

1 OUR GOVERNANCE OF SUSTAINABILITY

“Our governance of sustainability is not only about having the right policies, people and processes to achieve our environmental and social goals; it is also about managing deep, transparent and genuine partnerships with all stakeholders.”

Mark Bristow, CEO

Randgold's commitment to sustainable mining is delivered through well-established policies, management systems and a rolling stakeholder engagement programme. These governance processes are designed to keep our sustainability strategy on track and to ensure sustainability remains fundamental to our corporate DNA - always considered by all staff and contractors. It also aims to drive lasting, mutually-beneficial partnerships with all stakeholders including host countries and communities, employees and shareholders.

CORPORATE SUSTAINABILITY POLICIES

At the heart of Randgold's sustainability governance is a set of policies that commit us to the highest standards of environmental and social practices. These include our code of conduct, anti-corruption compliance policy, conflict free gold policy, human rights policy, biodiversity policy and our site-specific environmental and safety policies - which align with the expectations of the ISO 14001 and OHSAS 18001 international standards respectively. All policies are available in local languages as well as English. In all our countries of operation we also have legally binding mining conventions (or mining codes) that guarantee fiscal stability, govern taxes applicable and allow for international arbitration in the event of force majeure or a dispute.

Our code of conduct defines the behaviour we expect from all employees and suppliers, and includes details of our best practice approach in areas such as whistleblowing, anti-discrimination, environmental management, health & safety and conflicts of interest. The code is taught to all staff as part of their induction training and contravention of the code leads to disciplinary action and potential termination of employment. No breaches of the code occurred in 2016.

Our anti-corruption compliance policy explains our zero tolerance approach to any form of bribery or corruption, and complies with all applicable anti-corruption and anti-bribery laws, rules and regulations. This includes termination of employment for accepting any bribes or facilitation payments. The policy also sets out our commitment to undertake anti-corruption due diligence on all parties we do business with, and to include anti-corruption clauses into sub-contractor agreements. The policy also commits us to train all personnel in anti-bribery and corruption measures. No breaches of the policy occurred in 2016.

Our conflict free gold policy reinforces other policies to ensure the gold we produce is delivered in a manner that does not fuel armed conflict, fund armed groups or contribute to human rights abuses associated with such conflicts. No breaches of the policy occurred in 2016.

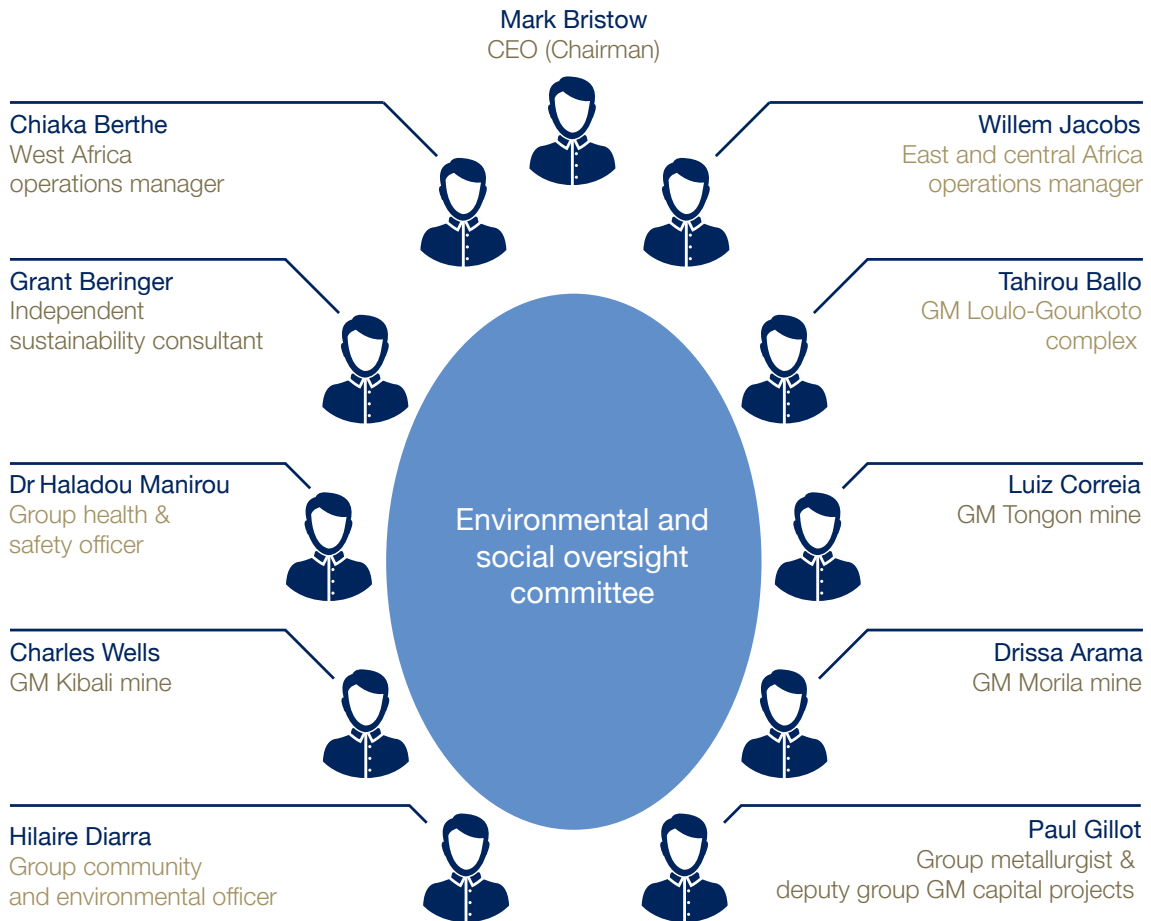
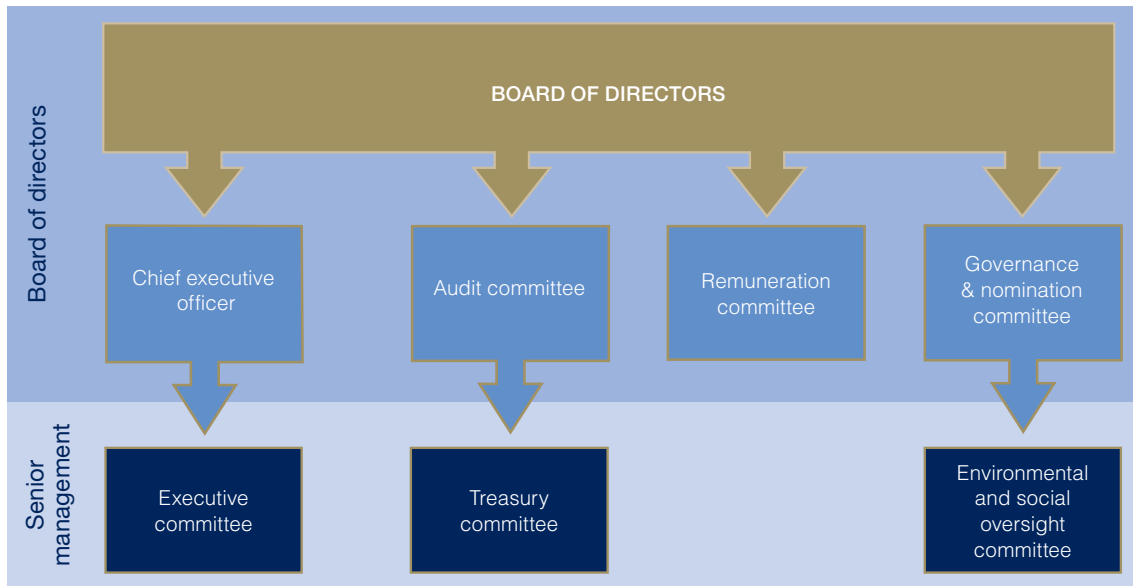
All our sustainability related policies are drafted to both comply with host country legislation, or where it is stronger, to follow the lead of international standards such as the IFC Performance Standards, World Bank Operational Guidelines, OECD Convention on Combating Bribery and the Voluntary Principles on Security and Human Rights. For example in 2016 an internal audit of Loulo's safety management system was conducted against the IFC Environmental Health & Safety Guidelines (with the mine achieving a 91% compliance with the clauses).

This sustainability report provides further details of all these policies and how they have been monitored and managed.

MANAGEMENT SYSTEMS FOR SUSTAINABILITY

In recent years Randgold has invested significantly to put in place people and systems that can ensure our sustainability policies are implemented.

FIGURE 1: OUR GOVERNANCE FRAMEWORK



As shown in the organogram above Randgold's sustainability management system starts at the top with our board holding ultimate responsibility for sustainability performance. The environmental & social oversight committee (E&S committee), which meets quarterly, is the main body that oversees implementation. This is chaired by our CEO and also includes the general managers of each mine, our group health & safety officer, group community and environmental officer and an independent consultant in an advisory and oversight role.

Randgold has two executives who drive our work on community relations, health and safety, environmental management and sustainability reporting and they report operationally to our chief operating officers (who sit above the mine general managers) and functionally to the CEO. This helps provide an important layer of independent sustainability oversight. On site we have dedicated departments for the implementation of environmental and social programmes.

Randgold also builds sustainability performance into the remuneration system for its most senior executives and employees at each of its operations. For example, part of both our CEO's and CFO's annual bonus payments are dependent on the group achieving zero major environmental incidents and a zero LTI to achieve the full reward in these categories.

Perhaps more importantly than having dedicated staff to deliver our sustainability goals, we foster a culture of sustainability across the whole company. We see the delivery of a safe working environment, prosperous and healthy host communities, and a thriving environment as the responsibility of all Randgold employees, suppliers and partners and communicate this clearly and regularly to all arms of our business.

More details on Randgold's corporate governance are also available in the corporate governance section of this annual report.

Risk and crisis management

At group level, our chief financial officer holds responsibility for dedicated risk management planning, reporting to the CEO, audit committee and board of directors. This includes delivering regular risk management education for non-executive directors.

We perform sensitivity analysis and stress testing at a group level analysing potential changes in financial risks (such as exchange and interest rates), operating risks and risks to water availability or water quality. A correlation analysis¹ is performed for financial risks.

Local communities are also involved in evacuation drills and wider risk planning.

Randgold has identified resource shortages as one of the most important emerging risks which could have significant impact on its business and in 2017 we will undertake a major group-level climate risk audit to ensure our financial risk management accounts for climate change including setting an internal price for carbon.

Stakeholder engagement

Randgold's stakeholders are the cornerstone of our business. From suppliers to shareholders, local families to labour forces, we have established a wide-ranging stakeholder engagement programme to ensure their input is an integral part of our governance of sustainability.

THE PRIMACY OF PARTNERSHIPS

A fundamental element of our company's success in the parts of emerging Africa where our mines operate is one that is not always straightforward to measure. It is the development of genuine trust and partnership with our stakeholders. Everything we do in our host countries is done in partnership with the government and the people affected by our work.

Thus part of our sustainability governance is the inclusion of appropriate stakeholder representation in key management and ownership systems such as:

- **Host communities** - We help build trust and partnership by devolving spending power to community development committees (CDCs), fostering regular two-way dialogue and managing a fair and accessible grievance mechanism.
- **Employees and labour unions** - We invite unions to be represented on our mine boards, meet regularly and recognise all employee related representation. All employees are eligible for either share or bonus schemes that give them a personal stake in the success of the business.
- **Host governments** - As partners in development, national governments feature as joint-owners of all our mines and set our legal obligations in areas such as closure planning.

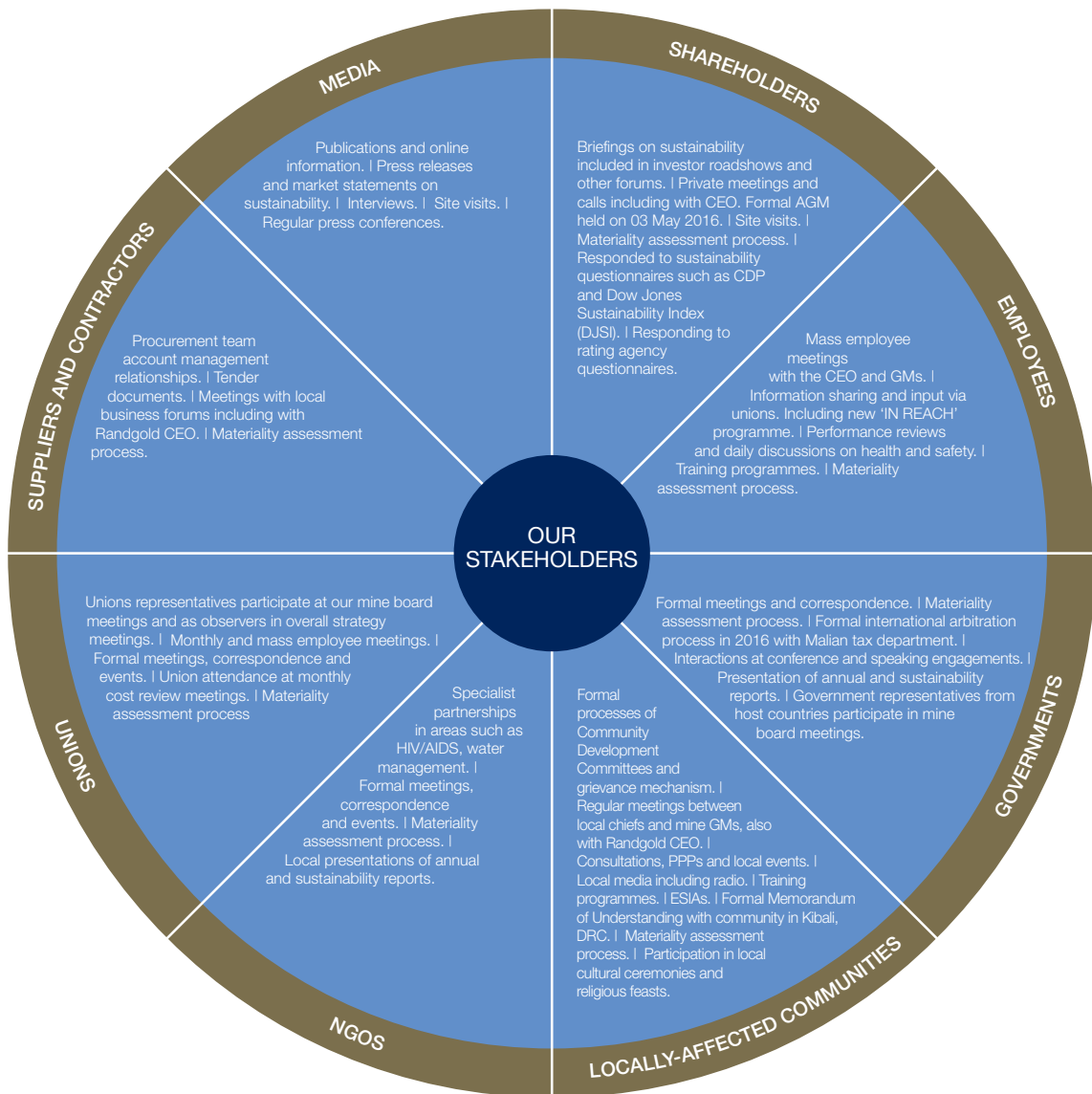
Forming successful, mutually beneficial partnerships can be hard to do and these systems have evolved over the 20 years plus of Randgold's operations as effective processes to ensure optimal decisions are made at the right time for the benefit of all.

Our countries of operations have all suffered from some levels of unrest and conflict in recent years, and from health emergencies such as the Ebola outbreak of 2014. In all cases it is the primacy of our partnerships that means Randgold production levels have never been significantly affected.

In 2016 the benefits of our commitment to genuine partnership were again witnessed over a dispute with the Mali tax department. Although there was a specific issue that required international arbitration, the spirit of constructive partnership with the Malian government meant that operations were unaffected and that a mutually acceptable solution is being discussed.

¹ A method to determine the likelihood of any risk occurring at the same time as another risk.

FIGURE 2: OUR STAKEHOLDERS AND HOW WE ENGAGE THEM



We categorise stakeholders into eight groups and our stakeholder engagement programme ensures that consistent mechanisms are in place to keep an ongoing two-way dialogue with each of these diverse constituencies throughout the year. These mechanisms take several forms tailored to the group in mind.

For example, local communities are engaged through formal mechanism such as consultations, CDCs, presentations of annual and sustainability reports and our materiality assessment; as well as through informal mechanisms such as mine teams joining local feasts (such as Tabaski Day in Mali and Côte d'Ivoire) or by appearances on local radio. The ways we engage with all eight groups of stakeholders are listed in Figure 2.

Our engagement programme applies at all stages of a mine's lifecycle from exploration through to construction, operation and closure. For example, even during the early exploration stage we commit to setting up an official grievance mechanism as a channel of communication for any community concerns, and to employing local people in the exploration teams.

Our aim is to be receptive and flexible to the feedback we receive through our stakeholder engagement programme. For example, as part of the employee engagement process in 2016 we launched our In-Reach programme which aims to improve the flow of information between management and staff and to ensure that staff ideas are taken on board and corporate values are communicated throughout the group.

“Randgold is a trusted partner with our community. Life in our village has transformed for the better since the mine arrived and, though we can’t agree on everything, I know they are always ready to come and listen to what our village’s elected officials or local chiefs have to say.”

Sambou Mariko, Mayor of Sanso, Mali

STAKEHOLDER ENGAGEMENT IN 2016

Stakeholder	Key sustainability issues raised	How we responded
Shareholders	<p>The highest priority issues from shareholders in our materiality assessment included safety, revenue transparency and anti-corruption measures, malaria and management of human rights (including with security forces)</p> <p>Human rights, environmental management and emergency planning were also raised with us by shareholders</p>	<ul style="list-style-type: none"> ■ Safety: We had a very encouraging year in regards to safety management, seeing LTI rates reduce this year. Full details in the ‘Safety first’ section of this report. ■ Revenue transparency and anti-corruption: We have a zero tolerance approach to corruption and our anti-corruption compliance policy is enforced across our group and applied to all contractors. ■ Malaria: We measure and seek to reduce malaria incidence at all mines and surrounding communities, with rates dropping during the year. Full details can be found in the ‘Health in the community’ section of this report. ■ Human rights: We respond to all shareholder correspondence on this issue including full details on our human rights policy and how it is implemented and safeguarded. More details in ‘Human rights and security forces’ section. ■ Environmental management: We are committed to managing and reducing our environmental impact. Full details of our approach on energy, water, biodiversity, air quality and water management are detailed in section 4 of this report. ■ Emergency planning: As well as private correspondence we have included more details on our risk and crisis governance in this sustainability report this year.
Employees	<p>Employees requested more information on business performance planning, and accessible discussions on how salary levels are calculated</p> <p>Levels of employment given to local communities and nationals</p> <p>Maintaining the highest levels of safety and occupational health</p>	<ul style="list-style-type: none"> ■ Business accessibility: Launched our In Reach programme as part of an extensive communication campaign to ensure strong two-way communications between employees and management. ■ Local employment: We exceeded our target to maintain the number of nationals in our workforce above 80% in 2016. See the ‘For our people’ section in this report for further detail. ■ Safety and occupation health: We had a very encouraging year in regards to safety management, seeing LTIFR and incident rates reduce this year. New measures also put in place for occupational health. Full details in the ‘For our people’ section of this report.

STAKEHOLDER ENGAGEMENT IN 2016 (CONTINUED)

Stakeholder	Key sustainability issues raised	How we responded
Governments	<p>Discussions over the sustainable closure of Morila with the newly-appointed Malian Minister of Mines</p> <p>Government-raised priorities in 2016 also included level of infrastructural and community investment</p> <p>Discussions over tax dispute in Mali</p> <p>Highest priority issues from government respondees via materiality assessment included malaria, HIV/AIDS, and community grievance resolution</p>	<ul style="list-style-type: none"> ■ Closure planning: Our CEO met with the newly-appointed Malian Minister of Mines who expressed satisfaction with the mine closure projects. Closure planning details can be found in the 'Closure planning' section of this report. ■ Infrastructure and community development: Over \$6.32 million invested in community development. Our CEO also met the Malian parliamentary commission in 2016 to provide insights. See the 'Community development' section of this report. ■ Malian tax: A specific issue with the Malian tax authority relating to our past tax assessments required international arbitration in 2016 to successfully resolve it. Further issues are under discussion for resolution. ■ Malaria and HIV/AIDS: We measure and seek to reduce both malaria incidence and HIV/AIDS at all mines and surrounding communities. Full details can be found in the 'Health in the community' section of this report. ■ Community grievances: 100% of grievances successfully resolved in 2016. More details can be found on page 121.
Locally-affected communities	<p>Planning with CDCs to debate and agree on the priority projects for the year</p> <p>Every local village has its own specific issues that we manage at community-level. Highest priority issues from community respondees via materiality assessment included malaria, HIV/AIDS, local employment rates, local economic development and community grievance resolution</p> <p>Discussions around future projects such as potential construction of Massawa mine in Senegal</p>	<ul style="list-style-type: none"> ■ Local economic development: Very high attendance rates at community development committee meetings and over \$6.32 million invested in sustainable development projects in 2016. More details in the 'Community development' section of this report. ■ Malaria and HIV/AIDS: We measure and seek to reduce both malaria incidence and HIV/AIDS at all mines and surrounding communities. Local communities also involved in distribution of mosquito nets, making anti-malarial drugs freely available to staff at our Malian operations and awareness programmes in 2016. Full details can be found in the 'Health in the community' section of this report. ■ Local employment: We exceeded our target to maintain the number of nationals in our workforce above 80% in 2016. See the 'For our people' section of this report for further detail. ■ Community grievances: 100% of grievances successfully resolved in 2016. More details can be found on the following page. ■ Expansion: Public Participation Procedure (PPP) launched with locally-affected communities around the Massawa project.
NGOs	<p>Each NGO tends to be concerned with a specific theme or local issue. In general, key concerns raised by this constituency include issues of environmental management and health – especially HIV/AIDS and occupational health</p>	<ul style="list-style-type: none"> ■ We have strong working relationships with local and international NGOs such as Soutoura, World Education, USAID and FDS (Mali) and these are explained in more detail in the section 'Taking a partnership approach to improve outcomes'. New partnerships in 2016 included those with Water Aid and Afia Sante (DRC) and IDEAL (Côte d'Ivoire). ■ We also responded to several international NGOs such as Carbon Disclosure Project (CDP) to provide sustainability-related data and information.

STAKEHOLDER ENGAGEMENT IN 2016 (CONTINUED)

Stakeholder	Key sustainability issues raised	How we responded
<p>Unions</p>	<p>Discussions about salary levels, transparency and worker benefits</p> <p>Concerns around closure planning, especially at Morila</p> <p>Levels of employment given to local communities and nationals</p> <p>Maintaining the highest levels of safety and occupational health remained a key point</p>	<ul style="list-style-type: none"> ■ Union representatives participate at our mine board meetings and as observers in overall strategy meetings. We also hold monthly mass employee meetings with union representatives. ■ Business accessibility: launched our In Reach programme as part of an extensive communication campaign to ensure strong two-way communications between employees and management. ■ Local employment: We exceeded our target to maintain the number of nationals in our workforce above 80% in 2016. See the 'For our people' section of this report for further detail. ■ Safety and occupation health: We have had a very encouraging year in regards to safety management, seeing LTIFR and incident rates reduce this year. New measures also put in place for occupational health. Full details in the 'For our people' section of this report.
<p>Suppliers and contractors</p>	<p>Regular discussion to consider how contractors can best contribute to community development initiatives</p> <p>Highest priority issues from supplier respondees via materiality assessment included malaria, cyanide, environmental management, human rights, collective bargaining and gender equality</p>	<ul style="list-style-type: none"> ■ Malaria: We measure and seek to reduce malaria incidence at all mines and surrounding communities and have established an ambitious plan to eradicate malaria in these areas. Full details can be found in the 'Let us spray' section of this report. ■ Human rights: We respond to all shareholder correspondence on this issue including full details on our human rights policy and how it is implemented and safeguarded. More details in 'Human rights and security forces' section of this report. ■ Environmental management: We are committed to managing and reducing our environmental impact. Full details of our approach on energy, water, biodiversity, air quality and water management are detailed in section 4 of this report. ■ Cyanide: We meet international best practice on cyanide management. See 'Waste management' section of this report. ■ Collective bargaining: All of our countries of operation have the right to freedom of association enshrined in law and union representatives participate at our mine board meetings and as observers in overall strategy meetings. ■ Gender equality: Randgold has a clear and transparent non-discrimination policy and we strive to increase the number of female employees in our workforce. See 'Gender equality' section of this report for more details.
<p>Media</p>	<p>Sustainability issues most frequently discussed with international and local press in 2016 included local economic development and the tax dispute in Mali</p>	<ul style="list-style-type: none"> ■ Press: We have released several sustainability-related press releases and market announcements in 2016 which can be found online at www.randgoldresources.com. Our CEO and other spokespeople have also discussed environmental, social and governance issues in media appearances and briefings throughout the year. This sustainability report is publicly available and released to national and international media. ■ Local economic development: Very high attendance rates at Community Development Committee and over \$4 million invested in sustainable development projects in 2016. More details in 'Community development' section of this report. ■ Malian tax: A specific issue with the Malian tax authority relating to our past tax assessments required international arbitration in 2016 to successfully resolve it and further issues are under discussion for resolution.

GRIEVANCE MECHANISM

An important part of our sustainability governance is the grievance mechanism which is in place at all sites and designed in line with both national regulation and international best practice IFC Performance Standards. This process is a very valuable two-way channel of communication with local communities. Randgold puts significant effort and resource into ensuring it is a fair and accessible way for local communities to lodge a complaint if they feel they have been unfairly treated or discriminated against in a non-work related disagreement.

We commit to responding to all grievances within one week and aim to resolve 100% of grievances to the satisfaction of all parties. Access points are widely distributed around surrounding communities and are advertised using local radio, posters and local notice boards.

As shown in Figure 3, 63 grievances were received during 2016 and all (100%) had been satisfactorily resolved by 31 December 2016. Encouragingly the total number of grievances registered was down over 60% this year.

Any grievance related to human rights is flagged as a separate category that draws the attention of senior management, however no such grievances were registered in 2016.

Examples of grievances raised and settled throughout the year include a complaint about pit discharge spreading too close to farmland (a trench was built to solve the issue) and minor damage to a house caused by an exploration team (house was repaired). The mechanism is also the main channel by which resettlement compensation is managed and this accounts for a large proportion of the claims made and settled. Figure 3 does not include a collective compensation claim made by a group of individuals at Kokiza near Kibali as this was lodged via a legal team rather than our grievance mechanism. This claim is being processed by our lawyers who are scrutinising each individual case.

FIGURE 3: GRIEVANCES REGISTERED AND RESOLVED

	Grievances registered 2016	Grievances resolved 2016	Grievances registered 2015	Grievances resolved 2015
at 31 December				
Loulo	0	0	2	2
Goukoto	0	0	0	0
Kibali	60 ²	60	174	158
Morila	0	0	0	0
Tongon	3	3	2	2
TOTAL	63	63 (100%)	178	162 (91%) ¹

¹ Publicly stated figure as of 1 March 2016. This included a batch of grievance claims on temporary pause for resolution which were resolved after this date.

² This excludes a collective compensation claim from a group of individuals at Kokiza, lodged via a legal team rather than the grievance mechanism.

MATERIALITY ASSESSMENT

In order to gather further insights from our stakeholders and to understand the relative importance that each group gives to specific sustainability issues Randgold carries out a 'materiality assessment' each year. The exercise surveys both internal and external stakeholders to rank the critical sustainability risks they deem the highest priority and is implemented in line with guidance set out by the GRI G4 guidelines

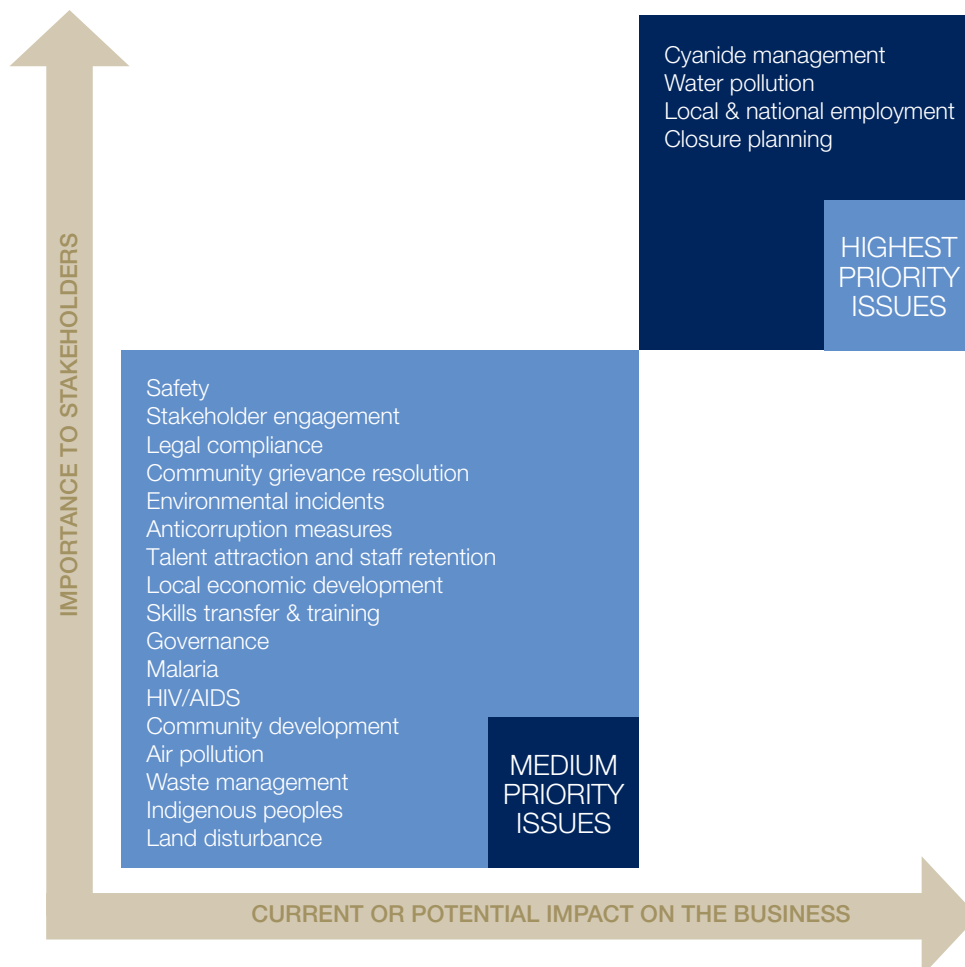
As shown in Figure 4 the materiality assessment in 2016 found that the four highest priority issues across both internal and external stakeholders were: 'cyanide management', 'water pollution', 'closure planning' and 'local & national employment'. The latter is a new addition to this category having been classified as a 'medium priority' issue the previous year.

The results also introduced six new issues as 'medium priority' issues: 'talent attraction and retention', 'governance', 'land disturbance', 'indigenous peoples', 'waste management' and 'community grievance resolution'. All of these issues are addressed in this report.

One of the most useful parts of the materiality assessment exercise is to enable us to understand whether there are issues that internal management and external stakeholders have different perceptions of in terms of prioritisation. This year for example, the exercise suggested that 'HIV/AIDS' and 'air pollution' were both high priorities for external stakeholders yet were ranked noticeably lower by internal stakeholders. Conversely 'legal compliance', 'community grievance resolution' and 'environmental incidents' featured in internal management's top 10 priorities but were ranked lower externally. Randgold will take these results on board and ensure that the priorities of all stakeholders are addressed in 2017.

At the conclusion of the process we were able to produce the risk matrix below, showing which sustainability issues were collectively assessed as highest priority. High priority issues are those that appeared in the top 10 issues of both internal and external stakeholders. Medium priority issues are those that appear in the top third of either group. Definitions of each issue are included on the following page.

FIGURE 4: MATERIALITY ASSESSMENT RESULTS 2016



Below is a list of definitions of issues based on descriptions used by the Global Reporting Initiative (GRI):

DEFINITIONS

Topic	Issue	Description
Health and safety	Safety	Managing and monitoring workplace hazards to ensure the safety of employees and contractors; including both incidents and near misses. Establishing a safety culture and promoting safe behaviour.
	Malaria	Impact of malaria on workforce and local community in locations of operation; access to/provision of treatment programmes for workforce/local communities.
	HIV/AIDS	Impact of HIV/AIDS on workforce and local community in locations of operation; access to/provision of treatment programmes for workforce/local communities.
	Cyanide management	Ensuring highest standards of production, transportation, storage and use. Managing and monitoring impact of incidents and spills and cyanide levels in tailings storage facility pools.
Economic	Closure planning	Rehabilitation in line with closure plans and relevant agreements/regulation to reduce impact on the community and manage financial liabilities.
	Local economic development	Increase in local business and value of local economy and number of indirect jobs.
Environment	Air pollution	Managing, monitoring and minimising impacts on local communities, environment and wildlife from releases to air, such as dust and emissions. Adequate management and contingency/crisis planning for spills/disasters at operations.
	Water pollution	Managing and monitoring water quality and minimising impacts on local communities, environment and wildlife from releases into water. Adequate management and contingency/crisis planning for spills/disasters at operations.
	Environmental incidents	Management and contingency planning for incidents such as spills of tailings, hydrocarbons or other significant process materials, unauthorised landclearing, etc.
	Waste management	Managing all organic and inorganic waste to ensure it is disposed of in a safe and environmentally-responsible manner. Working to minimise volumes of waste and maximise recycling.
	Land disturbances	Minimising the amount of land disturbed by mining activity and providing responsible management of cleared and rehabilitated land.
Community	Community grievance resolution	Management of complaints and grievances, including land use claims.
	Community development	Investment in public services, health, education, and enterprise development in areas of operation and their outcomes.
	Indigenous peoples	Respect for and engagement with indigenous populations ie tribes and cultures with distinct historic continuity from pre-colonial or pre-settler societies such as the aborigines of Australia, Inuits of the polar region or Mayas in Guatemala.
Labour	Staff retention	Human resources planning matching company development plans; attracting suitably educated/skilled workers; retaining high-potential employees; succession planning for key roles.
	Staff training and skills transfer	Employee training and development to meet the needs of the organisation and provide career progression, including nationals taking over roles previously held by non-nationals.
	Local and national employment	Prioritising employment of host country nationals and specifically people from local communities.
Governance	Anti-corruption measures	Compliance with regulations; ethical standards, codes, procedures and clear compliance process; bribery and corruption allegations/prosecutions.
	Legal compliance	Compliance with all laws and regulations in all areas of operation, including competition law, anti-trust, money laundering etc, risk of fines and sanctions.
	Stakeholder engagement	Ensuring all stakeholders are consulted on issues that may affect them and that views are fed into the decision making process.