



# Social and Labour Plan Report 2009

## Vaal River



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# Section 1: Human resource development programme



## Skills Development Plan

AngloGold Ashanti has complied – and will continue to comply – with the Skills Development legislation including developing and submitting workplace skills plans as well as the annual training reports. Every year, all the business units within the company are required to compile workplace skills plan, which the Skills Development Committee (SDC) at the business unit must authorise. These business unit inputs are consolidated into a company workplace skills plan. The same process applies when compiling the annual training report. See Annexure 1 for a copy of the annual training report that the company submits to the MQA every year.

The training cost for 2009 for the Vaal River mines were split as per Table 1 below:

	2008				2009			
	Training other cost	Training personnel cost	No of training personnel	Total training cost	Training other cost	Training personnel cost	No of training personnel	Total training cost
Great Noligwa	1,905,312	3,548,314	303	5,453,626	2,135,513	3,227,938	234	5,363,450
Kopanang	492,190	3,900,843	326	4,393,033	1,088,330	4,116,315	302	5,204,646
Tau Lekoa	787,565	0	0	787,565	1,175,624	0	0	1,175,624
Moab Khotsong	1,511,027	1,471,824	94	2,982,851	2,867,202	2,159,463	142	5,026,665
<b>TOTAL</b>	<b>4,696,094</b>	<b>8,920,981</b>	<b>722</b>	<b>13,617,075</b>	<b>7,266,669</b>	<b>10,917,414</b>	<b>678</b>	<b>16,770,385</b>
<b>Learner Cost</b>				<b>70,684,961</b>				<b>87,234,159</b>

\* Learner costs includes all learners in the Vaal River and West Wits area.

### Adult Basic Education (ABET) Employee Awareness

The total amount of money spent in terms of Adult Basic Education Training (ABET) in the Vaal River and West Wits operations combined for 2009 amounted to R9 481 826.

The task of the company's Central Skills Development Committee (CSDC) is to promote and support the delivery of ABET at the operations. Particularly with the assistance of the National Union of Mineworkers (NUM), the CSDC ensures that employees receive timely and relevant information about ABET. Therefore, one of the CSDC's duties is to devise and implement strategies to market the ABET programme. Posters are placed on notice boards to invite employees to participate in the initiative. At business unit level, ABET is also a regular feature on the agenda of the Skills Development Committee gatherings, where NUM is once again a key stakeholder. On completion of the ABET programme, graduation ceremonies are held for employees at the specific business units.

AngloGold Ashanti aims to maintain and enhance all these processes during 2010. The current teacher learner ratio is 1:22 and there are four (including community ABET) ABET centres in the Vaal River Area.

### Financial Incentives

Financial incentives for ABET learners are funded by the MQA at an amount of R1 170 per ABET level passed, excluding pre-ABET preparation and training. The MQA requires learners to successfully complete the ABET NQF1 programme in order to qualify for the incentives, which are paid once verification audits are done by the authority. AngloGold Ashanti registers all completed ABET programmes in order to facilitate payment from the MQA.

Before the end of the first quarter of 2010, 2 054 AngloGold Ashanti employees and 863 community learners in total will receive incentives amounting to around R3 400 000 as a result of MQA payments made to the company. It is the policy of AngloGold Ashanti to pay incentives to recipients as soon as the money has been received from the MQA. The incentives to be paid during the first quarter of 2010 are for ABET / NQF1 programmes completed from 2006 to 2008.

### ABET attendance 2009 and targets for 2010

It is the intention of the company that all of its employees be in possession of at least an ABET 3 qualification. As the literacy level in the organisation improves, lower level ABET programmes will be phased out – such as Pre-Abet in 2010 and ABET 1 during 2011 – while the number for higher-level programmes will be increased.

Foundational Learning for Occupational Qualifications (FLC) will be introduced from 2010 onwards. These are learning programmes to ensure the achievement of appropriate foundational competence in mathematical literacy and communications. This foundational learning is required for entering a training programme leading to an occupational award.

National Career Orientated Qualifications, such as N1 to N3 will be introduced from 2010 onwards in partnership with the FET colleges.

Note that AngloGold Ashanti has adjusted its targets to accommodate the Tau Lekoa sale as well as right-sizing at Great Noligwa Mine planned during 2010. The table below shows 2009 progress and the 2010 forecasts. ABET enrolments have been lower than expected and this is attributed to the fact that the literacy level of our employees are improving. Intensified marketing and partnerships with the various business units will be a focus area for 2010 so as to ensure that we reach the targets planned for 2010.

**Table 2: ABET targets and intakes - Vaal River**

VR Mines	Target '09	Actual '09 (YTD)	Target '10
NQF 2 Fundamentals	156	115	0
NQF 1	324	248	500
FLC	0	0	150
ABET 3	1100	578	732
ABET 2	689	693	647
ABET 1	603	705	1143
Pre-ABET	2430	1625	0
<b>TOTAL</b>	<b>5302</b>	<b>3964</b>	<b>3172</b>

### ABET in the Community

AngloGold Ashanti continues to execute its strategy to extend ABET classes to host communities. Community learners attend classes presented in Orkney. The company aims to have similar intakes in 2010 as those demonstrated by the table below. The actual for 2009 exceeded targets and can be ascribed to a more central ABET community centre that provides easier access to the facilities for prospective students.

**Table 3: Community ABET Targets – Vaal River**

VR Mines	Target '09	Actual '09 (YTD)	Target '10
NQF 2 Fundamentals	0	3	
NQF 1	33	116	70
FLC	0	0	30
ABET 3	71	184	50
ABET 2	68	202	30
ABET 1	28	123	20
Pre-ABET	0	13	0
<b>TOTAL</b>	<b>200</b>	<b>641</b>	<b>200</b>

### Portable Skills Training

A total of 511 people benefitted from the portable skills training programmes afforded to employees and non-employees. From this group, 203 beneficiaries were employees and 308 beneficiaries were non-employees.

### Internships and bursaries

The company has implemented – and will continue to support – measures that equip and enhance the competencies of its talent pool.

#### These measures include:

- Bursary schemes that enable recipients to acquire academic qualifications;
- Management trainee schemes that prepare graduates and diplomates for management positions;
- Miner and Artisan training that equip individual with the necessary technical skills required for those positions;
- Learner Official schemes that provide individuals with the necessary technical and supervisory skills to operate at C Upper level.

## Internships

The full-time internship programme is intended to develop employees for career paths. See Table 4 below. The Management Trainee Programme (around three-year duration) gives graduates and diplomates the skills needed for mid-management positions.

Miners and artisans are engaged in learnerships (around two-year duration) to gain the skills needed for supervisory positions. Officials participate in similar schemes to develop into supervisory positions.

**Table 4:**

Scheme	2009	Mining	Eng	Met	MRM	Rock Eng	SHE	HR	Finance
Bursars	Plan	20	19	12	17				
	Actual	20	17	13	16				
MT's	Plan	11	21	11	18	6	6	3	3
	Actual	12	27	17	28	7	4	3	3
Miners and Artisans	Plan	107	160						
	Actual	130	109						
Officials	Plan	42	15		3			1	3
	Actual	42	12		4		2	1	3

## Bursaries

Bursaries are offered for full-time tertiary studies in specific fields of study critical to the company. A group of 66 tertiary students have benefited from AngloGold Ashanti bursary support in 2009. See Table 4 above. Bursars are given a cash allowance for books and incidental expenses and are provided with laptops. Tuition, registration and residence fees are paid and bursars contract to work for the company for a number of years equal to the period of bursary support. See Annexure 2. During 2009 the company spent R10 067 313, which is almost double the bursary spend of R6 450 279 incurred in 2008.

Demographic break-down of AngloGold Ashanti bursars for 2009 is detailed in Table 5 below. It is intended to retain the current HDSA split in 2010.

**Table 5**

Discipline	HDSAs	White Males	Total
Mining	17	3	20
Engineering	10	7	17
MRM	11	5	16
Metallurgy	13	0	13
<b>Total</b>	<b>51 (77 per cent)</b>	<b>15 (23 per cent)</b>	<b>66</b>

NB. The plan to award 68 bursaries in 2009 did not materialise owing to increasing cost-containment pressures - 66 bursaries were awarded.

## MQA Training

In partnership with the Mining Qualifications Authority, 43 diploma students were hosted for practical training and 27 degree students accommodated with vacation work in 2009.

## Bursaries Plan 2010 (as per 2010 budget)

Table 6 below forecasts the 2010 bursaries plan, as per the company's anticipated skills needs.

Scheme	Mining	Eng	Met	MRM	Rock Eng	SHE	HR	Finance	Total
Bursars	17	17	9	15					58

Winter / Spring Schools are a supplementary education programme aimed at helping Grade 12 learners to improve their performance in Maths, Science and English. The programme comprises two study schools, one held in July and another held in September. The intention is to assist learners in those areas in which AngloGold Ashanti operates to obtain Matric results that enable them to pursue tertiary studies.

A total of 120 learners from 16 local high schools were accepted to participate in the school. Tuition was provided in Maths, Science and English. All learners (100 per cent) attending the school were HDSA candidates, and 55 (46 per cent) girl learners participated.

Star Schools, a supplementary education service provider with a 40-year track record was contracted to provide professional tuition and all tutorial material. All tuition was aligned to the new National Senior Certificate. All learners wrote a pre-assessment on the first day of the Winter School and a post-assessment on the last day. All assessments were aligned to Department of Education requirements.

Of note is that learners attending the supplementary schools achieved a pass rate of 87 per cent, compared with a national pass rate of 61 per cent. Also, 46 per cent of supplementary school attendees attained marks qualifying them for university admission (Matric endorsement), against a national university admission rate of 19 per cent.

Total cost for the Winter / Spring Schools was R510 000.

## Career Progression Plan

The general entry level into the Mining Industry is at Group 3 level. However, there are various other entry levels for example:

- All employees on Learnership Programmes in AngloGold Ashanti falls within Southern Africa Divisional Services central and are then allocated at the different business units for the different phases of their programmes.
- All management trainees in AngloGold Ashanti falls within Southern Africa Divisional Services central and are then allocated at the different business units. They enter at a C5 level as they meet the tertiary education qualifications as per company specific requirements.
- Prospective employees can also enter the company as learner officials; these candidates normally have to have exceptional maths and science results at Grade 12 levels or the required tertiary qualification as per the discipline specifications.
- Candidates can also enter as Learner Section Artisans if they have N2 with maths, science and engineering drawings with any trade theory.
- At lower levels within the organisation, we also encourage individuals to enrol for ABET – especially with regards to NQF Level 1 and 2, as well as nominate individuals for promotional training with the involvement of Line Management. ABET incentives are also in place through the MQA
- Candidates can further enter and register as a Level 2 Mining Learner if they have ABET 3 with maths and communication.

Employees have various career paths to choose from within Mining, Engineering, Mineral Resources Management, Finance, Human Resources, Human Resources Internships, Training and Development, Occupational Environment Safety and Health (OESH0 as well Commercial Services.

See Annexure 3 for a list of employees who are on various developmental programmes.

The following development programmes and training courses exist to support development and / or accelerated training of employees.

Course / Training Programme	Objective	Develop Towards	Duration
Management Trainee Programme	For the business unit to provide on-the-job exposure to graduates so as to meet the standard training outcome in order to prepare the trainee to be appointed on management level.	D-Upper D-Lower	3 Years
Learner Diplomat Mining Scheme	For the business unit to train diplomates according to set criteria so as to be appointed as shift overseers with the opportunity to move into the management ranks.	D-Lower C-Upper	3 Years
Learner Official Mining Scheme	For the business unit to develop employees to become shift overseers.	D-Lower C-Upper	3 Year
Trainee Shift Overseer Programme	For the business unit to place a miner on the training and development programme so that they may become a shift overseer.	C-Upper	18 Months
Trainee Foreman Training Programme	For the business unit to train an artisan to become an engineering foreman.	C-Upper	18 Months
National Certificate: Rock Breaking Underground Hard Rock : Level 3 (Learner Miner Programme)	For the business unit to develop employees on the MQA Level 3 learnership that are already competent on the MQA database as Level 2 : National Certificate : Mining Operations for Underground Hard Rock.	C-Lower	18 Months
Engineering Learner Programme : Level 2 to 4 (full-time)	For the business unit to develop employees as section artisans and artisans.	C-Lower	18 Months
Engineering Learner Programme : Level 3 and 4 (Part-time)	For the business unit to develop employees as artisans who are already competent as section artisans.	C-Lower	18 Months
Mine Manager Certificate Coaching (Full-time)	For the business unit to develop mine overseers to partake in the DMR Mine Manager Certificate examinations.	D-Upper	1 Month
Mine Overseer Certificate Coaching (Full-time and Part-time)	For the business unit to develop employees within the mining discipline to partake in the DMR Mine Overseer competency panels.	D-Lower	Part-time :3 months Full-time : 1 Month
Level 2 : National Certificate: Mining Operations for Underground Hard Rock	For the business unit to develop employees to be found competent on the MQA Level 2 learnership: Mining Operations for Underground Hard Rock	C-Lower	1 Month
N-Courses (Part-time)	For the business unit to provide the opportunity for employees to obtain N-qualifications in order to progress within the mining and engineering discipline. (Engineering discipline: At least N2 for Section Artisan Training and N3 for Artisan Training / Mining discipline at least N1 for onsetter training that is a pre-requisite for the Trainee Shift Overseer training)	C-Lower	4 Months
ABET / NQF Level 1 and 2 (Part-time; NQF Level 1 full-time as well)	For the business unit to assist in providing the facilities and support for any employee who aspires to improve levels of literacy. This training also serves as bridging to N-qualifications.	C-Lower B-Upper	Full-time : 12 weeks Part-time: 6 months
Unbonded Students	For the business unit to provide the opportunity for external Engineering Technikon students to get their P1 and P2 modules as part of their diploma studies.		1 Year



Career paths relate to the organisation and essentially describe the hierarchical steps as well as job titles available within the organisation. AngloGold Ashanti has established clear career paths in the following core disciplines: Mining, Engineering, Mineral Resources Management, Metallurgy and Human Resources.

The performance management system is implemented for the purposes of talent identification and the management of employees in the C Upper to E Lower Paterson bands. All of those so identified are required to have development plans. This process is initiated at business unit level where managers, supervisors and their subordinates agree to the employee's development contract. Talented employees are then invited to attend discipline / business unit specific development panel interviews, which are chaired by the general manager / head of the discipline (such as, among others, Mining and Engineering). The information contained in an individual's development contract feeds into the workplace skills plan and progress is monitored through quarterly training reports. The company plans to continue with these initiatives.

Total of 85 managers and managers-once-removed have been trained on the Performance Management sub-system. During the next five years all managers will be trained and refreshed on this sub-system.

A climate survey was carried out during June 2009 to capture some of the experiences of middle and senior managers since the establishment of the Southern Africa Division. The survey was done on a qualitative, as well as quantitative basis aimed at measuring the following:

- Extent to which employees feel that they want to work for the organisation.
- Extent to which employees feel that their contributions are valued.
- Extent to which diversity is appreciated.

**Some of the significant findings include:**

- Most of the decisions are approached in a positive and constructive light.
- Most of the employees believe in the Southern Africa Division Exco team.
- Approach over the past 18 months has been to establish the Southern Africa Division and to engage senior people by instilling a sense of purpose, communicating effectively, building morale and creating a place where people want to work.
- There remains work to be done in terms of roles and accountabilities and responsibilities of the Corporate Office, Southern Africa Exco and Mine Exco with respect to the South Africa operations, as well as delivering on promises
- Most employees are loyal to the Southern Africa Division and regard it as the employer of choice.

This exercise was taken down to D-Lower level during November 2009 and will be repeated at least once more within the next five years to determine if any changes have taken place.

Capability assessments, which form part of the talent pool sub-system, is linked with and dependent on the rollout of the performance management sub-system and will follow as soon as this sub-system has been implemented.

A recruitment, selection and appointment policy has been drafted. In terms of this policy, every vacancy is seen as a potential opportunity to appoint a candidate from the HDSA population to the position. To enhance this ability, shortlists must reflect a 60 / 40 ratio towards HDSA candidates. In the event of the internal shortlist not reflecting this ratio, external candidates will be included to achieve the ratio. In addition, interview panels must also be representative of the HDSA demographics of the company. This will be discussed with the unions and associations for input from them before final sign-off and publication. The policy makes reference to staffing activities that are governed by sound staffing principles, which includes the System for People (SP) and its related HR sub-systems. The implementation of the recruitment and selection processes in terms of the System for People (SP) is pending. Senior Human Resources personnel have been trained on the basic concepts on which the System for People has been built.

Salary surveys are done once a year by REMCHANNEL in order to determine AngloGold Ashanti's position relative to the company's competitors in the market.

Training Management was briefed in terms of the Business Process Framework (BPF) principles during September 2009. A process is underway so as to identify possible internal trainers who will be developed and accredited by Deloitte so as to provide the interpersonal skills training internally.

### **Study Assistance**

A Human Resource Development Policy is in place that provides employees with the opportunity to further their studies in line with their work, as well as outside their line of work. Currently a total of 625 employees are making use of study assistance to further their studies.

### **E-Learning**

E-Learning is available to all employees who have access to PCs. Programs provided range from computer-based to soft skills programs. Currently a total of 836 employees are enrolled for 4 606 courses. In 2009, a total of 1 683 employees completed e-learning courses.

### **Management Development**

The Management Development Programme (MDP) and Intermediate Management Development (IMDP) programmes form part of AngloGold Ashanti's managerial and leadership strategy for D-Band employees. The programme is done through the UCT Graduate School of Business. MDP is focused on strategic effectiveness and IMDP on operational efficiency. In the Southern Africa Division, the Managerial Mastery Programme (MMP) was introduced in 2007 as an extension of the IMDP programme. The MMP and IMDP programmes are in essence the same; differences can be found in the method of delivery and support. Candidates on the IMDP and the MMP receive the same qualification.

### **Supervisory Training**

Supervisory Training (AngloGold Ashanti Modern Supervision) is presented to C-Band employees with a focus on basic supervisory skills such as planning, leading, organising and control, as well as emotional intelligence competencies. AngloGold Ashanti Training and Development Services (Southern Africa Division) developed this programme in partnership with Tandem Training. Employees who successfully complete this programme are awarded with an NQF level five certification.

### **Contract and Contact Sessions**

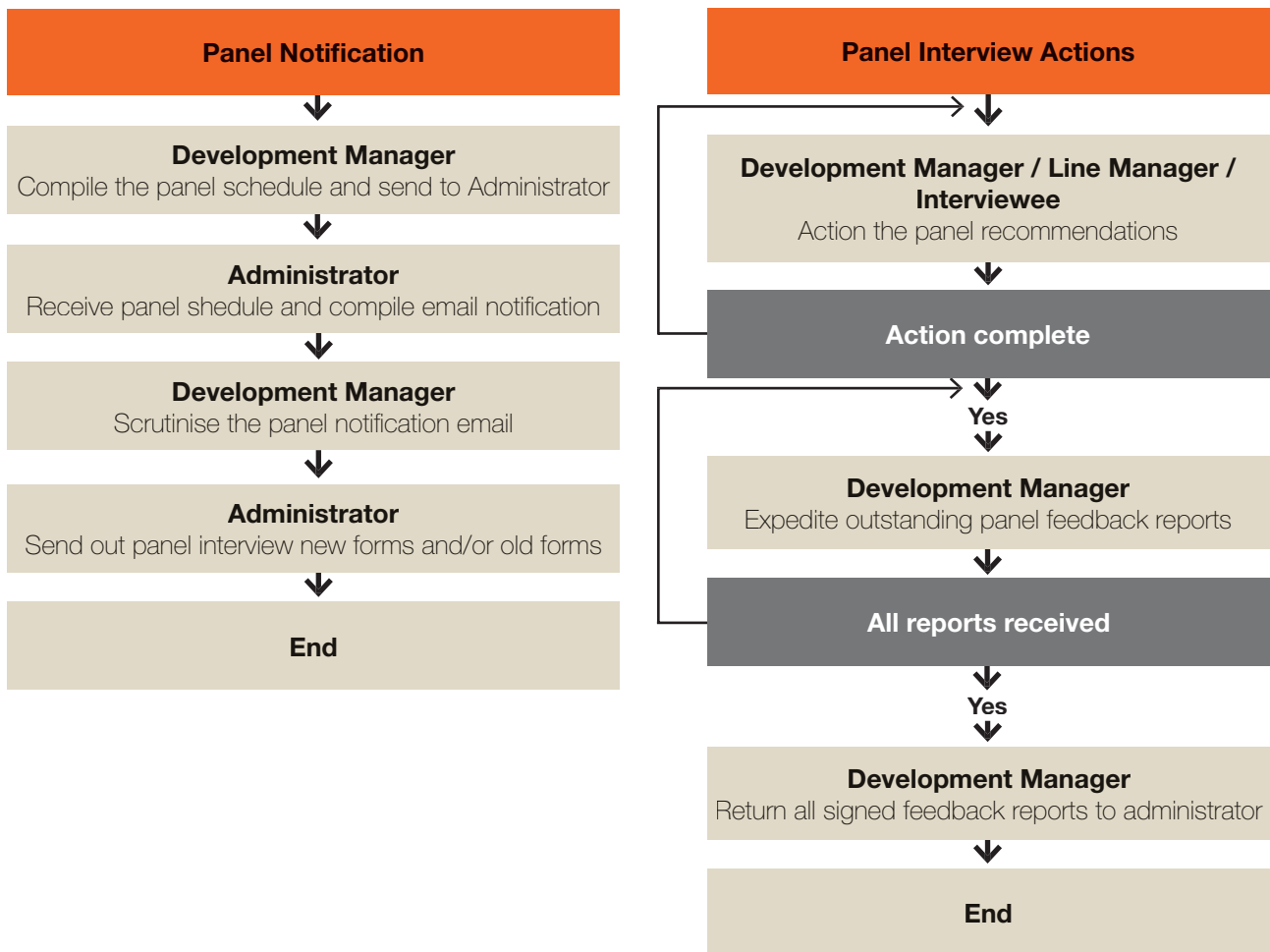
As part of the System for People (SP) rollout process, management is required to have two contact sessions with their subordinates-once-removed. This is also in support of the contract sessions that will be done three times per year so as to manage the effectiveness of performance. This is not yet being recorded, but will be from January 2010.

Structured discussions regarding the potential and required development of senior managers (D-Upper and E-Lower) occurred in all disciplines during August and September 2009. Technical mastery and effective leadership / managerial potential within the business context were used as the basis for the discussion. The discussions were well supported and represented, for example 91 panel members participated and the potential of 239 senior managers was discussed throughout 13 disciplines and matched with their development plans. The intention is to conduct these discussions on an annual basis in order to track the progress made regarding the developmental needs identified.

As part of the System for People roll-out process, management is required to have two personal effectiveness appraisals with their subordinates and three subordinate-once-removed feedback sessions with managers-once-removed. The development panel interview process has been aligned with the System for People guideline, for example development panel interview reports are distributed to the managers-once-removed to discuss with their subordinates-once-removed. Panel interviews are being held at managerial level for each discipline on a regular basis. During 2009, 47 development panels were conducted where 282 individuals at managerial level were interviewed.

See Annexure 4 for a copy of the panel development report.

### Development Panel Interview Process:



### Mentorship Plan

The South African workforce is changing rapidly and is expected to change even more in the near future. The change in the composition of the workforce is reflected by a move away from white male dominance towards an increasingly diverse and segmented population.

Apart from demographic changes in the South African society as whole, there are also socio-political and economical reasons for the changes evident in the South African workforce. Labour legislation such as the Employment Equity Act makes it necessary for the organisation to embrace a diverse workforce. From an economic perspective, it is imperative that historically disadvantaged individuals are effectively developed. The reason being that white males cannot possibly cater for all the country's skill needs that simply because there are not enough of them to go around. This is not to say that white males should not be developed, on the contrary, they should not be left behind. It is, however, a fact that developmental initiatives will increasingly be aimed at a more diverse population. To be able to manage the increasingly diverse workforce more effectively, it is necessary for the company to implement and maintain strategies such as mentoring to fully reap the benefits that such a workforce can bring to the organisation.

### Mentoring in AngloGold Ashanti – Southern Africa Division

Mentoring is a relationship (preferably one-on-one) between an expert from within the organisation and a staff member who has been selected to grow under expert guidance

Trainees who are on a formal development programme must have a formal mentor who they may select to assist them during their developmental programme. For these formal mentorship programmes, protégés are mostly new to the organisation and do not necessarily know any of the possible mentors. Therefore they will choose a mentor based on advice from others. In other words,

knowledgeable individuals such as training managers will advise these protégés on possible mentors based on an assessment of the protégé's needs and the mentor's resources. It is, however, important that protégés and mentors are comfortable with this arrangement and know what is expected of them. A blank copy of the mentorship agreement is attached in Annexure 5.

AngloGold Ashanti's mentoring process includes training of mentors and protégés in the form of a one-day training programme. Regular contact sessions between mentors, protégés and Training and Development personnel take place to monitor the success of the protégé's development, but also to monitor the effectiveness of the mentee / mentor relationship.

## Employment Equity Plan

AngloGold Ashanti Ltd is a global company with its corporate office situated in Johannesburg with approximately 40 per cent of its global production coming from its South African operations. About half of AngloGold Ashanti's 60 000 employees are based in South Africa, with the rest in Continental Africa (Namibia, Tanzania, the DRC, Mali, Guinea and Ghana), Australia, Brazil, Argentina and the USA.

AngloGold Ashanti's approach to employment equity is founded on the principle that "People are the Business ... Our Business is People". This approach in turn is underpinned by a set of company values that include (i) we treat each other with dignity and respect, (ii) we value diversity and (iii) we are accountable for our actions and undertake to deliver on our commitments. We therefore take seriously our Commitment to the Employment Equity Act 55 of 1998 and the associated South African legislation that seeks to address historical imbalances and drive transformation in our society

During the past two years, beginning in September 2007, AngloGold Ashanti embarked on an organisational transformation process led by its new CEO, Mark Cutifani who joined the company in September 2007. Key to the transformation process is the vision "to be the leading mining company" on a global stage. To this end, the new business objectives and strategy were set, followed by the restructuring of the South African based top management team from 14 to 10 executives.

Members at top management level, that is the executive committee, are accountable for the company's performance globally and therefore reflect the global footprint of the company in terms of their diversity, composition and areas of accountability. The need for diversity at this level and, to some extent, at the senior management level therefore also takes into account not just the employment equity imperatives in South Africa but the company's commitment to have its top and senior management levels also reflective of its entire workforce in all the countries within which the company operates.

AngloGold Ashanti has also, as part of its organisational transformation initiatives, adopted a System for People (SP) and Business Process Framework (BPF), collectively known as "ONE" to drive and support the change process within the company. Transformation and employment equity in particular, at AngloGold Ashanti will therefore be addressed in the same manner as all other business objectives. That is, objectives set, plans and targets put in place, structures and processes to monitor and evaluate the achievement of targets put in place, and the targets and plan being reviewed periodically and aligned to the business objectives as per the BPF framework. This will be supported by the System for People of which the objective is to recruit, place and develop the "right people, for the right roles, at the right time".

In line with the above mentioned approach, the management monitoring structure, that is the Transformation Steering Committee (TSC), chaired by the CEO was established in 2008 and the name of the AngloGold Ashanti Board's committee on Employment Equity and Employee Development changed to the Transformation and Human Resources Development Committee. Its terms of reference were amended to include all of the Mining Charter "pillars" and other related transformation requirements in all the countries in which the company operates. These two committees meet (separately) once every quarter with the Transformation Steering Committee (TSC) reporting to the board committee, which in turn reports progress made in the area of Transformation and Human Resources Development to the board on a quarterly basis.

During the past five years of the Mining Charter, the company's Employment Equity Strategy was primarily informed by the imperatives of the Mining Charter to reach the target of 10 per cent women at the workplace and 40 per cent Historically Disadvantaged South Africans (HDSA) in management by the end of April 2009. As at the end of August 2009, when the company's Employment Equity

reporting period ended, AngloGold Ashanti had exceeded the Mining Charter target of 10 per cent women at the workplace which stood at 11 per cent, comprising 39 per cent at the Corporate Office and 10.5 per cent at its South African Division (SAD) operations.

With respect to the set HDSA in management (professionals and above) target of 40 per cent, we stood at 39 per cent – just 1 per cent short of the target – comprising 45 per cent and 38 per cent at Corporate Office and the Southern Africa operations, respectively. As evident from the Workplace Profile, the past five years has been a period when focus was on the creation of a healthy HDSA Talent Pool – at the Professionally Qualified and Skilled Technical Levels in particular – for development and promotion into the senior and top management levels over the next five years (as could be seen in the figures on the workplace profile and plan).

The above mentioned achievements of the Mining Charter targets and the creation of a Talent Pool at Professional and Skilled Levels were achieved despite the limited pool of suitably qualified HDSAs in the mining industry, the challenges we face in placing women in an underground work environment and the loss of skills to other companies and industries.

In the Vaal River operations area, the division's employment equity profile as at 31 December 2009 is reflected in Table 7 below. An analysis of Table 7 shows that from the Professionally Qualified and Experienced Specialist, as well as mid-management level and above representation of HDSAs was 42 per cent.

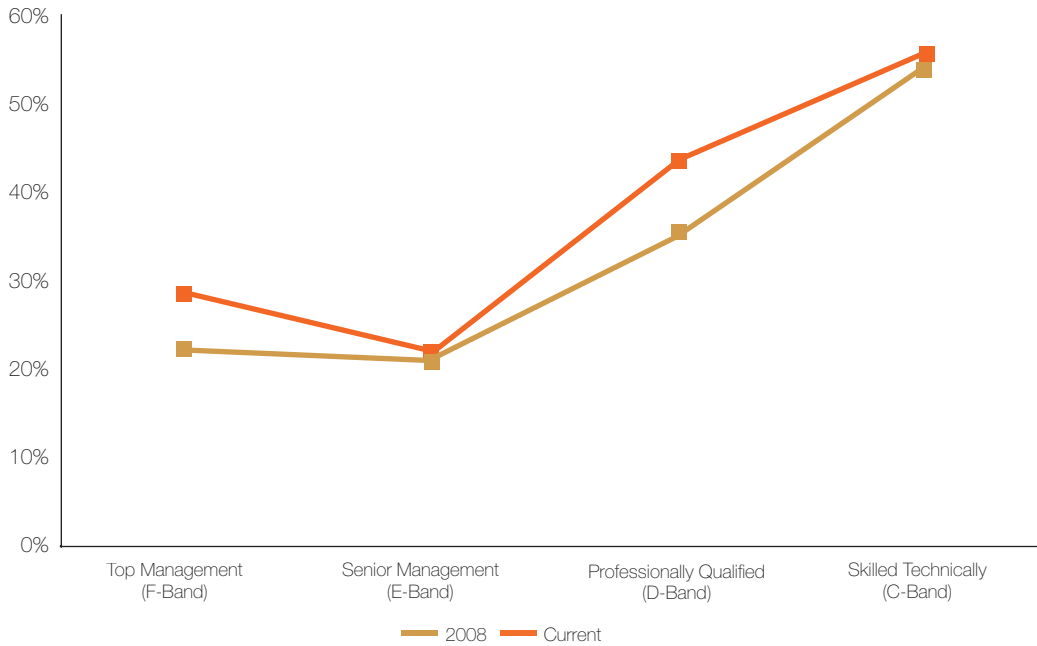
Table 7 also shows that female representation in the Vaal River area was 16 per cent as at 31 December 2009.

Occupational Levels	Male				Female				Total	% HDSA
	White	African	Coloured	Indian	White	African	Coloured	Indian		
Top Management (F)	3	1	0	0	0	0	0	0	4	25%
Senior Management (E)	84	7	4	2	8	1	0	1	107	21%
Professionally qualified and experienced specialist and mid-management (D & DIT)	303	81	7	14	70	23	2	7	508	40%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (C)	1 303	870	35	2	241	202	114	7	2 783	52%
Semi-skilled and discretionary decision making (B)	130	3 361	16	0	100	399	16	0	4 022	96%
Unskilled and defined decision making (A)	111	6 091	16	0	4	1 174	5	0	7 401	98%
<b>Sub Total</b>	<b>1 934</b>	<b>10 411</b>	<b>78</b>	<b>18</b>	<b>423</b>	<b>1 799</b>	<b>137</b>	<b>15</b>	<b>14 825</b>	<b>86%</b>
Non Permanent Employees	13	7	3	0	10	5	0	0	38	66%
<b>Total</b>	<b>1 947</b>	<b>10 418</b>	<b>81</b>	<b>18</b>	<b>433</b>	<b>1 804</b>	<b>137</b>	<b>15</b>	<b>14 863</b>	<b>86%</b>

Form S, which reflects the Employment Equity profile per business unit, is appended to this report.

An analysis of Graph 1 below shows that significant progress has been made to ensure that there was improved representation of HDSAs in the management ranks by December 2009, especially when compared to representation of HDSAs in management in 2008.

**HDSA in Management Progress**



Progress in terms of women in mining as at 31 December 2009 is reflected in Graph 2 below. Similarly, it can be seen that significant improvements to increase representation of women have been made when compared to 2008.

**Female Progress**



## Section 2: Community development



### Community Consultation and Involvement

AngloGold Ashanti continues to engage in an open and transparent way with all stakeholders.

Focus is placed on the following representative structures:

- Participation in the provincial structures, such as the North West Growth and Development working groups, as well as Mining Forums. As a result of this interaction a group of 20 engineering learners are currently being trained by the company to become artisans. AngloGold Ashanti has made a significant contribution in terms of tuition and on-the-job assessments. The MQA is also sponsoring the programme through learnership grants paid to AngloGold Ashanti.
- Continuation of the process aimed at creating alignment with the local government's community development initiatives. In this regard, the company has established a two-tier structure comprising a mandating committee and implementing committee. The mandating committee members are the political heads and senior officials, as well as AngloGold Ashanti senior management. At this forum, the members discuss opportunities for public private partnership projects, decide on future interventions and monitor progress. The implementing committee discusses the project plans and implementation of approved projects. In compliance with the Mining Charter, the AngloGold Ashanti projects are listed in the Integrated Development Plans (IDP) of the local municipalities.
- Continuation of quarterly briefings to the key stakeholders in local communities. During these briefing sessions, community leaders and opinion formers are informed about the company's operational performance for the past quarter and some of the latest developments that impact on their communities.
- Facilitated, in partnership with business and other mining companies, the establishment of Joint Development

Forums so as to promote collaboration and alignment with the Integrated Development planning system of national to local authorities. The mining companies (Harmony, Uranium One, Uranium Gold, Impala Platinum, Anglo Platinum) agreed to establish a rural development forum with an aim of collaborating in implementing development projects in areas where the mining companies source their labour. The gold-mining companies comprising AngloGold Ashanti, Goldfields and Harmony also agreed in principle to establish the gold-mining forum with focus on development in the host communities. The gold-mining forum for the West Wits area has subsequently been collapsed into the mining forum that is chaired by the DMR.

## Local Economic Development

The following local economic development projects are in different stages of implementation:

- Final agreements for the transfer of the Oppenheimer Stadium to the City Council of Matlosana have been concluded. The council is aiming to become a base camp, using the stadium as a training facility for one of the countries that will be competing in the 2010 Soccer World Cup.
- Donation of land – valued at around R2 million – to the Department of Land Affairs so as to facilitate state contributions to existing small-scale farming.
- Donation of land – valued at around R1 million – for a regional cemetery to the City Council of Matlosana. The area, more especially Kanana and Jouberton, is currently running out of burial sites.
- Donation of Khayaletu Residence – valued at around R20 million – to the Department of Health so as to establish an Emergency Rescue Training Facility. Service agreement requirements from council are now complete. Transfer of land will follow once work (such as water and sewage) has been completed.
- Transfer of remaining 107 residential units – valued at around R3.3 million – in Kutlwanong to beneficiaries in the Free State. Progress to date is that 25 units have been transferred to beneficiaries.

### The following projects are currently in pre-feasibility phase:

- Establishment of business incubators in Matlosana, Merafong and OR Tambo Small and Medium Enterprise Development
  - Establishment of Enterprise Support Centres that will provide business skills, finance / administration, legal, procurement, mentoring and raw material resources to both the community and flexing enterprises.
  - Site meetings have been completed and potential suppliers of the service short-listed – mandate is to be submitted so as to release the required resources to launch the development centres with appropriate service capacities.

### Housing Development

- Development of residential units based on housing demand within AngloGold Ashanti and beyond. AngloGold Ashanti's contribution entails project management and land holdings. The project will be done in partnership with private developers. It is envisaged that the project will yield housing stock so as to firstly relieve the AngloGold Ashanti demands but also those in the open market in host communities.
- An agreement has been signed for the development of 110 units in Matlosana. Developer is finalising project finance agreements.
- Joint venture approach with mining companies and local councils to address housing in a more holistic-integrated project in feasibility stage.

### Meat Processing Factory

- Facilitate the development of a meat processing plant with associated infrastructure on AngloGold Ashanti land.
- Initial promoters are experiencing internal conflict and lack alignment with the agreed terms of reference for the project. Meeting will be scheduled to resolve issues and concerns. Re-constitution of stakeholders as promoters is not critical to the success of the project.

### Integrated Waste Management Plant

- Development of a district waste management plant that – through increased recycling and consolidated volumes from the regional landfill site – will be used to harness waste as an energy source.

### Local Supplier Development Programme

- The project aims to assist local suppliers, more especially black-owned companies, to access competitive markets, as well as to meet the quality standards and acquire management skills that will enable them to operate as growing enterprises.
- Alignment as to the key performance areas of the internal stakeholders has been reached with AngloGold Ashanti's Procurement Department as a key driver. Sustainable Development involvement is limited to the establishment of the stakeholder meeting, as well as the land establishing and enterprise development centre.



**Enterprise Development**

- AngloGold Ashanti continues to assist emerging entrepreneurs in the community with financial and non-financial support. A list of the Enterprise Development beneficiaries is attached as per Annexure 6.
- Establishment of Enterprise Support Centres that will provide business skills, finance / administration, legal, procurement, mentoring and raw material resources to both the community and flexing enterprises.
  - Site meetings have been completed at short-listed potential suppliers of the service and mandate is to be submitted to release the required resources to launch the development centres with appropriate service capacities.
  - Commitment from stakeholders, Goldfields, Harmony mining entities and the Merafong Local Authorities to launch a joint venture has been obtained.

**Labour Sending Area Project – Commercial Forestry Development in Inqguza Hill Municipality**

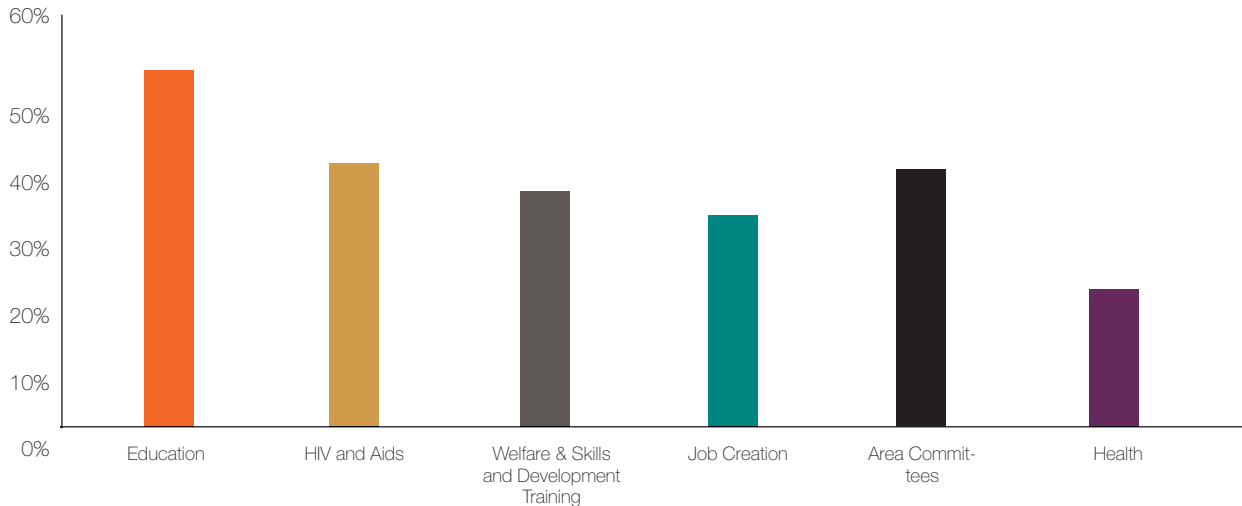
- Commercial forestry project aims to design and plant new commercial forests, involve local communities in the planting and harvesting, as well as making them beneficiaries in the project.
  - Meetings held with Development Bank of South Africa and Hans Merenski Trust both hold substantial commercial and land interest in the OR Tambo geographical base. Potential take-off agreements are being considered to unlock the forestry project.

**Corporate Social Investments**

During the fourth quarter of 2009, the AngloGold Ashanti Fund approved R3 million (R16 million YTD) in grants towards various community development projects. For the year, 54 per cent (R8.7 million) of the approved grants were directed towards education-related projects. It is also worth noting that the biggest grant allocations were made towards the host communities, R4.7 million was spent in Matlosana and Tlokwe municipal areas (Vaal River) and R2.6 million was spent in Merafong (West Wits).

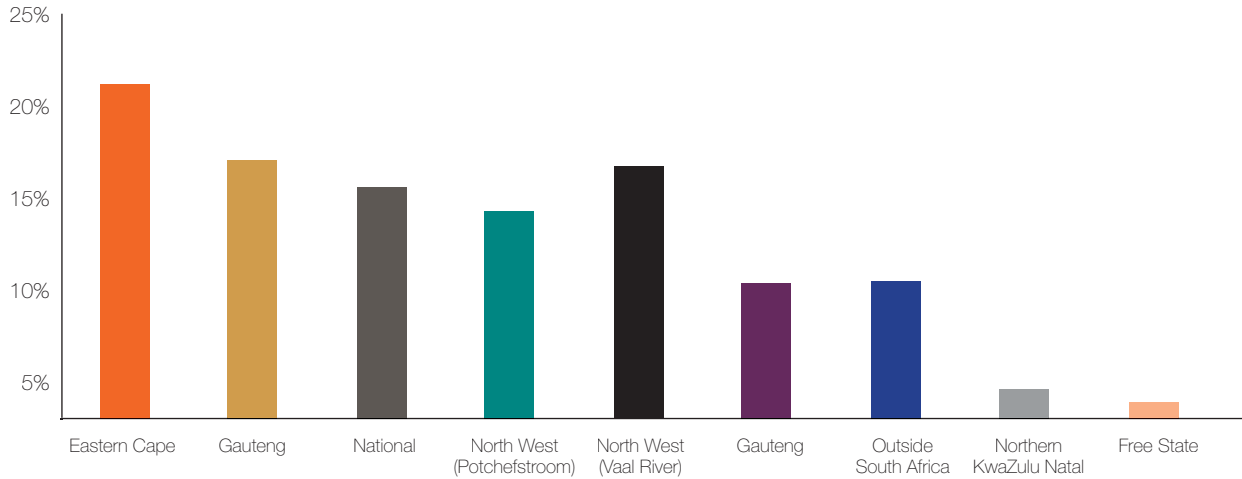
**Spending per sector**

Pie chart below reflects spending detail of the AngloGold Ashanti Fund per sector.



### Sectoral giving by value

Pie chart below reflects the AngloGold Ashanti Fund spend by province, which shows that projects in the host communities benefit the most from approved funding. The Eastern Cape, which is the biggest labour sending area, is also a significant beneficiary.



Over and above the AngloGold Ashanti Fund spend, the Vaal River mines have spent R618 176.79 towards various community initiatives. In addition, the West Wits mines have spent R337 459 grant funding towards various community development projects and the services operations have also spent R341 356 as grants towards community development programmes.

### Measures to Address Housing and Living Conditions

Upgrading of residence has been a priority for both government and for AngloGold Ashanti in recent years, in order to begin to address the legacy of the industry’s use of migrant labour. The Mining Charter requires companies to establish a programme for improving the quality of accommodation.

Historically, a large proportion of the industry’s workforce has been recruited from rural areas of South Africa and its neighbouring states, and accommodated in single-sex hostels. Large numbers of men were obliged to live in high-density, dormitory-style rooms in the West Wits area. AngloGold Ashanti has focussed on six key strategic interventions to improve the living conditions of miners.

#### Currently the following accommodation options are provided:

- Living out allowance, this is paid as part of remuneration, to 9 227 employees who include those working for AngloGold Ashanti Health Service.
- Boarding houses that have the capacity to provide degrees of accommodation to 262 single employees.
- Residences that provide full accommodation to 7 793 single employees.
- Attached to the residences, some 190 visiting wives complexes are available.

### Stakeholder Engagement

Accommodation issues are discussed within the forums listed below. Accommodation issues are also referred to AngloGold Ashanti senior management if all efforts to resolve these fail at an operational level.

#### The following forums are currently in existence:

- AngloGold Ashanti Accommodation Forum with representation of all organised labour formations. This forum meets on a needs-basis.
- Operational Accommodation Forum at Vaal River, with representation of all organised labour formations, which meets on a monthly basis.
- Senators at residence levels. The senators are five full-time, elected employee representatives at each of the residences, with the objective of affording residents the opportunity to influence the decision-making process within their respective residences in relation to key housing issues. These include nutrition, health and safety, leisure activities, industrial relations and general communication matters.

## Upgrading of Residences

The following has been agreed to, in the various consultation forums, as the strategic basis for residence upgrading:

- Reduction of high-density residences to single bunking was achieved and increased levels of privacy are pursued through the redevelopment of communal accommodation units into individual rooms. Redevelopment work started in 2005.
- To date some 1 340 single rooms have been developed, bringing the number of employees accommodated in single rooms to 1 624.
- Present plan to convert communal rooms into single rooms is scheduled to be completed by 2016.
- Included in the figure above, AngloGold Ashanti established 54 single rooms at Kopanang Residence in 2009.
- To ensure that adequate female ablutions and change house facilities are being created, the company has established female change houses at Kopanang and Nologwa residences. The female change house at Nologwa Residence was extended from 300 to 450 in 2009.

## Redevelopment of Residences to Family Units

As part of AngloGold's Ashanti's planning, thought is given to sustainable residential developments that can continue after closure of the mines. In order to facilitate this, reviews have been carried out to identify potential projects for re-development and conversion into family unit accommodation. To this end, Motlatsi Residence and the No 7 Visiting Wives Centre has been evaluated and found to be suitable for a phased development into flats for family accommodation.

### Progress achieved to date is as follows:

- 2005 / 6 - 69 family flats were developed at the No 3 Shaft Residence at a cost of R10.97 million
- 2006 / 7 - 11 single quarter units at No 3 Shaft Residence were redeveloped in to family units at a cost of R 2.1 million
- 2007 / 8 - 23 single quarter units at the West Boarding House were redeveloped at a cost of R8 million.
- Total number of units redeveloped to date stands at 103.

## Promotion of Home Ownership

The Mineworker's Provident Fund Home Loan Scheme was introduced to enable employees to use the equity in the fund to improve their accommodation. Although substantial sums have been loaned, very little – if any – improvement or additional accommodation resulted from this initiative.

### AngloGold Ashanti's drive to promote home ownership includes the following actions:

- Vacant AngloGold Ashanti stands were made available at market-related prices to initiate home ownership.
- During the latter part of 2002, accommodation assistance payments were substantially increased for all levels of employment. Accommodation assistance payments to employees who elect to provide their own accommodation were substantially increased for Group 3-8 employees over a number of years, and since September 2009 employees receive a minimum of R1 300 per month.
- AngloGold Ashanti has entered into a joint venture with private developers for the development of 110 housing units in Klerksdorp.

## Nutrition

AngloGold Ashanti has for several years been active in this field and the current status exceeds the Chamber of Mines' benchmark of 13 000 kilojoules per person per day. Actual consumption exceeds the standard adopted, as the average actual nutritional value stands at 18 607kJ per person per day. The system is open to scrutiny and visitors are welcomed to all facilities. Benchmarking and external reviews are done on an ongoing basis through audit reviews via an external specialist (E Bredenhann).

# Section 3: Procurement



## Procurement Progression Plan

AngloGold Ashanti treats HDSA companies as preferred suppliers. In practice, this does not mean accepting higher tender prices from HDSA companies. What it does mean, however, is that: BEE companies complying with the AngloGold Ashanti criteria are placed on our vendor list. BEE companies would receive preferred status in winning contracts, should they be commercially competitive.

The company has identified current level of procurement from HDSA companies in terms of capital goods, consumables and services as per the table below. The company has also developed a programme for progressively increasing the sourcing of these goods from HDSA companies, with annual targets set for a ten-year period as per the table below. The BBE profile will be incorporated as part of the Vendor Administration (Supplier Approval Process) in order to drive the BEE initiative.

The actual final figure for BEE Procurement spending in 2009 levelled out at 34.87 per cent against a target of 41.46 per cent.

See Form T for a list of BEE suppliers and BEE spending.

**An analysis of the BEE procurement spending reveals that:**

- There has been an increase in spending with BEE companies of R11 million, from R136 million in 2008 to R147 million in 2009.
- This can be ascribed to the identification and addition of new BEE suppliers to the AngloGold Ashanti data base as well as business one with them, additionally there is also an element of escalation that is fuelled by inflationary pressures as dictated by the economy

	Original Target	Revised Target 1	Revised Target 2 (April 2004)	Actual
2001	7.53%	7.53%	7.53%	7.53%
2002	8.42%	8.04%	8.04%	8.04%
2003	9.85%	11.61%	10.96%	10.96%
2004	11.47%	15.31%	26.48%	21.05%
2005	14.30%	16.82%	27.61%	33.49%
2006	17.70%	21.38%	33.94%	37.41%
2007	19.93%	24.74%	37.75%	34.59%
2008	22.12%	28.09%	41.46%	34.84%
2009	24.27%	31.43%	45.07%	29.40%
2010	26.38%	34.76%	48.58%	
2011	28.45%	38.07%	51.99%	
2012	30.49%	41.37%	55.29%	

Below is a score card of the actions taken to meet the target during 2009:

Action points	Achieved not Achieved	Process
This formed the base from which targets were set. This process involved a number of specific activities which included:		
• Verifying the status of current suppliers.	✓	Vendor approval system
• Identifying products and / or services that could be procured from BEE companies.	✓	Commercial Services and Sustainable development forum meet monthly
• Establishing a BEE database.	✓	Ellipse System
• Accreditation of BEE Suppliers, which are currently pending, awaiting the approval of the recognised accreditation providers.	✓	Vendor approval system
• Incorporating the BEE Database into current systems (MIMS).	✓	Ellipse System
• Growth and optimisation of the BEE vendor base.	✓	Ongoing
• Establishment of working groups to focus on procurement-related topics, including price fixing, price matching, sub-contracting, set aside commodities, creative payment terms, "payment premiums", sensitising existing Supplier Base to BEE requirements, to mention a few.	✗	N/A
• Establishment of an AngloGold Ashanti BEE monitoring forum to facilitate and evaluate progress.	✗	N/A
• Commodity procurement teams will be targeted to include BEE in their strategic procurement initiatives.	✓	Commercial Services
• Establishment of active networks within AngloGold Ashanti, industry-wide and with the various role players; such as the Black Economic Empowerment Forum and NAFCOC.	✗	N/A
• Establishing a transition process from the current Mining Charter measurement system to the Promulgated Code of Good Practice.	✓	Ellipse System
• Recognising a decrease in achieving the set Mining Charter Targets with advent of the introduction of the new BBBEE Codes of practice.	✓	Started to collect data in BBBEE format
• Re-engineering of all the above to be compliant with the Codes by 2009, subject to the implementation of the accreditation and verification process.	✗	N/A