



GLOBAL TRANSFORMATION POLICY			
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## 1. CONTEXT

The AngloGold Ashanti Board and the Executive Committee are committed to fostering and promoting an environment in which the diversity and transformation practices are owned and championed at all levels of the business, ensuring that each level of management is accountable for their specific outputs.

Transformation for the purpose of this policy is inclusive of and encompasses the various terms used across the operations, namely: diversity, localisation, and employment and gender equality. The System for People (SP) is AngloGold Ashanti's global people management system. SP is not only for Managers, but for every single employee in the organisation – it defines the way we work together. This people management system is underpinned by transformation, to incorporate transformation into every aspect of managing people.

## 2. TRANSFORMATION PHILOSOPHY

AngloGold Ashanti's vision to be the leading mining company requires that we create and maintain an aligned and integrated workplace with an underlying all-inclusive culture based on shared values that allows us to leverage the diversity of our employees, communities, customers and suppliers to achieve our business outcomes and sustainable mining.

Transformation in an AngloGold Ashanti context should be seen within the broader framework of SP, with "People are the Business" as the catalyst for achieving transformation. SP also focusses on the measurement of people's potential. Our values, with particular emphasis on Diversity, Dignity and Respect, Community and Accountability are core to the transformation of our organisation.

## 3. STRATEGY OVERVIEW

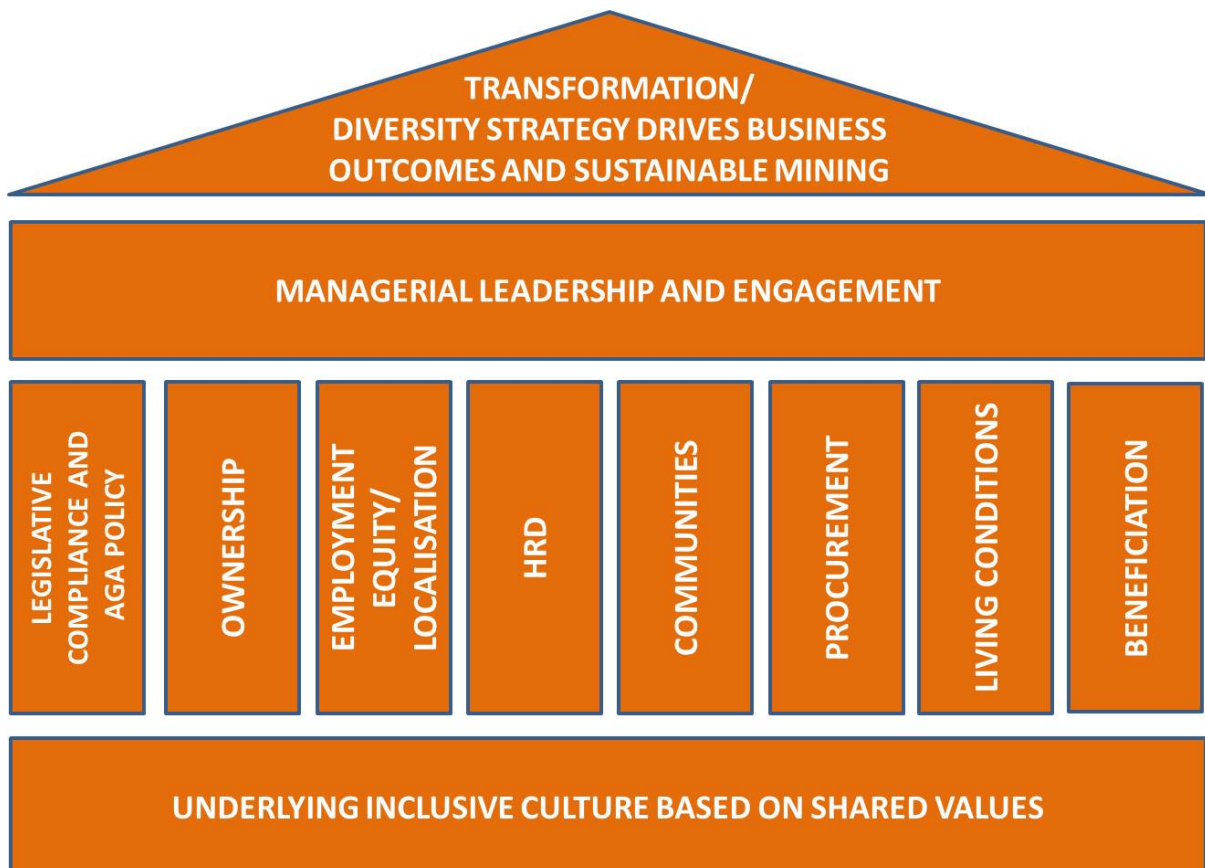
A transformation policy is designed to ensure that the organisation:

- Creates an underlying all-inclusive culture based on shared values.
- Puts in place the corporate policies and ensures the legislative compliance to promote transformation.



- Puts in place targeted initiatives to address:
  - Ownership
  - Employment Equity and Localisation
  - Human Resources Development and Talent Management
  - Community Development
  - Preferential Procurement and local enterprise development
  - Housing and other local living conditions
  - Beneficiation
  - The System for People puts in place the desired Managerial Leadership and Engagement Practices to ensure the fair and equitable treatment of all our employees and the development of all employees to their maximum capability.
  - Equitable remuneration and other reward systems.

In doing so, the Transformation, Localisation and Diversity strategy will drive business outcomes and ensure a sustainable mining model.





South Africa has made significant progress in addressing the inequalities in the workplace. As a global organisation, we will adopt a targeted approach with initiatives in each jurisdiction. These initiatives will have to be tailor-made to the specific legal, social and operational requirements of every region and country, for example in the Continental Africa Region, these would focus on the development of local talent, while still using expatriates in the regions to address skills gaps and transfer skills. The expatriates should have a definite end date to their assignment and the organisation should not have employees on international assignment benefits for an extended or even indefinite period of time. The policy would also ensure that the skills transfer and local employee development is implemented, monitored and tracked.

The approach adopted by the organisation to address the requirements of each region and country would need to be aligned to the AngloGold Ashanti (AGA) business model, and the performance levers. A transformation strategy would align with the strategic control model, which AGA has adopted, in ensuring that the policy and governance expertise would be ideally positioned at the corporate level, with the implementation at site level undertaken by local staff supported by technical expertise at regional level.

#### **4. CURRENT SYNOPSIS**

The various regions within our operations have varying legislative requirements, and varying degrees of reporting is required.

South Africa is governed by a range of legislation from a labour perspective and from a mining perspective. The Continental Africa Regional (CAR) has various legislative requirements to comply with dependant on each country. In South America, there are laws governing the employment of local nationals, while in Australia, there is no specific piece of legislation on diversity or transformation, there is only a requirement to report on transformation specifically on women in mining. **Appendix A** contains a breakdown of the regional requirements.

#### **5. MEASURING THE SUCCESS OF TRANSFORMATION/DIVERSITY INITIATIVES**

A scorecard approach is required for the evaluation of progress on the transformation commitments. Implementation guidelines are contained in **Appendix B**.

The areas to be measured will include:

**5.1 Company values** and other initiatives to create an underlying all-inclusive culture based on shared values.

##### **5.2 Legislative Compliance and AGA Policy**

- Quantitative (as applicable in each country):
  - Employment equity and country specific localisation annual submissions
  - Workplace skills plan
  - Annual training report
  - Company annual report
  - Sustainability report



- Annual salary surveys and benchmarks results
- Qualitative:
  - SP audit report
  - HR combined assurance report
  - Survey results – Values and engagement
  - Integrated report
  - AuRisk system

**5.3 Ownership** – this is the remit of the Board and Executive Committee.

**5.4 Employment Equity** – workplace diversity and equitable representation at all levels are catalysts for social cohesion and transformation in the mining industry. Where the focus is not only on ensuring employment for local nationals, but also ensuring the equitable treatment of all staff, in order to create a conducive working environment to ensure diversity.

**5.5 HRD**

- Skills development:
  - Formal courses
  - Career development and exposure
  - Secondments
- Engagement at all levels
- Coaching and Mentoring
- Performance management
- Talent pool identification, inclusive of fast tracking and operational exposure

**5.6 Communities** – in which we operate, will be better off for AGA having been there, through the promotion of fundamental human rights and our contribution to building productive respectful and mutually beneficial partnerships, between AGA and community leaders, to ensure the host communities will be left with a sustainable future. This will be done through various initiatives around local procurement, enterprise development and skills development.

**5.7 Procurement** – to identify current levels of procurement from local suppliers, and to commit to progressing the use of local suppliers and encouraging current suppliers to form partnerships with local suppliers, so creating an inclusive environment.



- 5.8 Living Conditions** – privacy for mineworkers contributes to human dignity and improved health and wellness. Where applicable, to ensure that we provide a good housing standard for workers resident on the mine sites.
- 5.9 Beneficiation** – this is the remit of the Board and Executive Committee, this entails ensuring the transformation and the production of gold to a to a higher value product, which can either be utilised locally or exported. Beneficiation can also be termed as “value-addition”.
- 5.10 Managerial Leadership Engagement and Practices** – governs the interaction between every manager and subordinate, inclusive of a shared business context, feedback, recognition and coaching.
- 5.11 Transformation/Diversity Strategy** – drives business outcomes and sustainable mining:
- Social License to operate
  - Mining License
  - Alignment of KPI’s and incentives

## **6. GOVERNANCE**

### **6.1 The Board**

In line with the transformation philosophy adopted by AGA, the Board has put in place a sub-committee of the Board, viz., Social, Ethics and Transformation (SET) Committee to give effect to the diversity transformation policy of AngloGold Ashanti.

The Board sub-committee, chaired by a Non-Executive member of the Board sets the transformation policy framework for the company globally and reviews the execution against the agreed objectives.

### **6.2 The Role of the SET Committee**

- Is to globally oversee transformation within the company, while it is the accountability of the Executive Committee to ensure the implementation of all transformation programmes.
- Align transformation deliverables with the Company Strategic Framework and integrate with the HR Strategic Framework.
- Ensure that accountability is correctly placed.
- Monitoring of progress.

## **7. CRITICAL SUCCESS FACTORS**

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Success is dependent on:

- 7.1 Total visible leadership commitment for transformation.
- 7.2 Integration of the Global Transformation Strategy into the way of doing business.
- 7.3 Ensuring all decisions are based on sound business principles.
- 7.4 Strategy execution requires significant uplift in professional capability (right people in the right roles, particularly at senior level).
- 7.5 Ensuring all departmental and individual performance contracts include transformation and diversity targets.
- 7.6 Building behaviours supporting transformation into performance management and into all training initiatives.
- 7.7 Benchmarking and sharing best practices.
- 7.8 Continuous measurement and communication of progress.

## **8. APPROVAL**

This policy statement has been endorsed by the board of AngloGold Ashanti and shall be overseen at board level by the Social, Ethics and Transformation sub-committee.

**Italia Boninelli**  
**Executive Vice President: People and Organisational Development**



## Appendix A

### 1. COUNTRY LEGISLATION, REGULATIONS AND PRACTICES RELATED TO TRANSFORMATION AND LOCALISATION WITHIN THE CONTINENTAL AFRICA REGION

#### 1.1 Ghana

Following the passing of the Minerals and Mining (General) Regulations by Parliament, AGA, as a mining lease holder is required under the regulation to submit a programme for training and recruitment of Ghanaians for approval.

Expatriate staff should not exceed a ratio of **1:10**; of the total number of senior staff for the first three years from the commencement of the Regulations (i.e. up to June 2015) and after the third year of the commencement of the Regulations the ratio shall not exceed 6% (i.e. **1:16**).

The Commission may approve the employment of additional expatriates in exceptional circumstances upon consideration of justification submitted by the applicant, including:

- Where specialised technology would be used.
- Where training of Ghanaians being carried out would require a longer period than the transition period.
- Where a special project including a new mine development, expansion or rehabilitation is to be undertaken, provided that the duration of the project does not exceed three years.
- Where Ghanaians are transferred to work as expatriates in the company's operations in other countries.

Expatriates are not to be employed in an unskilled or clerical position. AGA is currently compliant with respect to ratio of expats to local senior staff but has placed greater emphasis on succession planning and the identification of local talent. We are currently working towards an auditable plan for review by the Minerals Commission of Ghana, the government agency accountable for ensuring compliance.

#### 1.2 DRC

- There are regulations related to employment of foreign workers. There is a 'national commission for employment of foreign workers' within the Ministry of Labour. This commission is a statutory body for the delivery/issuing of work permits to foreign workers.
- A maximum of 6,5% of the total workforce can be expatriates for the extraction/mining industry. Certain jobs/employment types are reserved for local nationals and foreign workers are not allowed to take them up.
- Special exemptions can be requested/applied for all the above quotas and categories of employments.



### 1.3 Tanzania

Expatriates who are to be employed with particular knowledge and skills which are scarce in Tanzania are required to mentor the nationals working with them. The employment of expatriates is discouraged in Tanzania supported by Section 24 of the Tanzania Investment Act 1997 providing for immigration quota stating that:

- Every business enterprise granted a certificate of incentives under this Act, shall be entitled to an initial automatic immigrant quota of up to five employees during the start-up period.
- Subject to subsection (a), any application for an extra employee within an immigrant quota shall be submitted to the Tanzania Investment Centre which shall, in consultation with the Immigration Department, authorise any additional employee which it deemed necessary taking into consideration the availability of qualified Tanzanians, complexity of the technology employed by the business enterprise and agreements reached with the investors.

The mining industry in Tanzania was given relief taking into account the lack of mining skills in the country; however the trend of Tanzanians developing skills level have triggered a new employment law which is in discussion now with strictly three years only for expats to transfer skills without further renewal unless on special circumstances to be determined by the Government departments.

### 1.4 Mali

At the commencement of operation in 1996, the Company committed to Government to localise positions where local skills are available. The localisation process is governed by the mining code with provision on restrictions on Expatriates staff recruitment. "Expatriate staffing recruitment will occur only if the skill is not available at country level. The mine localisation plan has been reviewed based on business new orientation. There is no quota set and the process is dependent on the business strategy and skill requirements.

### 1.5 Guinea

The Convention of Mines and Quarries indicates:

- The employers commit themselves to putting in place in their enterprise an effective and diligent "guineanisation" policy of jobs which complies with the government orientation.
- Employers are committed at the recruitment stage of an expatriate for a non-statutory position, to identify a Guinean for his/her replacement. In addition, except for case de force majeure, expatriates' stay period should not exceed four years, since their fixed-term contract lasts for two years, renewable once.

The New Guinean Mining Code stipulates that:

- The owner of a mining title must give employment priority to Guinean cadres having the required competencies.





- The Guinean employees' minimal quota within a company during the various mine development phases' period is defined in the table below.

Category of workers	Research phase (%)	Development phase (%)	Mining periods		
			1st- 5th Year (%)	6th - 10th Year (%)	11th - 15th Year (%)
Management committee	23	20	60	80	90
Supervision	50	30	80	90	100
Qualified workers	66	40	80	95	100
Operators/workers	100	100	100	100	100

## 2. COUNTRY LEGISLATION, REGULATIONS AND PRACTICES RELATED TO TRANSFORMATION IN SOUTH AFRICA

Various pieces of legislation aim to counter employment disparities resulting from South Africa's history of institutionalised discrimination in the labour market.

Legislation most applicable to employment equity in the mining industry include the:

- **Employment Equity Act ("EEA")**
  - Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination.
  - Designing and implementing affirmative action measures to achieve equitable representation of designated groups in all occupational categories and levels in the organisation.
- **The MPDRA**
  - The Mining Charter requires the diversification of the workplace to reflect the country's demographics to attain competitiveness and sets percentage targets of Historically Disadvantaged South Africans (HDSA's) in all management Structures, Core and Critical Skills categories.
  - HDSA at all Management levels to be at 40% by the end of 2014.
  - Women in Mining requirement is 10%.
  - For the Core Skills, the requirement for HDSA representation is 40% by 2014.
  - The Human Resources Development expenditure as a percentage of total annual payroll (excluding mandatory Skills development levy) is set at 5% of payroll to be spent, in terms of demographics plus 1% of payroll to be contributed to the Skills Development Fund.
  - Meaningful economic participation and full shareholder rights with 26% of the company's shareholding to be in the hands of the HDSA's.



- The Mining Charter sets different percentage targets of annual spend on capital goods, services and consumer goods on Black Economic Empowerment companies and multinational suppliers.
- Implementation of community development projects expected to enhance relationships amongst stakeholders leading to communities owing patronage to those projects.
- There is a growing sense that the mining industry has not advanced on employment equity as aggressively as needed and that transformation efforts need to be intensified.
- This has led to proposed amendments and revisions of the EEA and Mining Charter in 2014.

### **3. COUNTRY LEGISLATION, REGULATIONS AND PRACTICES RELATED TO TRANSFORMATION AND DIVERSITY IN AUSTRALIA**

No specific legislation is in place, governing transformation and diversity, however the requirement exists to report on diversity with regard to women in mining.

### **4. COUNTRY LEGISLATION, REGULATIONS AND PRACTICES RELATED TO TRANSFORMATION AND DIVERSITY IN THE AMERICAS**

#### **4.1 Argentina**

The operations are located in the Southern Province of Santa Cruz. The law in the province requires the company to hire at least 70% of their operators (hourly workers) from the province, provided the person has lived in the province for three years. Prior to the provincial law an agreement existed with the shareholder, Fomicruz, which stipulates that 90% of employees must have a minimum of three months of settlement in the province to be hired; however, employees performing work underground are exempt from this provision due to the shortage of qualified underground workers in the province.

#### **4.2 Brazil**

Law 8213/91 establishes quotas for the hiring of employees with disabilities. Under the law, companies with more than 100 employees are required to fill 5% of their positions with employees who have been rehabilitated or employees with disabilities.

#### **4.3 Colombia**

Colombian Mining Code, article 251, establishes that mining companies or contractors that would be hiring personnel to perform any mining or environmental work or studies should prefer Colombian workers/employees to foreigners; as long as the nationals fulfil professional/ technical requirements for the specific activity. The same article establishes a prohibition to employ minors to execute mining labours.



Colombian Mining Code, article 253, establishes that mining companies should accomplish with the following percentage limitations regarding the payroll amount (not number of people but salaries):

- 70% of the direction employees (management) should be national.
- 80% of non-directive employees should be national.

Colombian Mining Code, article 254, establishes that the mining companies are obliged to hire a determined percentage of employees that are residents of the regions where the activities take place. These percentages are to be determined by the mining authority.



## Appendix B

### IMPLEMENTATION GUIDE

#### 1. MONITORING AND TRACKING

##### 1.1 Detail all global transformation matrices

- Understand all region-specific transformation requirements.
- Develop matrices to measure AGA performance on these requirements.

##### 1.2 Implement transformation strategy

- Set clear targets in line with regulatory requirements where applicable.
- Equal access to training and development opportunities.
- Training programmes must take cognisance of gender issues.

##### 1.3 Risk Management and Review

- Develop a transformation Risk Matrix.
- Address business vulnerability associated with transformation.
- Continuously track global political and regulatory environment that impact on transformation.

##### 1.4 Industry Benchmarks

- Utilise a full comprehensive benchmarking exercise with all major mining companies in all transformation measures to track relative progress.
- Monitoring the performance of other leading and comparable companies on transformation.
- Providing industry trends and comparative analysis.

##### 1.5 Implement regional strategies to achieve the transformation targets

- Ensure all performance contracts include transformation targets.
- Collaborate with external stakeholders in promoting transformation, e.g. secondary and tertiary institutions need to be targeted more in terms of an active recruitment programme.
- Prioritise training of local and identified talented candidates in scarce skills job categories to address skills shortages.
- Implement accelerated development programmes for highly potential/talented individuals.