



Note for: EXCOM

Subject: Consolidated Group Approach to Artisanal and Small-Scale Mining (ASM)

1. PURPOSE

This paper proposes a consolidated group approach to ASM, and seeks to:

- Provide clarity of definitions and establish a common nomenclature within the group;
- Outline group guiding principles (informed by the UN Mining Vision, 2009 and other international protocols) on the company role and what support it can provide in the formalisation of legal ASM; and
- Provide a consolidated group view of country specific approaches and strategies, premised on legal provisions and frameworks and the socio-economic context of the host countries.

2. POSITION

The company recognises and acknowledges the need to co-exist with legitimate ASM. In support of the indigenous claim, the company believes a way forward should be crafted around a co-existence framework, recognising different country by country dynamics and regulatory provisions.

3. DEFINITIONS

It is difficult to estimate the extent of ASM due to the lack of a common definition, its use of seasonal and occasional workers, and a lack of official statistics. For purposes of engagement within the Group, the following definitions are proposed for AGA:

- **Artisanal and Small-scale Mining:** ASM broadly refers to mining practised by individuals, groups and/or some members of the communities and may be organised or unorganised; legal or illegal and characterised by a combination of key features listed below.



- **Legal Mining:** refers to any mining activities (Artisanal and Small, Medium or Large-scale) undertaken in line with regulatory and other legal provisions of the host country.
- **Legal ASM:** refers to legal ASM activities undertaken in line with host country regulatory provisions. The AGA Co-existence framework and associated contributions will only be directed towards legal ASM initiatives.
- **Illegal Mining:** refers to any mining activities (Artisanal, Small-scale, Medium or Large-scale) undertaken either in contravention of the laws (not licensed) of the host country or carried out in / on AngloGold Ashanti's (AGA) license area without the prior consent of the Company in the case of tributing. (In Colombia and Brazil, illegal mining activities in this category are limited to those associated with subsistence push factors to differentiate them from illegal-criminal mining activities).
- **Illegal-Criminal Mining:** In Colombia and Brazil, further distinction is made in the law between illegal mining and illegal-criminal mining. Illegal-Criminal Mining is formally defined as illegal mining activities facilitated and managed through organised-criminal groups, where profits are used to fund criminal activities.

4. CONTEXT

Legal ASM formalisation programs are underpinned by an evolving global attitude which recognizes that in as much as there are negative impacts from current ASM practices it still provides for livelihoods of 80 - 100 million people across the globe (African Mining Vision, 2009). It is from this perspective that the developing world is looking at improving Legal ASM practices in order for the sector to support sustainable development particularly in rural communities. Multilateral agencies such as the World Bank, United Nations agencies (e.g. UNEP, UNIDP and UNDP), as well as Regional bodies such as the African Union have developed frameworks to improve legal ASM practices. Of note, the position of the African Mining Vision (2009) is captured in this extract “...*A mining sector that harnesses the potential of artisanal and small-scale mining to stimulate local/national entrepreneurship, improve livelihoods and advance integrated rural social and economic development...*”.

Reasons for individuals entering into or practicing ASM are varied and include both ‘push’ and ‘pull’ factors. In Africa, increased participation in ASM has been linked to a decline in the viability of agriculture, or as a way to supplement agricultural income. Other push factors include poverty, conflict, natural disasters, or economic crisis. Pull factors that encourage people to enter this sector include the potential for high profits or gold-rush type circumstances. For activities close to AGA, some of the reasons include the close proximity of mining operations to community villages. Following broad engagements, it is evident that



these factors (push and pull) are not unique to Africa given current and evolving global socio-economic landscape. ASM is therefore best described by outlining its main characteristics as highlighted below.

Key features of ASM include minimal machinery or technology use with low levels of mechanisation; mining relies on simple techniques and physical labour; operates with or without legal mining titles (concession, claim) or a valid contract with the title holder; low productivity since it often takes place in very small or marginal plots; is most commonly but not restricted to, surface or alluvial mining; uses inefficient techniques where total recovery is improved by repetitive scavenging & reprocessing; lack of safety measures, health care or environmental protections; and may be practised seasonally (e.g., to supplement farm incomes) or temporarily in response to high commodity price and economic insecurity and in some instances, is fuelled by organised crime syndicates often accompanied with human rights violation, child labour and forced labour.

Current **host country regulatory perspective** is provided in the table below.



ASM – COUNTRY REGULATORY PERSPECTIVES

NO.	Issue	Tanzania	Ghana	Mali	Guinea	South Africa	DRC	Colombia	Brazil
1.	Is ASM recognised in the law?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2.	Areas where ASM rights/ permits can be issued?	Open access to free areas	Open access to free areas	Designated zones for Artisanal & open access to free areas for Small-scale	Designated zones for Artisanal & open access to free areas for Small-scale	Open access to free areas No overlap permitted	Designated zones for Artisanal & open access to free areas for Small-scale	Clarity required	Clarity required
3.	Is overlap of right with LSM rights permissible?	No - for same minerals in LSM area	No - for same minerals in LSM area	No - for same minerals in LSM area	No – for same minerals in LSM area	No - for same minerals in LSM area	No - AM ¹ is only permitted in designated zones. No - for SSM ² with same minerals in LSM ³ area	Clarity required	Clarity required
4.	Is tributing / leasing to ASM allowed?	No special mention, but appears not to be excluded	No special mention, but appears not to be excluded	Yes - Tributing by LSM right holder with government permission	Yes - Tributing by LSM right holder with government permission	Yes - Tributing by LSM right holder with government permission	No - for AM Yes – for SSM with government permission	Yes - Tributing by LSM right holder with permission of government	Yes - Tributing by LSM right holder with permission of government
5.	Is Government institutional support provided for ASM?	Yes	Yes	Minimal	Minimal	Yes	Limited	Nascent	Yes

¹ AM: Artisanal Mining

² SSM: Small-scale Mining

³ LSM: Large-scale Mining



5. ASM AND ANGLOGOLD ASHANTI

From a business perspective, relationships with ASM communities are often adversarial and characterized by varying degrees of conflict with no proper structures existing to support the legal formalisation process.

Material threats to the business include:

- Environmental degradation;
- Safety, health and security of personnel, property and assets;
- Financial losses due to theft of gold bearing material; and
- Operations interruptions.

AGA's risk tolerance levels for ASM, clustered in line with six key risk categories, will guide the detailed situational risk amelioration strategies in accordance with site specific triggers levels.

Risk Category	Risk Tolerance
Investment value (Economic Ore Reserves)	AGA shall not allow ASM mining activities that continuously erode declared Ore Reserves and investment value of the project/mine.
Formalisation of mining activity	AGA shall not engage with informal ASM structures nor those not willing to formalise (informal ASM default to being illegal).
Operating model	AGA shall not assume the Safety, Health, Environmental and Human Right liabilities, however will continue to support the training and capacity building initiatives for ASM.
Safety, Health and Environment	
Human Rights violation	
Security, Law and Order	AGA shall depend on host governments to maintain law and order on legal boundaries in line with United Nations Voluntary Principles on Security and Human Rights

The qualitative and quantitative impacts of these risks will be assessed on regular basis, taking into account the jurisdictional political, legislative and socio-economic factors, including the direct and indirect cost to the company.



a. Overview – Host Countries with ASM Challenges

Range	Mining Activity Classification	Legal	Illegal	Illegal-Criminal
	Artisanal	Tanzania	Ghana; Tanzania; Guinea; Mali; South Africa; Colombia	Colombia
	Small-scale	Tanzania Colombia	Ghana; Tanzania; Guinea; Mali; South Africa; Colombia	Colombia
	Medium-scale ⁴			
	Large-scale ⁵			

Illegal ASM activities in operations are at times aggravated by employees and law enforcement collusion. Historically, ASM related threats have largely been addressed through security measures, focusing on the protection of tenement, personnel and assets.

Engagement with key stakeholders such as local, regional and national government authorities, civil society members, traditional leaders and other key members of the communities plays a pivotal role in ensuring security interventions measures are effective. They must also be complemented with a holistic approach that ensures proactive management, robust community development programmes and effective monitoring and reporting measures.

⁴ Not a material issue, therefore not addressed in the document

⁵ Not a material issue, therefore not addressed in the document



6. OUR PROPOSED FRAMEWORK

a. Company Values

The AngloGold Ashanti approach is framed around our company values and embracing reality, the objectives of which guide the establishment of a company Co-Existence Framework.

<i>Our Value</i>	<i>Safety Is Our First Value</i>
<i>Objective</i>	<i>Ensure safety and security of our tenement, assets and employees.</i>

<i>Our Value</i>	<i>We Treat Each Other With Dignity And Respect</i>
<i>Objective</i>	<i>Treat our stakeholders with dignity and respect at all times.</i>

<i>Our Value</i>	<i>We Value Diversity</i>
<i>Objective</i>	<i>Work harmoniously with all stakeholders upholding human rights principles.</i>

<i>Our Value</i>	<i>We Are Accountable For Our Actions And Undertake To Deliver On Our Commitments</i>
<i>Objective</i>	<i>Take considered decisions and deliver on our promises.</i>

<i>Our Value</i>	<i>Communities & Societies Will Be Better-off For AGA Having Been There</i>
<i>Objective</i>	<i>Promote local content and generation of sustainable alternative livelihoods.</i>

<i>Our Value</i>	<i>We Respect The Environment</i>
<i>Objective</i>	<i>Consider our broader socio-economic impact on water, land access and resettlements.</i>



b. Broad Guidelines

The approach is aligned to the Africa Mining Vision (2009) and other global frameworks and protocols on ASM, such as the ICMM Sustainable Development Framework and Commitment No. 5 (Mercury Position Statement) of the 10 Principles. AGA will, following a case by case assessment and review of host country socio-economic and political contexts, consider supporting and contributing to the following broad guidelines. This is provided that they are not in conflict with the laws of host countries in which we operate; that implementation can be done in a co-existing/harmonious manner without threatening safety of employees, assets and/or financial viability of the operation; and that they do not infringe Human Rights).

- Contribute towards formalisation and regulation of Legal ASM and include it into the broad streams of social and economic activities;
- Contribute to the development of policy frameworks and practices that lead to a viable and sustainable Legal ASM sector;
- Geological research to identify mineral zones and deposits that can be designated as suitable for Legal ASM;
- Development of programmes for the promotion and transfer of appropriate knowledge, skills and technologies to the Legal ASM sector;
- Development of methods for identifying potentially viable Legal ASM operations for targeted support;
- Programmes for promoting downstream value-addition in Legal ASM;
- Promotion of inclusive growth and economic activities; and
- Development and strengthening Legal ASM associations that provide an interface for engaging the sector.

AGA contributions will only be directed towards activities aimed at co-existing with legal ASM.



c. Critical Success Factors

Critical Success Factors for AGA's approach and country specific strategies will be guided by the following:

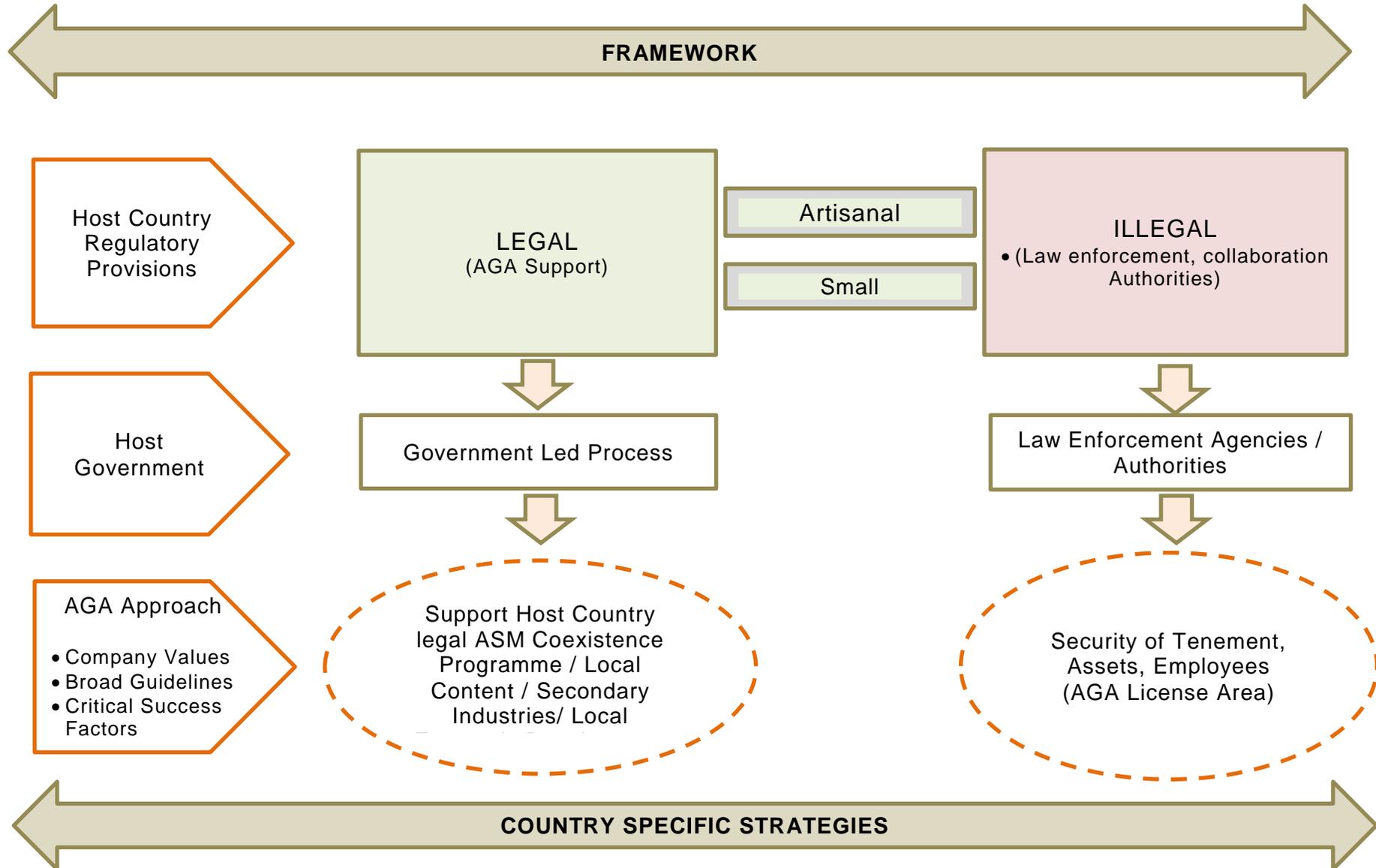
- Host Government taking a keen interest and leading the legal process to formalise ASM.
- The ASM co-existence process being guided under the auspices of clear regulatory provisions and legal frameworks.
- AGA, in partnership with other mining companies or structures such as the Chamber of Mines, playing a supportive role.
- Host Government acknowledged plan and intent to precede the development process and plans aimed towards co-existing with Legal ASM.
- Social and Economic Developmental Initiatives undertaken in support of the co-existence process are self-sustaining (these should not create dependency on companies providing support).
- Strategies include alternative economic livelihood projects (e.g. establishment of secondary industries, skills development not limited to mining skills, promotion of local content for procurement and employment initiatives, self-sustainable income generating initiatives etc.).
- Site review of AGA footprint requirements and where practically feasible and upon AGA EXCO approval, having clear plan for areas identified as part of Footprint reduction management. (Without exception, all areas no longer required for the mining plan and that are to be relinquished shall only be relinquished back to Government following completion of due processes.)
- Clear demarcation of roles, responsibilities and accountabilities and associated liabilities are reduced in writing and signed-off by AGA EXCO, then Parties and Host Governments. As a fundamental principle, AGA should not incur any legal liabilities for participating and supporting Government initiatives of the formalisation process.
- All strategies obtain AGA EXCO Approval before being formalised and before any promises and commitments are made.



d. High-level Activities

Key elements of Company approach to support co-existing programmes with legal ASM include:

- Inclusive and extensive engagement with legitimate and credible community structures.
- Security stabilization and ongoing securing of the company concession and assets (current actions):
 - Intelligence and information gathering.
 - Equipping AGA security personnel sufficiently and providing them with a safe and healthy working environment.
 - Securing the tenement, demarcation and protection of people and assets.
 - Continuous engagement with local authorities and communities to support “community policing” initiatives.
 - Removal of illegal mining activities and processing equipment.
 - Prevention of further illegal mining incursions into the concession.
- Management of environmental, health and social impacts (proposed actions):
 - Preventing impacts and enhancing productivity of ASMs through training (mining and processing) and the introduction of new technologies.
 - Assessing and contributing to the remediation of existing environmental and health impacts.
 - Appropriate support to minimise social impacts such as child labour, gender inequality, exploitation and criminality.
- Supporting Co-existence of legal ASM through:
 - Management of interfaces with AGA and ASM with aims to control what is formal.
 - Training and capacity building to support formal ASM operations aligned to host country regulatory framework.
 - Identifying land, off our current footprint and not part of our mining plan, to formally relinquish back to Government.
 - Influencing policy development and regulatory frameworks.
- AGA acting as a catalyst for alternative and sustainable economic livelihoods by (proposed and current actions):
 - Working in partnership with other stakeholders to facilitate access to the resources required.
 - Exploring alternative and viable livelihoods.





7. CURRENT ALIGNMENT TO PROPOSED GLOBAL FRAMEWORK – GUIDING PRINCIPLES

Group Guiding Principles	Country Overview (Tick – applicable areas)						
	Ghana – Obuasi	Ghana – Iduapriem	Tanzania	Mali	Guinea	SAR	Colombia
<ul style="list-style-type: none"> The drive to formalise and regulate ASM and include it into the broad streams of social and economic activities; 	√	√	√	√	√	√	√
<ul style="list-style-type: none"> Development of policy frameworks and practices that lead to a viable and sustainable ASM sector; 	√	√	√	√	√	√	√
<ul style="list-style-type: none"> Geological research to identify mineral zones and deposits that can be designated as suitable for ASM; 							√
<ul style="list-style-type: none"> Development of programmes for the promotion and transfer of appropriate knowledge, skills and technologies to the ASM sector; 			√				√
<ul style="list-style-type: none"> Training and Development of methods for identifying potentially viable ASM operations that can be for targeted support; 			√				
<ul style="list-style-type: none"> Programmes for promoting downstream value-addition in ASM; 							√
<ul style="list-style-type: none"> Promotion of youth engagement in the ASM sector not only as workers and entrepreneurs but as ambassadors of good technical and social practices; 			√				
<ul style="list-style-type: none"> Development and strengthening ASM associations that provide an interface for engaging the sector; and 			√				√
<ul style="list-style-type: none"> Implementation of International and Regional instruments relevant to the development of ASM sector. 			√			√	√



8. CURRENT ALIGNMENT TO PROPOSED GLOBAL FRAMEWORK - HIGH LEVEL ACTIVITIES

Activity Area	Activities	Country Overview (Tick – applicable areas)						
		Ghana – Obuasi	Ghana– Iduapriem	Tanzania	Mali	Guinea	SAR	Colombia
Security stabilization and ongoing securing of the company concession and assets (current actions):	• Intelligence and information gathering.	√	√	√	√	√	√	√
	• Equipping AGA security personnel sufficiently and providing them with a safe and healthy working environment.	√	√	√	√	√	√	√
	• Securing the tenement, demarcation and protection of people and assets.	√	√	√	√		√	√
	• Continuous engagement with local authorities and communities to support “community policing” initiatives.	√	√	√	√	√	√	√
	• Removal of illegal mining activities and processing equipment.	√	√	√		√	√	√
	• Prevention of further illegal mining incursions into the concession.	√	√	√	√	√	√	√
Management of environmental, health and social impacts (proposed actions):	• Preventing impacts and enhancing productivity of ASMs through training (mining and processing) and the introduction of new technologies			√				√
	• Assessing and contributing to the remediation of existing environmental and health impacts.			√		√	√	√



Activity Area	Activities	Country Overview (Tick – applicable areas)						
		Ghana – Obuasi	Ghana – Iduapriem	Tanzania	Mali	Guinea	SAR	Colombia
	<ul style="list-style-type: none"> Addressing social impacts such as child labour, gender inequality, exploitation and criminality. 		√	√			√	√
Supporting formalisation of ASM through (current action):	<ul style="list-style-type: none"> Practical support of legal ASM operations (off our concession) where possible and as aligned to the company strategic approach. 			√			√	
	<ul style="list-style-type: none"> *(Identifying land, off our current footprint, not part of our mining plan, to formally relinquish back to Government. 	√					√	
	<ul style="list-style-type: none"> Influencing policy development and regulatory frameworks. 	√	√	√	√	√	√	√
AGA acting as a catalyst for alternative and sustainable economic livelihoods by (proposed and current actions):	<ul style="list-style-type: none"> Working in partnership with other stakeholders to facilitate access to the resources required. 		√	√	√	√		√
	<ul style="list-style-type: none"> Exploring alternative and viable livelihoods. 	√	√	√	√	√	√	



a. Proposal – Host Country Co-existing Programme

The following host country co-existence programmes will be presented to AGA EXCOM in October for approval.

- Appendix A – Colombia
- Appendix B – South Africa Region
- Appendix C – Continental Africa Region
 - Ghana
 - Tanzania
 - Mali
 - Guinea
- Appendix D – Greenfields Exploration
 - Brazil,
 - Colombia,
 - Guinea
 - Tanzania
 - All new entry countries

Glossary

AM	Artisanal Mining
SSM	Small-scale Mining
LSM	Large-scale Mining
ASM	Artisanal, Small-scale Mining
ICMM	International Council on Mining and Metals
UN AMV	United Nations, Africa Mining Vision
UNEP	United Nations Environment Programme
UNIDP	United Nations International Day of Peace
UNDP	United Nations Development Programme



9. SUMMARY AND RECOMMENDATION

The following is my recommendation to AGA EXCO:

- to endorse the Group position and proposed approach,
- to define limits for the crafting and implementation of country strategies;

DAVID NOKO
EVP Sustainability

October 2016