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LABOUR PRACTICE


Labour Practice

OUR VALUES:

We provide our employees with opportunities to develop their skills while sharing risks and rewards in workplaces that promote innovation, teamwork and freedom with accountability. We embrace cultural diversity.

1. Introduction

AngloGold Ashanti's labour practices are guided by relevant legislation and the group's business principle, AngloGold Ashanti as an employer – labour practices (*see page L2 of this report*). AngloGold Ashanti is also committed to upholding the Fundamental Rights Conventions of the International Labour Organization (ILO).

The key indicators in this section of the report have been assured by external auditors PricewaterhouseCoopers  and this report has been compiled in accordance with the Global Reporting Initiative (GRI) guidelines. (*See page 14 for the GRI index.*)



2. Business principle

AngloGold Ashanti as an employer – labour practice

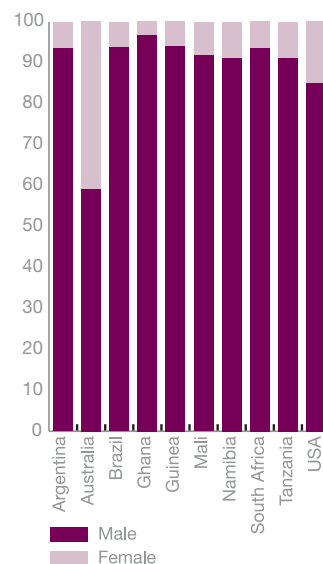
- AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization. Accordingly, we seek to ensure the implementation of fair **employment practices** by prohibiting forced, compulsory or child labour.
- AngloGold Ashanti is committed to creating workplaces free of **harassment** and **unfair discrimination**.
- As an international company, we face different challenges in different countries with regard to, for example, offering opportunities to citizens who may not have enjoyed **equal opportunities** in the past. In such cases, the company is committed to addressing the challenge in a manner appropriate to the local circumstances.
- We will **seek to understand** the different cultural dynamics in host communities and adapt work practices to accommodate this where doing so is possible and compatible with the principles expressed in this document.
- The company will promote the development of a work force that reflects the international and local **diversity** of the organisation.
- The company will provide all employees with the opportunity to participate in **training** that will improve their workplace competency.
- The company is committed to ensuring that every employee has the opportunity to become **numerate** and functionally **literate** in the language of the workplace.
- The company is committed to developing motivated, competent and experienced **teams** of employees through appropriate recruitment, retention and development initiatives. An emphasis is placed on the identification of potential talent, mentoring and personal development planning.
- Remuneration systems will **reward** both individual and team effort in a meaningful way.
- Guided by local circumstances, we shall continue to work together with stakeholders to ensure minimum standards for company-provided **accommodation**.
- The company assures access to affordable **health care** for employees and where possible, for their families.
- We are committed to prompt and supportive action in response to any major **health threats** in the regions in which we operate.



3. Key indicators

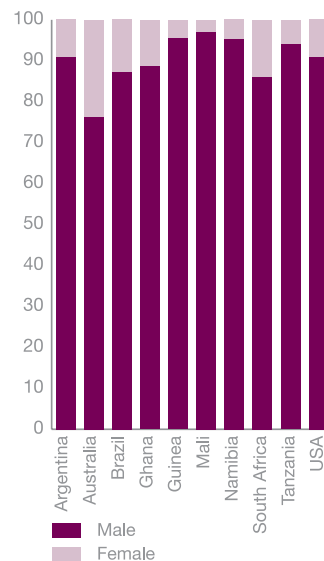
- AngloGold Ashanti employed 63,993 people in 2005 (calculated on a monthly average basis), made up of 47,848 (74.8%) permanent employees and 16,145 (25.2%) contractors and JV employees. In 2004, the group employed 65,400 people, comprising 50,737 employees and 14,663 contractors. The changes related to:
 - restructuring at the South African operations, in particular, the closure of Ergo and the beginning of the closure process at Savuka;
 - transition to owner maintenance crews resulted in duplication for some months in Argentina, while the Cuiabá Expansion project resulted in an increase in Brazil; and
 - reductions at Bibiani in Ghana (as a result of ore depletion) and at Sigui in Guinea (mainly contractors).
- No breaches of fundamental rights conventions of the International Labour Organization (ILO) were alleged or charged during 2005.
- There were seven industrial disputes during the period: Mali (3); Guinea (1); South Africa (2) and Ghana (1).
- Employee training and development costs for South African based operations amounted to \$23.2 million in 2005.
- 6,578 employees left the group in 2005, reflecting a turnover rate of 13.5%, while 1,471 employees joined the group.
- 89.4% of the total workforce is represented by a trade union or catered for by collective bargaining processes. All operations have recognised union or collective bargaining agreements in place except for CC&V in the USA and Sunrise Dam in Australia, both of which are non-unionised operations.
- Progress was made in respect of the representation of women at all levels:
 - 6.1% of all permanent employees are women (2004: 4.5%);
 - 12.4% of all managerial employees are women (2004: 9.8%); (managerial employees are defined as those in supervisory and management roles in Paterson job grades C-Upper and above);
 - women make up 5.9% of the board (2004: 6%).
- It is standard practice for AngloGold Ashanti to employ indigenous people, rather than expatriate employees, in the African operations (excluding South Africa).

Percentage male to female employed (permanent employees only)* – Group




* In the USA permanent employees are categorised as regular employees

Percentage male to female in managerial positions (permanent employees only)* – Group



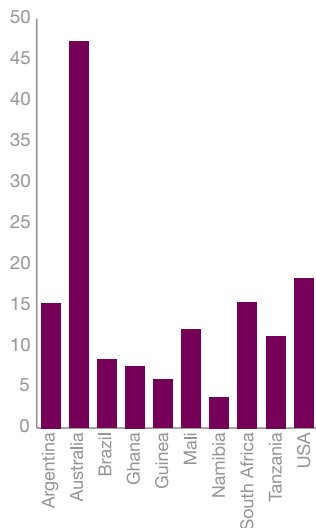
* In the USA permanent employees are categorised as regular employees



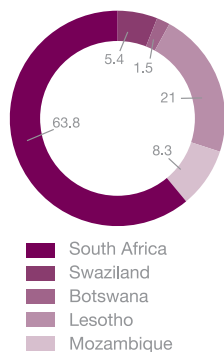
Our assurance is based on a test of the reliability of the selected data marked with the symbol , by way of:

- conducting interviews and holding discussions with management, key personnel and/or stakeholders of AngloGold Ashanti Limited and assessing data trends;
- obtaining an understanding of the systems used to generate, aggregate and report the selected data;
- conducting site visits to test systems and data and inspecting premises where necessary;
- assessing the completeness and accuracy of the selected data; and
- reviewing and analysing collected information and effecting re-calculations where considered appropriate.

Labour turnover (%)



Country of origin of South African employees (%)

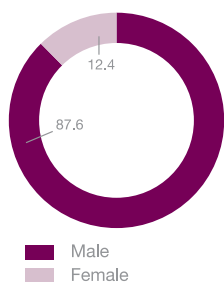


Key indicators – Reporting in line with the Mining Charter in South Africa

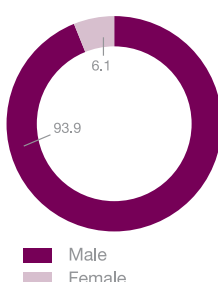
The Broad-Based Socio-Economic Charter for the Mining Industry (the Mining Charter) and its accompanying scorecard require that the company report on an annual basis against targets set in its Social and Labour Plans once the conversion of mineral rights is finalised. With this process near completion in the first quarter of 2006, the first formal report will likely be due in 2007. The following key indicators are reported in line with the Mining Charter:

- 3,892 employees were enrolled in Adult Basic Education and Training (ABET) at a cost to the company of \$1.1 million (R7.0 million). (2004: 5,147 employees – \$1.6 million or R10.4 million.)
- Employee training and development expenditure amounted to \$23.2 million in 2005.
- Employment targets and achievements are reported to the South African Department of Labour on an annual basis.
- Historically disadvantaged South Africans (HDSAs): within South Africa, 33% of management comprises HDSAs (2004: 32%). (Managerial employees are defined as those in supervisory and management roles in Paterson job grades C-Upper and above). HDSAs make up 18% of the board (2004: 20%).
- Women: 6.42% of all permanent employees in South Africa are women (2004: 6%); 14% of managerial level employees are women (2004: 14%).
- Foreign migrancy is reported in South Africa in line with the spirit of the Mining Charter. Foreign migrants are defined as employees drawn from outside of the borders of the country and generally from within the South African Customs Unions, plus Mozambique. Many other migrant workers originate from rural areas within South Africa. The percentage of foreign migrant employees (defined in this way) was 36% as at 31 December 2005 (2004: 37%).
- Social and Labour Plans are in place for all the South African operations and have been accepted by the Department of Minerals and Energy (DME).

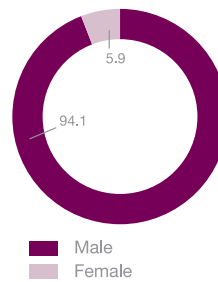
Women in management (%)



Women employed – Group (%)



Women on board – Group (%)



4. Review 2005

A single objective was set in this area in the Report to Society 2004, which encompasses a range of sub-objectives.

Labour	
Objectives for 2005	Performance in 2005
Adherence to and achievement of the guidelines and targets set in the submissions made. This includes: <ul style="list-style-type: none"> • Employment equity targets in South Africa. • Social and Labour Plan submissions in South Africa. • Compliance with the Mining Charter in South Africa. 	<p>Employment equity targets and progress submitted to the Department of Labour.</p> <p>Social and Labour Plans submitted to the Department of Minerals and Energy. Conversion to 'new order' mineral rights granted to AngloGold Ashanti in August 2005. Details relating to compliance with the Mining Charter Scorecard can be found on page L4.</p> <p>Social and Labour Plans submitted to the Department of Minerals and Energy. Conversion to 'new order' mineral rights granted to AngloGold Ashanti in August 2005. Details relating to compliance with the Mining Charter Scorecard can be found on page L4.</p>

A significant employer

AngloGold Ashanti is a large employer in the global gold mining industry. Of greater significance though is the fact that, owing to the location of its operations and the nature of the economies in which it operates, the company is frequently a significant employer in those countries and regions in which it operates.

On average, in 2005, the company employed 63,993 people (calculated on a monthly average basis), made up of 47,848 (74.8%) permanent employees, 16,145 (25.2%) contractors and joint venture employees. The changes came about largely as a result of restructuring at the South African operations, in particular, the closure of Ergo and the beginning of the closure process at Savuka; the transition to owner maintenance crews resulted in duplication for some months in Argentina, while the Cuiabá Expansion project resulted in an increase in Brazil; the transition to owner-mining at Geita in Tanzania; and the downscaling of operations at Iduapriem and Bibiani in Ghana. (Note that the average monthly figures for 2004 include the operations from Ghana and Guinea for eight months only.)

In 2006, employee numbers are expected to decline still further at the South African operations owing to ongoing restructuring and, in particular, the closure of Savuka mine.



Employees and contractors					
	Employees	Contractors and JV employees	Total 2005	Total 2004	Variance (%)
Argentina	491	459	950	791	16.7
Australia	142	299	441	455	-3.2
Brazil	2,046	1,443	3,489	2,686	23.0
Ghana	7,138	3,166	10,304	8,712	15.5
Guinea	1,170	808	1,978	2,335	-18.0
Mali	497	812	1,309	1,413	-7.9
Namibia	315	0	315	251	20.3
South Africa	34,645	7,891	42,536	44,867	-5.5
Tanzania*	1,066	1,214	2,280	2,258	1.0
USA	339	53	391	411	-5.1
Other**	0	0	0	1,221	-
Total Group	47,848	16,145	63,993	65,400	-2.2

* Employee numbers increased from 2003 to 2005 as the mine moved towards owner mining.
 ** Other includes employees from the Freda-Rebecca operation in Zimbabwe which was sold in 2004.

Management structure and governance

Five executive directors and 12 non-executive directors direct the AngloGold Ashanti board. The Board is chaired by non-executive chairman, Russell Edey, and supported by non-executive deputy chairman, James Motlatsi. The chief executive officer, Bobby Godsell, has been in that position since the inception of the company in 1998. The board structure and role is discussed in the Annual Report 2005 and in the Ethics and Governance section of the Report to Society 2005.

The five executive directors are charged with the day-to-day running of the company (making up the executive committee (Exco), which is chaired by the CEO), and they are supported by the operations committee. A member of the operations committee, Nigel Unwin, is responsible for human resources and the central human resource development policies that guide and support the human resources practice within the group. Two chief operating officers and the management of the regions/countries are responsible for the management of the company. Policies are developed and procedures implemented that are relevant to the country and circumstances inherent within the region, complying with regional legislation and labour requirements, as well as region-specific imperatives.

The discussion that follows reports on the company's performance as an employer and is in line with the company's business principles, which are shown in orange below.



AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization. Accordingly, we seek to ensure the implementation of fair employment practices by prohibiting forced, compulsory or child labour

By virtue of its South African domicile, AngloGold Ashanti is subject to certain conventions signed by the South African government, including the human rights and social conventions of the ILO (ILO 29, 87, 98, 100, 105, 111 and 138). South Africa's constitution, together with its associated laws, guarantees non-discrimination on the basis of race and other unfair grounds, freedom of association and the rights of children, among other basic human rights.

Certain ILO conventions (such as ILO Convention 128 dealing with child labour, and ILO Convention No 29 dealing with forced and compulsory labour) are also governed by law in South Africa, Argentina, Brazil, Australia, Namibia, Tanzania and the USA, and by law and various codes such as the Malian Labour Code and Malian Collective Agreement in Mali.

A wide range of agreements and policies are also in place at an operational level to ensure that human rights are protected and include recognition and collective bargaining agreements, disciplinary, grievance and appeal procedures and non-discrimination agreements.

AngloGold Ashanti and its operating subsidiaries engage with a wide range of stakeholders. Details of many of these stakeholders, as well as the type and frequency or interaction, may be found on the website.

Unions and collective bargaining

In line with the groups upholding of human rights conventions, freedom of association is encouraged and collective bargaining structures are recognised in those regions where these structures commonly exist. In practice, this means they exist at all operations except CC&V in the USA and Sunrise Dam in Australia.

Management/union relationships are governed by negotiated agreements in respect of most of the group's workforce, with 89% of the global workforce represented by recognised trade unions or catered for through collective bargaining processes.

In South Africa, 95% of all employees are either represented by unions or catered for by the agency shop agreement. (An agency shop agreement exists across the lower level bargaining unit within the company. This means that non-union members contribute 0.75% of their monthly basic pay to a human and industrial relations fund, whereas union members contribute 1% of their monthly basic pay to this cause.)

Employees represented by unions or collective bargaining agreements (%)	
Argentina	65
Australia	0
Brazil	100
Ghana	93
Guinea	0
Mali	95
Namibia	76
South Africa	95
Tanzania	5
USA	0
Group	89

Group labour turnover and job creation in 2005 (permanent employees)*	
Number of resignations in 2005	2,683
Percentage voluntary labour turnover	5.5%
Number of employees retrenched/made redundant	1,070
Number of employees dismissed	1,053
Number of employees leaving for other reasons	1,772
Total % labour turnover	13.5%
Number of new jobs created	1,471

* In the USA permanent employees are categorised as regular employees.



Employee participation in South Africa

Emphasis is placed on employee participation in South Africa. In addition to direct employee participation through the normal meetings and management briefing sessions, there are also a number of forums established for regulating the interaction with the unions and associations. These include the NUM Steering Committee, which is the company-level body that interacts with management at corporate level on general company level issues. Company-level interaction with the other unions and associations also takes place in the form of regular bilateral meetings, as and when the need arises. Other forums include: the HIV/AIDS Committee, the Accommodation Forum and the Skills/Equity Committee.

Interaction at an operational/business unit level largely takes place through the Vaal River NUM Branch Committee for the Vaal River operations and NUM Shaft Committees for each of the mines at the Vaal River operations. Each of the West Wits business units also has its own NUM Branch Committee.

The four unions that are recognised are the National Union of Mineworkers (NUM), the United Associations of South Africa (UASA), Solidarity and the South African Equity Workers' Association (SAEWA).

Overall, in 2005, the group experienced seven industrial disputes: three in Mali; one in Guinea; two in South Africa; and one in Ghana.

In 2005, the South African mining industry experienced the first industry-wide strike since 1987. A four-day wage strike affecting all gold mine companies that are members of the Chamber of Mines of South Africa was launched on the evening of Sunday, 7 August 2005, by the NUM and Solidarity.

The basis for the strike was a wage dispute: the industry was offering increases of between 4.5% and 5% and the unions were demanding 12%. Other issues in dispute were: the quantum of employer contributions to the risk benefit within the Mineworkers' Provident Fund (one of the industry retirement funds); improvements in accommodation subsidies; and formalising Christmas breaks.

On 11 August 2005, the strike ended, with three full production shifts having been lost. *(See case study on page L23: The changing face of labour relations at the South African operations.)*

At the Navachab mine in Namibia, a recognition agreement is in place with the Mineworkers Union of Namibia (MUN), and the union bargains with the company on behalf of all employees in the A2 to C1 Paterson bands. 76% of the workforce belongs to the MUN. An 18-month wage agreement was signed during the year, allowing for a 6.5% wage increase. A shift agreement (developed as part of the transition to owner-mining) was also signed in November 2005.

At the Sadiola and Yatela mines in Mali, all employees are represented by the Mining Industry Union (SECNAMI) and guided by the National Collective Convention. There are no specific recognition agreements at mine level at Sadiola and Yatela, while at Morila, where 100% of employees are represented through SECNAMI, an internal agreement provides for adaptation to the National Convention. In May 2005, agreement was reached with the union in respect of production bonus payments for Sadiola and Yatela (in which different parameters, namely safety, volumes and costs, all play a role).

There was no industrial action against AngloGold Ashanti at the Malian operations although the mining contractor at Morila, Somadex, experienced a strike which did not affect production at the mine. Agreements were negotiated and concluded in 2005 on a production bonus scheme and a water allowance scheme.

Agreement was reached on a range of issues as part of the collective bargaining processes at Siguiri in Guinea, including wages, family transport and accommodation benefits.



At Siguiri in 2005, a four-day wildcat strike related to wage demands prior to the start of the collective bargaining process, and was largely a result of local inflation. Four working days were lost. The strike was resolved through bargaining with union representatives.

New rates of pay were negotiated between the company and the Ghana Mineworkers' Union in 2005.

In Brazil, annual negotiations on salaries and fringe benefits were negotiated in August 2005, while in Argentina, a four-year wage agreement was reached in April 2005.

AngloGold Ashanti has in place a variety of strategies and structures designed to promote participation at all levels within the company. These are developed and adapted regularly to meet operational requirements and changing circumstances.

Management and employee representatives meet both formally and informally at industry, company and operational level on a wide range of issues to share information and address matters of mutual interest.

AngloGold Ashanti is committed to creating workplaces free of harassment and unfair discrimination

Racial and sexual harassment and other forms of discrimination are prohibited by the company's business principles as well as, usually, by legislation. Specific policies are in place at all AngloGold Ashanti's operations to protect the interests of employees.

In Australia, harassment and discrimination are regulated by stringent legislation. The company's policies are available on the company intranet, and form part of the induction process for new employees. In addition, regular training is provided for employees. The Australian operations have to report progress on the advancement of women to government authorities on an annual basis.

The USA has a comprehensive legal regime that addresses discrimination. In line with this CC&V has developed an equal employment opportunity policy that prohibits discrimination on the basis of age, race, sexual orientation, colour, religion, national origin, marital status, disability, or any other status protected by law.

Harassment and unfair discrimination are covered in the Ghana region's handbook on corporate governance.

In South Africa, a sexual harassment policy was put in place in 2002. Sexual harassment is dealt with as a serious form of misconduct. A framework for diversity training has also been instituted.



As an international company, we face different challenges in different countries with regard to, for example, offering opportunities to citizens who may not have enjoyed equal opportunities in the past. In such cases, the company is committed to addressing the challenge in a manner appropriate to local circumstances

We will seek to understand the different cultural dynamics in host communities and adapt work practices to accommodate this where doing so is possible and compatible with the principles expressed in this document

The company will promote the development of a workforce that reflects the international and local diversity of the organisation

Employment equity forms a part of AngloGold Ashanti's broader human resources strategy which aims to promote an organisational culture that recognises the diversity of the societies within which the company operates, and which affords all employees the development opportunities that will enable them to achieve optimal levels of career development during their employment with the company. The group's employment equity and equal opportunity programme covers employee development and retention, strategies to counteract losses, career development and the promotion of mobility in an environment that is free of unfair discrimination.

Employment equity and/or equal opportunity targets are set and their achievement is monitored by a board sub-committee, the Employment Equity and Skills Development Committee.

In South Africa the employment of historically disadvantaged South Africans (HDSAs) remains a particular priority. Employment targets and achievements are reported annually to the South African Department of Labour, and reporting will also be provided in terms of the Mining Charter from 2007. Within South Africa, 33% of management comprises HDSAs. (The latter term includes citizens of countries within the South African Customs Union – SACU – and Mozambique, and all women. Managerial employees are defined by AngloGold Ashanti as those in supervisory and management roles in Paterson job grades C-Upper and above). Again, within South Africa, 22% of management comprises HDSAs if managerial employees are defined as those in management roles, in Paterson job grades D-Lower and above, as recognised by the Department of Minerals and Energy.

A Women in Mining Audit was undertaken during the year and the results of this are being used to shape the company's plans to recruit, advance and retain women in the South Africa region. (See case study on page L25: Women in mining – uncovering the barriers.)

In Namibia, equal employment is provided for in the Employment Equity and Affirmative Action Act and Navachab mine's recruitment policies are aligned with this legislation. A three-year plan has been submitted to the Office of the Equity Commissioner, detailing plans for the advancement of women in the company.



In many African countries, such as Mali, Namibia and Tanzania, legislation governs the recruitment of expatriate employees and promotes the localisation of the workforce. Policies are in place giving preference to the employment of local citizens. Plans to increase employment of local citizens and consequently reduce the number of expatriates (particularly at a management level) are in place at these operations and entail the identification and training of local citizens to replace expatriate staff once they have the requisite skills.

In Namibia, in particular, understudies have been identified for all positions held by non-Namibians, as is required by legislation. The understudy programme is aimed at groups rather than individuals, and is separate from the succession planning programme, which is aimed at individuals.

At Sadiola and Yatela, the training of local employees as successors is stipulated in the expatriate's contract.

In Ghana, the use of expatriate labour is overseen by government and the state annually approves the company's expatriate quota. Expatriates are employed on a two-year contract during which local staff should be trained to take over their roles.

In terms of legislation in Guinea, priority should be given to Guinea nationals for all jobs. If a Guinea national cannot be found, an expatriate may be hired for a maximum of a two-year contract, renewable only once.

The company will provide all employees with the opportunity to participate in training that will improve their workplace competency

The company is committed to ensuring that every employee has the opportunity to become numerate and functionally literate in the language of the workplace

The company is committed to developing motivated, competent and experienced teams of employees through appropriate recruitment, retention and development initiatives. An emphasis is placed on the identification of potential talent, mentoring and personal development planning

AngloGold Ashanti's philosophy encompasses a wide range of training initiatives. Four broad areas of training can be identified, namely Adult Basic Education and Training (ABET), vocational training, management training and training for life.

Increased employment of women in mining at South American operations

Respecting cultural diversity is a key feature of AngloGold Ashanti's values, and this extends to facilitating the employment of women in fields traditionally reserved for men. In Brazil, thanks to AngloGold Ashanti's innovative thinking, many jobs formerly occupied only by men have been filled by women.

In 2004, a number of women were employed as truck drivers for the Cerro Vanguardia Mine (an AngloGold Ashanti joint venture with Formicruz) in Patagônia, Argentina, and as watchkeepers for the operations in Brazil.

Natalia Moscardi, Human Resources Manager at Cerro Vanguardia Mine, is the first woman to be appointed to a managerial position there.

During 2005, three women were recruited to operate heavy mining equipment: two of them, a first for Brazil, are working underground in Cuiabá Mine, in the State of Minas Gerais.

Before women could be recruited into such positions, a long-standing tradition of suspicion and reluctance had to be overcome. As recently as the 1970s, when groups of female geology or engineering students visited the mine in Nova Lima, they were not allowed beyond certain underground levels.



Adult Basic Education and Training

It is the company's policy to provide Adult Basic Education and Training (ABET) to ensure that all employees are able to become literate and numerate. (All employees at the Australian and USA operations are literate, as are most employees in Argentina, Brazil and Ghana.)

To be literate in a particular language, individuals should be able to use the language effectively to think, acquire knowledge, express their identity, feelings and ideas, and interact with others. To be numerate, an individual should be able to develop the ability and confidence to think numerically in order to interpret and critically analyse everyday situations and to solve problems.

The South African Mining Charter requires that all employees are offered the opportunity to become functionally literate and numerate. Currently, the company estimates that 80% of all Group 3 to 8 employees (about 75% of the total employed in the region) are literate and 45% have an ABET Level III and higher qualification.

In 2005, 3,892 employees participated in ABET training in South Africa at a cost to the company of R7 million. The company estimates that 72% of its employees in the South African region have an ABET qualification at ABET I Level and higher.

ABET training has been revised at Navachab in Namibia. The literacy rate is estimated at about 70% at Sadiola/Yatela in Mali following a survey undertaken in 2005. An ABET programme is planned for 2006. A community-based literacy and numeracy programme run under the auspices of an NGO, FANDEMA, is also open to employees. The literacy level at Morila is in the region of 78%. Although the mine does not run on-mine ABET programmes, it contributes to community-based literacy programmes and encourages employees to participate in these. Part-time adult literacy programmes are held on-mine at Sigiri.



Programmes in place to improve employee (and community) literacy and numeracy levels:

There are six levels of ABET training available in the South Africa region:

1. Pre-ABET – Vernacular
 - English, Numeracy, Life Skills
2. Level I – English, Numeracy
 - Life Skills, Science and Technology
3. Level II – English, Numeracy
 - Life Skills, Science and Technology
4. Level III – English, Numeracy
 - Life Skills, Science and Technology
5. NQF Level I – Introductory Certificate to Mining and Minerals Industry (Level IV)
6. RPL – In place for ABET Level I, II, III and NQF LI

ABET is available and accessible to all employees of AngloGold Ashanti in the South Africa region. Through the Recognition of Prior Learning (RPL) Programme, employees' current level of education can be established and acknowledged. RPL also assists the Human Resources Departments in the career path planning of employees.

Full-time and part-time courses are held at the ABET Centres and at individual mines. Full-time ABET courses, which are generally for candidates who have been identified for career advancement, are run over a period of 10 weeks, and part-time courses over six months. The duration of the NQF Level I programme is 14 weeks full-time and 12 months part-time.

Teachers are recruited from the local community, either in a full-time or part-time capacity. Unemployed facilitators with a grade 12 plus an education certificate are eligible to teach and in-house training is also available for part-time teachers.

The ABET programme cost the company \$1.1 million (R7 million) in 2005.



Talent management at Yatela

A career development and talent management programme has been initiated at Yatela in Mali. A number of employees with potential have been identified to form part of the talent management pool and the following interactions have been put in place:

- in-house training of management trainees under the mentorship of a senior manager;
- succession planning related to expatriate positions;
- promoting exposure to further technical or managerial experience elsewhere in the group; and
- participation in the group Management Development Programme.

Vocational training

While many of the group's employees come to the company with skills, the group also plays an active role in providing vocational training to those who are new to the company and those who wish to acquire new skills.

In South Africa, the provision of vocational training is an important part of the company's Social and Labour Plan. AngloGold Ashanti is registered with the Mining and Minerals Sector Education and Training Authority (SETA) and the Mining Qualifications Authority (MQA). The region's centralised training venue provides accredited technical training in mining, mining services, engineering, metallurgy, and occupational environment safety and health. The centre is ISO 9002 certificated and accredited by the MQA.

Management training

The group's Talent Management Programme identifies and develops the group's management for the future. The programme has three areas of intervention, namely, the development, retention and monitoring of talent, and includes an annual talent review at executive level to monitor succession plans for talented employees.

The programme is aimed at both specific individuals, who have been identified through their career development plans, and groups of individuals with high potential, all of whom attend a range of management development programmes. Development plans form part of the greater performance management process within the group and are reviewed on a bi-annual basis.

The group runs an Executive Development Programme (EDP), a Management Development Programme (MDP) and an Intermediate Management Development Programme (IMDP), where younger employees with management potential are identified and given an opportunity to develop their careers.



Graduate training

Study assistance programmes for employees and non-employees are provided across the group to increase the skills pool available to AngloGold Ashanti.

- The South Africa region supports students in full-time studies at universities and universities of technology (formerly technikons). The bursary scheme is open to employees (in-service bursary scheme) as well as to the general public or so-called 'off-the-street' candidates. The company currently supports 91 students in the respective schemes studying towards tertiary qualifications. The split per discipline is as follows: mining: 33 (17 at universities of technology, 12 at university, 4 pre-tertiary); engineering (mechanical, heavy current electrical as well as process and instrumentation control): 27 (10 at universities of technology, 17 at university); metallurgy: 16 (5 at universities of technology, 11 at university); mineral reserve management (geology and survey): 14 (2 at universities of technology, 12 at university) and finance 1 (university of technology). In respect of the 91 students, 27 are employees while 64 are 'off-the-street' students. \$1.7 million (R10.8 million) was spent on this programme in 2005.
- A bursary scheme was implemented in Mali in 2004. Ten top school leavers entered into graduate studies at the University of the Pretoria, South Africa, in the disciplines of mining, engineering, metallurgy, environment and geology, following a language bridging programme at the Wits Technikon at the end of 2003. Five of these bursars participated in practical training at Sadiola and Yatela during their vacations.
- In the USA, the company offers scholarships to eligible employee dependants to assist them with their college education. Some \$47,000 was spent on this programme in 2004. The company also provided tuition reimbursement to employees wishing to pursue a college degree in a discipline related to their position in the company at a cost to the company of some \$40,000 during the year.
- In Ghana, company bursaries are granted to the dependants of employees who have gained admission to government-approved secondary and tertiary educational institutions.
- The Namibian bursary programme is open to all Namibians (not necessarily employees or their dependants). Bursaries are offered in the fields of geology, metallurgy, chemical, mechanical and electrical engineering, human resources and accounting. Six bursaries were awarded by Navachab mine in 2005 at a cost to the company of N\$400,000.
- Staff at the corporate office may participate in the company's part-time study assistance programme in respect of studies undertaken for the purposes of career development.



Training and development in South Africa

Central to the human resources strategy is talent management which encompasses various initiatives aimed at retaining the company's key asset, namely its people.

AngloGold Ashanti realises that it is not sufficient to focus solely on recruiting key skills, but also to appreciate that employee satisfaction in the work environment needs to be developed. Two elements underpin this strategy, namely, performance management and training and development.

AngloGold Ashanti has implemented a formal performance management system, which aims to align employer and employee work expectations. This process allows for constructive performance dialogue between all employees and supervisors / managers on a biannual basis, the outcome of which guarantees that each employee will have a performance contract as well as a development contract which is focused on career planning.

Central to AngloGold Ashanti's training and development philosophy is the concept of life-long learning. This aims to deliver excellent and valued training and development opportunities to all employees. This is evident in the broad spectrum of programmes made available to employees, ranging from basic literacy and numeracy learning to superior technical training as well as executive development at top business schools of international repute.

Training for life

Training for life equips employees or ex-employees with skills to ensure their continued employability or ability to be self-employed after employment by the company and in preparation for career endings, both as a result of ill health or as a result of mine closure.

The aim is to deliver training and development that are broadly applicable and transferable – a broad spectrum of programmes are made available ranging from basic literacy and numeracy learning, through to technical training as well as executive development at top business schools of international repute.

Employees who are retrenched are offered re-training in a skill that will assist them to remain economically active within their community. These skills include photography, engineering skills, candle-making, leather work etc.

Most mining operations in Australia have fly-in, fly-out arrangements owing to their remote location which leads to high staff turnovers. The company has a policy of maintaining a full development plan for all employees, not only in relation to their current roles but also for their potential roles and general employability, skills and competencies.

In Namibia, in terms of an agreement with the MUN, employees receive assistance (87.5% of fees) for the study of certain courses which may or may not be related to their job disciplines. 16 employees participated in this programme in 2005, at a cost to the company of N\$100,000.

Remuneration systems will reward both individual and team effort in a meaningful way

The company seeks to remunerate employees fairly at both an individual and a team level. Remuneration levels are set taking into account the market as well as economic and inflation indicators. There is generally an annual review or annual negotiations with the representative unions in respect of those employees covered by collective bargaining agreements.

In South Africa, in particular, by far the majority of remuneration elements, although focused on the individual, are the result of collective bargaining between management and the representative unions. This has given rise to standard rates of pay for the majority of employees (non-supervisory employees, miners and artisans) rather than pay scales in which employees are remunerated for contributions, as in the case of management and officials. In addition to basic pay, various productivity and safety bonus schemes exist at most operations to both motivate and reward employees. As well as employee benefits that are legally mandated, the various regions offer healthcare benefits, pension and provident funds, company vehicles, housing, housing allowances or home ownership schemes, life assurance, tuition assistance, maternity benefits and subsidised canteens, among others.

While collective bargaining forms the basis of remuneration packages in Namibia, incentive bonuses and individual bonuses based on individual appraisals are also paid.



Guided by local circumstances, we shall continue to work together with stakeholders to ensure minimum standards for company-provided accommodation

Mining operations are frequently located in remote areas, drawing employees to the operations who would normally not be accommodated locally. The provision of company accommodation varies from region to region and is dependent on the availability of accommodation, the make-up of the workforce and the remoteness of the region. In major cities, such as Johannesburg, Denver and Perth, housing is readily available. The same applies to a number of the operations, such as at CC&V.

At Sunrise Dam, Australia, many employees operate on a fly-in, fly-out basis and accommodation is therefore provided during the period that employees are at work. At Cerro Vanguardia, in South America, many employees come from outside the immediate area of operation and houses have either been constructed by the company in nearby Puerto San Julian, or facilities have been erected at the mine site.

At the Sadiola and Yatela mines in Mali, senior staff are housed in company accommodation, while other staff are paid housing allowances. Loans for the purchase of land and housing are facilitated in the Bamako area by the government. A housing loan scheme (for home ownership) is available for senior employees at Geita mine in Tanzania; the balance of employees receive a housing allowance. At Navachab in Namibia, 50% of employees are housed in company housing; the remainder of employees receive a housing allowance (for rental accommodation).

In South Africa, programmes are in place to encourage home ownership. Many employees are housed in company accommodation. Nutritional professionals oversee meals provided at staff accommodation, and regular health audits are conducted.

Historically, the South African mining industry has drawn a large percentage of its non-supervisory workforce from countries around South Africa – Lesotho, Mozambique, Swaziland and Botswana – as well as from rural areas within South Africa, such as the Eastern Cape, KwaZulu-Natal and Mpumalanga. These employees are accommodated on-mine in company hostels which comprise high-density rooms (housing between four and eight people per room), catering facilities and entertainment and recreational facilities. Their families, though, were not offered accommodation on-mine and remained in their countries or regions of origin.

Over the years, much effort has been focused on lowering room density, improving facilities (adding classrooms and gyms, for example), and transferring management of these hostels to combined union/management committees. More family units and facilities to accommodate visiting families for periods of time have also been constructed. At the same time, employees have been given the option of receiving allowances if they choose not to use the hostel facilities.

Hostel living is not ideal and not conducive to family life. However, even where employees have an option, large numbers remain on-mine without their families, choosing to reside



either in company accommodation or elsewhere (and, if the latter is chosen, receiving an allowance). Many employees canvassed by the company choose to maintain their homes and families in their country or region of origin, and return to their homes at the end of their employment.

Plans are in place to renovate many of the hostels, with the emphasis on the longer-life operations, to decrease room density and provide residents with improved facilities and a greater degree of privacy.

Meals are provided to all employees who reside in hostels. Menus are reviewed by committees made up of management and unions, and the nutritional value is regularly monitored by an independent nutritionist. Hostel meals provide approximately 13,070 kilojoules per day, in excess of the minimum requirement of 10,700 per day.

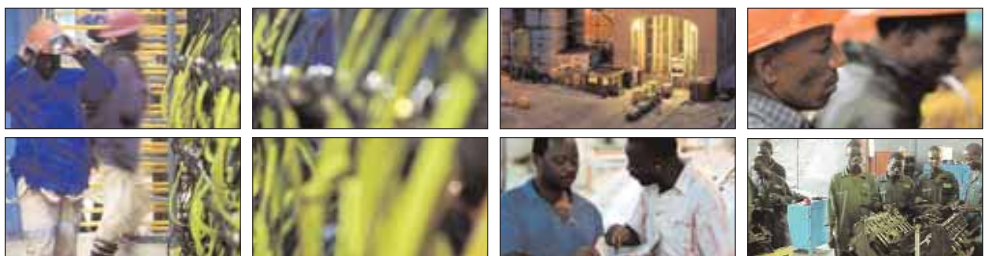
The company ensures access to affordable healthcare for employees and where possible, for their families

Healthcare provision and acceptable levels of care are determined by, among other factors, the existing infrastructure in the areas in which the employees are located. For the distant communities with which AngloGold Ashanti is associated, the focus is on facilitating access to basic care.

AngloGold Health Service (AHS), a subsidiary of AngloGold Ashanti, operates in South Africa. The Vaal River and West Wits areas both have a central hospital providing secondary, and to some extent tertiary level care, surrounded by a network of peripheral primary health care and occupational health clinics. Healthcare activities which focus on care to employees in these areas and care to immediate dependants where appropriate, include preventative, occupational, and primary healthcare, hospital care and the management of trauma, injury on duty, and of HIV/AIDS and tuberculosis.

The two occupational health centres are staffed by two doctors and some 30 support healthcare practitioners each. The occupational health discipline performs the functions of screening prior to employment, evaluation of baseline health status, surveillance during employment for purposes of early detection of disease (particularly high-risk diseases commonly associated with the mining industry) and directing the management of diseases detected, including workplace and compensation initiatives required.

Both hospitals have about 300 beds each with, in addition to emergency rooms, operating theatres and multi-disciplinary intensive care units. Speciality disciplines include internal medicine; general surgery; orthopaedic surgery; ear, nose and throat surgery; radiology; paediatrics; obstetrics, and gynaecology. These clinical disciplines are supported by the allied clinical disciplines of physiotherapy, occupational therapy and clinical psychology, which together ensure comprehensive patient care and rehabilitation.



Access to healthcare is provided to all employees and, in certain circumstances, to their families. All employees not covered by formal medical scheme arrangements have access to healthcare at company facilities. The total cost to the company of AHS in 2005 was \$44 million (R281 million).

- In Argentina and Brazil, healthcare is provided by an external service provider to employees and their families.
- The Malian operations have on-site mine clinics that are registered with the national health authorities and provide healthcare for all employees and registered dependants.
- In Tanzania healthcare is provided for employees and their dependants at an on-site mine clinic and local healthcare structures. The mine supports the upgrading of the facilities at the local Geita hospital and offers technical support to its staff. The facilities at the on-mine occupational health clinic were also recently upgraded.
- Employees at the Navachab mine in Namibia are members of a medical scheme to which the company contributes and employees are entitled to private healthcare as part of this scheme. An on-mine clinic provides primary healthcare and occupational health services.
- Healthcare services are provided to the employee, his or her spouse and six dependants at the Edwin Cade Memorial Hospital at Obuasi in Ghana, while the Iduapriem and Bibiani mines in Ghana and the Siguri mine in Guinea have a 24-hour clinic on site catering for employees and dependants. In Australia, healthcare is provided by the national government-run health system as well as employee-funded additional health insurance. On-site nurses are employed and other healthcare professionals are contracted to provide a level of care.
- In the USA, access to healthcare for employees is provided through a self-insured medical plan administered by a third party administrator.

We are committed to prompt and supportive action in response to any major health threats in the regions in which we operate

The primary regional health threats faced by employees and their families and communities are HIV/AIDS and malaria. *(TB is dealt with under the Occupational Safety and Health section of the Report to Society 2005 while HIV/AIDS is dealt with under regional health threats.)*

5. Case studies

The case studies that follow provide an illustration of the company's labour practices. Updates on the case studies presented in the Report to Society 2004 may be accessed on the website.



5.1 Bridging the language divide



As a global gold company with a number of mining and exploration activities in many parts of the world, AngloGold Ashanti employs a diversity of people with different cultures and languages. Around 34 languages are spoken in a total of 17 countries, excluding the 11 official languages spoken in South Africa. Since English is recognised as the business language at the company's international operations, many employees either have a basic knowledge of the language or avail themselves of English courses offered by the various operations. However, a visit by Executive Officer: Human Resources (HR) & Information Technology, Nigel Unwin, to the South American operations two years ago, prompted a suggestion that English speakers should return the gesture by making some effort to converse in the host country's language.

"I realised that the effort that our South American colleagues were making to learn our language was not reciprocated by a similar desire on our part to learn theirs," comments Unwin.

In an effort to embrace cultural diversity, one of AngloGold Ashanti's values focusing on developing employees, the company decided that it would provide corporate office-based employees with the opportunity to learn another language. This would assist communication with their overseas colleagues, either on business visits or secondments. The offer was extended to other employees who were interested in learning a language for their own enjoyment.

Two accredited language schools – Wits Language School and Language Works – were chosen to provide instruction in languages at Level I (beginners), Level II (intermediate) and Level III (advanced). Once the interest level was ascertained, the first set of courses commenced at the beginning of 2004 with pure Portuguese, Spanish and French classes (there are slight variations in the Portuguese and Spanish spoken in South America and the French spoken in Africa). Sixteen opted to learn Portuguese, eight Spanish and 41 French (37 at Level I and four at Level II).

Ava Venter from Language Works explains that each level requires students to attend a 40-hour course. "Teaching, by mostly mother-tongue speakers, is informal and interactive, and focuses on the language skills required for everyday living, rather than on learning strict grammar rules," she adds. By the end of the beginners' course, students should have a vocabulary of 800 words, be able to speak in two tenses, and perform simple daily functions related to, for example, greetings, directions, time and money. By the end of the intermediate stage, vocabulary should have increased to around 1,000 words, with a grasp of two more tenses. This stage is a consolidation of Level I, focusing on language skills related to work, travel, and conversation. Language content can be customised to a specific environment or to suit the needs of a specific learner.

Catch-up classes are made available for those who miss classes owing to work commitments. Individual sessions are also offered for employees who are unable to participate for the full 10- or 20-week course because of regular business trips out of the office.

Language courses, which are now held annually, cost an average of R2,500 each. In order to ensure commitment to the language studies, AngloGold Ashanti funds 100% of the beginners' course and 50% of both the intermediate and advanced courses, with penalties in the event of failure for all three.



5.1 Bridging the language divide *cont.*

Certificates of achievement are awarded to those who successfully complete the oral and written exams, while an attendance certificate is granted to those who opt not to undertake formal language tests.

Zulu was introduced in 2005 after a survey showed a keen interest in learning the language. Thirteen employees signed up for the class, while 13 applied for French (seven at Level I and six at Level II) and eight for Portuguese (five at Level I and three at level II). At the start of the 2006 application process, 35 had applied for French (29 at Level I and three each at Levels II and III), five for Portuguese, 11 for Spanish (eight at Level I and three at Level II), and 19 for Zulu (16 at Level I and three at Level II). With exploration operations in Mongolia and Russia, Russian is already being studied privately by members of one department and is likely to become one of the languages open to everyone.

The informal classes, which cater for a diversity of employees at corporate office, have been well-received by participants who appreciate the chance to hone their skills in a number of languages. Feedback has also been positive from the international operations, whose employees appreciate the effort that their corporate office colleagues are making to bridge the language divide.



5.2 Taking training to the community



AngloGold Ashanti's established training and skills development centres have, for a number of years, provided employee development opportunities at its South African operations. The focus of on-mine training has been on relevant technical disciplines including engineering, geology and metallurgy. At the same time, the company's adult basic education and training (ABET) courses have sought to promote functional literacy, numeracy and a basic understanding of business. Through these initiatives, many employees have been able to access a wider range of opportunities than would have been available to them in the past.

As the mines reach maturity and start preparing for closure, the human resource requirements of the business units also change. With the focus now shifting to building communities that will be sustainable after mining operations have ceased, business units are beginning to modify and extend their training programmes accordingly: the expertise built up at the business centres is being spread into the communities where the group operates.

One such initiative has seen the extension of the ABET initiative from the company's employees to the surrounding communities in the West Wits and Vaal River areas.

The programmes were marketed extensively through poster campaigns. During 2005, 156 community members enrolled in the programme. Of these, 137 wrote the relevant exams and 106 passed. Normal ABET entry level tests to determine existing literacy and numeracy levels were applied. Community students participated in the existing classes for employees, so no additional trainers were needed. Starting in January 2006, full- and part-time classes for ABET Levels I, II and III (equivalent to grades 2, 5 and 7 respectively) are scheduled for both Vaal River and West Wits. With approximately 20 to 25 learners per class, training and development manager Emsie Le Roux expects to train some 400 students annually. Le Roux reports that feedback from the community has been positive.

In another initiative to ensure that communities derive sustained benefits from the mines' training programmes, AngloGold Ashanti's training and development department (ATDS) has been engaging with the human resources departments of the various business units, along with the Department of Labour and community leaders, to explore ways of providing people with so-called 'portable' skills to enable them to make a living outside the mining industry.

ATDS has developed this training for four target groups: those who have been retrenched; members of the community; employees who have retired through medical incapacitation; and existing AngloGold Ashanti employees. Training started at Savuka mine in September 2005.

"One hundred and seventeen people have been trained in a range of basic skills," says training manager: engineering skills Willie Jacobs. "We have had favourable feedback from the questionnaires each group of trainees is asked to complete, and are receiving increasing numbers of requests for the training." Courses are presented by AngloGold Ashanti's training and development staff, with some assistance from private contractors.

With the move of the engineering training centre to Vaal River, plans are in hand to extend this initiative to the other South African operations.

Courses focus on basic skills such as bricklaying, welding and carpentry. The cost to the business unit is R260 per day, although Jacobs comments that this cost could reduce if there is sufficient uptake. "We are also involved in discussions with the Department of Labour with a view to arranging some form of joint funding mechanism," he comments. Through the business units, AGA has already committed to supplying basic safety gear for prospective candidates.

Going forward ATDS is putting together a prospectus for submission to the Department of Minerals and Energy. The planned courses at Vaal River during February and March 2006 will be used as a pilot, which, says Jacobs, will provide a useful opportunity to monitor controls such as tests and proof of competence.

5.3 The changing face of labour relations at the South African operations

A four-day wage strike affecting all gold companies that are members of the Chamber of Mines of South Africa – the first such dispute since 1987 – was launched on the evening of Sunday, 7 August 2005, by the National Union of Mineworkers (NUM) and Solidarity.

The strike, quite literally, brought the industry to a halt and followed the lack of resolution in wage negotiations conducted between the Chamber of Mines (as the industry representative) and the unions. The crux of the dispute was wages. At the outset of the strike, while the industry was offering increases of between 4.5% and 5%, the unions were demanding 12%. Other issues in dispute were: the quantum of employer contributions to the risk benefit within the Mineworkers' Provident Fund (one of the industry retirement funds); improvements in accommodation subsidies; and formalising Christmas breaks. Companies affected were AngloGold Ashanti, Harmony, Gold Fields and South Deep.

Unlike the strike of the late 1980s which lasted for three weeks, amidst significant violence and mass dismissals, this strike was conducted peacefully and in line with industry and mine-based agreements.

"It says a great deal for the stable, constructive nature of labour relations as they have developed over the last two decades, in the gold mining industry in general and at AngloGold Ashanti in particular, that the strike was resolved reasonably quickly and in an orderly way," says Abe Bardin, head of labour relations for AngloGold Ashanti's South African operations. "AngloGold Ashanti has been and remains of the opinion that a strong, well-organised union environment is an essential component of its approach to collective bargaining and to the way we do business."

On Monday, 8 August 2005, AngloGold Ashanti made a revised offer to its employees and on 11 August 2005, the strike ended, with three full production shifts having been lost. The agreement reached, which was effective 1 July 2005 and runs for two years, has the following main provisions:

- wage increases of between 6% and 7%, with the highest increase for the lowest job category;
- a wage increase in the second year of CPIX plus 1%, subject to a minimum guaranteed increase of between 5.5% and 6%, also depending on job category;
- increased employer contributions to the risk benefit within the retirement fund;
- improvements in accommodation subsidies; and
- recognition of the principle of a Christmas break, with detail to be agreed at mine level.

The framework within which collective bargaining takes place has evolved with the changing nature of the South African gold mining industry.

"Two wage cycles ago, in 2003, we moved from a highly centralised to a decentralised approach for officials," says Bardin. "We negotiated wage increases for officials (skilled and middle management workers) at company rather than industry level through the Chamber of Mines." A number of conditions of employment, having evolved over decades of negotiation, were complex. Examples include leave, and stand-by and shift-work allowances. The company was able to make significant strides in aligning its remuneration policies with modern business practice, eliminating a number of complex fringe benefits and implementing an all-inclusive cash package. Service increments (whereby an individual is rewarded for tenure) were replaced by merit increments aligned with the company's objectives-driven performance



5.3 The changing face of labour relations at the South African operations *cont.*

management system. Unions involved in this exercise were the United Association of South Africa (UASA) and the NUM, which represent some 60% and 20% respectively of the officials' bargaining unit.

Bardin explains that a distinction must be drawn between such issues as wages and conditions of employment on the one hand, and work practices and organisational restructuring on the other. "The latter type of issue has, for many years, been the subject of local process at operation level, rather than industry or company level. For example, the closure plan at Savuka was negotiated between management and labour at mine level. This is likely to continue."

This year's wage negotiations, however, saw a return to a more centralised approach. For the first time the negotiation process was carried out in a single forum for the three recognition units of officials and artisans. "This has always been the preferred approach for organised labour, particularly NUM as the biggest union," says Bardin. "From the employer's perspective, it has become increasingly difficult to maintain a united caucus, in the face of vastly differing cost profiles and operating philosophies. It is, however, a fact of life in the pattern of industrial relations."

Looking ahead, Bardin believes the model for future collective bargaining in the mining industry will be a bargaining council for the industry, including gold, coal, platinum and base metals producers. "Although many concerns remain for employers, from a union perspective this extension of the centralisation principle makes sense. Although it is likely that, in the medium term at least, separate negotiations would continue for each sector, a bargaining council would enable unions to focus resources more effectively. In terms of the South African Labour Relations Act, there is also provision, once a certain percentage of representation has been achieved in a specific industry, for conditions agreed in the central bargaining forum to be extended to other, smaller employers who are not part of the centralised process."

Collective bargaining by its very nature involves compromise. Although the final settlement was slightly higher than anticipated, the South Africa region has managed to contain unit labour costs within acceptable parameters. Also, by striking a two-year deal, the operations in the South African region will not have to contend with the uncertainties and possible disruptions of a wage review in 2006.

Commenting at the conclusion of the strike, AngloGold Ashanti CEO, Bobby Godsell reiterated that the settlement was significant in that it involved the lowest percentage increase in two decades, establishing a norm of lower single digit increases in an environment of low inflation.



5.4 Women in mining – uncovering the barriers

Internationally, the mining industry has not been an obvious career choice or preferred place of employment for women. In South Africa women were, until the 1990s, legislatively prohibited or otherwise constrained from being employed in operations underground. Mining as a discipline was not seen or marketed as a good career choice for professional women and, at the lower levels, the industry has traditionally drawn its labour from a largely male, rural workforce. Practically, working underground has been difficult for women with no or insufficient facilities dedicated to them.

As a company, AngloGold Ashanti is committed to providing development opportunities to all of its employees and to ensuring that the demographics of the organisation resemble the demographics of the regions and countries in which it operates, which would obviously include women. Supporting this philosophy is the company's commitment to ensuring that no grouping, including women, is discriminated against.

Further impetus to AngloGold Ashanti's need to encourage the development of women in the company is provided by South African minerals legislation which not only prohibits the exclusion of women, but requires companies to actively change the demographic profile of the company and to ensure that they have plans in place to achieve a target of 10% participation of women by 2009. Given that 94% of AngloGold Ashanti's South African employees in 2005 were men, this is likely to be a challenging target to achieve.

While the South Africa region has put in place a range of programmes to address the recruitment and advancement of women at both a corporate and operational level, there is clearly a need to try and understand some of the barriers to the employment of women in the industry and to develop a strategy that deals with this. With this in mind, the company commissioned an external consultant to undertake an audit to establish:

- what currently deters women from entering the mining industry; and
- what the company can do to overcome this.

Specifically, the outcome of the research was intended to assist in:

- developing actions to eliminate the risks and barriers to the employment of women at all occupational levels;
- setting up monitoring structures and responsibilities to ensure that the prescribed targets are set and met;
- developing ways in which to build an organisational environment that is supportive of the role of women;
- overcoming the specific barriers to achieving the numerical targets set and ensuring the retention of newly appointed candidates; and
- identifying significant findings at specific business units and those that are common to the region as a whole that can be used to support the strategy.



5.4 Women in mining – uncovering the barriers *cont.*

Three principal methods were adopted in undertaking the audit which was conducted in September/October 2005.

- First, a Women in Mining task team was formed comprising women nominated from the various business units as well as three representatives from each of the following recognised unions: National Union of Mineworkers (NUM); United Association of South Africa (UASA); and South African Equity Workers Association (SAEWA). This task team provided much guidance on the research and conducted site visits.
- Interviews, largely in focus groups, were conducted with a cross-section of women and men employed within the different business units. The aim was to gather qualitative data on individuals' specific workplace experiences and how these experiences influenced the critical decision-making processes used in career planning and lifestyle choices. In all, 350 interviews were conducted.
- A 'Women in Mining' questionnaire survey was conducted to obtain the responses of a wider group and to add further quantifiable context to the qualitative data gathered in the interviews.

The primary issues identified during the audit were as follows:

- Women joining the mining industry often do not have sufficient knowledge of the industry or their workplaces and are frequently placed in inappropriate positions, thus setting them up for failure. Men in the industry have a resistance to women being 'pushed' into workplaces, and do not see or hear of many 'successes', but rather focus on the 'failures'.
- Physical constraints and health and safety are very real and perceived issues. This applies particularly to pregnancy and physical capacity where insufficient education is provided in respect of both women and their male team members. Specifically in terms of physical work capacity, insufficient care is taken in recruiting physically fit women, and in placing women in appropriate jobs. (*See Report to Society 2004 for details on the physical work capacity testing.*)
- The presence of discrimination was cited, as was the belief that commitment to equal employment opportunities was simply rhetorical. Some men said they feared accusations of harassment.
- The need for role models and mentors, and a lack of knowledge about career development opportunities were cited. Also, mentioned a few times was the belief that there were certain positions reserved for white females and others for black females.
- Concerns about the inequity of employee grading systems were raised as well as the perceived exclusion from the so-called 'old boys' network.
- Site infrastructure (such as a nursing facility or crèches), change houses, medical facilities and the provision of personal protective equipment (PPE) were also matters of concern.

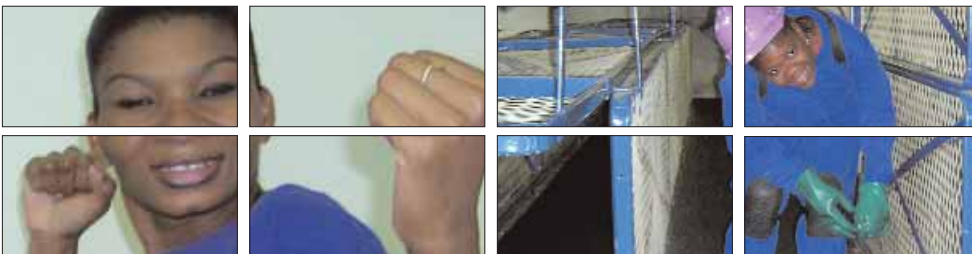


5.4 Women in mining – uncovering the barriers *cont.*

The recommendations made as a result of the survey and which are now being implemented by the company are listed below. Many of these recommendations were already in place and this research has simply supported them:

- demonstrate senior management support for diversity initiatives;
- provide diversity training;
- institute targeted recruitment programmes;
- identify and track high-potential female employees;
- establish women's networking groups;
- provide high-potential women with coaches and mentors;
- provide women with line experience and cross-training;
- increase women's visibility by assigning to them business critical roles;
- emphasise women in succession planning processes;
- assist all employees in balancing work and personal responsibility;
- hold management accountable for diversity progress; and
- create a comprehensive sustainable diversity strategy – not a quick fix.

Despite the significant challenges faced, particularly in overcoming the cultural and perceptual barriers to women in mining, AngloGold Ashanti has developed plans and targets to meet the requirements within the requisite time frame. Of greater concern to the company, though, is the need to effect a permanent change, and to create a sustainable model that will both encourage and retain women as employees and managers of the company.



5.5 The transition from contractor to owner mining at Geita



Geita Gold Mine in Tanzania, which began production in 2000, is the largest of AngloGold Ashanti's eight open-pit African gold mines. Originally a joint venture between Ashanti Goldfields and AngloGold, the operation is now wholly-owned.

Mining was initially carried out on a contract basis, with DTP Terrassement, a subsidiary of French-owned Bouygues, taking over from AMS, the original Ghana-based contractor in 2003. In April 2005, the AngloGold Ashanti Board gave the go-ahead for the move from contractor to owner mining.

"Managing our risks, particularly cost increases and low productivity, was the main driver for the move," says project manager Henk Fourie. "We gave notice of termination to the contractor in April 2005, and took over operations on 1 August 2005. From a safety perspective, it is notable that no injuries were recorded during the three-month handover period."

All the Tanzanian nationals employed by the contract on, approximately 900, were employed by the mine, bringing the total complement to its current 1,800.

"This involved exit and take-on medical examinations for all transferring employees," says Fourie "as well as implementing procedures for taking over the stores and mining machinery. This was achieved without a negative impact on production."

A number of functions remain outsourced, either because of expanding production requirements (such as ore haulage from the satellite pits to the plant) or because they are specialised in nature.

The project comprises three principal phases:

- the take-over of the contractor's employees and equipment;
- the acquisition of a fleet of new large trucks and a shovel; and
- the development of new infrastructure such as additional housing, shift change and workshop facilities.

"We are adding 240 ton trucks to the fleet of 100 ton trucks used by the contractor," says Fourie. The last truck was commissioned in mid-February 2006. The development of the new infrastructure is expected to be completed by October 2006, and the refurbishment of existing mining equipment is scheduled for completion in mid-2007.

"The impact of the change will only be evident after project completion," says Fourie "but we are confident that we will meet world benchmark standards for machine utilisation and availability. This will naturally have a positive impact on production and costs. Mining cost is expected to drop from \$1.95/t mined to approximately \$1.40/t.

Capital expenditure for the change-over to owner mining is planned to total \$81 million while a further \$41 million is being spent on larger equipment fleets in the first two years.

The new equipment has required extensive operator and technical training, with representatives of the original equipment manufactures on site to supplement the training personnel. The training department at Geita, under training manager Chris Britz, is continuing to give refresher training to all operators who were taken over from the contractor. It is planned to install a truck simulator in the near future, to be used in the training of truck operators, which will further assist with improved productivities.

The change to owner mining has resulted in improved occupational health services for employees. Previously the contractor's employees were given an inclusive package out of which they had to fund the provision of health care, while now that they are Geita employees, they and their dependants are able to access the clinic at the mine and the health facility built by the mine in the neighbouring town of Geita, both free of charge. "Employee feedback has shown a positive response to the change, and an appreciation of the improved skills development opportunities offered by a long-term working relationship," says Fourie. An accommodation facility in the town of Geita which can cater for 85 single local employees is being refurbished.

Until the conversion, all but one of AngloGold Ashanti's open pit African mines were mined by contractors. Fourie is confident that the move to owner mining at Geita – the largest of these operations – will help develop a skills base in AngloGold Ashanti's African operations, providing opportunities for inter-mine and inter-country transfers for local as well as expatriate workers.

6. Objectives for 2006

- Alignment of employment practices throughout the group, while maintaining observance of local laws, customs and conventions.
- Enhancing the company's localisation and employment equity programmes, particularly at African operations, with a methodical focus on the skills transfer to, and career development of, local citizens.
- Implementation of performance contracts for each AngloGold Ashanti employee, either as an individual or as a member of a working team.
- Establishment of an Employee Share Ownership Programme (ESOP) in South Africa, and examination of the feasibility of ESOPS, or alternative structures or benefits aimed at aligning employee and company interests at company facilities elsewhere in the world.

