



Social responsibility

Randgold Resources is committed to the integration of environmental and social impact management into its business activities. The optimum utilisation of mineral and other resources encompasses the protection and conservation of the existing environment. Within this framework, the company strives to assist the communities most affected by its operations to develop in a sustainable way and to give all its employees a high quality of work life, including a safe workplace.

POLICY STATEMENT

Its integrated social and environmental management process identifies potentially significant negative and positive impacts. The implementation of environmental and social responsibility strategies aims to minimise negative impacts and maximise the positive impacts of its activities, commensurate with its business strategy and within national and World Bank standards. The strategies it uses to achieve this include the following:

- Encourage and reward the use of integrated environmental management to ensure that management decision making processes include a sensitive and holistic consideration of environmental issues. To facilitate this, all projects must include a comprehensive environmental and social impact assessment. Where appropriate, specialist consultants are employed.
- Maintain positive relationships with neighbouring communities, local and national government authorities, NGOs and aid agencies and the public.
- Respect and consult with the communities in the areas affected by its operations so that these communities receive fair treatment and where possible benefit from the company's activities.
- Budget a percentage of profit to be used for sustainable community development projects. The projects are selected and prioritised in consultation with communities and carried out in cooperation with community members.
- Aim to forge a pact with employees through having respect for fundamental human rights, including workplace rights, employee development and the need for a healthy and safe workplace.
- Strive for the highest quality of rehabilitation, waste management and environmental protection in the most cost effective manner.
- Strive to optimise the consumption of energy, water and other natural resources.
- Through the introduction of new alternative environmentally friendly products and processes, as they become available, avoid the use or release of substances which, by themselves or through their manufacturing process, may damage the environment.
- Practice responsible environmental stewardship to meet the demands of local communities, host country government requirements and international standards and strive for continuous improvement of environmental performance.



For details of the implementation of the social responsibility policy, refer to the review of operations on page 20 to 23 and 27 to 28 and the human resources report below.

ENVIRONMENTAL REPORT

Randgold Resources carries out its operations within the guidelines outlined in its social responsibility policy and in accordance with World Bank standards.

The Morila Mine obtained its ISO14001 certification during 2006 whilst in the first year of production at the Loulo Mine, ISO14001 training procedures were put in place with the aim of moving towards compliance.

At Loulo, the first phase of a cyanide detoxification process has commenced. This comprises the introduction of a tailings thickener, which allows the return of water back into the process circuit. This facility should be commissioned later in 2007. The second phase due for implementation early in 2008, involves the destruction of cyanide using Degussa technology.

Additional information relating to the environmental activities at the mines is contained in the review of operations on pages 20 and 27.

HUMAN RESOURCES REPORT

SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

The sustainable development and social responsibility strategy forms an integral part of the company's overall business strategy and is implemented throughout all offices, projects and operations, including Morila. This strategy recognises that the effectiveness of Randgold Resources' community development efforts can be increased through forming synergistic alliances with professionals in the field, such as NGOs and aid agencies that have solid track records.

During 2006, Morila entered into a new three-way alliance with the aid agency, US AID, and the Commune of Sanso. The goal of this alliance is, through the three-way partnership, to address poverty reduction and accelerate economic growth in the communities in the villages around Morila mine, in support of the Government of Mali's decentralisation goals.

The parties have agreed, through joint funding, to address:

- The improvement of governance, transparent planning, and management of common resources at the commune level.
- Agricultural development.
- Improved commune managed communications.
- Basic education through teacher training.
- Improved community health.

This alliance will increase the annual amount spent on community development projects in the area from US\$150 000 to US\$275 000.

Other major successes in community development at Morila this year have been the rice growing projects at Fingola and Morila. These were financed and set up by the mine and run by the women of the two villages. During the first season of production, the women produced and sold 10 691 kilogrammes of rice. They made a healthy profit that enabled them to finance their next season's rice growing activities.

At Morila in 2006, a total of US\$164 287 was expended by the mine on community development projects.

At Loulo, the community liaison and development efforts, which have been ongoing since 1996, have been stepped up in this first full year of production. Loulo, which like Morila follows the Randgold Resources' sustainable development strategy, carries out such activities in villages surrounding the mine through a representative local community liaison and development committee. The committee consists of traditional leaders from all the villages within a 10 kilometre radius of the mine, the mine's community development staff, the Mayor of Sitikily and the Sous-Préfet of the Kenieba Cercle, who represents the central government. This year, co-operative projects between Loulo mine and villagers have seen more than US\$175 196, excluding the amounts spent on medical services to communities, expended by the mine on its social programme. The three pillars of this programme are basic education, food security and basic community health, which includes access to potable water.

Social programme activities have included:

- The building, maintenance, and equipping of schools, as well as the subvention of teacher salaries.



- The establishment of micro agri-enterprises such as vegetable gardens, beekeeping in the villages, the provision of seeds, fertiliser and farming equipment and education and training in agricultural production and marketing.
- Drilling of bore holes and installing Indian pumps.
- Provision of medical treatment, medicines, and inoculations to local villagers.
- The evacuation of seriously ill villagers to hospitals in Bamako and Kayes.
- Malaria and HIV/AIDS educational and awareness campaigns in local villages.
- The introduction of malaria control programmes such as spraying of the dwellings in local villages and distribution of mosquito nets.

Details of the above activities are referred to in the review of operations section of this report on pages 20 to 23. The expenditure on the three pillars of our sustainable community development social programme exceeded US\$240 000 during 2006.

Spin-off development impacts from mining activity

The provision of secure and well paid employment enhances the economies of the villages where the employees live and the welfare of their families. Further, the experience of being employed and the associated knowledge and skills gained gives employees a sustainable competitive advantage over others in the job market.

At a national level the Randgold Resources' business model facilitates development as it includes establishing and maintaining effective local partnerships. In every country in which it operates, the company has formed business partnerships with local businesses, fostered close relationships with the authorities and governments of the countries and where possible, purchases goods and services locally.

The financial contribution that an investor such as Randgold Resources can make to a country such as Mali is significant. The company, through its investments in Loulo, Morila and exploration, contributes to the economies of the countries in which it operates through payments of staff salaries, payments to government of payroll taxes, duties, royalties and to local businesses for goods and services.

During 2006, Randgold Resources maintained its good relations with governments by continuing to meet regularly with officials of the authorities in Mali, Tanzania, Senegal, Ghana, Burkina Faso and Côte d'Ivoire.

INDUSTRIAL RELATIONS

The good industrial relations experienced during this year across the group, reflect the continuing success of the Randgold Resources pact with labour policy.

During 2006, Loulo broke all records in Mali for the establishment of a union, by holding union elections in co-operation with SYNACOM, the mining union confederation, and establishing a union at Loulo, within a few months of the commencement of operations there.

Manpower

Human capital

As the company develops and expands, every effort is made to employ excellent people. Through leadership, a sense of ownership and interpersonal influence, these people are motivated to contribute to Randgold Resources' success.

What needs to be done in the company is defined by consultative strategic planning, which is refreshed at regular intervals and is rolled down through the operations. This strategy provides the foundation for the long term plan (including manpower and succession plans), the fundamental principles of its business, the framework for effective decision making and the actions required of its employees, the initiating of change and improvements and, most importantly, a rallying point. It enables the business to organise its resources and optimise the application of its human capital.

2006 has been a year of development, empowerment and positioning of the company's young intellectual talent, such as Paul Harbidge, the manager of Randgold Resources' highly successful exploration team, to succeed to the most senior levels of the company and of its operations.

Further, the process has begun of appointing a second in command to John Steele in capital projects and of strengthening the procurement and commercial functions.

At the mine level, Loulo's manpower and management succession plans were realised through the development of



Malian professionals who have either already replaced expensive expatriates or will do so in the near future.

During 2006, national managers became responsible for the posts of processing manager, maintenance manager, mining superintendent, and underground geologist. In addition, individuals have been earmarked and are completing final development, to succeed the expatriate incumbents of senior management posts.

The general manager of Loulo, Amadou Konta, is a Malian graduate who has been with the group since its inception, and who has risen through the ranks from a mining foreman, through mining superintendent, to manager mining at Syama and who was appointed as the first Malian general manager of a large Malian gold mine in 2005. Together with Mahamadou Samaké, who is a senior executive of the company and a director of both Morila and Loulo, and Randgold Resources' other senior managers, Amadou stands out as an excellent role model for young nationals throughout the company.

Randgold Resources believes this comes through its partnership philosophy of involving employees and other stakeholders such as suppliers and contractors in the business. All are kept fully informed about the business and how they can contribute to making it more successful. The company believes this manifests itself in many aspects of its business and not just production - for instance having maintained an enviable safety and health record on its operations with both Syama and Morila having won the premier National Safety award in Malian industry. In the more recent past Loulo has had a fine record throughout the construction of the mine and the start-up of operations. On the health side, the company has significantly reduced the incidence of diseases such as malaria in the areas in which it operates.

Voluntary turnover of our staff continues to be below 1% per annum.

Group training and development

Randgold Resources continues its support of the Malian Mining Industry University Scholarship scheme. Of the 10 students studying electrical engineering (4), geology (2), mining (2) and chemical engineering (2), eight are expected to progress to

their third and penultimate year of study. In addition, the company continues its support of the Randgold Resources' Scholarship Award scheme for earth sciences students at the University of Senegal.

For further information on human resources and sustainable community development see the Morila and Loulo operations section of this report on pages 20 to 23 and pages 27 and 28.