

We are guests in our host countries and communities and rely on their support, goodwill and cooperation to function successfully. Therefore, contributing to their social and economic development has been a central pillar of our business since inception.

Our 2016 materiality assessment highlighted several community and economic development aspects as priority issues for our stakeholders. These included 'local and national employment', 'closure planning', 'malaria', 'HIV/AIDS', 'community development' and 'local economic development'. All of these issues are addressed in this chapter.

CREATING NATIONAL ECONOMIC VALUE

Mining companies have a generally poor history of linking the extraction of a country's mineral resources to national economic development. Randgold seeks to set itself apart from this past and is determined to help our host countries use their resources to spark economic growth.

We make substantial contributions to the treasuries of our countries through joint ownership structures for all our mines (the states of Mali, Côte d'Ivoire and DRC all have at least a 10% stake in the respective mine), and thus pay dividends and royalties as well as all the relevant taxes. For example, in the 20 years that Randgold has operated in Mali we have contributed over \$4.7 billion into the economy of the country in the form of taxes, royalties, wages, payments to local suppliers and community investments.

We multiply these contributions through our 'local first' procurement policy.

All our countries of operation are Extractive Industries Transparency Initiative (EITI) compliant and we are fully committed to being transparent about all payments.

Another tangible contribution is our establishment and maintenance of vital infrastructure. In the remote corners of the developing countries which host our operations, most of the infrastructure is either of poor quality or lacking altogether. Therefore, our maintenance and development of infrastructure such as roads, power facilities and border crossings help bring about both the successful operation of our mines and positive changes for the local community and country.

Over the long term we are also committed to leaving behind a thriving legacy that extends beyond the life of the mines (see 'Closure planning' section).

Our performance

As seen in the table below we made significant contributions to the revenues of our host countries.

FIGURE 12: ECONOMIC VALUE STATEMENT

for the year ended 31 December (\$000)	2016	2015	2014
ECONOMIC VALUE GENERATED			
Gold sales ³	1 546 029	1 394 889	1 434 872
Finance income ³	1 553	4 222	2 769
Sundry income (net) ³	-	2 042	9 760
Government portion of Morila ¹	-	2 564	-
Total economic value generated	1 547 582	1 403 717	1 447 491
ECONOMIC VALUE DISTRIBUTED OR TO BE DISTRIBUTED			
Operating costs ²	557 060	620 962	592 956
Finance costs ³	3 193	1 229	7 848
Employee salaries, wages and other benefits before taxes	100 572	77 588	75 772
Dividend payments to providers of capital	61 705	55 744	46 274
Payments to governments (including corporate taxes, custom duties, dividends etc)	248 809	182 602	214 966
Exploration and corporate expenditure ³	43 010	48 885	40 869
Sundry net expenses	21 765	-	-
Community investment ⁴	4 404	5 486	6 742
Total economic value distributed or to be distributed	1 040 518	992 496	985 427
Economic value retained and re-invested	507 064	411 221	461 974

The information in this economic value statement is extracted from the financial statements, underlying accounting records and other financial data. This non-GAAP information is, however, intended to summarise the overall contribution of the group to its stakeholders and is not intended to replace or provide an alternative to the audited IFRS financial statements.

¹ This amount represents 50% of the dividends paid to the State of Mali, and is also included in 'Payments to governments'. The State of Mali's attributable portion of the Morila operation is not included in the Randgold financial statements.

² Total cash costs excluding royalties, salaries, employment taxes and custom duties.

³ Refer to page F-35 of the financial statements for further information on this figure.

⁴ Total spend on community development, including advantageous infrastructure development and philanthropy. This figure represents Randgold's total equity stake in community investment.

Our investment in host country infrastructure has now reached more than \$700 million over the past five years. This includes \$73 million for the construction and maintenance of roads across all our countries of operation (see 'Paving the way for economic development') and the development of hydropower capacity in the DRC, where it is estimated just 1% of rural populations have access to power.

All these contributions are further multiplied by our 'local first' supplier policy. For example, the construction of the new Azambi hydrostation in the DRC in 2017 will be completed exclusively by Congolese owned and operated contractors (See 'Powering up local industry').

CASE STUDY

PAVING THE WAY FOR ECONOMIC DEVELOPMENT

By constructing and maintaining new roads or improving existing roads, we ensure critical supplies are delivered to our sites on time and in a cost efficient manner while, for the local community, better roads improve freedom of movement and open up new opportunities for trade and development. Therefore, we consider investments in roads one of our most important contributions to the local and national economic development.

DEVELOPING NEW SUPPLY LINES

Our Kibali mine is located in a remote northeast corner of the DRC and is more than 2 400km away from the capital, Kinshasa. The best way for us to supply the mine is to roadfreight goods via Aru at the border with Uganda. Aru is just 180km away from Kibali but the journey used to take several days. Thanks to our upgrade of the Aru-Doko road, the journey has been reduced to just a few hours. The Doko-Aru road is now heavily used by both the mine and the community, sparking new markets and sustained economic activity along the route. We have seen similar transformations in Mali with the Loulo-Keneiba road and in Côte d'Ivoire from the Tongon-Nielle road.

BETTER BORDER CROSSINGS

Most of the supplies for our Loulo-Gounkoto complex in Mali are transported from Senegal and until recently had to pass through a poorly positioned border crossing. We worked in partnership with the Malian and Senegalese governments to fund a new border crossing at Koudan about 30km from our operations and funded the construction of a customs house. This has not only led to improved transport times for our supplies, it has also given an economic boost to Koudan which is now a thriving hub for trade and business in the local area.

IMPROVING ACCESS TO WORLD HERITAGE IN THE DRC

During 2016, as part of our partnership with the Garamba National Park in the DRC, we invested in the improvement of supply routes in and around the park. It is hoped that not only will these routes help to improve the security situation and reduce poaching in Garamba, but also improve access for visitors and thereby spark further economic development in the region.

In total, we maintain 375km of national roads in our host countries, and have invested more than \$73 million on roads over the past five years.

Country	National roads maintained
DRC	245km
Côte d'Ivoire	60km
Mali	70km

