium Enterprises (SMEs) regardless of whether or not they provide the site procurement services and supplies. The costs associated with the actual procurement of goods and services are counted under local procurement, as applicable.

4.2.2 Charitable donations and sponsorships,

4.2.3 Social infrastructure, that is, infrastructure built outside the main business activities such as a school or hospital or water provision where the benefits extend beyond employees to the general public. Associated cost of goods and labour, in addition to capital costs may also be included.

4.2.4 Environmental education and outreach programmes.

4.2.5 The proportion of the running costs for providing schools or health facilities at Company expense only to the extent that they are used mainly by community members other than employees or their dependants.

4.2.6 Administrative costs related to community investment expenditure (staff salaries or per-diems and overheads).

4.2.7 In-kind contributions, which can either, be calculated on the basis of their book value or a fair assessment of second-hand value.

4.2.8 Tax incentives for community giving. If a host government provides tax incentives then the notional tax element should be added back to reflect the overall community benefit from the sites’ trading activities.

4.2.9 Operating costs, as defined in section 3.7 below are excluded from the calculation of community investment.

4.3 **Employee involvement**: includes employees making themselves available, on a voluntary basis, for participatory and leadership roles in the local communities where the Company operates. Sites may formalise such programmes to keep track of the number of employee participation and the amount of time being volunteered. At a group level, the Company will not place a monetary value to such contributions, nor track the number of hours volunteered.

4.4 **Financial expenditure**: where financial expenditure is reported, the amount disclosed must account for actual expenditures and commitments (accruals) in the reporting period, and
must follow acceptable accounting practices and policies for tracking, reporting and assurance of financial resources and expenditure.

4.5 **Local employment**: Local employees refers to individuals either born or who have the legal right to reside indefinitely, e.g. naturalised citizens or permanent visa holders in the same geographic market as the operation. Various aspects of expenditure associated with local employment are explained below:

4.5.1 Wages and benefits paid to local employees and contractors.
4.5.2 Total payroll, which means employees salaries, including amounts paid to government institutions (employee taxes, levies, and unemployment funds) on behalf of employees.
4.5.3 Total benefits, which include regular contributions (e.g. to pensions, insurance, Company vehicles, and private health), as well as other employee support such as housing, interest free loans, public transport assistance, educational grants, and redundancy payments. They do not include training, costs of protective equipment, or other cost items related to employee’s job function.

4.6 **Local procurement**: includes providers of materials, products, goods and services that are based in the same geographic market as the site (i.e. excluding trans-national payments).

4.7 **Operating costs**: are expenses relating to the running of the business consisting of:

4.7.1 Payments made for local materials, product components, facilities, and services purchased. This includes property rental and license fees,
4.7.2 Infrastructure which is driven primarily by core business needs (e.g. building a road) or to facilitate the operational aspects of the organisation.
4.7.3 Contributions driven by commercial imperatives rather than primarily for public/social good, such as marketing, marketing events, employee benefits (e.g. scholarships for employee’s families and targeted programmes for employees and ex-employees), attraction and retention schemes or public relations activities.
4.7.4 Community compensation resulting from operational activity. For example, compensation for involuntary resettlement, dust suppression, the provision of boreholes owing to pollution or loss of access to water due to mining activities
4.7.5 Memberships of organisations of a commercial nature such as industry associations
4.7.6 Assistance provided to ex-employees on a voluntary or compulsory basis to compensate for work related injury or illness.

4.8 **Payments to government**: all Company taxes (corporate, income, property, etc) and related penalties paid at local, regional or national levels. This figure should not include deferred taxes because they may not be paid. It includes royalty payments, which, in AngloGold Ashanti context, is a compensation or portion of the proceeds paid for the use of the minerals to the owner of a mineral right- usually the government.

4.9 **Payments to providers of funds**, consist of:

4.9.1 Dividends to local shareholders
4.9.2 Interest payments made to local providers of loans

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2 Local covers cities, regions and provinces within a country. Therefore each operation must include a definition of local in its plan.
4.9.3 Interest on all forms of debt and borrowings (not only long term debt) and also arrears of dividends due to preferred shareholders.

4.10 **Revenues**: denote the amount of money received by a site associated with its business’ activities. Revenues consist of:

4.10.1 Net sales, which are gross sales from products and services minus returns, discounts, and allowances;

4.10.2 Revenue from financial investments which includes cash received as interest on financial loans, as dividends from shareholdings, as royalties, and as direct income generated from assets (e.g. property rental); and

4.10.3 Revenues from sale of assets include physical assets (property, infrastructure, equipment) and intangibles (e.g. intellectual property, rights, designs, and brand names).

5. **ACCOUNTABILITY AND RESPONSIBILITY**

Ultimate accountability for implementing this standard lies with the manager in control of the site. Implementation accountabilities can, however, also be delegated to a designated person(s) who must clearly understand his/her role(s)’ accountabilities and authorities.

6. **SCOPE**

6.1 The requirements of this Management Standard apply to all AngloGold Ashanti sites.

6.2 In the case of a non-managed joint venture (JV), AngloGold Ashanti shall ensure that the standards applied by the joint venture comply with those that are acceptable to AngloGold Ashanti and the third party. Where a standard is not in place or available, the parties must adopt a standard which accords with internationally accepted good mining practice.

6.3 When entering into a non-managed JV, AngloGold Ashanti must consider whether acceptable standards will be adopted by the third party. If acceptable standards are unlikely to be agreed with the third party, AngloGold Ashanti would not enter into the Joint Venture. Where AngloGold Ashanti participates in a non-managed JV and the third party does not operate in accordance with acceptable standards, this would be grounds for AngloGold Ashanti exiting the partnership.

6.4 Socio-economic contribution related to Indigenous Peoples is, in addition to this standard, subject to the requirements of the Indigenous Peoples standard.

7. **REQUIREMENTS**

7.1 Each site, regional and country office, as appropriate, must have a strategy to address its social and economic contribution in a manner appropriate to its size and stage of development, to the nature and magnitude of its impacts, to the environmental and social context, legacy issues, scope of engagement and, availability of funds and other resources.

7.2 In accordance with the Engagement standard’s requirements it is necessary to commission a baseline study where this has not yet been undertaken, to better understand the existing

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3 See the Indigenous Peoples Management Standard for the definition of Indigenous Peoples used by AngloGold Ashanti.
socio-economic conditions and dynamics at the local, region and country levels as well as the direct and indirect economic and social impacts of the site.

7.3 The socio-economic contribution strategy must reflect the outcomes of the different baseline studies, risk/impact assessments and engagement efforts as well as the specific measures proposed to address these impacts, consistent with the applicable laws and regulations.

7.4 In line with the requirements for engagement contained in the management standard on engagement, the socio-economic contribution strategy must be developed and updated in consultation with stakeholders.

7.5 Projects arising from the socio-economic strategy should include development partners (e.g. funders, implementing agencies, etc.) who may assist with the implementation of the plan. Where partnerships have not been identified, the site should develop a plan for identifying and pursuing partnership opportunities.

7.6 The following details should, as a minimum, be included in the strategy:

7.6.1 Local procurement objectives, targets and spend;
7.6.2 Local employment strategy and associated targets;
7.6.3 All payments to the government must be captured in keeping with the Extractive Industries Transparency Initiative (EITI) requirements.\(^5\)
7.6.4 Community investment strategy, targets and spend;
7.6.5 The strategy must outline actions necessary to implement the various investments proposed with indicative schedule and budget.
7.6.6 The strategy should provide clarity on the desired outcomes of interventions as well as monitoring and evaluation against which progress and impacts can be measured.

7.7 As per the requirement of the management standard on Engagement, promises and commitments should be recorded in the site’s Commitments or Promises register.

7.8 Sites must report in-country payments to providers of funds where appropriate.

7.9 The socio-economic strategy must be reviewed, for continual improvement, with internal and external stakeholders, at least annually or in line with business planning processes and taking into consideration the results from engagement and monitoring and evaluation exercises.

7.10 The socio-economic contribution strategy must be based on input from key internal stakeholders, such as Procurement, Human Resources, Health and Safety and Engineering among others.

8. REPORTING

Periodic reporting must be in accordance with regulatory and AngloGold Ashanti corporate office reporting requirements which includes GRI Indicators.

\(^4\) An assessment of these partners should be made to assess their capacities, alignment in terms of values and sustainability, governance structure, integrity and financial status and the level of support that they have from stakeholders.

\(^5\) All payments to the government must be captured in keeping with the Extractive Industries Transparency Initiative (EITI) requirements. AngloGold Ashanti is a signatory to the EITI and subscribes to the ICMM’s Position Statement on Transparency of Mineral Revenues. The Company reports to EITI on an annual basis in the Report to Society (Sustainability Review) as well as in Country and operational reports. These may be viewed on the Company’s website at: www.AngloGoldAshanti-reports.com.
9. **GLOSSARY**

9.1 **Company** refers to AngloGold Ashanti

9.2 **Operation**: refers to a producing mine.

9.3 **Project**: refers to an exploration project or a new mine expansion.

9.4 **Site**: is used when referring collectively to producing operations and to exploration and expansion projects.

10. **REFERENCES**


10.3 *Sustainability Reporting Guidelines*. Global Reporting Initiative (GRI)

