1) Management approach

Community-related matters are addressed at board level by the Safety, Health and Sustainable Development Committee. Included within the committee’s ambit is oversight of the group’s compliance with the commitment made in terms of the Voluntary Principles. At a corporate level, a community relations and social 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 the group’s business principles and policies. Stakeholder Engagement Action Plans (SEAP) and Integrated Development Action Plans (IDAP), form the backbone of community engagement efforts. Supporting modules on Resettlement and Compensation practices and Security and Human Rights were developed during 2007. These will be completed and implemented in 2008. The latter module addresses a comprehensive platform for risk assessment in respect of security and human rights, training of security personnel and scrutinizes the interactions between the company and security personnel (both public and private) to bring the company in line with its commitments under the VPs.

2) Significant Issues

a) Security arrangements
i) Relationships with Public and Private Security
ii) Human rights training
b) Artisanal and small scale mining
c) Resettlement and compensation
d) Legacy issues

a) Security Arrangements

i) Relationships with Public and Private 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 the DRC, Ghana, Guinea, Mali, Tanzania and Colombia. It is a complex issue that raises moral and social concerns and requires ongoing management, monitoring and attention. The company has embarked on a process of reviewing contracts that it has in place to ensure that these overtly include reference to adherence to the Voluntary Principles in so far as this is possible.1

1 In Colombia, for example, where the company is engaged in exploration directly through a subsidiary and indirectly through a joint venture, agreements have been reached with the Colombian military to provide for the protection of company employees and assets in clearly defined areas. All of these agreements make reference to the army’s undertaking to be bound to human rights conventions recognized by the Colombian government but do not specifically subscribe to the Voluntary Principles.

In Tanzania, AngloGold Ashanti, through the Tanzania Chamber of Mines, has entered into a memorandum of understanding with the Tanzanian Police Force for the provision of security services through a specially created Gold and Diamonds Unit. At the request of AGA, the provisions specifically incorporate adherence to the Voluntary Principles and deal with issues such as the use of force and firearms by law enforcement officials, policing of unlawful assemblies, policing persons in custody and detention and training of security personnel in human rights.
ii) Human rights training

Human rights training forms an integral part of the implementation of the group’s human rights and security processes and training in line with the VPs will be finalized in 2008. During the year under review (2007/8), human rights training of security personnel was initiated at all of those operations deemed to be of “high risk”. In this context some 70% of all security personnel in the Africa Region had received human rights training by year-end. The exploration operations in the DRC and Colombia are also in the process of developing a systematic programme to communicate with and train staff and to incorporate the Voluntary Principles into contracts with third party service providers. The extension of human rights training to personnel employed by contractors and the police and military in relevant areas, has also been a matter for action and will be reported on further in 2009.

b) Artisanal and small scale mining

At many of its African operations outside South Africa the primary issues of concern and potential for conflict relates to artisanal and small-scale mining (ASM). The presence of ASM at the company’s operations in Ghana, Guinea, Tanzania and to a lesser extent Mali, as well as the exploration sites in DRC, poses one of the most significant and multifaceted community-related challenges facing AngloGold Ashanti. The company’s 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. AngloGold Ashanti’s view is one that permits co-existence and promotes the development of orderly, viable small-scale mining sectors in collaboration with its host communities and governments as a quid pro quo for respect for the security of the operations.

The company’s approach to 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. Its experience is that ASM is a social issue that cannot be resolved unless the underlying social issues in the communities around its operations are also addressed. With this in mind, a key part of the company’s strategy is the identification and development of regulated ASM sites and/or alternative livelihoods for ASM miners. However, given the large numbers of people involved there are limits to which these strategies will be effective and they can only ever be a modest component of a government lead multistakeholder solution.

c) Resettlement and compensation

In 2004, the AngloGold Ashanti Board Committee on Safety, Health and Sustainable Development ratified the International Finance Corporation’s Safeguards on Involuntary Resettlement as the

2 There is an inherent potential for conflict between large-scale operators, such as AngloGold Ashanti, working within a formal, regulated land tenure framework and small scale miners often working illegally on land. 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 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.

3 A number of initiatives 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. More information may be found in the company’s Report to Society 2006 and Report to Society 2007 (which will be published in mid March 2008). Both of these documents are available on the company’s website at www.aga-reports.com.

4 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 resettle communities, many of whom have long-standing cultural and economic associations with the land on which they reside. This clearly needs to be achieved through consultation and with compensation that is fair and appropriate.
group’s policy going forward. It has subsequently been deemed appropriate to develop a guidance note to assist operations and exploration sites in handling resettlement and compensation and this is in the process of being prepared.

Currently resettlement of communities is under consideration at Obuasi and Iduapriem Mines in Ghana and at Siguiri Mine in Guinea. In these cases, a resettlement action plan (RAP) is being developed and initial discussions are being held with communities. External consultants will also be contracted to assist with the process. Should the resettlements proceed, they would be planned for late 2008/early 2009.

In 2007, compensation was made to the community of Katoma at Geita in Tanzania. The area, comprising 553 households and 230 farms, was the subject of negotiations in 2004 and valuations in 2006; compensation was paid between July and November 2007. The actual resettlement is expected to take place in 2008. The process has not been without conflict, although by year-end this had been resolved through a process of engagement. (See significant incidents below).

d) Significant community-related incidents

**Colombia**

- Amnesty International issued a report entitled ‘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 at [www.anglogoldashanti.co.za/Social+Responsibility/Stakeholder+Communication.htm](http://www.anglogoldashanti.co.za/Social+Responsibility/Stakeholder+Communication.htm). While the report made no allegations in respect of AngloGold Ashanti, it was implied that that the company is complicit in alleged labour and human rights abuses by the Colombia Army. AngloGold Ashanti has reiterated that it has a track record of support for collective bargaining and remains committed to these processes and has volunteered to engage further on the issue. The company has also indicated that it has very limited exploration in the Sur de Bolivar province in which the incidents are alleged to have occurred and none in the area under question. (See notes on security arrangements).

**Democratic Republic of the Congo (DRC)**

- Some 1,000 artisanal and small scale miners were placing themselves at a health and safety risk following the invasion of an old mine which had been closed during the war (Adidi). The mine falls in the company’s concession and working with district, provincial and national government and local stakeholders, the mine was successfully re-closed. This was done in a peaceful manner with no reported incidents. AngloGold Ashanti has contracted PACT Congo, a developmental NGO and consultancy, to assist in the identification and implementation of appropriate strategies to work towards putting in place local development initiatives which include co-existence between the company and the artisanal miners and ensuring the implementation of the VPs.

**Ghana**

- Amongst the most significant incidents have been the increasing clashes at Obuasi mine in Ghana between employees and mine security on the one hand, and ASM miners operating

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5 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 and includes the Catholic Agency for Overseas Development (CAFOD), Pax Christi, and Human Rights Watch. 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, – including AngloGold Ashanti.
illegally on company property on the other. During the year 12 attacks on security personnel and company workers were recorded and a further 16 instances of conflict (usually when the security personnel tried to close down illegal workings or arrest artisanal miners) on and around the company’s property. Two guards employed by the company were critically injured.

In an incident in January 2008, theft by unknown persons of electrical cable resulted in several thousand employees being trapped and having to be evacuated to surface from the Kwesi Mensah shaft. No serious injuries were sustained although a great number of people were placed at risk and costs of some $5 million were incurred by the company for repairs (in addition to the day lost for production.)

AngloGold Ashanti has commissioned a review of its security arrangements at Obuasi and a range of options are now being considered by management. The basis for the company’s response has always been dialogue first with the local communities and other stakeholders. However, in light of the company’s responsibility to protect its own assets and the security personnel that is hires, it has become apparent that unarmed guards cannot continue to assume the risk for security at Obuasi. Management is putting in place with government a rapid reaction force which would include both the police (in a leading role) and the military (in a supportive role) with specific rules of engagement in place in keeping with the principles outlined in the VPs.

Tanzania

- A dispute arose in respect of compensation for agricultural land and settlements in the Katoma area arose during the year and by, year-end, had largely been settled. Discussions were held with the claimants and the Tanzanian Minster of Mines to settle the dispute and it was agreed that in addition to the compensation paid, any further disputes would be mediated by the Minister. A consultant has been appointed at Geita Mine to develop a broad stakeholder engagement and community development plan for the mine.
- 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 4500 people settled at Chipaka, were evicted and did so peacefully without significant incident in September.
- Diesel theft is also a serious issue at the mine. These and related incidents of theft have resulted in a number of armed attacks (machetes) resulting in serious injury of AGA personnel. In order to address these issues, and as mentioned above, a memorandum of understanding has been signed with the Tanzanian Police Force for the provision of security services through a specially created Gold and Diamonds Unit which includes the provisions of the VPs. This structure is still in its formative stages.

3) Dealing with legacy issues

Obuasi, Ghana

In respect of Obuasi, the establishment of a Joint Investigative Group (JIG) between AngloGold Ashanti and WACAM (the Wassa Association of Communities Affected by Mining) has been most significant. An inaugural meeting between the two parties was held on 21 August 2007, the culmination of a 16-month process of meetings and interactions with this Ghanaian-based NGO. The JIG comprises six representatives, three each from AngloGold Ashanti and WACAM. The JIG has agreed on future focus areas of human rights, environmental issues, and issues relating to land and post-mining rehabilitation. As a first step, the group embarked on a fact-finding mission, visiting a number of Obuasi communities in September 2007. A formal memorandum of understanding, setting
out the group’s terms of reference and programme for the forthcoming year, is being prepared in early 2008.

Iduapriem, Ghana

At Iduapriem in Ghana, legacy issues relate to relocation and resettlement, alleged human rights abuse and environmental issues. Interaction and disputes have in the past been experienced particularly in respect of WACAM, Food First Information and Action Network (FIAN) and Oxfam. A great deal of effort has been made to discuss issues of concern with both FIAN and Oxfam and the two groups were hosted to a visit on the mine in December 2007. The company has set up for formal structures to deal with the communities in respect of current and legacy issues. 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. A further issue of ongoing concern has been rehabilitation of a local farmer, Mr Anthony Baidoo injured during a scuffle with security forces during 2006.

4) Public commitment to and promotion of the Voluntary Principles

AngloGold Ashanti has reported both in its Annual Financial Statements to shareholders and in its Report to Society to all stakeholders on its support for the Voluntary Principles. An explicit public statement regarding the company’s admission to the VPs is on the company’s website at: http://www.anglogoldashanti.co.za/Social+Responsibility/AngloGold+Ashanti+and+the+Voluntary+Principles.htm The company is committed to transparency in its dealings on security where it is appropriate to do so (and where it will not endanger the lives of its personnel or its assets). AngloGold Ashanti also strives to be transparent in its reporting and does so on an annual basis through the Report to Society and on its website under a section called Stakeholder Engagement. The former will be published in mid March 2008 and the latter is available at www.anglogoldashanti.com.

5) Plans for 2008

Following AngloGold Ashanti’s admission to the Voluntary Principles on Security and Human Rights, 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 including, a code of conduct, operational standards, a risk assessment toolkit and accompanying guidance to assist operations and exploration sites in aligning their security practices with the Voluntary Principles is being completed and will be implemented during the course of 2008.

6 The RAP recommendations stipulated 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 given the option of alternative land as part of the settlement. This is predominantly a result of the complex land tenure systems in Ghana, a fact which was understated in the RAP document. While the Teberebie RAP included intentions to provide alternative farming land to the displaced community, the mine has, as yet, been unsuccessful in securing alternative farming land. The community, through the formal liaison structures, has more recently however 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 farmers 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.

7 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 thigh. On humanitarian grounds, the mine has assumed responsibility for Mr. Baidoo’s medical rehabilitation and care which is ongoing, and has provided income to him. It has also covered the costs of education for Mr Baidoo’s son.