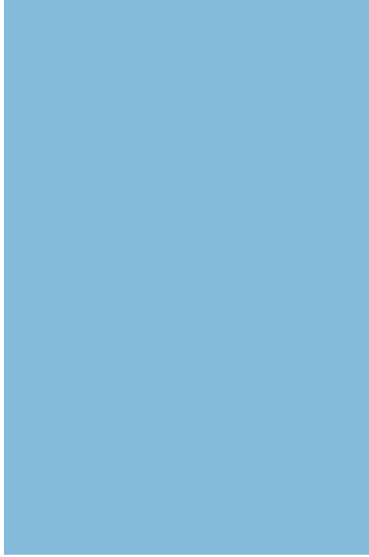




# SUSTAINABLE DEVELOPMENT

Our continued  
sustainability  
depends on our  
engagement with  
stakeholders



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## Sustainable Development

### Scope of this Report

Gold Fields is the world's fourth largest producer of gold. It is listed on the JSE Securities Exchange, the NYSE, Euro next Paris and Brussels. The Sustainable Development (SD) section of the report covers the activities of our subsidiaries as well as parts of our exploration work for the year ending 30 June 2006. While mention is made of the activities at the newly acquired Choco10 operations in Venezuela and the recently approved Cerro Corona Project in Peru, neither has yet been included in the data series or incident reporting statistics presented in this report. We are planning to integrate the reporting of both sites into next year's SD reporting.

### Global Reporting Initiative (GRI)

In 2003, Gold Fields adopted the GRI 2002 guidelines as a basis for the compilation of its SD reporting and has used them in subsequent reports, the last being for the year ended 30 June 2005. Readers may wish to refer to previous annual reports for comparative purposes.

In addition to the GRI indicators, Gold Fields applies the principles of accuracy, relevance, materiality, transparency, completeness, clarity, timeliness and accountability. The SD agenda remains a complex and dynamic one with a wide variety of often inter-linked topics. Conveying this information in a way that makes it accessible to less technical readers is a challenge we continue to work on. As our operations expand, we aim for consistency in the parameters reported to ensure comparability. However, our systems are subject to review on a regular basis, and thus changes may occur in the definitions or data collection methodologies. Systems are reviewed and updated on a regular basis and any restatements are clearly indicated.

In 2006, we participated in the third round of the JSE's Socially Responsible Investment Index. Gold Fields is represented on the JSE's SRI advisory committee and we will continue to support the Index as a driver of sustainability reporting.

In line with our objective to establish a more integrated approach to sustainability, we have broadened the formal terms of reference of the board's Health, Safety and Environment committee to include Community.



## Stakeholder Engagement

Gold Fields' primary objective is to secure the best possible returns for its shareholders. Our broader stakeholder relationships with employees, business partners, suppliers, communities and governments of the areas in which we operate, are important in optimising shareholder returns into the future. Long-term expectations of our performance depend on our performance in the four cardinal areas of SD: economic, corporate governance, environmental and social. Beyond our formal stakeholder engagement at operational business unit level, this SD report is our principal means of providing information on our activities and targets in the various fields. It provides insights into how we have managed the many non-financial issues in our business during 2006, and presents case studies on the material issues of our performance in key areas.

We acknowledge that there are shortcomings in our reporting and recognise that improved formalisation and integration of stakeholder engagement is one such area for improvement. For this reason, the executive committee adopted the AA 1000 Stakeholder Engagement Standard and authorised the development and implementation of procedures and structures to meet this verifiable standard by which third parties may assess us. The purpose is to formalise the process of identifying

all stakeholders, their issues and our response to these, culminating in stakeholder engagement plans being in place for each operation by the end of F2007. A key issue in the achievement and maintenance of this standard will be the training of those engaging with stakeholders on behalf of the company.

Over time we have come to realise how integral relationships with our stakeholders and the track record of such relationships are to the management of our business risks and how much these relationships contribute to our ability to realise opportunities that allow us to contribute to SD. It was during the hostile Harmony bid that we again realised how critical the support from a key stakeholder group such as our employees is. Although their loyalty and moral support cannot be measured in financial terms, we are deeply aware of how important this was in fending off the hostile bid.

We have always stressed that SD must at all times be a co-operative effort if it is to succeed. For this reason, we seek to develop and invest in partnerships and engagement processes because stakeholder relationships are not about scoring points, but about fostering a sense of mutual respect built on a real understanding of all circumstances affecting all parties.

Table: Key stakeholder engagement/groups: How we listen, learn and engage

Stakeholder group	Method
Employees and their representatives	Trade union negotiations, shop-floor briefings, newsletters, internal publications, notice boards, health and safety meetings
Investors	Annual results presentations and investor road shows, investor site visits, targeted engagement initiated by either side, shareholder surveys, media interaction, annual and quarterly reports
Governments and regulatory agencies	Direct engagement on targeted issues, meetings with local, provincial and national authorities, partnerships on social priorities, lobbying via industry associations
Corporate Social Investment (CSI) recipients	Capacity building, surveys, project sustainability assessments
Non-Governmental Organisations (NGOs)	Engagement on specific issues, stakeholder surveys, involvement in partnerships
Contractors and suppliers	Commercial interviews, tender processes, open days, safety inductions, performance reviews
Industry bodies	Participation in Chamber of Mines' committees
Communities	Community forums, open days, consultation with community leaders on targeted issues, surveys, public participation meetings for EIAs
Tertiary institutions	Direct engagement on targeted issues
International organisations	Membership of UN Global Compact, World Gold Council

## Stakeholder Engagement in SA

During F2006, Kloof Mine discovered that a sixty-ton section of 5 shaft wall (barrel) had become unstable, potentially restricting shaft usage. 5 shaft is the principal pumping shaft at Kloof Mine, pumping approximately 30 megalitres per day. A loss of pumping capacity could have led to the flooding of large sections of other production levels. In response, the mine initiated an Environmental Impact Assessment (EIA) to assess the potential consequences of rerouting the water through 10 shaft. The EIA revealed this could affect the quality and quantity of water for downstream users and public meetings were held with all stakeholders, including one in Potchefstroom, 40 kilometres downstream. Regulatory approval for our EIA was forthcoming, but a group of Potchefstroom-based water-users who did not attend the initial meeting, approached Gold Fields separately to highlight their concerns at the potential impact on their livelihood. Although the initial engagement was confrontational, the group was shown the site and the planned action regarding the 10 shaft option was explained. Gold Fields and the concerned water-users eventually formed the Wonderfontein Action Group, which was mandated to investigate water quality and quantity issues in the Wonderfontein Spruit catchment area.

During F2006, a number of stakeholders from the Randfontein Environmental Action Group, concerned with gold mine dust emissions on non-Gold Fields mines on the West Rand also approached us for guidance on industry standards and approaches with respect to dust management. Recognising the need for NGO capacity, we maintained the engagement and have come to appreciate the need to monitor not merely for the regulated respiratory dust levels but also for inhaleable levels. Although no stakeholder has raised such concerns about our operations, we are adjusting our monitoring programmes to gather data on this issue.

In all of these instances mine staff have driven the engagement with direct support from executive level at corporate office. The experiences gained contributed to our decision to formally adopt AA 1000.

## Ghana

Successful development activities require interventions at sector and national levels. In Ghana, Gold Fields has been the primary sponsor of the establishment of the Ghana Chamber of Mines' Sustainable Development Forum which, through regular meetings, brings together industry members, government representatives, development organisations, donor

agencies, community leaders and other interested parties, seeking to encourage collaboration in the development of mining area communities and the resolution of challenging issues through broad consultation.

The Forum seeks to change the general belief that developmental challenges can be solely addressed by responsible mining companies, thereby reducing the need for other developmental role players to be active in these communities. What is frequently overlooked is that the generally high population growth and social dislocation in mining communities is often due to ongoing immigration into mining areas that creates larger pressures on the social service infrastructure. Furthermore, infrastructure development tends not to receive the share of public sector investment that is proportional to the region's contribution to state coffers. In addition, development is generally not a core competency of mining companies. In order to implement best practice and deploy their resources most effectively, mining companies require partnerships with government and the donor community to bring a broader range of resources – mining, state and donor – to bear on the development challenges of mining communities.

## Australia

During the course of F2006, Gold Fields conducted the first Social Impact Assessment of the St Ives operation. This resulted from an article in the local newspaper which suggested the imminent closure of St Ives based on a misinterpretation of mine resources that suggested a two-year life-of-mine. The experience showed that our communications required greater formalisation and additional research into the concerns of our various stakeholder groups. The development of the Cave Rocks Project, which will bring mining operations much closer to Kambalda residential areas than before, will also generate more active interest in our work than to date.

As with our Ghanaian experience, we were inclined to allow ourselves to be driven largely by stakeholder agitation and interest rather than by proactive engagement. As a result, a Community Endeavour Team (CET) was established at St Ives to place new emphasis on Gold Fields' community investment activities. The positive results achieved could result in additional personnel being considered for the stakeholder engagement function. Feedback from our own employees indicates that despite high staff turnover, they wish to play their role in addressing community concerns.



## Exploration and Developing Projects

Our exploration staff constitute Gold Fields ambassadors. Their conduct will significantly shape a community's initial perceptions of the company. As a result our exploration teams, whether contractor, subcontractor or staff receive training about the standards required by the company for, *inter alia*, environmental, safety and community engagement issues. While we have made great improvements we recognise there is still much to do in terms of training and support to heighten the awareness of good community relations with the variety of staff working at our exploration sites. Efforts are underway to include our exploration sites in our ISO certification and we will report further on this in F2007.

Project staff at our Essakane (Burkina Faso) Project have applied lessons learnt from the stakeholder engagement and community development at our Ghanaian operations to the management of community expectations even prior to the project moving to pre-feasibility study level. As this project potentially will impact on communities in the form of land use, water consumption and resettlement, we will seek to apply our experiences in Ghana as the project proceeds through the various phases. We have not yet been able to replicate the Essakane approach at all our other exploration sites and projects but recognise that, irrespective of whether our exploration sites yield positive results or not, we need to engage with the local stakeholders to provide them with an understanding of the extent and potential impacts of a mining operation. In this way, even if prospects are not taken to the mine level, the communities will be left with a more positive view of Gold Fields and our industry. If we achieve this, accessing future prospects will become easier.

This year, we began construction of the Cerro Corona Project in the Cajamarca Department of Peru. We realised from the beginning that this area, with its history of poor mining/community relations, would require a long-term investment in community relationship building for the project to be accepted. During the early stages, regional tension related to other mining operations caused a six-month delay in the project schedule. However, Gold Fields project staff, assisted by external specialists, maintained extensive interaction with a wide range of community members, groups and regional stakeholders. At the heart of the engagement process was our ability to demonstrate to the community, through our on-site conduct as well as our open communication concerning all aspects of the project and that, on balance, the community would derive sustainable benefit from the mine with only temporary impacts on their

quality of life and environment. The critical meeting, which was held at the end of F2005, was attended by over 2,500 stakeholders who demonstrated support for Gold Fields as project proponent, and we successfully received approval of our EIA in December 2005.

A long-term co-operative community development agreement which focuses on health, education and water supplies was reached with the regulators in the provincial capital of Hualgayoc in April. Also in concert with the Ministry of Mines and Energy, Gold Fields led the effort to complete the design and begin construction of a water treatment plant to alleviate some of the water contamination from historic mine waste outside our property boundaries.

## Stakeholder Participation

We encourage all Gold Fields' stakeholders to avail themselves of the opportunities offered by our response to the challenges of SD as Gold Fields' support for local community development, education and ABET initiatives, its growing procurement of goods and services from historically disadvantaged South African vendors and local companies, and Gold Fields' active participation in gold beneficiation initiatives. We realise that each region presents different challenges that will shape stakeholder needs. Such stakeholder responses will assist us at arriving at legitimate, sustainable approaches towards sustainable development that will ultimately lead to communities enriched by, but not dependent on mining.

For further information, please email us or complete the fax reply form at the back of this Report. The Goldfields website is: [www.goldfields.co.za](http://www.goldfields.co.za)

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## Mining Charter Table

In South Africa, the Broad-based Socio-economic Empowerment Charter for the Mining Industry (the Mining Charter), as contemplated in Section 100 of the MPRDA, was formally published under Government Notice 1639 on 13 August 2004 in Government Gazette 26661. Gold Fields' response to the Mining Charter is summarised in the attached table in this report.

### Human Resources Development

Targets for F2006	Achieved in F2006	Targets for F2009
	<b>Has every employee been offered the opportunity to be functionally literate and numerate by 2005 and are employees being trained?</b>	
5,911 employees targeted for Adult Basic Education and Training (ABET) in F2006.	3,635 employees have attended ABET since 2000. 1,480 employees currently registered and attending ABET in F2006 at a cost of R2 million.	5,911 learners targeted for ABET per annum. This will bring the percentage of the workforce that is functionally literate and numerate to 73 per cent.
	15,873 or 39 per cent of employees estimated to be functionally literate and numerate.	To achieve at least a 70 per cent literacy rate of the total workforce by end 2009.
	<b>Have career paths and skills development plans been implemented for HDSA employees ?</b>	
Workplace skills plans covering all HDSA employees submitted individually by operations to Mining Qualifications Authority (MQA).	A workplace skills plan and annual training report were submitted to the MQA by each operation individually. Both Gold Fields Business Leadership Academy and the operations have programme accreditation and approval with a variety of SETAs, in the education, training, development and construction sectors.	To continue to provide a workplace skills plan and annual training report covering all HDSA employees as approval required by the MQA and ISO 9001: 2000 as well as alignment to any new legislative requirements as they come into force. Extending programme approval with various SETAs as required.
Budgeted expenditure on skills development, bursaries, learnerships and scholarships R18,3 million.	225 bursaries and scholarships provided at a cost of R9 million. 220 Learnerships provided at a cost of R9,3 million.	Will continue to provide bursaries, learnerships and scholarships at current budget levels in real terms.
Budgeted amount for expenditure on skills development and training for F2006, R127 million.	Expenditure on skills development and training for F2006, amounting to R122,7 million or 4 per cent of SA payroll.	Budgeted amounts for expenditure on skills development and training will be maintained at current levels.
	<b>Has the company developed systems to mentor empowerment groups?</b>	
Mentorship, coaching and empowerment programmes in place.	Mentorship, coaching and empowerment programmes in place with 99 mentors and protégés trained and matched.	All employees on succession plan and HDSA talent pools to be mentored.
Succession plans and individual development plans available for all HDSA employees identified in talent pools. Talent pools to be expanded through skills and EE audits.	Succession plans and individual development plans available for all HDSA employees identified in talent pools. Development of Group database for showing talent pool development and tracking lost-talent has begun.	Succession plans and individual development plans available for all HDSA employees identified in talent pools as per workplace skills plan for 2005 – 2009.

### Employment Equity

Targets for F2006	Achieved in F2006	Targets for F2009
	<b>Has the employment equity plan been published and has annual progress in meeting this plan been reported?</b>	
The 2006 employment equity plan is to be submitted to the Department of Labour. The Transformation Steering Committee will monitor its implementation across all South African operations.	Yes, Gold Fields has submitted its employment equity plan annually to the Department of Labour since 2003. This report contains annual updates on progress in terms of employment equity and workforce diversity.	The employment equity plan will continue to be revised and updated to ensure that it is in line with existing legislation.
	To accelerate and oversee employment equity, transformation committees have been set up at all RSA operations and report to a Corporate Transformation Steering Committee. These committees were established in consultation with employee representatives and are responsible for guiding employment equity progress.	The employment equity plan will continue to be revised and updated to ensure that it is in line with existing legislation. The transformation committees at operational and corporate level will continue to guide the implementation of employment equity.
	<b>Has a plan been established to achieve HDSA participation in management of 40 per cent within five years and is the plan being implemented?</b>	
A plan to increase HDSA participation in management is in place and its implementation is overseen by the Transformation Steering Committee.	Total HDSAs in management 26 per cent (excluding white females 18 per cent).	A strategy is in place to achieve 40 per cent HDSA participation in management by 2009.
	<b>Has the company identified a pool of talent and is this being fast-tracked?</b>	
Talent pool identification and fast-tracking programmes in place.	Talent pool identification and fast-tracking programmes in place. Significant HDSA representation in the C-band augurs well for the progressing of such talent.	Talent pool identification and fast-tracking programmes have supported meeting Labour Plan to next level targets.
	<b>Has a plan been devised to achieve participation by women of 10 per cent by 2009 and is this plan being implemented?</b>	
A strategy is in place to achieve this target by 2009.	Continue to aspire to 10 per cent women in the SA Operations. Current workforce 3.81 per cent female (F2005: 3 per cent). Women constitute 6.1 per cent of management.	A strategy is in place to achieve this target by 2009.



## Migrant and Foreign Labour

Targets for F2006	Achieved in F2006	Targets for F2009
	<b>Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?</b>	
Group policy remains not to discriminate against foreign/migrant labour but to recruit locally where possible.	Yes, the company subscribes to these agreements as well as to ILO Conventions which accord foreign and migrant workers equality before the law. Gold Fields policy is to reduce the number of migrant workers over time by focusing on local recruitment and the conversion of single-sex hostels to family units. Our policy is also to limit further recruitment from countries other than South Africa to cases of replacement labour in cases of workplace fatalities. However, due to the scarcity of experienced rock drill operators we waive this policy for this category of workers.	Increase proportion of local labour making up workforce.

## Mine Community and Development

	<b>Has the company co-operated in the formulation of integrated development plans (IDP) and is it co-operating with government in implementing these plans in communities where mining takes place and in labour-sending areas?</b>	
Gold Fields Foundation budgeted as per established formula for allocation to four key categories: Education, Community Development, Environment, and Health.	Gold Fields CSI initiatives focus on education, community development, health, environment and target both mining communities and labour-sending areas. Gold Fields CSI spend for F2006 was R17.7 million. As Gold Fields is only a single donor these initiatives and projects are developed through multi-stakeholder consultation and are aligned with the integrated development plans (IDP) of the concerned communities.	Maintain Gold Fields Foundation funding according to existing production-based formula of 0.5 per cent of pre-tax profits and R3.00 for every ounce of gold produced in South Africa. Maintain capacity to develop projects through multi-stakeholder consultation and align them with the integrated development plans (IDP) of the concerned communities.
	<b>Has the company engaged with local mining communities and those in labour-sending areas?</b>	
<p>Ongoing engagement with public and private sector stakeholders for both its mine host communities and labour source communities.</p> <p>Budget of R4 million during F2006 for our ongoing partnership with TEBA Development, to further improve the quality of life of communities in our key historical labour-sending areas, Lesotho, Mozambique and the Eastern Cape.</p>	<p>Gold Fields operations maintain ongoing engagement with public and private sector stakeholders for both its mine host communities and labour source communities. Close co-operation is maintained with relevant authorities over CSI initiatives in implementing development plans in both communities.</p> <p>Gold Fields committed R4 million to our partnership with TEBA Development during F 2006. Beneficiaries over the past two years include 2,228 livestock farmers in Lesotho and 11,000 in the Eastern Cape.</p>	<p>Gold Fields will maintain ongoing engagement with public and private sector stakeholders for both its mine host communities and labour source communities. This engagement will be in accordance with the AA 1000 standard.</p> <p>The contributions of the Gold Fields Foundation to the mine host communities and labour source communities will be maintained according to the formula. But actual project funding will depend on project sustainability.</p>

### Housing and Living Conditions

Targets for F2006	Achieved in F2006	Targets for F2009
	<b>For company provided housing, has the mine in consultation with stakeholders established measures for improving housing, including the upgrading of hostels, conversions of hostels to family units and promotion of home ownership options among employees?</b>	
Continue to provide a broader spectrum of accommodation options to a growing percentage of the workforce.	A de-densification strategy is in place which encompasses the provision of residential units, home ownership options, hostel room upgrades and conversions as well as the option of a living out allowance.	50 per cent of the workforce should have a choice with regards to accommodation options; 100 per cent by 2013.
The hostel room density is to be reduced through hostel upgrades and the expansion of a broader range of accommodation options to staff.	During F2006, R18.5 million was spent on hostel upgrades and conversions. Currently, seven hostels are in use accommodating about 28 000 staff. There has been a decline in room density as a result of two and four room options coming available due to conversions.	Hostel room density will be reduced to below two per room through hostel upgrades and the expansion of a broader range of accommodation options to staff.
Delivery of residential units under phase 1 of Blybank housing initiative.	As part of phase 1 of the Blybank initiative, 576 residential units were made available to staff; 300 of which are already occupied.	.
	<b>Have measures been established to improve the nutrition of mine employees? What has been done to improve nutrition? Show plan to progress this over time and demonstrate that plan is being implemented.</b>	
Appointment of a full-time dietician to monitor meeting of nutritional standards.	During F2006, menu engineering was completely revised and aligned with government nutritional information requirements. Using tasting communities and the input of a full-time dietician, the menu was revised to achieve a better balance between proteins, carbohydrates and vitamins. Menu development was also formally linked to the employee wellness programme. Kitchen staff were trained to reduce wastage and to adjust their cooking to better preserve vitamins during the process of cooking large amounts of food for large numbers of people.	Ongoing monitoring reports from dietician to be submitted. Recommendations for improvement in nutrition and cooking staff training requirements considered on annual basis.
<b>Procurement</b>		
	<b>Have current levels of procurement from HDSA companies in terms of capital goods, consumables and services been identified?</b>	
Achieve a 35 per cent HDSA procurement spend.	Current HDSA spend at 35 per cent (R875 million) up from 25 per cent of total in F2005 and 9.7 per cent in F2003.	Achieve a more than 40 per cent HDSA procurement spend by 2009.
Utilisation of third party screening and auditing functions to establish and maintain HDSA credentials of accredited suppliers.	Gold Fields has introduced a system of identifying, rating and accrediting suppliers according to Mining Charter requirements. It makes use of SA Mining Preferential Procurement Forum (SAMPPF) for this purpose. It also uses comprehensive supplier questionnaires, third party audits and Gold Fields Security investigations to prevent "fronting".	Continued use of various initiatives such as South African Mining Preferential Procurement Forum (SAMPPF) to access registered HDSA and SME vendors to increase HDSA procurement spend. Utilisation of third party screening and auditing functions to establish and maintain HDSA credentials of accredited suppliers.

**Procurement** (continued)

<b>Targets for F2006</b>	<b>Achieved in F2006</b>	<b>Targets for F2009</b>
	<b>Has commitment been made to a progression of procurement from HDSA companies over a three-five year timeframe in terms of capital goods, consumables and services, and to what extent has this been implemented?</b>	
Achieve a 35 per cent HDSA procurement spend (excluding services), up from 10 per cent in 2003. An HDSA supplier screening and accreditation system to remain in place.	The BEE Procurement Policy was conceived in 2003 when HDSA procurement stood at 10 per cent. By F2006, it had grown to 35 per cent. An HDSA supplier screening and accreditation system is in place.	Achieve a more than 40 per cent HDSA procurement spend by 2009. HDSA supplier screening and accreditation system to remain in place.

**Ownership and Joint Ventures**

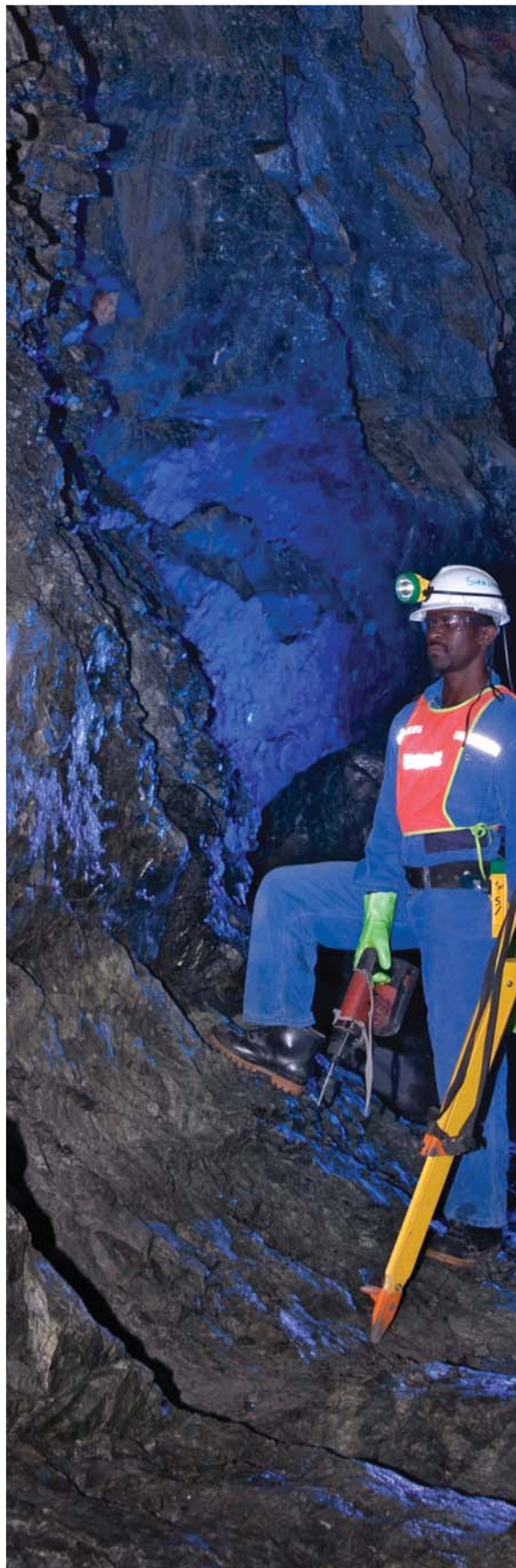
	<b>What is being done to ensure the company achieves 15 per cent HDSA participation in terms of ownership of equity or attributable units of production by 2009 and 26 per cent by 2014?</b>	
	Gold Fields complied with the 2005 target by completing a transaction with Mvelaphanda Resources Limited, effective 1 May 2004 in terms of which Mvela Resources, through its wholly-owned subsidiary, Mvela Gold will acquire a 15 per cent interest in Gold Fields' South African gold mining assets within five years for a cash consideration of R4.1 billion.	

**Beneficiation**

	<b>Has the current level of beneficiation been identified?</b>	
	Gold is supplied/exported largely in the form of bars to jewellers, banks and manufacturers. Gold Fields, together with Anglo Gold Ashanti, SAAB and Standard Bank operates a gold advance scheme in order to facilitate the provision of secure and cost effective advances of gold to the South African jewellery manufacturing industry.	
	<b>Has the baseline level of beneficiation been identified and has the company noted the extent by which this will have to increase to qualify for an offset?</b>	
	Gold Fields, together with Anglo Gold Ashanti, SAAB and Standard Bank operates a gold advance scheme to facilitate the provision of advances of gold to the South African jewellery manufacturing industry. This involves facilitating advances of gold by advancing collateral support in the form of guarantees. A Beneficiation Act has not yet been promulgated. Gold Fields continues to engage the DME to determine the criteria to qualify for an offset.	Growth in this sector can only be achieved through additional development of the South African jewellery design and manufacturing industry and the development of additional industrial applications for gold.

**Reporting**

	<b>Does the company report annually on progress made in meeting its commitments?</b>	
To report as part of its annual report on progress made in terms of the guidelines set out by the Mining Charter Scorecard and to continue using the Global Reporting Initiative guidelines in the compilation of our report.	Yes, since reporting on it in detail for the first time in 2003, Gold Fields has reported annually as part of its annual report on progress made in terms of the guidelines set out by the Mining Charter Scorecard.	To report as part of its annual report on progress made in terms of the guidelines set out by the Mining Charter Scorecard and to continue using the Global Reporting Initiative guidelines in the compilation of our report.



## Occupational Health and Safety

It is Gold Fields' vision that no employee will leave the company having acquired an occupational injury or disease without follow-up treatment. The Group strategy for achieving this vision lies in co-operation between the disciplines of Occupational Safety, Occupational Hygiene and Occupational Medicine.

### Health and Safety Management Systems

The Full Compliance Health and Safety Management system at Gold Fields' South African operations is guided by the principles of OSHAS 18001. Regular internal audits are conducted at all Group operations to consider the day-to-day effectiveness of health and safety management systems.

During F2006, Tarkwa achieved OSHAS 18001 compliance and Damang was recommended for ISO 18001: 1999 by our auditors BVQI. The Australian operations' health and safety management systems are certified to Australian Standards (AS/NZ 4801: 2001). Agnew continues to achieve re-certification on the completion of scheduled surveillance audits, of which two were undertaken by independent auditors from BVQI in F2006.

### Group Safety Performance

Our safety target remains a zero rate for fatalities and injuries. Agnew is striving to create a workplace culture of "Zero Injury" through, for example, its "Take time, Take Charge" safety campaign, in conjunction with its risk management tool booklet. Over 90 per cent of the workforce have participated in the company zero injury workshops and the mine has introduced a new industry safety lagging indicator, the "All Injury Frequency Rate". All Australian operations have been fatality-free since acquisition. At the end of F2006, Agnew was lost day injury free for 500 days, and received the 2005 "Highly Commended Award for Excellence in Mine Occupational Health and Safety" from the Australian Mining Prospect Magazine.

Similar safety awareness campaigns are employed in Ghana with "Ahwe Yie", and in South African operations where "Khuseleka" at Beatrix, "Dumela" at Driefontein and "Eyethu" at Kloof were launched. Kloof division achieved a million fatal injury free shifts and Kloof 7 shaft achieved a million fatal injury free shifts.

We realise that amid productivity drives and other workplace initiatives, it is often difficult for individuals to maintain a consistent state of safety vigilance. Nevertheless, we know that by constantly innovating, the proper enabling environment and management leadership by example, human nature can be influenced to the stage where behavioural changes are achieved to a level where the likelihood of accidents and incidents is reduced. We continue to explore, in conjunction with unions, ways in which this can be achieved.

Notice boards and safety briefings are only part of the solution. To be effective, they must be complemented by new and innovative safety campaigns that attract employee attention and buy-in. A key technique is to personalise the experience and, to

this end, our Australian operations used Bill Beeson, a former driller who lost an arm in a drilling accident in 1995 and now works as a safety consultant to the Australian mining industry. His presentation focuses particularly on the impact the accident had on his family. He had to abandon his career, suffered severe financial pressure and saw the end of his marriage. It is because of the high personal costs of accidents that exposure of their traumatic personal consequences is justified to promote workplace safety.

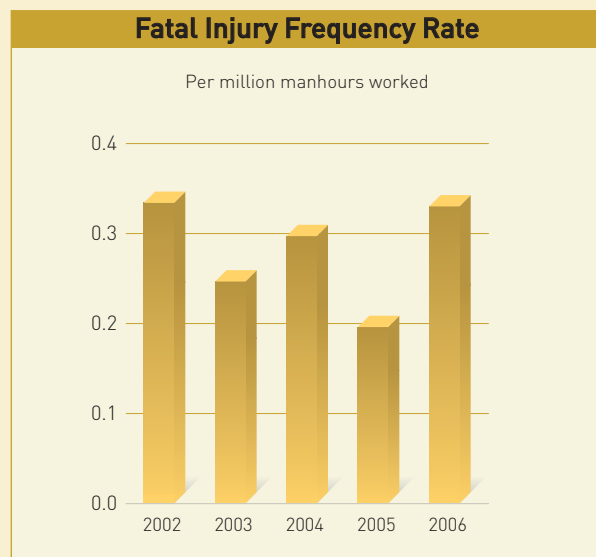
### Fatal Injury Frequency Rate (FIFR)

During F2006, 39 employees (F2005: 26 employees) tragically lost their lives in mining-related accidents. This constitutes a fatal injury frequency rate of 0.29 per million hours worked (up from 0.18 in F2005 which was the lowest record by the Group). During F2006, one employee lost his life in a conveyor accident at Tarkwa, the other accidents occurred at the Group's South African operations. The operations in Australia and at Damang and Choco 10, have maintained their record of zero fatal accidents since being acquired by Gold Fields.

Falls of ground constitute 66 per cent of the fatal injuries with 49 per cent being gravity related and the other 17 per cent due to seismic-induced falls of ground. Despite these setbacks, we continue efforts to improve our systems and identify the underlying causes to implement remedial actions. The board and management are intensely aware of the need to improve safety performance, particularly to eliminate fatal accidents and substantially reduce lost time accident rates.

### Days Lost Frequency Rate (DLFR)

The number of days lost resulting from accidents in the Group was reduced by 6 per cent from 382 to 360 per million hours worked. This improvement was achieved by all operations and can be attributed to the intensive treatment and rehabilitation that ensures individuals return to work after an injury and are physically fit to continue their normal work.



### Lost Day Injury Frequency Rate (LDIFR)

The LDIFR for the Group improved from 13 to 12 per million hours worked. Damang completed F2006 without a single lost day injury. Significant improvements were recorded at Beatrix and Driefontein mines.

### Occupational Hygiene

The Group reviewed existing codes of practice in response to new industry commitments for the management and reduction of the effects of thermal stress, noise and airborne pollutants.

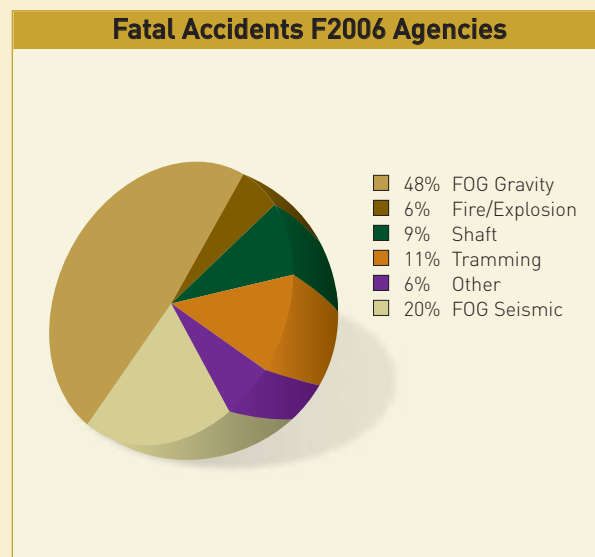
Two employees from the Ghanaian operations completed their initial occupational hygiene training. The measurement of airborne pollutants was started at the Tarkwa and Damang mines and they received instrumentation to commence heat stress monitoring and noise dosimetry.

In Australia, the focus for health and hygiene is to continue following the employment of full-time site hygiene advisors. Both St Ives and Agnew have introduced healthy lifestyle programmes to supplement the Group code. This entails a best practice fitness for work, alcohol and other drug screening programme for employees, along with a number of other healthy lifestyle initiatives designed to address the health related issues associated with their fly-in, fly-out workforce.

### Noise

Gold Fields' South African operations are committed to meeting the industry targets for the elimination of Noise Induced Hearing Loss (NIHL) which require that:

- After December 2008, the hearing conservation programmes implemented by industry must ensure that there is no deterioration in hearing greater than 10 per cent amongst occupationally exposed individuals.





- By December 2013, the total noise emitted individually and collectively by equipment installed in any workplace must not exceed a sound pressure level of 110dB(A) at any location in that workplace. (The exposure limit stated in the MHSa is no more than 85dB over an eight-hour period.)

A plan to assist South African operations to meet this target by identifying all noise sources, and the actions required to silence them; or implementing administrative and personal protection strategies, was initiated and a code of practice on noise was introduced.

Hearing conservation programmes have also been implemented at all other operations and are monitored on a quarterly basis. The identification of noise sources and the demarcation of noise zones are ongoing.

### Airborne Pollutants

Gold Fields' South African operations are committed to meeting the industry objective for the targeted elimination of silicosis:

- By December 2008, 95 per cent of all exposure measurement results will be below the occupational exposure limit for respirable crystalline silica of 0.1 mg/m<sup>3</sup> (individual readings and not averaged results).
- After December 2013, using present diagnostic techniques, no new cases of silicosis will occur among previously unexposed individuals (ie individuals unexposed to silica dust prior to 2008).

In our South African operations, silica dust is one of the main airborne pollutants to which employees are potentially exposed. However, the average dosage rate for the company is 35 per cent of the threshold set by the Department of Minerals and Energy. The frequency of monitoring dust concentrations is in accordance with the risk associated with the respective workplaces and work categories.

In Australia, the operations continue to meet and exceed the requirements of the Statutory Occupational Ventilation Contaminants Sampling Programme as prescribed by the Department of Consumer and Employee Protection.

### Thermal Stress

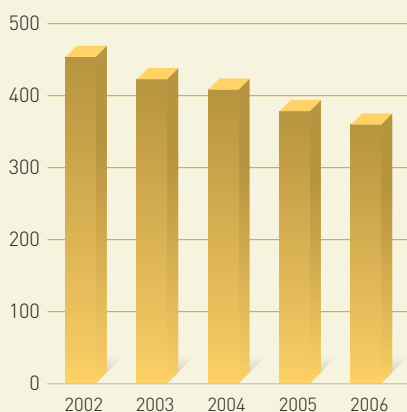
In the F2005 report, we reported on the progress made in terms of Project 28.5°C which originated from a 2001 Group decision to improve the underground working environment from a heat stress perspective. This applies to the South African operations where mining takes place at a mean rock-breaking depth of 2091 metres, with an average virgin rock temperature of 41.6°C. These high temperatures are countered through the increased use of refrigeration and the implementation of effective cooling and ventilation systems. Bulk air, spot coolers and chilled service water are used to reduce the ambient temperature.

Across the South African operations, a total of 845 stope panels and 361 development ends were ventilated (in 2005, 825 and 305 were ventilated, respectively). Of the total temperature readings in the stopes, 0.65 per cent were above the upper limit of 32.5°C. The average wet bulb temperature for the Group is currently 28.4°C in stopes and 27.8°C in development ends, which is within the target of 28.5°C.

During the year under review, additional bulk air coolers were constructed in zone 5 at Beatrix 4 shaft, which will further reduce temperatures. At Driefontein 4 shaft the purchasing of new cooling cars is in progress, which will reduce the temperatures at this shaft. The cooling strategy at Driefontein 1 shaft is under review but can only be implemented once the water feed columns are installed in the shaft. Adverse thermal conditions at Kloof 7 shaft necessitated the review of cooling and refrigeration practices, and the installation of a dedicated booster fan and a surface ammonia plant during F2007 was recommended.

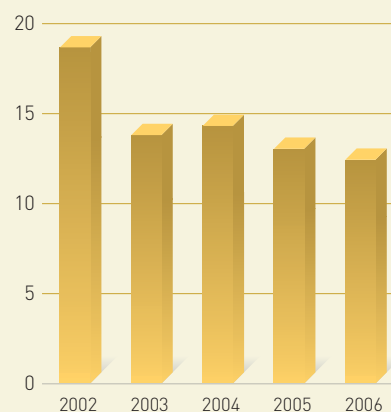
#### Days Lost Frequency Rate

Per million manhours worked



#### Lost Day Injury Frequency Rate

Per million manhours worked





## Occupational Medicine

The Hazard Identification and Risk Assessment process drives Gold Fields' occupational medicine discipline. It focuses on early detection, fitness for work assessments, rapid feedback of adverse surveillance results and fitness outcomes, so that informed, collaborative solutions can be sought.

Across the Group's operations, routine medical surveillance is employed in compliance with region-specific legislation to screen for and manage occupational disease. In South Africa, where there is a large workforce, surveillance is conducted at a dedicated Occupational Health Centre on each mine. The Occupational Medicine Department collaborates widely on occupational health research in order to improve disease management and to share that knowledge with the industry. Current research topics include Silicosis Biomarkers; TB prevention; Best Practice Dust Controls; Noise Induced Hearing Loss (NIHL) in underground miners; and smoking in healthcare workers. In addition, Fitness for Work assessments are used to improve the selection and placement of employees by matching the individual's fitness and physical work capacity to the inherent requirements of the job thereby significantly reducing the risk of workplace accidents. Furthermore, employees, who have sustained an injury, undergo vocational rehabilitation that similarly targets the individual's rehabilitation to meet the inherent requirements of his or her job, or alternatively allows an informed recommendation to be made on a more suitable job placement. These activities take place at dedicated Assessment and Rehabilitation Centres (ARCs).

In Ghana, the services of Crusader Health are contracted in to provide broad-based medical surveillance. (Crusader Health was established by a medical doctor who previously had been employed by Gold Fields and been schooled in the rigorous requirements of South African Mine Health and Safety legislation). Medical surveillance in Australia is undertaken five-yearly by the statutory Western Australian government surveillance programme. In striving for a robust culture of preventative action and health promotion, the two operations have also employed a full-time Occupational Health and Lifestyle Nurse who does additional annual health screening.

## Emergency Preparedness and Response

Underground fire protection continues to be of vital importance in the South African mines and since F2000, the South African operations continue to identify and inertise all hazards in the intake airways. All materials such as conveyor belts, electrical cables and plastic pipes, which are used underground are selected for their fire-retarding properties to ensure safety of employees is not compromised. A total of 22 fire incidents was reported in F2006, nine of which were classified as major incidents necessitating the implementation of pre-planned emergency procedures.

There are some 729 equipped underground refuge chambers in the Group. In addition, all underground workers in South African

operations are equipped with self-contained self-rescuers and key personnel carry portable gas monitors. Practice escape drills are conducted on a regular basis during simulated conditions and the success of these is illustrated by the 275 employees who successfully escaped to refuge chambers during actual fire emergencies without any casualties or serious injury. 69 self-contained self-rescuers were successfully used during these incidents.

## Employee Health and Wellbeing

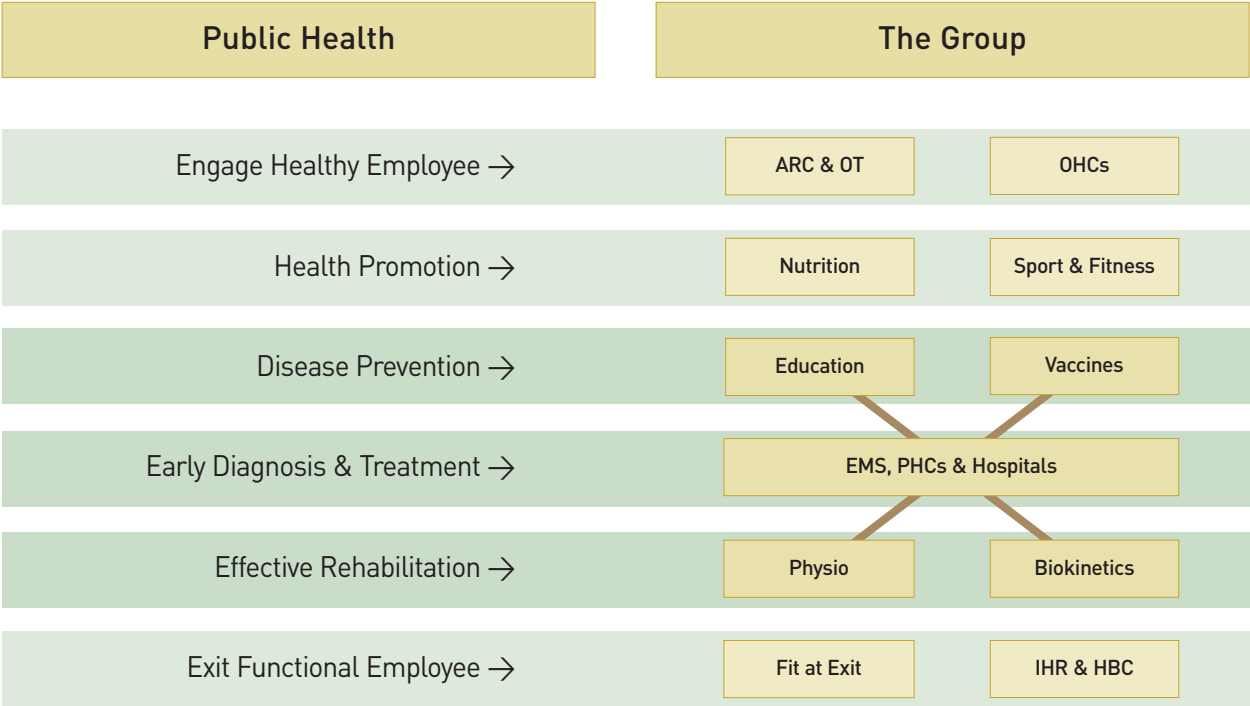
Occupational Health is a statutory requirement to ensure that an employee is fit enough to do the job that he has applied for, or is currently doing (through pre-employment and annual medical fitness examinations), and to assess whether the workplace environment is making that employee ill (occupationally-acquired diseases). However, general employee health problems, ie those that are acquired outside of the working environment due to domestic lifestyle, genetic make-up, and other environmental factors, impair employees' well-being on a far greater scale. While it is never legislated that an employer should directly provide healthcare services and related support to their employees for such problems, the prudent employer nevertheless appreciates the productivity benefits of ensuring that his employees are in an optimal health condition. Gold Fields has built up substantial healthcare services over the years, a base from which the company continually seeks to develop and improve the programmes that promote employee health and wellbeing.

## Gold Fields Health Services (GFHS) in South Africa: a successful Staff Model Health Maintenance Organisation (HMO)

The mission of GFHS is to promote and maintain the health of employees, thereby aligning itself to the core business of Gold Fields by ensuring sustained productivity. GFHS implements its mission according to a staff model HMO, which remains the most cost-effective service delivery model in the healthcare arena, whilst ensuring optimal patient care. Well-researched public health principles were applied to re-evaluate the service provided by GFHS, which supplements other services in the Group such as those provided in the Assessment and Rehabilitation Centres (ARCs) and the Occupational Health Centres (OHCs). The exercise served to re-affirm the value of established facilities and to identify gaps in the delivery chain.

Therefore, whilst GFHS has not lost sight of its historic strength in curative and rehabilitative healthcare (principles 4 and 5), it is focusing increasingly on the development of upstream preventive measures that seek to keep employees fit, well-nourished and educated on matters pertaining to personal health and lifestyle choices, both for themselves and for their families (principles 2 and 3).

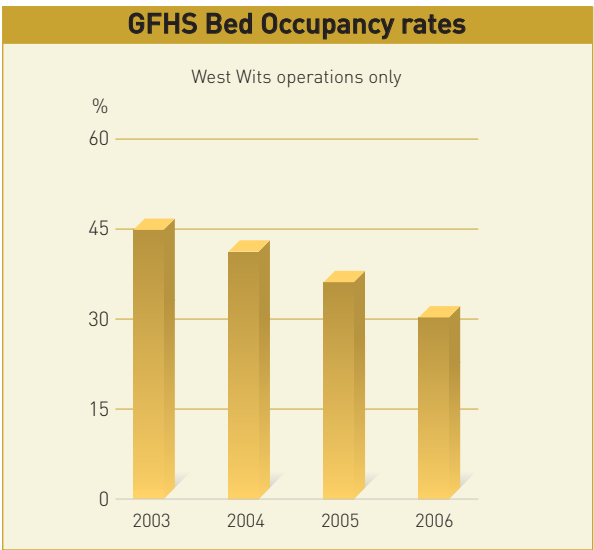
The effectiveness of GFHS can be expressed in the scope of the service provided and the efficacy with which patient treatment programmes are managed.



GFHS employs 824 staff, of which 24 are doctors and 136 are professional nurses. It has eight primary health centres and two hospitals, with a total of 564 patient beds at an average occupancy of 39 per cent in F2006 (see graph for more information).

GFHS recorded 329,400 out-patient and clinic visits in F2006, 31,600 admissions to hospital and 4,850 theatre cases. The average hospital stay per admission was 8.5 days per patient.

It is interesting to note that bed occupancy rates are diminishing at the Leslie Williams Hospital complex in Carletonville. Whilst decreasing mine employment is a factor, it can hardly explain the rapidity of the rate decline. Dr Rolf Verster, head of GFHS, is of the opinion that a co-factor is the roll-out of anti-retroviral therapy (ART), which reduces the burden of Aids-related illness and hospitalisation.



## CASE STUDY

### The Gold Fields Nursing College

"We're 60 years old!" Mrs Erika Kotze, the Principal of Gold Fields Nursing College, explains that the college began as a training centre for medical orderlies after the war in 1946. With premises at the Leslie Williams Hospital, and administered by the Gold Fields Academy, it now offers training for enrolled nurses (ENs), professional nurses (PNs), and bridging courses for ENs to upgrade to PN status. In addition, it provides training for community health workers (CHW) and conducts a variety of specialist nursing courses, being accredited with the South African Nursing Council to do so. Up to 120 students of its 350-student capacity are from disadvantaged communities and NGOs, and have their course fees sponsored by Gold Fields. Erika points out that apart from the contribution to South Africa's skills development agenda, the payback for the company is that it is assured of retaining nurses at a time when the country has a critical shortage of these skills.

In its Ghanaian operations, Gold Fields contracts Crusader Health to provide comprehensive healthcare to its employees, including expatriates, which Crusader does through a 24-hour clinic and emergency response service and its hospital in Tarkwa.

The public health service being as comprehensive as it is in Australia, where all employees are eligible for care, it is only necessary for Gold Fields to ensure that its operations have an efficient on-site emergency response service. The company emergency response team stabilises any employee that has been injured in the course of duty and then transfers him/her to the local public healthcare facility as pre-arranged.



"Up to 120 students of the 350-student capacity are from disadvantaged communities and NGO's"

## Regional Healthcare Challenges

In addition to working for the general wellbeing of the employee, Gold Fields Health Services are also called upon to mount an innovative response to specific health challenges that emerge from time to time, such as epidemics. Two such challenges Gold Fields has been managing with great efficiency and pragmatism for some time are typical of the regions in which the company operates: the twin scourge of HIV/Aids and TB in South African operations and Malaria, particularly in its Ghanaian operations. This is in addition to managing the impacts of recreational drugs at the workplace in Australia.

### Malaria Containment In Ghana

Malaria remains today's most common endemic disease and major contributor to mortality across West Africa and specifically in Ghana. In its engagement with the Ghanaian healthcare authorities, Gold Fields assessed the effectiveness of the government's previous policy of mass insecticide spraying for the suppression of the malaria-carrying mosquito. Despite the potential short and medium-term benefits of temporary mosquito reduction, Gold Fields chose not to pursue such an approach and shifted its efforts to primary preventative behaviour-based measures. These include the widespread use of mosquito nets, and selected, targeted spraying of bodies of water identified as mosquito breeding hotspots. In addition, the company has been actively educating its host communities and

workforce about the behavioural changes needed to minimise exposure to mosquitoes. Measures include regular radio talks, presentations in the consultative committees and at the clinics. A key focus of this ongoing educational campaign is the need for good housekeeping and waste disposal at the household and small business level, which will severely limit the mosquitoes' breeding opportunities.

While such behavioural changes are often slow to take effect, we are already detecting a small, gradual reduction in the incidence of the disease amongst our workforce and communities. Nevertheless, about 60 per cent of all cases seen in our clinics are still related to malaria. As laboratory tests are not always immediately conclusive and the long-term use of prophylactic medication generates too many side effects, our local medical staff, relying on a lifetime of experience in identifying the symptoms, have moved to symptomatic treatment of the disease. This approach avoids waiting for test results and entails treatment generally being administered at a much earlier stage of the disease, making treatment much more effective and less drug-intensive.

While we recognise this approach will only contain rather than eliminate malaria, we feel strongly that mass spraying would merely protect the mining communities until the closure of the site, by which time their natural immunity levels to the disease would have been reduced, leaving them far more susceptible to the impact of malaria than before the advent of mining.

## CASE STUDY

### Stakeholder Engagement

Gold Fields South Africa endeavours to involve a wide base of stakeholders in the company's HIV/Aids policy review, the programme development, and its implementation.

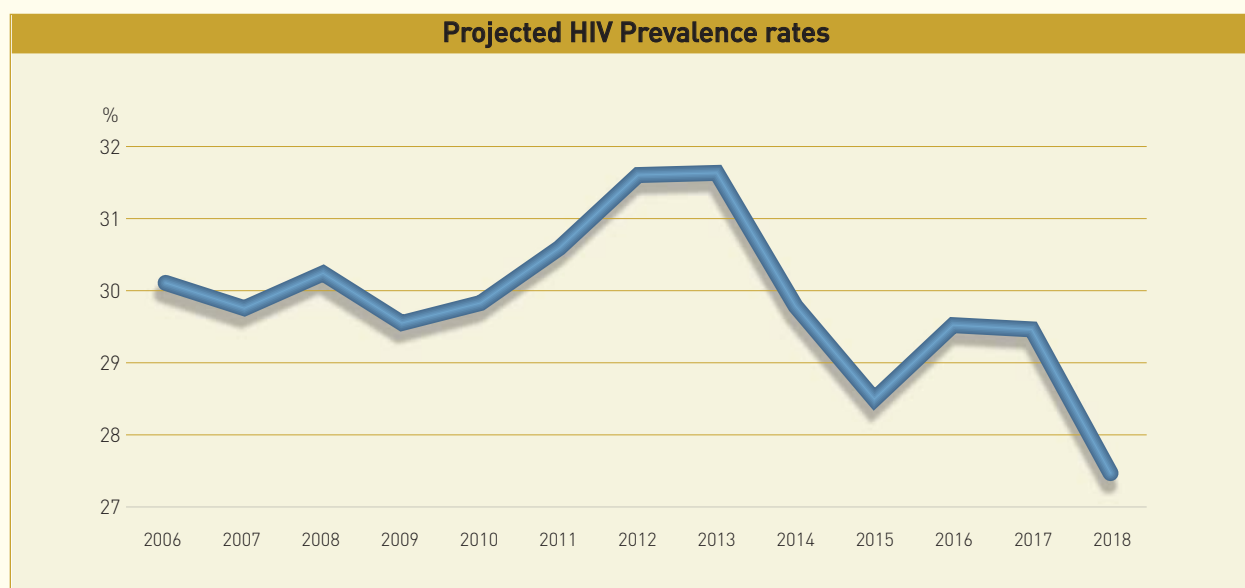
Since signing an HIV/Aids policy with the labour unions in 2001, Gold Fields has maintained a working group on HIV/Aids, STIs and TB (HAST), which meets quarterly as a sub-committee of the company's Labour Plenary. It is co-ordinated by the Group HIV/Aids Programme Manager and has representation from each of the three labour organisations, as well as from each of Gold Fields' three South African mining operations. The HAST working group assesses progress reports from the operations and seeks consensus on proposals for policy change and programme development.

Gold Fields also undertakes to finance NGOs and community-based organisations (CBOs) operating in the Aids arena, not only through corporate social spending, but more directly through using their services to provide Voluntary Counselling and Testing (VCT) care and support to employees, their dependents and to other community members. In Carletonville, the company collaborates with Mothusimpilo, a community outreach NGO, to provide VCT to women engaging in high-risk contractual sex and to refer the 65 per cent that test positive to local government and donor-sponsored ART programmes. Similarly, the company refers terminally ill employees to the Hlaluphilile home-based care programme, which is reimbursed by the company through a capitation fee.

## South Africa: HIV/Aids and TB

As has been reported annually since 2000, Gold Fields remains committed to managing HIV/Aids and TB. A detailed description of its comprehensive programme can be read on the website at the following link [www.goldfields.co.za](http://www.goldfields.co.za), or in past issues of the Gold Fields Limited Annual Report. The company's strategy continues to be one of prevention,

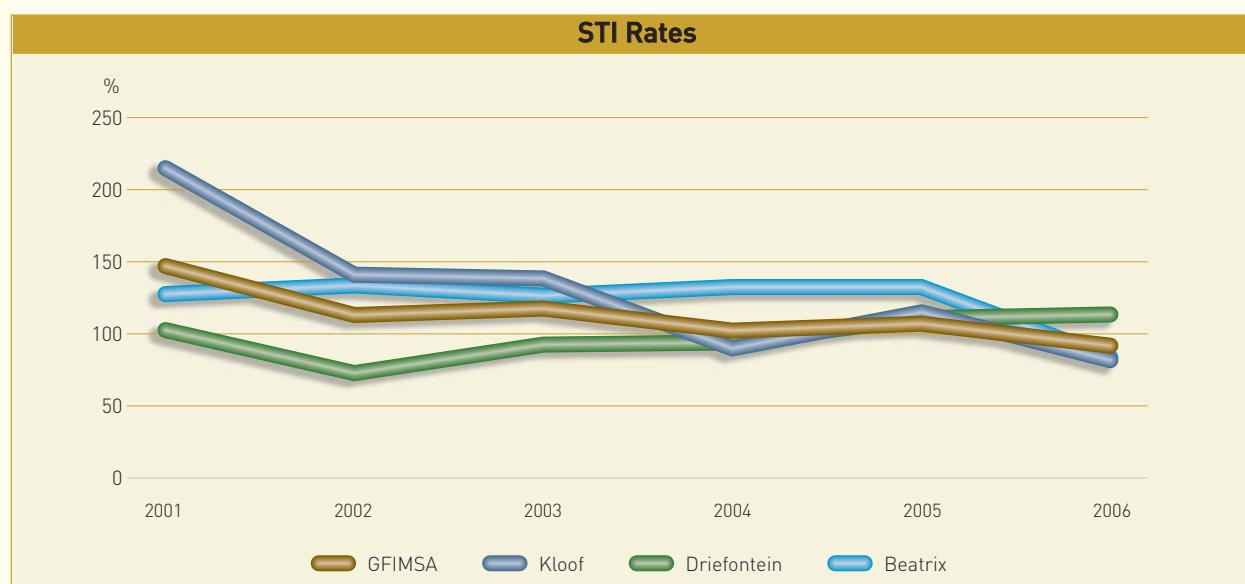
treatment, care and support. Ongoing engagement with stakeholders in the community and the trade unions ensures that these initiatives continue to have wide support. Key interventions are audited to monitor and evaluate their efficacy and an assessment of the economic impact of the disease on the company is updated annually.



## Prevention

The current HIV prevalence rate among employees of the Group's South African operations is estimated to be 30 per cent. Gold Fields offer HIV prevention education and training to all employees through the use of induction courses, training events and peer education; and provides free condoms in the

workplace and in mine accommodation. Evidence to suggest a consequent reduction in high-risk behaviour lies in the reduced incidence of sexually transmitted infections (STIs) treated at Gold Fields Health Services, from 147 cases 1,000 employees in F2001, to less than 100/1,000 in F2006.

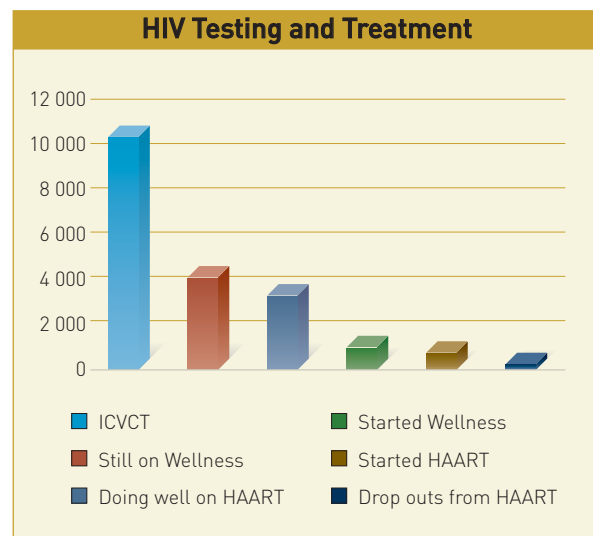


### Testing

VCT for HIV is offered at all GFHS facilities and since F2004, more than 20 per cent of employees underwent VCT. VCT firstly reinforces HIV prevention education and encourages those that test negative to protect themselves. Secondly, it alerts those who test positive to their status to enable them to seek life-prolonging interventions sooner rather than later. The Gold Fields VCT motto is "Protect your HIV-free status with your LIFE".

### Treatment

Gold Fields offers a range of proven treatment programmes for all employees infected with HIV. Those who meet the clinical criteria for treatment are offered ART. By the end of F2006, 1,091 employees had started ART since the inception of the programme in January 2004. Of these 830, or 76 per cent still remain on the programme.



## CASE STUDY:

### The Gold Fields ART programme

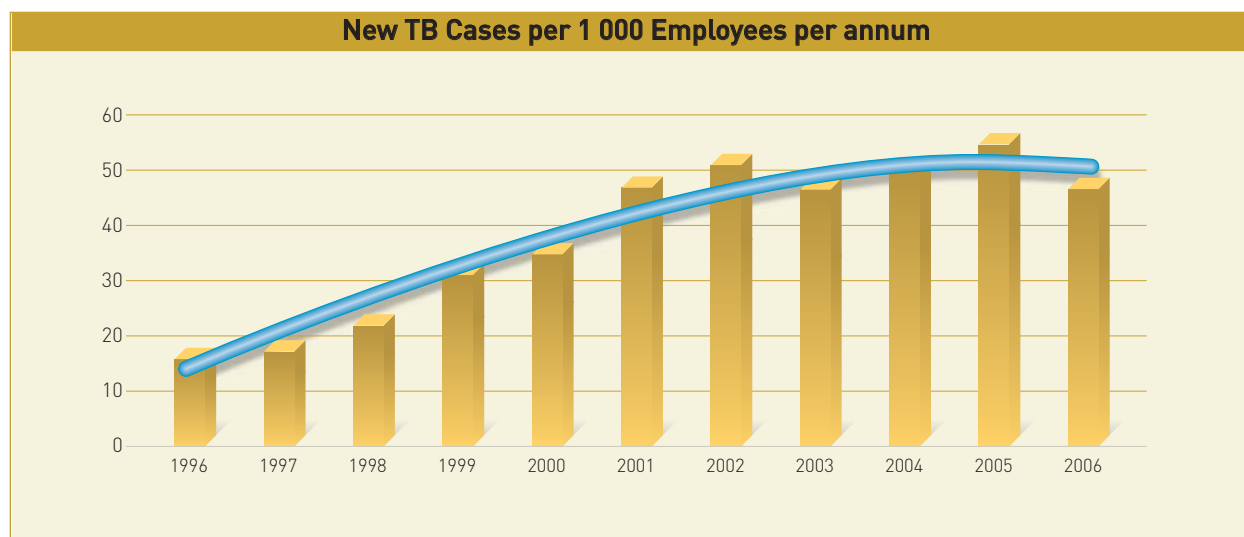
Dr Wendy Neethling, the Programme Manager, explains: "The programme has grown exponentially, now employing eight staff members and starting between 30 and 40 employees per month on treatment. The first employee ever enrolled, on 1 January 2004, still remains on the programme. He initially had disseminated TB and a CD4 count of 21. Today, his CD4 is 486 and he still has an undetectable viral load. Amazingly, he is still taking the initial treatment regimen and has shown no evidence so far of developing drug resistance."

He is not the only one. An evaluation of the programme's efficacy conducted in 2005 by Kimera Consulting, the company's disease management advisors, found that after 12 months of treatment 83 per cent of patients had suppressed their circulating viral load to undetectable levels. They praised the results, stating "the virological responses to ART are excellent indicating high levels of adherence, and are superior to many published results of 'first world' programmes".

Dr Neethling finds it rewarding to see employees gain weight, recover and return to work, and is very proud of their adherence to the treatment regimen. She attributes this to rigorous health education given by the registered nurse that heads up the clinic, Sr Lydia Mkefa, who is passionate about HIV and ART. A former member of the TAC, her niece died of Aids before ART became available through the government rollout programme. Sr Lydia has made it her life's mission to ensure employees accessing the programme understand their disease and treatment, and that they implement lifestyle changes. She runs a two-hour education session each morning at the clinic and, with an interactive style, facilitates debates on a range of Aids-related topics. As a consequence, patients are extremely well informed about their disease and are active participants in their disease management.

"Since F2004, more than 20 per cent of employees have undergone Voluntary Counselling and Testing (VCT)"





## TB Management

A robust TB control programme to deal with the parallel escalation in TB cases is critical to the management of Aids-related diseases. Prior to the HIV epidemic, Gold Fields had an established TB programme to manage what was already a highly prevalent disease due to occupational dust exposure and high-density living conditions. It was a simple matter to scale up the TB programme to meet the fourfold increase in new TB infections now related to Aids. The pillars of managing a TB epidemic are well entrenched at GFHS: firstly, education on TB prevention and symptoms; secondly, TB preventive therapy for HIV-infected employees; thirdly, early detection of new TB cases; fourthly, directly observed therapy; and finally, isolation and specialist treatment for patients with highly infectious multi-drug resistant (MDR) TB. In F2006, the incidence of TB was 41 new cases/1,000 employees. The TB cure rate was in excess of 85 per cent.

### Care and Support

For many reasons (denial and refusing to test, late diagnosis, refusing treatment, poor treatment compliance and drug resistance), it is unfortunate that some employees do not benefit from the life-prolonging ART provided and become increasingly debilitated with the onset of Aids-related illnesses. When such employees are no longer able to work they are offered ill health retirement (IHR) and, where possible, are referred to a network of home-based care (HBC) projects, sponsored by Gold Fields, that provide care and support to the terminally ill. In F2006, 750 employees retired due to ill health of which 90 per cent were referred to HBC. Despite all these efforts, 3.5 per cent of employee deaths in service could be confirmed as being attributable to Aids.

### Monitoring and Evaluation

The monitoring of programmes is undertaken quarterly through a standardised progress report submitted by each

operation. The report is reviewed by the Plenary's HAST Working Group. Workplace and community activities are audited annually by the Group HIV/Aids Programme Manager together with a team of independent specialists. Disease management is audited by the company's specialist advisors, Kimera Consulting.

### Research

Apart from the disease management programmes outlined above, Gold Fields has always participated actively in TB and HIV-related research into the spread of the diseases in the mining environment, using this growing knowledge to improve disease management. Its pioneering research agenda included early TB DNA fingerprinting studies; an investigation of work-related injuries in HIV-infected workers; and more recently, participating in the industry-wide Thibela study, which aims to demonstrate that community-wide TB preventive therapy, in addition to a standard TB control programme, is an effective way of rapidly reducing the burden of TB, and can improve TB control in high HIV prevalence areas. (For more detail see [www.aurumhealth.org/projects/thibela.php](http://www.aurumhealth.org/projects/thibela.php))

## Ghana: Community Health and HIV/Aids

Aids in Ghana has not yet reached the levels of South Africa, and Gold Fields Ghana will continue to work with organisations such as the Ghana Aids Commission to promote VCT as a powerful tool for behavioural change. It acknowledges the fact that once a person has his/her status tested, it becomes a strong motivation for behavioural change irrespective of the result. The company continues to collaborate with other stakeholders to strengthen public and private sector advocacy on HIV/Aids and to mobilise action in the workplace and in the community.

After opening its HIV/Aids Centre at the Engineering and Metallurgical Block at Tarkwa mine in April 2005, Gold Fields Ghana signed an HIV/Aids Policy agreement with the Ghana Mineworkers Union and the Officials Associations at both



Tarkwa and Damang, on 30 November 2005. The document was developed by the HIV/Aids Co-ordinator in consultation with a 12-member strategy team, the Union and the Officials Associations, protects potential or existing employees from routine screening for HIV/Aids, prohibits discrimination on the basis of perceived or real HIV status, and protects the continuous employment of employees with HIV-related illness as long as they are medically fit to work. It also commits the company to continue its HIV/Aids awareness campaign and facilitates access to informed consented Voluntary Counselling and Testing, Care and Support. This agreement was followed up by a series of educational and awareness-raising events such as the World Aids Day football match between Tarkwa and Damang (which Tarkwa won 3:1).

The AIDS programme has developed four defined elements:

Prevention of the spread of HIV through the work of 120 volunteer Peer Educators, who have reached 3,800 employees, dependants and contractors, and who conduct awareness campaigns on the mine and in its communities. Education, Training and Counselling Services at induction centres for new recruits and for employees going on leave or returning from leave. Condom distribution, a total of 46,000 having been distributed in F2006. Free treatment of sexually transmitted infections for employees and their immediate dependants. Voluntary Counselling and Testing (VCT), 302 people having undergone VCT since signing the policy (192 employees, 80 dependants and 30 contractors). Gold Fields is working together with AngloGold Ashanti to establish a VCT Centre for the community at the public hospital.

Care and Support includes psychosocial support and access to treatment for infected employees and their immediate dependants: four are currently on ART. The company collaborates with the public health service for ART monitoring and treatment until it is in a position to roll out its own treatment programme. When an infected or affected employee goes on retirement, or is no longer able to work, that person is linked up with care and support groups in the community.

As part of activities to improve the health of communities that fall within its operational area, Gold Fields Ghana has put in place strategies to address health issues confronting the people of these communities.

"One strategy has been to train schoolteachers and pupils as Agents of Change to institute reproductive health programmes in schools that disseminate information on Adolescent Sexual and Reproductive Health, and encourage sexual responsibility through abstinence clubs. The company has also instituted a weekly radio broadcast to the local community in which it educates and engages with the community on health issues like malaria, diarrhoea, childhood illnesses, tuberculosis and HIV/Aids. Consequently, "Bo Woho Ban" (Protect Yourself) has become a household name in the Western Region. Nana Peprah, a local chief, had this to say: "My people listen to the radio programme and women have to carry their small radio sets to the farm because of the importance they attach to the programme."

Gold Fields Ghana, in conjunction with the Ministry of Health, has trained 16 community health facilitators and equipped them with bicycles to visit villages where they provide first aid services, disseminate information on health issues, sell basic pharmaceuticals, and refer patients to healthcare facilities when necessary.

Both mines continue to organise educational programmes at the Mine Training Centre, the out-patient department of the local hospitals, and at our own clinics. HIV/Aids has also been included as a separate module for all induction and refresher courses on the mine.

### **Managing Drugs at the Workplace in Australia**

For a variety of reasons, HIV/Aids has so far been far more effectively contained in Australia than in African regions in which we operate. By contrast, recreational drug use is a challenge which many Australian employers need to manage.

Gold Fields Australian operations seek to do so without taking a moral stance on the issue. Instead the concern is for the employee's fitness for work without prejudging what employees do in their personal time. Traditionally, this was managed by conducting random urine tests on each employee at least three times per year by selecting an entire crew for testing at the start of the shift. However, we witnessed a gradual move from recreational drugs with long residence times in the human body to more dangerous ones with shorter residence times. In response, we began evaluating Eyecheck equipment, which tests for employee fitness to work on the basis of pupil response. This technology is also better at differentiating between drug effects and simple fatigue and is currently being considered for wholesale adoption as it could reduce the need for large numbers of urine tests. Irrespective of the methodology eventually adopted, we retain our policy of "three strikes and you are out."

Other challenges more specific to the first-world context of the Australian operations relate to alcohol abuse and heat stress. The former is managed through the above-mentioned fit-for-work programme, while the latter has been managed through the adoption of specific procedures applicable to employees and contractors alike. These include the issuing of hats, sunscreen, four-litre water bottles, PPE, and requiring that long trousers be worn at work. Although many workers wear short trousers and short sleeve shirts in the hot conditions, Gold Fields decided, after some consideration, that for both safety and heat stress avoidance reasons, long trousers and eventually long sleeves make sense. To compensate employees for the perceived inconvenience, pay for employees and exploration contractors is made up if, for example, exploration rigs are shut down due to dangerous heat conditions, as occurred earlier in early F2006. While the issues require active management, we are happy to report that no workplace incidents so far can be linked specifically to them.





## Investment in Communities

The end of F2006 saw Gold Fields operating or building mines in four diverse settings each with its own stakeholder engagement challenges and community development needs. Common to all is a desire by local government to assign, in various degrees, the role of social and economic service provision to the mining company. While we seek to play a role in the sustainable development of our host communities, we remain conscious that mining will, at some stage, cease operating, and that local and national government must retain their capacity to deliver social services and infrastructural development independent of the mine. For this reason, we favour longer term capacity-building interventions at a regional or national level, if possible.

Stakeholder engagement plays a vital role in shaping our strategy for community investment in and around our operations and in areas from which we draw labour. It was therefore logical for the line function of the manager of the Gold Fields Foundation to be extended in F2006, to include stakeholder engagement.

All community investment activities are administered and co-ordinated by the Gold Fields Foundation or regional foundations that function autonomously but are also guided by the common vision of community development, adapted to local realities. In each of these regions, a board of trustees is responsible for the governance, ongoing determination of needs, strategic priorities, the approval of projects and the allocation of funds. These boards of trustees are supported at each operation by a CSI committee. Although each operation is encouraged to support projects that stakeholder engagement has matched to the development needs of its communities, the focus remains on education, healthcare, socio-economic development, environmental education, local economic development and entrepreneurship. The site stakeholder committees and the regional boards of trustees are also mandated to explore and pursue partnerships with local, regional and national stakeholders, such as local authorities and NGOs. Geographically, the work is focused on the host and neighbouring communities in addition to the remote rural communities, in which many of the employees of South African operations live. The various foundations derive their funds from contributions by their regional operations according to a formula based upon 0.5 per cent of pre-tax profits and R3.00/US\$1.00/A\$1.00 for each ounce of

**Table: Gold Fields Foundation (South Africa) Contribution Statistics F2000 – F2006 Rmillion (actual spend)**

	2006	2005	2004	2003	2002	2001	2000
Education	2.4	2.4	7.0	10.0	4.8	4.9	5.6
Community development	1.9	1.0	1.9	3.0	1.6	3.8	3.7
Environment	0.1	0.2	0.1	0.5	0.4	0.6	1.3
Health	3.0	3.7	1.2	0.7	7.6	1.7	1.2
<b>Total</b>	<b>7.4</b>	<b>7.3</b>	<b>10.2</b>	<b>14.2</b>	<b>7.4</b>	<b>11.0</b>	<b>11.8</b>

gold produced in South Africa, Ghana and Australia, respectively. In addition, the management and trustees of the individual foundations may decide to source further funds not exceeding 20 per cent of the foundation's total revenue from company or partner sources. Furthermore, the Gold Fields Ghana Foundation also sources funds from its key contractors based on formulas that reflect the level of their business with GF Ghana. During F2006, Caterpillar, Shell, Sandvick and Metago contributed to the Foundation for specific projects.

### South Africa

Since its inception in 1982, the Gold Fields Foundation has disbursed in excess of R179 million. During the year under review, The Gold Fields Foundation continued to fund projects in the areas of Education, Community Development, Environment, Local Economic Development and Health, committing R17,8 million. Notable among these were support for the African Medical Mission where we assisted with the funding for the Bedford Orthopaedic Hospital Doctors' Accommodation, and funding for the Eastern Cape Blind Prevention Programme and the Legal Resources Centre. The Foundation also contributed R2,3 million towards upgrading the Gold Fields Nursing College which as part of the Gold Fields Business Leadership Academy (see Human Resources) trains nursing staff for the broader sector. Through the Foundation we also support the work of the National Business Initiative, the WWF South Africa, and the South African Institute of Race Relations.

In our ongoing partnership with TEBA Development, the Foundation committed R4,0 million during F2006, to improve further the quality of life of communities in our key historical labour providing areas: Lesotho, Mozambique and the Eastern Cape. An additional R3,4 million went towards funding home-based care of former mineworkers in these regions.

In Lesotho, the three-year Mafeteng Livestock Project, designed to increase the returns to farmers owning livestock, came to an end. Through targeted mentoring, the participants

(2,228 farmers with more than 237,000 sheep and goats) were able to achieve a 50 per cent increase in the yield and quality of wool per sheep which manifested in better prices and a reduction in lamb mortality. While the funding commitment has come to an end, TEBA Development continues to monitor the participants' progress. By creating better communication between the livestock owners and commercial suppliers and customers, the project is calculated to have added over R9,0 million to the income of the participants over a three-year period.

In the Eastern Cape, the Ukhahlamba and Ntabankulu District Development Projects reached 11,000 farmers owning nearly 500,000 head of livestock. Both projects are located in poverty nodes of the Eastern Cape, the most under-resourced areas in South Africa. Targeted mentoring was provided to farmers in a variety of livestock care skills, such as dosing, immunisation, and primary veterinary care. In both cases, subsequent monitoring indicated substantial drops in animal mortality rates and a reduction rate of up to 50 per cent in the costs of livestock care for the owners.

We believe that this approach, where participants paid for all inputs such as veterinary medicines, was critical for the farmers to take ownership of the new methods, and will work with TEBA Development in the future to replicate this success.

During F2005, Gold Fields implemented a project for 107 former employees with spinal injuries living in rural areas to ensure that they would receive regular home visits, occupational therapy, mobility support and the provision of basic services, including water sanitation and modifications to their homes to facilitate wheelchair access. A budget of R3,2 million was approved for this purpose and by the end of F2006, the necessary infrastructure had been provided for 50 of these former employees. Due to the remoteness of many of the locations, it was necessary to overcome a number of logistical challenges to install the special prefabricated toilets, which often had to be transported over very difficult terrain by ox-wagon or donkey. We plan to complete the construction for the infrastructure of the remaining 57 people by the end of F2007.

## CASE STUDY

### **The Gold Fields Environmental Education Unit at Rhodes University – an enduring partnership to build capacity at regional level**

In the 1980s, Gold Fields together with the World Wide Fund for Nature (WWF), supported the establishment of a network of environmental education centres in South Africa. This support initially focused on the construction of these centres. However, in 1991, Gold Fields funded a workshop for the staff of the centres where it was decided that a more substantial training programme was needed to strengthen environmental education amongst professionals in South Africa in general. Rhodes University, together with other key partners such as the Wildlife and Environment Society of South Africa (WESSA) and the Environmental Education Association of Southern Africa, collaborated in the development of a course for environmental education professionals. The first Gold Fields Participatory Certificate Course in Environmental Education was run at Rhodes University in 1992.

From 1992, more than 50 participants per year attended the core course. Key to the success was the hands-on programme and its focus on building a national network of professionals. All assignments and activities are workplace-based, and make direct contributions to the objectives and outputs required in the workplace. This made it a popular option for employers.

Within a few years, Gold Fields recognised the potential of the course to make an impact at the national level and moved beyond only funding the course itself. By 1996/1997, the Group took over the funding of a core support structure for the service expansion of this product, the Gold Fields Environmental Education Service Centre (GFEESC).

A key function of GFEESC was to provide support to the expanding network of courses and over the years, it also made a series of significant contributions at the national and regional level:

- It played a central role in the Environmental Education Curriculum Initiative (also funded by Gold Fields). This participatory policy and curriculum initiative was responsible for ensuring that South Africa's National Curriculum has included an environment and sustainable development focus. Longer term outcomes of this early Gold Fields investment are that every learner in South Africa's schools (about 6 million learners) will receive environmental education in the context of the eight Learning Areas.
- It has "fed in" to the design and development of the Rhodes University Investec Business School MBA Programme, which now offers 60 credits in environmental management and sustainable development practice in business.
- It has also been a key partner to the SADC Regional Environmental Education Programme, which supports environmental education in 14 southern African countries and has influenced the design of a wide range of other courses in southern Africa such as the Malawi College of Fisheries Curriculum.
- It is currently providing support to a ministerial initiative to develop guidelines for education for sustainable development for the United Nations Decade on Education for Sustainable Development, a first for Africa!

In the 14 years since 1992, 1 526 environmental education professionals have received Rhodes University/Gold Fields Certificates in Environmental Education. About 60 per cent of these are South African, and the rest coming from Zimbabwe, Swaziland, Zambia, Namibia, Lesotho and other southern African countries. Over the years, about 80 per cent of the participants have come from the public and NGO sectors with the remaining 20 per cent from the private sector. By 2005, the Gold Fields Participatory Certificate Course had also become a regular offering in Zimbabwe, Swaziland, Namibia and Zambia.

In 2005, Rhodes University took over staff costs associated with the GFEESC, but Gold Fields continues to fund the "flagship programme" – the Rhodes University Participatory Certificate Course. In addition, the company joined Murray & Roberts with both donating R1 million towards the establishment of an Environmental Education & Sustainability Scholarship Trust Fund. This will provide scholarships for students studying environmental education at Rhodes University, and helps to provide for the longer term sustainability of the programme. The Gold Fields Participatory Certificate Courses remain over-subscribed and every year applicants not being able to be accommodated in this popular programme that has created much needed capacity in Southern Africa, are turned away.



### SEED: Integrated Community Development in Ghana

The more than 20-year operational life of our Gold Fields Ghana (GFG) operations provides a window of opportunity to participate in the development of host communities to ensure that after mine closure the degree of economic and social dependence on mining has been reduced and that a range of sustainable, viable income generating options will remain.

Up to 2001, much of our community investment work was done on an ad hoc basis and was not adequately informed by community needs and input. This was largely remedied in 2002 when the Community Relations Department and the Gold Fields Ghana Foundation were established. Each mine set up a Community Consultative Committee as the formal structure through which to interact regularly with its local stakeholders. However, we failed to fully appreciate the capacity constraints of the local government and community to implement the first series of projects funded by the Foundation. Until 2004, the bulk of these projects were classrooms, clinic and other community infrastructure construction. This was supported by a pilot livelihood programme aimed at developing local fish, goat, sheep, snail and pig farming.

By 2004, the ongoing interaction had revealed that our approach was still too reactive. More significantly, project prioritisation was too heavily influenced by community agitation, rather than common development needs. As a result, the stakeholder engagement process was restructured and we formalised a five-year sustainable community development programme for our primary stakeholder communities known as "SEED" (Sustainable Community Empowerment and Economic Development Programme) that will guide activities from F2006 until F2010.

To ensure sustainability and community ownership of the programme, SEED will be driven via the Primary Stakeholder Community Committees, with whom we interact at least monthly, and which are designed for the individual, primary communities to articulate their specific issues and concerns thus removing the competition between communities from the proceedings of the Tarkwa and Damang Mine Community Consultative Committees. Prior to agreeing to specific projects we consult with all stakeholders, including the communities themselves, through existing formal consultative committee structures, the District Assembly (and its sub-structures), the Ghana Health Service, the Ghana Education Service, the Ghana Community Water and Sanitation Agency and Ministry of Agriculture. In this manner, GFG ensures that its development projects are in alignment with the expressed needs and views of the primary stakeholder communities and the development plans outlined by various government authorities.

Specifically, the goal of the SEED programme is to improve the livelihoods and the quality of life of 30,000 men, women

and children by 2010. It will do so in three ways: Firstly, by increasing the income and economic opportunities of 4,000 households in the 16 primary GFG stakeholder communities through increased cash and food crop production, value addition and processing as well as the creation and expansion of small and medium enterprises. Secondly, by improving the level of education and livelihood skills of 5,000 youth and adults. residing in the 16 primary stakeholder communities, by placing them in vocational and technical school programmes, through a scholarship programme, and an industrial training and apprenticeship programme for trades related to the mining industry. Thirdly, by increasing the sustainability of SEED interventions for long-term results through the identification and development of larger ventures using redundant mining land and infrastructure and designed to mitigate some of the negative employment impacts of eventual mine closure, through the creation of larger ventures using redundant mining land and infrastructure. To assist with this vision, GFG has established partnerships with USAID, DFID, Care, the FAO, and the WHO for development projects to date. Opportunities Industrialisation Centres (OICI), a leading development NGO with over 30 years' experience in Ghana, is GFG's partner in the implementation of the SEED programme.

As a result of the SEED process, the projects for F2006 have shifted to early childhood development centres, toilets and teacher accommodation for existing schools, all of which are key components in ensuring the sustainability of educational and medical infrastructure. All projects avoid ongoing dependence on the mine and maximise the active assumption of responsibility by other stakeholders by requiring the land on which the structures are built to be provided by the community in consultation with government. Once construction has been completed, the Foundation ceases to have responsibility for the operation and maintenance of the facility. Neglect of the infrastructure will be avoided through upfront and firm commitments from authorities and benefiting communities, to maintain the facilities.

As part of SEED, the company also continued to invest in the assessment and feasibility of a range of potentially large-scale agri-business opportunities that could provide more formal employment in a post-mining setting. The oil palm investigation mentioned in F2005, is being subjected to a Bankable Feasibility Study and we will report more when the results are known in F2007. So far nothing has emerged that would lead us to review our belief that the project has excellent potential to make a substantial contribution to counter the negative economic impacts of mine closure. GFG is already providing assistance under SEED to small-scale farmers for the establishment of oil palm as a cash crop and a component of alternative livelihood programmes in primary stakeholder communities, which will complement this new effort.

Conceptual feasibility studies during F2006 confirmed that the opportunity for the development of large-scale fish farming in the hundreds of hectares of water bodies created by Gold Fields and other gold mining companies in the area. These water bodies can be transformed into productive resources for aquaculture and fisheries, as they are successively decommissioned from gold mining. Foreseeing a potentially important long-term opportunity for the local population, Gold Fields partnered with the Ghana Ministry of Fisheries, the Food and Agriculture Organisation of the United Nations (FAO) and the WorldFish Centre to further study the potential for aquaculture in decommissioned mine facilities. The results of this study will be known in F2007.

Finally, Gold Fields management chose during F2006, to fund the Ghana national soccer team – the Black Stars – with a donation of US\$1 million over the next three years. The scale of the contribution was initially received poorly by sections of our workforce, who feared that donating these funds would negatively affect their future increases and reduce the amounts available for community development. Through our various engagement mechanisms, the company explained that this contribution would not impact negatively on either, but was designed instead to make an impact at a national level. We are pleased to report that the performance of the Ghanaian team ensured countrywide exposure for the Gold Fields brand, with enthusiastic Gold Fields employees being very visible among the supporters.

### Resettlement

Over the past years, communities and individuals have been resettled at both Tarkwa and Damang to allow the company to develop new open pit mining areas. This process has been completed for the foreseeable future. These resettled communities form part of our primary stakeholder communities with whom we continue to engage through our primary stakeholder committees. As housing was provided to each household of these resettled communities, their current development needs lie in the area of livelihood programmes and training rather than for infrastructure. A monitoring programme covering health, education, livelihood and other social indicators, is an integral part of the SEED programme and the social and economic sustainability of these communities will continue to be assessed.

### Australia

At Gold Fields' Australian operations, community development is primarily affected by the remoteness and desert setting of the area. In fact, the town of Kambalda is so completely dependent upon the operation of two mines that its sustainability beyond the life of these two key operations (one of which is St Ives) is being questioned. This is not unique to

Kambalda, as the area has already been heavily impacted by the scaling-down of neighbouring mining operations. Gold Fields nevertheless remains committed to the long-term sustainability of communities, where this is possible. The company accepts that it is only one of the stakeholders and therefore has sought to adjust CSI spend in a manner that 50 per cent of available funds are spent in any given year, with the remainder being set aside for future expenditure to create a more enduring legacy for the community following our departure. Stakeholder engagement during F2006 suggested that the company understanding of the communities was inadequate and partly in response the Foundation management was restructured to include two external board members who each represent the Leinster/Agnew and the Kambalda/St Ives communities. A key constraint on the development of such communities is the lack of sports, medical and educational infrastructure, but mindful of the need to consider the sustainability of any investment in such infrastructure the company seeks to support infrastructure projects that are supported by professional business feasibility plans. This does not, however, limit our ongoing support for such local schools and sporting groups, the Flying Doctor service, and specific support for the local authorities seeking to extend the Northern Goldfields tourist route into the area around Agnew.

Beyond that, Gold Fields continues to support the Curtin University programme aimed at encouraging students to consider mining and mineral-processing careers, through site visits and contact with industry professionals. We also sponsor a number of scholarships at the Western Australia School of Mines and offer them vacation and post-graduation employment opportunities. Funding for the Graham "Polly" Farmer Foundation, that benefits aboriginal students with educational programmes and work experience, also continues.

A project, which we hope will assist us in determining issues around community sustainability, is our sponsorship of the land-sailing championships which were held at Lake Lefroy in F2006 and attracted about 100 competitors, primarily from outside the gold fields. This event circulates between various venues on an annual basis, with Lake Lefroy being the only salt lake venue (the others are in beach-based and mainly in New Zealand). The aim of our support is to assist in the promotion of an event that brings tourism to the Kambalda area and the broader gold fields. In total, the tourism impact will be in the order of 2,000 person/bed/nights with the Kambalda community receiving the bulk of the business opportunities. The local authorities have purchased six "land yachts" and are hoping to promote this activity as an ongoing tourist attraction.

## Environment

Gold Fields has aligned its current ISO 14001 systems with the requirements of the new ISO 14001: 2004 standard, and has received certification to the new standard. In essence, the 1996 ISO 14001 standard has been reviewed to align with the review of the ISO 9001 standard. Improvements in the standard include a much greater emphasis on physical implementation of the management system requirements, a more proactive approach to managing environmental issues through requiring much more detailed root cause analysis in non-conformities, and an emphasised requirement for the organisation to comply with other environmental requirements that may be applicable to its activities.

During the year under review, all our sites operating the ISO 14001 environmental management system had their system re-certified in terms of the new ISO 14001: 2004 standard. The re-certification process, which takes the form of a certification audit, identified only minor non-conformances at the South African, Ghanaian and Australian operations. The following categories represent a summary of the non-conformities issued during external ISO 14001 surveillance audits at our operations in Ghana, South Africa, Australia and at our exploration offices:

- Environmental housekeeping standards are not in accordance with specifications detailed in the Environmental Management System
- Handling of hydrocarbons and waste disposal not in accordance with procedural arrangements
- Environmental requirements not included in one contract
- Effective close-out of corrective actions not followed in a few cases
- Disinfection of water sources not undertaken in accordance with procedural arrangements
- Certain documents not numbered correctly or completed as detailed in relevant procedures
- Documentation of root cause analysis not undertaken to a sufficient level of detail
- Reporting of minor leaks being informal and not following correct protocol
- One environmental aspect not identified
- Material Safety Data Sheets not available for a few chemicals
- Service dates for fire extinguishers having lapsed
- One chemical found that is not on the approved chemical material list







The above non-conformities were recorded as minor in their extent and do not represent any significant environmental impact. All were rectified and cleared out with the external auditing firm within six weeks of the audit.

Our exploration sites, the Cerro Corona Project and the newly acquired Choco 10 operation in Venezuela do not yet have operational environmental management systems in place that can be assessed for certification. Shortly after acquiring the operations, we commenced the process of revising their systems to match the Gold Fields certified ISO 14001 standard EMS. We believe that by the end of F2008 all sites, including the exploration sites we control, will have their environmental management systems certified to the ISO 14001: 2004 standard. As this occurs, we plan to improve the extent and detail of our environmental data disclosure in line with our operational needs and stakeholder input.

### Management Systems

The objective of the ISO 14001 Environmental Management System (EMS) in place at our operations is to achieve conformance with the Gold Fields Environmental Policy Statement. The EMS includes a continuously updated environmental risk identification process; definition of responsibilities; comprehensive operational procedures; incident reporting and environmental emergency response mechanisms; inspection, monitoring environmental audit protocols; communication processes; and management review.

The achievement and maintenance of legal compliance forms a core part of that overall objective. In terms of the system, which seeks continued improvement, targets are set for practically every workplace activity and resource utilisation at a business unit level. For this reason, the Group does not publish global or regional environmental performance targets arising from its system.

A report on environmental issues is generated and submitted to the operations committee of each site on a weekly basis. It contains summarised management information on the status of environmental initiatives, projects, and stakeholder feedback, and sets out any environmental incidents that may have occurred for the period under review.

Incident reporting is mandatory at all our operations as this is an indicator that our systems are functioning and generating data with integrity and creating appropriate rectifying or remedial responses. Incident reporting thus forms part of the certified ISO 14001 Environmental Management System in operation at all sites (except Cerro Corona, exploration sites and Choco 10).

The impact classification system, formally in place since 2002, classifies incidents from level 1 to 5 as follows:

**Level 1** – incidents of minor non-compliance that result in no or negligible adverse environmental impact

**Level 2** – incidents that result in short-term, limited and non-ongoing adverse environmental impact

**Level 3** – incidents that result in ongoing, but limited environmental impact

**Level 4** – incidents that result in medium-term environmental impact

**Level 5** – incidents that result in long-term environmental impact

#### Incidents Statistics Trends: Table

Level	F2006	F2005	F2004	F2003	F2002
1	802	1 174	1 222	565	112
2	71	129	208	144	59
3	4	3	2	4	7
4	0	0	0	0	3
5	0	0	0	0	0

With the re-certification of the Environmental Management System from the ISO 14001: 1996 to 14000: 2004 version without major non-conformances, we expected the number of lower level incidents to decline. The majority of the level 1, 2 and 3 incidents were water and tailings spillages. We view the significant number of Level 1 and 2 incidents as evidence of the effectiveness of the Incident Reporting Protocol and its acceptance by the majority of our permanent workforce, as well as our contractors. The same applies to the level 3 incidents.

To take account of the rapidly-changing environmental legislative framework, the South African operations were subjected to a detailed legal compliance review by a third party. This review, which found the operations to be legally compliant in all material matters, also generated updated legal risk registers that were incorporated into the ISO system. The service provider remains contracted to ensure that agreed remedial actions designed to achieve full legal compliance are undertaken in accordance with management targets.

One area of previously reported non-conformance remains the updating of water licences. In terms of the South Africa National Water Act, the South Africa operations were required to re-apply for their water licences. All mines have submitted their applications and while they await the issuing of the new licences, they continue to operate under their old permit conditions. Their right to do so as an interim measure has been confirmed in writing by the responsible regulator, the Department of Water Affairs. It is not clear, at this stage, when

this administrative constraint will be relieved by the issuing of the new licences. It is not unusual for South African mining companies, of whom only a minority have to date received the new water licences required by the new dispensation, to operate under the terms of their old permits.

One of the difficulties in measuring the day-to-day value of the ISO management system, is that an effective system adds value mainly through behavioural change across the workforce resulting in more controlled, safer behaviour and better housekeeping. While this may not be easily measured by conventional financial tools, we believe that the systematic approach which does not limit implementation of the system to environmental staff, makes a positive ongoing contribution to operational efficiencies, by formalising the way in which lessons are learnt from incident-remediation and successful projects. Nevertheless, the continuous improvement imperative of the ISO system has driven a number of water-saving initiatives in our South African West Rand operations despite these operations being in a water-surplus or water positive position. By seeking ways to conform to the objective set by the ISO system of reduced resource consumption Driefontein mine during F2006, halved its per unit water consumption from six tons of water per ton of rock mined to approximately three. The benefits of such reduced water usage were reflected in an accompanying reduction in energy consumption due to the reduced water pumping. Compliance with management systems' objectives also led to the installation of timers on shower boilers which realised a saving of R35,000 per month. Similarly, it gave rise to novel



approaches to gold recovery from existing waste streams yielding additional gold recovery to the value of R250,000 for F2006.

At our opencast operations in Australia and Ghana, various initiatives are under way to increase the efficiency of diesel consumption. All operations have improved their pipeline monitoring which, in many cases, takes the form of daily walking inspection of pipelines which has, over time, reduced the loss of water from leakages. At present, we believe there are structural factors, such as the high electricity base load required by our deep level mines and the fuel consumption of the haulage fleet of our opencast operations, that will limit the opportunities for substantial continuing improvement of both water and energy efficiency. However, our systems' objectives and continued improvement imperative will continue to drive innovation for greater efficiencies and cost savings where possible.

### Environmental Training and Education

Environmental policies and the management systems that give effect to them, are only as good as the staff that operate these systems. We believe that for our systems to work there must be no doubt in the minds of our staff that management and the executive support their work, so that environmental staff never find themselves in an us-versus-them situation with regards to the rest of our workforce. Based on the formal executive support, environmental issues and the functioning of the ISO 14001 system have been included as awareness modules in all induction and refresher courses that workers and contractors undergo on a regular basis. This heightens their awareness as to what the ISO system does at our operations and their role in making it work. Employees and contractors have access to a free ISO toolkit at all times.

At the supervisory and specialist level, training is based on the operational control procedure in terms of which a supervisor undergoes specialist training with the assistance of the environmental department. Together with the environmental specialist, these supervisors then identify all individuals working in a given area who require training to ensure that they can fulfil their roles and responsibilities required by the ISO system of the line function and working area. The supervisor and the environmental specialists then jointly ensure that ongoing or refresher training occurs as set out in the agreed training programme. In this way, modifications to procedures or standards can be communicated to all staff members without significant disruptions to operations. To ensure ongoing effectiveness, the internal audit department has expanded its brief to include ongoing verification, through spot checks and targeted questioning, of an adequate awareness and understanding of procedures and policies by all staff members and on-site contractors.

These training activities are supplemented by regular newsletters and news-briefs covering environmental topics related to the workings and the objectives of the management system.

### Biodiversity

Our Ghanaian operations operate in an area where, for nearly a century, mining attracted many new arrivals to the region. This places growing pressure on the environment and its biodiversity. The highly prospective nature of the region is further demonstrated by the continued presence of artisanal miners and increasing "frontier" settlements, all of which impact negatively on biodiversity by their increased pressure on natural resources. Ever since Gold Fields began operating in Ghana, it has co-operated with the Wildlife Society of Ghana and maintained and enforced a strict policy against any trade in wildlife species (endangered or not) by our employee and contractors. This includes a prohibition on the introduction of exotic species as pets. While there were no transgressions against this policy during the year under review, there have been in the past, and Gold Fields maintains this policy to minimise the indirect impacts such activities can have on the region's biodiversity.

In South Africa, the Karst Management Committee, founded by Gold Fields during F2005 for the purpose of preserving the ecological and social importance of the numerous cave formations on the West Rand, explored a number of partnership opportunities with groups concerned with bat conservation. Virtually every bat species in southern Africa is on the endangered list and we have now established that the caves are home to often substantial bat populations that are particularly susceptible to disturbances during the winter months when they hibernate. The Karst Management Committee, therefore, has begun improving access control at the key caves in order to manage the balance between opportunities for caving enthusiasts, and the very real needs of protecting the bat populations.

St Ives is a multi-pit operation with a non-continuous orebody. This has, in the past, led the operation to conduct a series of geographically limited EIAs on its tenement. It firmly believes there are still more pits to be developed on the St Ives tenement, and the company commissioned one of the largest fauna and flora surveys ever conducted in the West Australian gold fields region. The decision to undertake this survey was taken in order to acquire a more robust scientific set of data with which to support individual future permits, rather than to continue relying on piecemeal surveys. As most fauna and flora species are seasonal and cryptic, the survey was conducted during both spring and autumn in order to note flowering and seasonal animal movement activity. Although the survey did not yield any new species, its findings have significantly expanded the ranges of a number of plant and animal species across the gold fields. A key finding confirmed and highlighted the salt lake margins as the most sensitive ecosystem within the gold fields. This highlights the need for special measures to reduce any impact on this area. Such comprehensive research not only provides more robust fauna and flora information to support future permit applications, but also plays a significant role in guiding the management of the environmental impacts of exploration.

## CASE STUDY

### Far West Rand Dolomitic Water

Prior to the commencement of mining on the West Rand, the area, also known as the Gatsrand (the ridge of caves), was characterised by numerous caves and sinkholes caused by an extensive dolomitic formation which overlies the gold-bearing reef of the area. A series of dykes divide this dolomitic formation into compartments, of which the central three were extensively fractured by geological processes and thus very porous.

Gold miners working the reef below the three central compartments were obliged to pump out the water seeping from within the compartments into their workings, thus over time dewatering the dolomites in the three fractured compartments. Dolomites are particularly erodible by water movement and over time the dewatering of these compartments increased surface erosion and sinkhole formation.

Following a number of catastrophic sinkhole-related incidents in the 1960s entailing loss of life, the mining houses then operating on the West Rand voluntarily formed the Far West Rand Dolomitic Water Association (FWRDA) in 1964 to manage this risk. These included the mines that eventually became the Kloof and Driefontein operations, Blyvooruitzicht, Western Areas and the mines that today comprise the AngloGold Ashanti operations on the West Rand.

Over time, the continued dewatering underneath the three and later other compartments affected surface water resources, causing some local springs to cease flowing, eventually affecting downstream farmers. As continued dewatering was essential for the ongoing mining of gold on the far West Rand, the Government potentially faced the choice of prohibiting either all surface-land use or underground mining on these compartments, either of which would have had severe economic consequences for the area. The FWRDA was, therefore, mandated to manage the sinkhole risk through a variety of surface water control measures aimed at preventing the formation of rain water ponds which would lead to increased water ingress into the fractured dolomites thus further eroding them. The Association also carried out so-called levelling surveys to detect and minimise early sinkhole formation, especially along roads. In addition, the FWRDA also compensated landowners for their loss of water by either providing them with alternative water, or purchasing their land and/or their water rights outright, where dewatering was shown to have directly caused the damages suffered by the owners.

By 1999, all claims relating to the loss of water linked to dewatering had been settled either through compensation or the purchase of affected land and water rights. Thus no further water-related claims can be levelled at the Association. That left only claims relating to ground instability on land overlying the dewatered compartments where the cause of damage could be directly ascribed to dewatering.

Over the more than 40 years of its existence, the FWRDA, has fulfilled its mandate of protecting human safety and reducing conflict between the surface and underground land users of the region – agriculture and mining. It can look back with satisfaction on the fact that sinkhole formation has declined and that since the mid-1970s there have been no fatalities due to sinkhole formation.

Since 1964, the Association has purchased more than 26,000 hectares of land deemed potentially exposed to subsidence. Properties of the Association deemed safe and stable for agricultural use, are leased out and managed by property management companies in consultation with the regulators, thereby generating a nominal return for the Association.

Today the FWRDA retains its focus on the remaining major risk areas for which it was created: the prevention of ground subsidence on the fractured dolomitic compartments. Contrary to the perceptions of some stakeholders, the FWRDA cannot be considered to be an extension of the regional gold miners' rehabilitation and closure activities. Furthermore, the Association's role, even under the new water dispensation, cannot be altered to manage ground water at a regional or catchment level. Such a shift in focus would require a change in the association's mandate and potentially transform it into a catchment management authority. The Association's members, including Gold Fields, believe that the regulation and catchment-based management of water resources should be undertaken by regulatory bodies in consultation with regional water users and stakeholders. To this end, Gold Fields is already actively supporting regional water forums and water-focussed action groups to support the separate establishment of a West Rand CMA as required under the National Water Act.

### Waste Management

Gold Fields does not produce, transport, import or export any waste categorised as “hazardous” under the terms of the Basel Convention. Neither does the company make use of any outside source of waste material in the mining and concentrating of gold.

Those wastes classified as hazardous by South African, Ghanaian or Australian legislation, such as oils, chemical containers and medical waste continue to be disposed of through registered third parties at disposal sites permitted for that purpose. This activity forms part of our ISO 14001 management system. The principal waste products by volume are waste rock and tailings, which are generated as a by-product of mining and the metallurgical extraction of gold from ore respectively. This material continues to be disposed of in permitted waste rock dumps and tailings storage facilities on the mine property. For underground safety roof support, the company’s South African operations continue to use a small percentage of the tailings generated as backfill underground.

Due to the presence of naturally occurring low levels of uranium in the orebody mined by South African gold mines, the National Nuclear Regulator (NNR) monitors and audits the performance standards, conditions and procedures associated with the processing of ore and the depositing of tailings at tailings facilities. Although Gold Fields produces no uranium, it remains subject to, and has throughout F2006 complied with, all the permit conditions of the NNR, which ensure occupational as well as public safety.

### Air Quality

Gold Fields’ operations are subject to differing air quality and/or dust control laws and regulations in their respective operating regions. While there have been no material changes that could affect the Australian or Ghanaian operations, September 2005 saw the introduction of the new Air Quality Act in South Africa. While the previous legislation, which remains partially in force, had imposed fixed limits on emissions for each site, this new Act legislates ambient average concentrations measured at specified intervals. Our initial assessment shows that we are substantially compliant with the new requirements. In particular, our ongoing engagement with neighbours provides us with an effective means of controlling dust that may not affect our compliance, but creates a nuisance. Nonetheless, we have included the maintenance of this compliance in our environmental management system and will review the adequacy of our control measures over time.

Gold Fields has also initiated a programme designed to allow it to benefit from the opportunities offered to organisations implementing greenhouse gas reduction, or cleaner development mechanism (CDM) projects. Initial results are encouraging and we expect to report quantifiable achievements in F2007.

### Cyanide Management

In November 2005, Gold Fields became a signatory to the International Cyanide Management Code, which is a voluntary industry initiative for companies using cyanide in the production of gold. Signatories to the Code commit formally to standards of practice in nine areas: cyanide production, the transport of cyanide to mine sites, the handling and storage of reagent cyanide, on-site use and management of cyanide, the decommissioning of facilities, worker safety, emergency responses, training, and communication with the public. On becoming a signatory, a company commits to implementing the Code’s standards of practice and to having third-party verification audits within three years of its initial application, and every three years thereafter, to determine whether its cyanide management is in line with Code principles and standards of practice. During F2006, internal and external gap audits were conducted at Gold Fields’ operations, which suggested that the challenges associated with achieving compliance with the Code in all aspects were larger than originally anticipated. The audits indicate that some of the areas still requiring work include, cyanide supplier certification, contractor management, training and the development of procedures for the various non-metallurgical disciplines involved in the implementation of the truly integrated approach that this Code demands.

Cerro Corona will not require a certification under the Code, as it will be producing a gold/copper concentrate for onward transport to a smelter elsewhere in the world.

The text of the Code, the list of operations covered by signatory company applications along with implementation and administrative documents can be found at [www.cyanidecode.org](http://www.cyanidecode.org).

### Artisanal Miners

Artisanal or small-scale mining is a reality in developing countries such as Ghana, where they provide a livelihood for about 300,000 people. Virtually all formal gold mines in Ghana are challenged by the presence of such small-scale operators on or around their mining leases, some predating the establishment of the mine. The small-scale miners use of mercury amalgam for the extraction of gold and their often rudimentary technical skills, create considerable environmental, health, and safety consequences. Gold Fields entered into a partnership with DFID during F2005, which seeks to achieve a delicate balance between reducing the negative impacts of small-scale mining without, in the process, encouraging the further growth of such operations on mine leases. Many of the small-scale miners are members of our primary stakeholder communities and are, therefore, eligible to participate in the capacity-building and alternative livelihood programs of SEED which could assist them in developing more sustainable, less high-impact livelihoods. Against this background, the Damang operation has been able to relocate small groups of artisanal miners from areas earmarked for open-pit mining in an amicable manner, which bodes well for future engagement with this group.



Over time, we hope to draw key lessons from our engagement with Ghana's artisanal miners to assist us in building constructive relationships with artisanal miner groups in other developing country settings such as South America.

### Mine Closure

At the end of F2006, the total closure cost for the Ghanaian operations was calculated over the life-of-mine period to amount to US\$21 million. For the Australian operations it amounts to A\$55 million, for the Venezuelan operations US\$5 million, and for the South African operations R976million. The F2005 figures were US\$23 million for Ghana, A\$50 million for Australia, and R771 million for South Africa respectively. We expect future changes to this total liability to originate primarily from mine or plant extensions, the introduction of new technologies or legislative requirements for closure in the different jurisdictions.

During the year under review, a third party reviewed the closure estimate for the South African operations, *inter alia*, for compliance with the requirements of the Minerals and Petroleum Resources Development Act (MPRDA). In line with their recommendations and input from our ongoing collaboration with regulatory authorities, the total closure cost estimate was adjusted upward from R771 million in F2005 to R976 million for F2006. This increase stems from an additional requirement by the regulator, contractor mobilisation, as well as a shift in rehabilitation approaches to tailings dams, which now recommend flatter slopes for greater rehabilitation sustainability for South African operators. Gold Fields conducted a series of public meetings to communicate the effects of the revised closure plans to adjacent land holders, municipalities and local regulators, and the input received will be integrated into the revised, more detailed closure plans by the second quarter of 2007.

At our Ghanaian operations, the region's prospective nature also informs our approach to the rehabilitation of land disturbed by mining. Initial rehabilitation work sought to introduce a variety of flora species that would eventually restore a natural forest cover common to the area. However, some of this work was negatively affected by new immigrants in the community establishing informal food plots on newly rehabilitated land. If this is not addressed methodically over time, overall mine closure could become more problematic. Rehabilitation work at both mines has now changed and subsequent to the reshaping and contouring of mined-out land, productive species such as oil palm, timber and fruit plants (pineapple and banana) are being established to convert the land to productive community use, thus given residents a stake in the successful long-term establishment of vegetation and thus soil stability of the area. The community is thus integrated into the eventual land usage plan that increases the likelihood of sustainable land usage after mine closure. Guided in part by the feedback of our stakeholder engagement and the objectives of the SEED programme (see page 77), we will continue to allow the



agricultural use of certain sections of rehabilitated areas by the community. In this way, we hope to reduce pressure on as yet undisturbed land by the surrounding communities.

### Environmental Data

The primary function of Gold Fields' Environmental Management System is to generate data for internal management purposes, principal among which are continued improvement, achievement of targets set by management, and the maintenance of legal compliance. The data presented in the tables below provides a sample of the range of information generated by this system and has been selected for its materiality as well as disclosure in terms of the Global Reporting Initiative (GRI) indicators. Regarding inclusions and exclusions, reference is made to the boundaries of the report section on page 53. All data is based on direct measurement or calculations based on empirical data using generally accepted methodologies.

The data for the underground South African operations will reflect different resource consumption when compared to the open-pit operations in Ghana and Australia. In South Africa, electricity provides the primary source of power required for the transportation of ore from the rock face to the processing plants; in the opencast mines this is done with diesel-powered trucks. Open-pit mines also do not need timber for roof support, as do the South African mines. They do, however, have a greater need for cement, which is an input for the heap leach operations. The other reagents used inside the plant vary in accordance with ore mineralogy.

In F2005, we reported on greenhouse gas emissions, NO<sub>x</sub>, SO<sub>x</sub> and other significant air emissions. We are reviewing our data collection systems and will resume reporting this data when we are in a position to reflect comparable data between operations. We are also considering ways in which to normalise the reporting of all disclosed environmental data so as to provide a better overall indication of progress and comparison between operations.

### Awards

Following its awards of 2004, the Environmental Protection Agency of Ghana again awarded Abosso Goldfields (Damang) the "Most Environmentally Committed Company Award for 2005" at a ceremony held on 5 June 2006.

### Fines and Legal Actions

During F2006, no money was paid by the company or its operations in fines or penalties resulting from environmental transgressions. Neither were any environmentally-related legal actions brought against the company or its operations.

### Total materials used, other than water, by type\*

		F2006	F2005
Cyanide (tons)	Driefontein	1,478	1,540
	Kloof	937	1,380
	Beatrix	972	1,100
	Tarkwa	9,750	10,300
	Damang	1,969	2,030
	St Ives	2,770	2,890
	Agnew	646	600
Timber (tons)	Driefontein	43,204	45,100
	Kloof	55,735	39,900
	Beatrix	43,259	46,100
	Tarkwa	0	0
	Damang	0	0
	St Ives	0	0
	Agnew	0	0
Blasting agents (tons)	Driefontein	1,042	1,400
	Kloof	1,415	1,300
	Beatrix	4,607	4,600
	Tarkwa	28,556	23,000
	Damang	2,044	1,300
	St Ives	4,928	4,000
	Agnew	4,13	1,7004
HCL (tons)	Driefontein	1,967	2,690
	Kloof	599	790
	Beatrix	692	840
	Tarkwa	1,444	1,100
	Damang	232	200
	St Ives	288	370
	Agnew	140	150
Lime (tons)	Driefontein	7,580	7,600
	Kloof	4,916	9,100
	Beatrix	3,033	3,900
	Tarkwa	3,085	2,500
	Damang	3,239	3,500
	St Ives	9,786	18,300
	Agnew	2,042	2,400
Cement (tons)	Driefontein	1,520	900
	Kloof	4,032	4,200
	Beatrix	762	1,100
	Tarkwa Excl Contractors	64,507	72,100
	Damang Excl Contractors	23	13
	St Ives	8,386	11,500
	Agnew	2,051	2,400
Caustic Soda (tons)	Driefontein	592	650
	Kloof	176	510
	Beatrix	556	530
	Tarkwa	619	300
	Damang	347	330
	St Ives	284	370
	Agnew	297	280

\*unaudited figures



**Greenhouse Gas Emissions\***

		F2006	F2005
CO2 (tons)	Driefontein	Not reported	Not reported
	Kloof	Not reported	Not reported
	Beatrix	17,520	18,000
	Tarkwa	112,670	96,000
	Damang	45,010	33,000
	St Ives	993,427	160,000
	Agnew	Not reported	64,000

**Total Amount of Waste by Type and Destination\***

		F2006	F2005
Tailings to dams (tons)	Driefontein	6,592,996	6,534,000
	Kloof	3,681,623	5,128,000
	Beatrix	3,540,324	4,118,000
	Tarkwa	4,686,966	3,190,000
	Damang	5,327,955	5,215,000
	St Ives	4,567,611	3,753,000
	Agnew	3,161,159	1,170,000
Waste rock to dump	Driefontein	319,783	385,000
	Kloof	473,371	625,000
	Beatrix	731,738	722,000
	Tarkwa	74,353,234	61,666,000
	Damang	21,427,370	9,050,000
	St Ives	17,028,304	20,360,000
	Agnew	14,254,210	2,060,000

**Direct Energy Used by Primary source\***

		F2006	F2005
Electricity (MWh)	Driefontein	1,910,100	1,874,000
	Kloof	1,887,032	1,766,000
	Beatrix	931,533	953,000
	Tarkwa	202,641	163,000
	Damang	107,006	108,000
	St Ives	187,037	148,000
	Agnew	48,121	46,000
Electricity (TJ)	Driefontein	6,876	6,740
	Kloof	6,793	6,360
	Beatrix	3,353	3,430
	Tarkwa	729	590
	Damang	385	380
	St Ives	672	530
	Agnew	173	160
Diesel (TJ)	Driefontein	160	66
	Kloof	110	113
	Beatrix	44	66
	Tarkwa	1,519	1,300
	Damang	583	370
	St Ives	654	825
	Agnew	361	271

**Direct Energy Used by Primary Source\***

		F2006	F2005
Petrol (TJ)	Driefontein	9.42	10.2
	Kloof	5.45	4.8
	Beatrix	5.43	7.3
	Tarkwa	0.5	0.7
	Damang	0	0.0
	St Ives	4.0	3.6
	Agnew	0.35	0.3
LPG (TJ)	Driefontein	4.2	3.87
	Kloof	3.2	2.4
	Beatrix	0	0
	Tarkwa	6.1	5.1
	Damang	80.3	112.0
	St Ives	39.1	37.6
	Agnew	21.7	15.5

**Total Water Use\***

		F2006	F2005
Total water withdrawal (m3)	Driefontein	17,450,000	18,200,000
	Kloof	23,862,289	25,500,000
	Beatrix	13,204,645	15,100,000
	Tarkwa	2,539,527	5,200,000
	Damang	673,439	800,000
	St Ives	3,213,848	3,600,000
	Agnew	2,128,000	2,100,000

\*Unaudited figures

TJ = Tetrajoules

## Economic Contribution

The challenges of sustainable development require Gold Fields to consider its financial performance more broadly than the traditional financial indicators and shareholder returns. We recognise that our total economic contribution comprises direct and indirect impacts. Direct impacts are best described as the conventional financial indicators that measure the monetary flows between the organisation and its material stakeholders. Indirect impacts are the intangible benefits that do not appear in our financial statements, but flow from commercial interactions with suppliers, the payment of wages, and the secondary effects that mine development brings for other businesses. Our growth strategy remains to achieve a 50:50 split between South African and international production by 2009, thereby building a bigger footprint and balancing our portfolio to reduce technical, product and geographical risk.

Gold Fields employed 54,758 people globally (including full-time contractors) and their earnings contribute directly to their local economies. Our total wages and salaries (including all age-related costs such as pension and medical aid) amounted to R4,2 billion. Our procurement spend on supplies and services amounted to R2,5 billion with R1,5 billion being spent in South Africa, and R1 billion internationally. Our procurement spend and wage bill provides a market for a number of small, medium and large businesses who, in turn, provide employment to thousands of other people. As our understanding of accepted methodologies for calculating such indirect impacts improves, we will begin to quantify it in our reporting.

Our long-term commitment to the countries in which we operate mines, makes us a reliable source of tax revenue. In F2006, Gold Fields paid a total of R351 million in taxes and government royalties, R116 million in South Africa, R193 million in Ghana and R42 million in Australia.

	South Africa	Ghana	Australia
Total employees	48,467	5,769	386
	(Rm)	(US\$m)	(A\$m)
Net sales	8,909	3,175	2,413
Cost of materials purchased	1,469	802	141
Total payroll and benefits	3,426	192	135
Community investment	17.7	1.67	0.575
Taxes paid	116	193	42
Investment in capital expenditure	694	464	454

During F2006, R248 million (US\$39 million) was spent on exploration including both operational exploration expenditure and investments in exploration ventures to secure the future of our business. This represents an increase on the F2005 figures from R197 million or US\$32 million.

Across our mining operations, we invested approximately R1,6 billion (US\$256 million) in capital expenditure to sustain the future of our existing operations. This includes the ongoing spend on building new long-life shafts in our South African operations.

Our total expenditure on developing the skills of our people was R140 million of which R44 million was spent at the newly formed Gold Fields Business and Leadership Academy in South Africa.

“Across our mining operations, we invested approximately R1,6 billion (US\$ 256 million) in capital expenditure to sustain the future of our existing operations”

## Human Resources

Gold Fields remains a major international employer with a total global workforce of 54,758 including full-time contractors. It provides direct permanent employment to over 48,467 permanent employees (including 5,698 contractors) in South Africa, 5,769 (including 2,350 contractors) in Ghana, 386 in Australia, with a further 136 (including 47 temporary staff and contractors) active in project development and exploration activities across the globe. Approximately 43 per cent of the South African workforce continues to be nationals from the surrounding countries, principally Lesotho and Mozambique.

### Employee Relations

In line with our Human Rights Policy, Gold Fields continues to engage with all representative unions among its global workforce. As of the end of the financial year, Gold Fields' South Africa Operations employed a total of 48,467 persons, 42,769 of whom were permanent and 5,698 were contract employees. 78.2 per cent of the permanent employees are members of one of three recognised trade unions – approximately 69.2 per cent belong to the National Union of Mineworkers (NUM), 6.1 per cent are members of the United Association of South Africa (UASA) and 2.8 per cent belong to Solidarity. Furthermore, the NUM is affiliated to COSATU, the largest South African trade union federation. During F2006, COSATU organised two days of political "stay-aways", which were adhered to by approximately 30 per cent of the Gold Fields labourforce on each occasion. In addition, our operations in line with the rest of the South African gold mining sector experienced a four-day wage strike in August 2005, which was resolved by agreement. In total, approximately 1.4 per cent of working time was lost to strikes and political protest action at our South African operations.

Relations with organised labour have remained positive. During the year, a number of collective agreements were concluded in respect of wages, accommodation, healthcare, year-end breaks, agency shops and the outsourcing of the IT department.

Management and unions engage in a number of forums to discuss policy in areas such as HIV/Aids, Adult Basic Education and Training, accommodation, employment equity, job grading and the social plan (job retention). Progress in these forums is monitored by a joint union/management umbrella body, the "Gold Fields Plenary". Constructive engagement in these fields contributes positively to relations between management and organised labour.

The number of finalised dismissal-related disputes at South African operations declined marginally from 265 to 258, 10 per cent of which were settled while in 95 per cent of the balance, findings were made in favour of the company.

In Ghana, just over 1 per cent of our full-time workforce constitutes expatriates. 40 per cent of the workforce is represented by the Ghana Mine Workers Union. Following the conclusion of the annual wage negotiations in August 2005, our Ghanaian operations experienced a work stoppage involving 705 employees resulting in 1,199 lost shifts. This action was not sanctioned by the Ghana Mine Workers Union and led to the replacement of the union branch leadership by ordinary members. In all the Ghanaian operations there was a total of 18 terminations due to dismissal or misconduct.

Our Australian operations and project development and exploration offices did not experience any industrial actions. However, one member of staff was dismissed in Australia.

“... we remain confident of our ability to meet the challenging goals within the timeframe stipulated by the South African Mining Charter.”

### Workplace Equity and Diversity

Gold Fields’ human resources objective remains to attract, develop and retain high quality people, and to develop their full potential and to reward them for their achievement, commitment, innovation, teamwork and entrepreneurial contributions. Against the background of the commodities boom that continued to increase demand for skilled and experienced people in the resources sector, Gold Fields has initiated a number of projects and programmes to ensure sustainable access to the range of qualified people that will help us sustain and grow our business.

At the South African operations, there is significant congruence between the employee initiatives pursued by Gold Fields and the requirements of the Mining Charter, with the

Charter providing the socio-economic context for these initiatives. The Mining Charter and our agreements with organised labour set specific goals in the areas of human resource development, employment equity, migrant labour, housing and employee living conditions. Despite increased demand for skilled labour created by the commodities boom, we remain confident of our ability to meet the challenging goals within the timeframe stipulated by the Charter.

We have made steady progress in promoting diversity in the workplace, with the aim of ensuring that our operations are representative of the communities in which we operate. This is especially relevant at our South African operations as we address the inequalities of the past and strive to create a transformed Gold Fields that reflects South African demographics.

**Table: Percentage Targets for HDSAs in South Africa**

	June 2006	June 2005	June 2004	June 2003	June 2002	June 2007	June 2008
Occupational category	Actual	Actual	Actual	Actual	Actual	Target	Target
Senior management	26	15	16	14	8	30	40
Professionals	50	57	56	56	47	56	57
Technicians and associated professionals	48	50	48	45	37	47	50
Clerks	97	96	96	97	96	95	94
Service and sales	96	96	96	97	99	96	96
Craft and related trades	50	57	55	53	44	52	53
Plant and machine operators	97	100	100	100	100	97	97

The promulgation of the Minerals and Petroleum Resources Development Act on 1 May 2004 gave rise to an increased impetus to the representation of women in the Group. Each operation has developed and continues to refine plans to eliminate conditions militating against the employment of women in core mining positions.

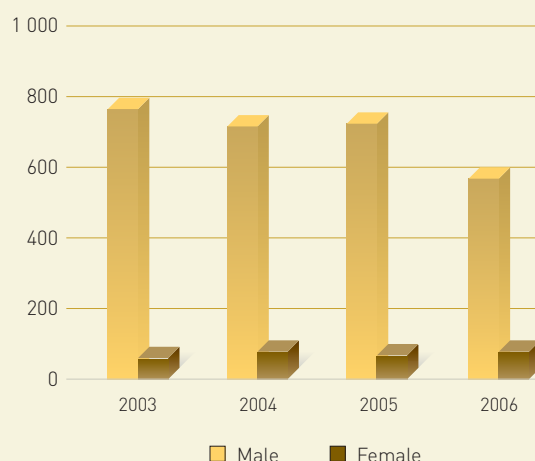
Our employment equity strategy in South Africa is to identify historically disadvantaged South Africans (HDSAs) with the required potential and to purposefully prepare them for appointment to management positions through structured individual development programmes. At the South African operations, significant HDSA representation in the C-band augurs well for progressing such candidates to the next level. During F2006, 88 per cent of bursaries, learnerships and skills programmes were awarded to HDSAs. 14 per cent of these were awarded to women.

Champions allocated to each aspect of the Mining Charter drive our Mining Charter strategies, as discussed with unions and associations in June 2004. The Transformation Manager assists these champions when and where necessary. The vice president and senior managers of each South African operation or service organisation report progress on transformation to the Transformation Steering Committee on a quarterly basis.

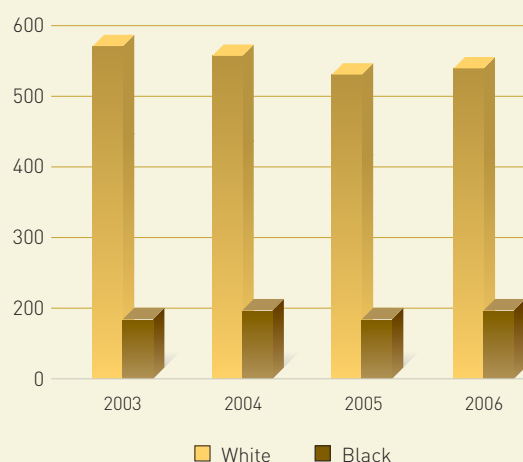
All our operations are committed to developing local management. In Ghana, the localisation programme has continued after the opportunity created in F2005 by the work changes at Tarkwa, which added 37 Ghanaians (F2004: 14 Ghanaians) to management positions. By the end of F2006, the number had risen to 49.

At Damang, middle-management candidates were identified to participate in the USB Management Development Programme and the entire workforce was exposed to external financing training through the "Finance for non-financial managers" course.

#### Management Profile by Gender in South Africa



#### Management Profile by Race in South Africa







### Securing Skills in a Competitive Market

During the year under review, the global commodities boom increased demand for mining-related skills to the point where it had the potential to become one of the bottlenecks for Gold Fields and the sustainability of individual operations. The gold mining sector, in particular, increasingly fell prey to poaching of skilled personnel because other sectors could afford to pay higher salaries and improved employment packages, compared to the gold sector with its recent history of depressed gold prices. With the development of new mining projects across the developing world, some operations have begun to experience a higher than normal labour turnover.

In Ghana, where we experienced 104 voluntary resignations, we have endeavoured to mitigate this by educating employees on the benefits of their package structure and earnings compared to offers they might receive from other companies. We have also standardised supervisory training and development between Tarkwa and Damang, and engaged with the Ghana Department of Labour to access potential experienced replacement labour. In order to maintain longer term access to key technical skills, we also maintain an apprentice scheme and continue to invest in the technical and managerial skills of local employees.

In Australia also, our efforts aimed at attracting and retaining staff is encountering difficulties. Here we have seen our own and the gold mining sector's ability to compete for skilled labour drop relative to other, higher margin mining sectors. As a result, we have experienced a rise in staff turnover, which has reached a high 30 per cent at St Ives which was exceeded by the 60 per cent to 70 per cent experienced by contractors at the same mine. Not only does this lead to increased recruitment and engagement costs, but it gradually erodes institutional memory of site conditions, thereby hampering future productivity drives. While staff turnover rates are high across the goldfields of West Australia, we know that these figures are not in our interests. The Australian tradition at remote sites is to operate a fly-in/fly-out routine. This is also not helpful as the standard eight days on and six days off roster effectively requires two persons for each position. Agnew offers the opportunity of residential or fly-in/fly-out alternatives, while St Ives is a purely residential mine.

Gold Fields recognises that, in the absence of a higher, stable gold price, it will be challenged to compete with some of the better packages. The company has therefore begun to explore ways in which it can enhance staff development options and non-remuneration benefits that will allow it to increase staff retention rates. These initiatives will be driven at a regional and Group level.

“The Gold Fields Business and Leadership Academy is aimed at not only being a leading service provider to Gold Fields but the South African mining industry in general”

## CASE STUDY

### **The Gold Fields Business and Leadership Academy (GFBLA)**

During the year under review, the global commodities boom increased demand for mining-related skills to the point where it had the potential to become one of the bottlenecks for Gold Fields, and the sustainability of the whole mining sector. The gold mining sector, in particular, fell increasingly victim to the poaching of skilled personnel as other sectors, particularly the platinum miners, could afford to pay higher salaries and offer improved employment packages compared to the gold sector, with its recent history of depressed gold prices and a strong rand environment. Beyond that, countries like Australia, Canada and the United States also looked to recruiting from South Africa as a means of addressing their acute mining and engineering skills shortage. Mindful that Gold Fields could not compete with some of the better packages, and of the disproportionate impact of the growing international demand on South Africa's mining-related skills base, Gold Fields' executive management took the decision in November 2005, to optimise our training resources by consolidating them under a single management structure, capable of serving as a leading service provider for not only Gold Fields, but the South African mining industry in general.

To this end, Gold Fields integrated the well-known Gold Fields Academy, all its mine-based training, education development and leadership facilities, as well as the Gold Fields Nursing College, into a single institution offering a holistic approach to the Group's education, training and development needs. To underscore the importance of this initiative, Mike Prinsloo, former head of South African operations and Gold Fields executive vice-president, was appointed as chief executive officer of the new Gold Fields Business Leadership Academy (GFBLA), while Ian Cockerill assumed the position of chairperson. With Gold Fields as its anchor client, the GFBLA will operate as an independent, commercially orientated, business entity. The GFBLA business plan is premised on the assumption that poaching will continue to impact the gold mining sector as well as the national skills base, and will increase the challenge of meeting the transformation imperatives of the Mining Charter. As a result, there is a need to train more than Gold Fields' immediate staff requirements to ensure a sustainable complement of skills capable of replacing the losses of skilled personnel in the sector.

Recognising that the Mining Charter sets HDSA targets that will be challenging to meet using traditional educational and career models, the GFBLA is also using the experience gained by the various constituent training centres over more than 40 years to support the implementation of new and improved training material, methodologies and technology-based models to help fast-track the learning process. Prinsloo and his team are implementing a strategy to support Gold Fields' various operations in their quest to achieve a 10 per cent productivity improvement per year and to do so without compromising the company health and safety objectives, while complying fully with the social and economic objectives of the Mining Charter.



## CASE STUDY

### The Gold Fields Business and Leadership Academy (GFBLA) (continued)

All levels of training and assessment are catered for from induction to refresher training, to technical skills programmes, performance management, competence development systems, and team mobilisation. The Academy has been fully accredited by the South African Mines Qualification Authority (MQA) and has ISO 9001/2000 certification. It also has programme approval from a number of SETAs in sectors with mining industry linkages. The GFBLA will also make use of e-learning and will draw upon its extensive network and growing formal alliances among reputable service providers and subject matter experts.

The GFBLA business model is, however, not aiming at competing with universities, colleges and technikons, but will rather fill the gaps between school and tertiary education, providing the practical side of education that allows the learner to benefit from the experiences gained at the rock face. Training is currently offered at GFBLA sites on the Witwatersrand, Carletonville and Virginia area, or at clients' sites. There are plans to establish additional facilities in the mining hubs of Rustenburg, Welkom and Klerksdorp. Within its first year of operation, the GFBLA has already succeeded in securing some large non-Gold Fields contracts from local government, public utility companies, the petrochemicals industry, other gold mining companies, and a range of contractor companies servicing the industry. The GFBLA has also successfully engaged with the Executive of the Joint Initiative on Priority Skills Acquisition (JIPSA) on the Academy's ability and willingness to place increased numbers of engineering learners on its accredited programmes. Gold Fields is, therefore, confident of the GFBLA economic sustainability.

## Procurement

The Gold Fields BEE Procurement Policy was adopted in 2003 when HDSA procurement stood at 9.7 per cent. Since then, we have striven to increase this percentage, mindful of the reality that this effort, in order to be sustainable, must be commercially driven and that considerations such as quality, cost, reliability, occupational health and safety standards must remain essential requirements for suppliers to the Group. In terms of the policy, Gold Fields employ formal selection and screening criteria to ensure authenticity of suppliers' information. It has also partnered with the South African Mining Preferential Procurement Forum (SAMPFF) to assist in the accreditation of suppliers, *inter alia*, through external audits. The Group is also actively investigating suppliers to guard against the risk of fronting, and reports of Gold Fields' security screening investigations are considered by our vendor selection committee. By the end of F2006, the HDSA-spend stood at 35 per cent (R87 million) of total working cost and capital materials spend. We have a 30-day payment policy in place, which is substantially adhered to. Adherence to such payment terms is critical if we are to grow the list of SMMEs on our supplier base. In specific cases we engage with HDSA SMMEs concerning shorter payment terms for fixed periods of time. In terms of the Mining Charter, we plan to have more than 40 per cent of our working cost and capital materials spend provided by accredited HDSA suppliers.

## Accommodation and Nutrition

In South Africa, Gold Fields continues to provide single accommodation and catering to some 28,000 employees, the majority of whom are migrant workers. During F2005, Gold Fields initiated a series of single accommodation upgrades and conversions at a cost of R18,5 million. This will continue until 2013 when 100 per cent of our workforce have a choice with regards to the type of accommodation option.

In previous years, Gold Fields reported on a number of housing initiatives aimed at increasing the accommodation options of its staff and to pursue its de-densification strategy. Based on feedback from unions and regulators who identified economies of scale as a major bottleneck, we have revisited various assumptions underpinning these initiatives and are in the process of restructuring them as part of a greater sector-wide collaborative effort. These will be linked in with our broader staff retention incentive scheme, and we will report material progress in this area during F2007.

During F2006, menu-engineering was completely revised and aligned with government nutritional information requirements. Using tasting panels and the input of a full-time dietician, menus were changed to achieve a better balance between proteins, carbohydrates and vitamins. Menu-development was also formally linked to the employee wellness programme. Kitchen staff were trained to reduce wastage, improve food handling and storage and to adjust their cooking to better preserve vitamins while cooking large amounts of food for large numbers of people. The dietician will continue to monitor the effectiveness of these measures and make recommendations for continued improvement on an ongoing basis.

## GROUP VALUE ADDED STATEMENT

for the year ended 30 June 2006

95

	%	2006 R'million	%	2005 R'million
<b>Value added</b>				
<b>Turnover</b>		<b>14,604.7</b>		11,756.3
Cost of materials and services		<b>6,569.5</b>		6,167.0
Value added by operations	<b>94.2</b>	<b>8,035.2</b>	90.4	5,589.3
Realised and unrealised gain on financial instruments	<b>-0.3</b>	<b>( 24.0)</b>	5.6	344.0
Profit on sale of investments	<b>0.5</b>	<b>40.3</b>	0.8	50.3
Profit on sale of exploration rights	<b>0.0</b>	<b>-</b>	0.8	46.6
Profit on sale of assets	<b>0.3</b>	<b>23.6</b>	0.0	-
Other income	<b>5.4</b>	<b>457.5</b>	2.5	152.4
	<b>100.0</b>	<b>8,532.6</b>	100	6,182.6
<b>Employees</b>				
Salaries, wages and other benefits	<b>51.3</b>	<b>4,379.5</b>	63.1	3,901.0
Providers of capital	<b>5.4</b>	<b>456.7</b>	7.2	443.4
Dividends paid to shareholders	<b>4.6</b>	<b>394.5</b>	5.6	344.5
Finance cost	<b>0.7</b>	<b>62.2</b>	1.6	98.9
<b>Government</b>				
Taxation (provided)	<b>6.8</b>	<b>578.2</b>	4.2	262.1
<b>Re-invested in the Group</b>	<b>36.5</b>	<b>3,118.2</b>	24.7	1,524.1
Amortisation and depreciation	<b>18.0</b>	<b>1,536.0</b>	24.4	1,512.1
Impairment of assets	<b>0.0</b>	<b>-</b>	4.2	260.9
Deferred taxation	<b>4.2</b>	<b>360.6</b>	-2.6	(160.6)
Minority shareholders' interest	<b>2.7</b>	<b>227.5</b>	2.1	128.5
Retained earnings for the year	<b>11.7</b>	<b>994.1</b>	-2.7	(164.8)
	<b>100.0</b>	<b>8,532.6</b>	100.0	6,182.6



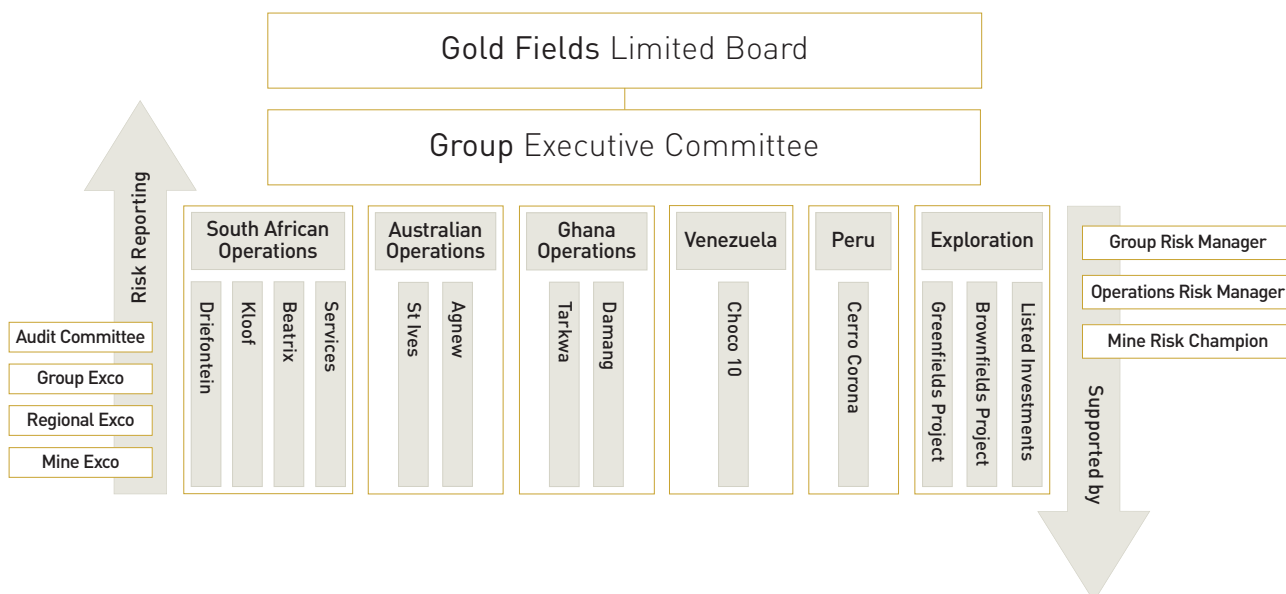


Gold Fields' approach to risk management continues to be guided by its Group Risk Policy which can be found on the Goldfields website [www.goldfields.co.za](http://www.goldfields.co.za). In short, the policy requires consistent and systematic risk assessment and reporting procedures across the Group.

During F2006, the risk management structures, system and capacity were expanded to reflect the increasingly globalised nature of the Group's operations. This should result in a broader development of a risk management culture at all levels of the Group's operations. With the support of the audit committee and the board, the process which generates the risk register, was changed to focus more on the role of the individual operations in the identification of operational and strategic risks, which require management and mitigation strategies. Operations now review their risk register at least twice a year, although some, depending how site management sees the process, do so on a quarterly basis. Operational management is then required to integrate the identified risks into their strategic planning sessions and their control programmes, and to report on the management and mitigation strategies of identified key risks to regional and corporate management. The updated site risk registers are then collated at corporate level and the key South African and international risks prioritised.

In Venezuela, Choco 10 mine has begun the process of developing its own risk identification and management system

### Risk Management Structure





during the second half of F2006, but is expected to have an operational risk register guiding its strategic planning and control measures only during the course of F2007. As Cerro Corona in Peru is currently under construction and will only be commissioned in 2007, risk assessments specific to the construction phase were done and control measures put in place. Prior to commissioning, the project will develop its own formal operational risk identification and management process. The corporate risk management function supports and streamlines this process at all levels.

The board, via the audit committee, is ultimately responsible for the overall system of risk management. Accordingly, it has overseen the aforementioned strengthening of the corporate risk management function and continues to monitor measures to mitigate existing risks and identify new risks on an ongoing basis.

## Risk Mitigation Responses

During F2006, the risk assessment process continued to highlight various key risks that could affect Gold Fields as it expands globally. In determining key risks, the Group utilises conventional risk assessment methodologies which consider, *inter alia*, the severity of a risk, the probability of its occurrence and the effectiveness of control measures already in place. There may be additional risks unknown to Gold Fields at the time, and others that are currently considered immaterial, which could become material. These factors should they materialise could materially affect the Group's results. All risk information contained in this section should be considered in conjunction with any forward-looking statements in this document.

### • Financial

As a gold producer, Gold Fields is subject to the volatility of the gold price and exchange rates. This volatility could impact on the Group's earnings, assets and cash flows. Marginal operations and long-term investment decisions relating to mine deepening projects are particularly affected by such fluctuations. Rising labour costs, commodity input costs and sourcing bottlenecks driven by strong global demand for diesel, timber, tyres and certain chemicals have also impacted on production costs and could continue to do so in future. Gold Fields' response to these volatilities continues with the implementation of Project 500 which comprises two projects aimed at generating additional revenues, firstly through enhanced productivity (Project 400) and, secondly, initiatives designed to achieve considerable savings (Project 100, Project 100+ and Project Beyond). Gold Fields also continues to drive various initiatives seeking to reduce supply chain costs through a range of initiatives through, *inter alia*, improved strategic sourcing and the creation of alliances with suppliers.

The Group also takes an active role in strengthening global demand for, and use of, gold through its activities in the World Gold Council.

### • Competitor/Third Party Actions

Like any business, the Group is exposed to the actions of competitor organisations which may adversely affect its ability to do business through, for example, a third party acquiring a strategic position in other gold mining and gold mining-related organisations that can affect the competitive position of the Group within the gold mining sector. To mitigate such exposure, the Group operates an acquisition and competitor information system designed to provide timely information concerning the plans and capabilities of gold sector operators. In addition, the Group continues, through its investor relations and stakeholder engagement strategy, to build industry and sector relationships that should assist in the identification of external threats at an early stage.

### • Political

Mining is exposed to unexpected changes in national regulatory requirements such as the tax regime, the terms of royalty agreements, as well as levy and licence conditions. Such uncertainties can have a material effect on overall profitability and influence investment decisions in certain regions. In addition, there are local, national and international campaigns against mining activities and specific forms of mining that could influence public perceptions of the industry. These could include demands from labour and other social demands. Gold Fields remains particularly conscious of these dynamics and continues to develop relationships and, where appropriate, enter into mutually beneficial partnerships with governmental and non-governmental stakeholders in each country where it operates. Through its membership of various industry bodies and transparent lobbying at national and international level, the Group further seeks to manage stakeholder expectations and increase regulator understanding.

### • Human Resources

The ongoing global expansion of the resources sector has reduced the availability of certain required skills with a corresponding negative impact on productivity, the maintenance of standards and employment costs. In response to the aggressive actions of higher margin operators in the resources sector, Gold Fields pursues a multi-tier approach aimed at generating, attracting and retaining skills. Accordingly, the Group restructured its training infrastructure into the Gold Fields Business Leadership Academy to provide an expanded, more diverse training and skills development service to the Group and

the wider sector. Mindful that many graduates are attracted by a company's operational ethics and sustainability performance, we continue to ensure that cost-reduction initiatives and productivity drives do not impair our ability to meet the high operational standards to which we are committed in these areas. Finally, we seek to retain staff through a range of programmes encompassing competitive compensation models, career development opportunities and mentorship schemes.

The Group's South African operations are subject to the Mining Charter and scorecard which seek to:

- promote equitable access to South Africa's mineral resources for all people in South Africa;
- expand opportunities for historically disadvantaged South Africans (HDSAs); including women, to enter the mining and minerals industry;
- utilise the existing skills base for the empowerment of HDSAs;
- expand the skills base of HDSAs in order to serve the community;
- promote employment and the social and economic welfare of mining communities and areas supplying mining labour; and
- promote beneficiation of South Africa's mineral commodities beyond mining and processing, to include the production of consumer goods.

Gold Fields believes that it continues to make good progress towards meeting the Charter requirements and has many initiatives in place to ensure full compliance with the charter.

#### • Health

The mining sector has long been subject to stringent occupational health and safety laws and regulations that are subject to change from time to time. While the Group's various operations have the necessary capacity to ensure full compliance with these laws and regulations in the various jurisdictions, and operate various programmes and initiatives to meet them, changes in these laws and regulations may result in additional costs.

In addition, the industry addresses various regional healthcare challenges not linked to occupational health, such as the HIV/Aids pandemic which is particularly severe in southern Africa, and malaria which is prevalent in West Africa. Such medical challenges, if unmanaged, could adversely affect productivity, general medical cost and absenteeism. Both are aggressively targeted with a strong emphasis on employee and community involvement and

preventative educational initiatives. In addition, a preventative employee wellness programme is in place that is complemented by a multi-tier HIV/Aids management programme for employees affected by the disease.

#### • Ore Reserves

Gold Fields' operations face various uncertainties when estimating ore reserves and delivering forecast grades due to the inherently risky nature of mining. Reserve estimates may change significantly over time as new information or technology becomes available or when product price or currency fluctuations may cause lower ore grades to become uneconomic. Any significant restatement in the ore reserve may impact on the company's profitability and cash flow over time. To manage this risk, Gold Fields maintains access to world-class in-house and external geological, mineral and resource management capacity. This capacity has expanded over time to take account of the increasingly diverse orebodies the company exploits, with highly experienced staff familiar with diverse geological settings, constantly monitoring pertinent geological assumption changes.

#### • Environmental and Social

The Group is subject to an ever-growing range of national environmental laws, regulations and permit conditions and high community expectations. Continued compliance with evolving regulatory requirements and dynamic community expectations holds the potential for increased costs and/or potential litigation that could affect cash flow and earnings over time. Gold Fields' response to these risks is to resource its environmental and community engagement structures adequately to enable them to operate lawfully and maintain an open, constructive relationship with its stakeholder communities. In addition, the Group's environmental management system is operated and certified to the international ISO 14001: 2004 standard. The Group seeks to make its community development projects and rehabilitation work more sustainable through increased integration. Thus, many rehabilitation efforts are aimed at simultaneously creating, *inter alia*, sustainable livelihoods.

#### • Risk Financing

Overall insurance policy limits for F2005 were renewed at similar levels in F2006. In response to its growing global presence, the Group has appointed an insurance service provider capable of servicing the Group's insurance needs on a national, regional and global level. A complete review of the Group's insurance programme will take place during F2007, which may affect future levels of insurance. The Group continues to insure on a standing charges only (fixed cost) basis of business interruption cover in an effort to contain costs. In the event of the Group suffering a major loss, future earnings could be affected.

## Introduction

Since its inception, Gold Fields has been committed to upholding sound principles of corporate governance in all its business dealings and in respect of all its stakeholders. As the focal point of the company's corporate governance system, all board members are expected to discharge their fiduciary duties and responsibilities professionally and in accordance with the company's code of ethics, thereby upholding the company's core values of integrity, transparency and enterprise, enshrined in this code.

Gold Fields continues to endorse the principles contained in the South African Code of Corporate Practices and Conduct as recommended in the Second King Report ("the 2002 King Report") and complies substantially and materially with its provisions. Going forward, adherence to sound principles of corporate governance is and will remain both a board and a management priority.

The company's shares are listed on JSE Limited ("the JSE"). As such, the company is required to comply with the Listings Requirements of the JSE, including those recommendations of the 2002 King Report that have been codified in the Listings Requirements ("the JSE Listings Requirements"). The shares of the company also trade in the United States of America ("USA") on the New York Stock Exchange ("NYSE") and are registered with the United States Securities and Exchange Commission ("SEC"). As such, the company is subject to the disclosure, corporate governance and other requirements of the NYSE, in so far as they relate to foreign private issuers such as Gold Fields, as well as with those provisions of the Sarbanes-Oxley Act of 2002 which are applicable to foreign private issuers.

## Board of Directors

Gold Fields is governed by a unitary board which may not, in terms of its articles of association, comprise fewer than four nor more than 15 directors. In accordance with the company's articles of association, Mr J G Hopwood and Mr D M J Ncube were appointed as non-executive directors of the company by the board with effect from 15 February 2006. The credentials of both new board members were reviewed by the board prior to their respective appointments and both have received induction material and information relevant to their obligations as directors as well as the company's history, activities, and business. Following the sale by Norilsk Nickel of its shares in Gold Fields, Mr S Stevanovich and Mr M A Sosnovski resigned from the board with effect from 16 March 2006. Mr G R Parker

and Mr B R van Rooyen also retired from the board with effect from 18 November 2005. Consequently, the board currently comprises two executive directors and 11 non-executive directors.

In accordance with the company's articles of association and following the retirement of Mr C M T Thompson as director of the board with effect from 18 November 2005, Mr A J Wright was appointed as the new chairman of the board with effect from 18 November 2005.

The offices of the chairman and that of the chief executive officer are separate from one another and are currently filled by an independent non-executive director (Mr A J Wright) and an executive director (Mr I D Cockerill), respectively.

In keeping with the recommendations of the 2002 King Report, the Gold Fields board comprises a significant majority of non-executive directors of whom sufficient are independent of management so that share owner interests (including minority interests) can be protected. These non-executive directors, each of whom is an experienced professional, make a significant contribution to the board's deliberations and decisions. Non-executive directors do not receive any remuneration from the company for their services as directors other than the fees and the share options detailed in the Directors' Report on pages 123 and 132 of this annual report.

The board reviews the status of its members on an ongoing basis and, based on its deliberations, currently considers at least 10 of the current complement of 11 non-executive directors to be independent, as defined in the JSE Listings Requirements. The board therefore comprises a majority of non-executive directors who are also independent.

In its deliberations, the board determined that Mr Sexwale could not be categorised as independent by virtue of the contractual arrangements in place between Gold Fields Group members and Mvelaphanda Resources Limited and Mvelaphanda Holdings (Proprietary) Limited (of which Mr Sexwale is an executive chairman) which might, in certain circumstances, be significant enough to interfere with the categorisation of this non-executive director as independent.

Details of the directors and their status as executive, non-executive or independent appear on page 5 of this annual report.

The board regularly monitors and appraises its performance.

## Board Charter

Gold Fields' mission is to be a leading, value adding, globally diversified, precious metals producer through the responsible, sustainable and innovative development of quality assets.

The board of directors seeks to promote the pursuit of this mission while upholding sound principles of corporate governance, the interests of communities that it affects, responsible citizenship and the best interests of its shareholders. Ultimately, the board seeks to create enduring shareholder value in a responsible and ethical manner.

It seeks to pursue this mission in accordance with a formal board charter. The charter, which is available on the Gold Fields website ([www.goldfields.co.za](http://www.goldfields.co.za)), articulates clearly and concisely, the objectives and responsibilities of the board. It recognises the desirability of having a board composed of a majority of independent directors with the requisite skill mix and geographic background to meet the company's evolving needs in a collective way, ensuring a balance of power and authority, such that no one individual has unfettered powers of decision-making.

As set out in its charter, the board's responsibilities include:

- determining the company's code of ethics and conducting its own affairs in a professional manner, upholding the core values of integrity, transparency and enterprise;
- evaluating, determining and ensuring the implementation of corporate strategy and policy;
- monitoring the performance of the company, including operational performance and management performance against the company's strategic plans;
- the overall system of risk management and monitoring risk exposures and controls;
- developing and setting disclosure and reporting practices to best serve the needs of its shareholders;
- regularly monitoring and appraising its own performance;
- seeking to ensure ethical behaviour and compliance with relevant laws, regulations, audit and accounting principles/practices, the company's own governing documents and code of ethics; and
- providing counsel and advice to the chief executive officer and his team on all critical and sensitive matters.

As the focal point of the company's corporate governance system, the board has put in place structures and processes designed to support it in the fulfilment of its function, which structures and processes are monitored and reviewed for effectiveness on an ongoing basis.

Each of the directors has unrestricted access to the advice and services of the company secretary, to management and

company information, and is entitled to seek independent professional advice at the company's expense, in discharging his duties as a director.

## Staggered Rotation of Directors

One-third of directors must retire from office at each annual general meeting of the company, with the first to retire being those appointed as additional members of the board during the year, followed by the longest serving members. Retiring directors are free to make themselves available for re-election and may, as such, be re-elected at the annual general meeting at which they retire.

## Board Meeting and Attendance

The board is required to meet at least four times a year and regularly without its executive members. The board met on 10 occasions during the year under review. The record of attendance by members of the board at such meetings is contained in the table below.

Director name	No of meetings attended
A J Wright	9
I D Cockerill	10
N J Holland	10
G J Gerwel	6
J M McMahon	10
R L Pennant-Rea	10
P J Ryan	10
T M G Sexwale	10
C I von Christerson	9
K Ansah	10
A Grigorian	10
J G Hopwood <sup>3</sup>	1
D M J Ncube <sup>3</sup>	1
C M T Thompson <sup>1</sup>	5
G R Parker <sup>1</sup>	5
B R van Rooyen <sup>1</sup>	5
M A Sosnovski <sup>2</sup>	4
S Stefanovich <sup>2</sup>	9

<sup>1</sup> These directors retired from the board with effect from 18 November 2005.

<sup>2</sup> These directors resigned from the board with effect from 16 March 2006.

<sup>3</sup> These directors joined the board with effect from 15 February 2006.

## Board Committees

In accordance with its charter and in order to assist in the discharge of its duties, the board has established a number of standing committees composed entirely of non-executive directors. These committees comprise the Nominating and Governance Committee, the Audit Committee, the Compensation Committee and the Safety, Health, Environment and Community Committee, all of which operate in accordance with written terms of reference, which terms of reference were approved by the board and are available on the company's website ([www.goldfields.co.za](http://www.goldfields.co.za)) or from the company's secretarial office, on request.

Each of the standing board committees is chaired by an independent, non-executive director. Each such committee is required to evaluate its own effectiveness and performance from time to time, with the Nominating and Governance Committee monitoring and reporting to the board periodically on such performance and effectiveness.

In view of the responsibilities of members of these committees beyond their functions as directors, each member is paid remuneration in addition to the annual fee payable to directors, which remuneration is recommended by the board and requires approval in advance by the shareholders of the company in general meeting.

### Nominating and Governance Committee

The Nominating and Governance Committee was reconstituted on 18 November 2005. As recommended by the 2002 King Report, the Nominating and Governance Committee is chaired by the chairman of the company. The other members of this committee are Dr P J Ryan, Dr A Grigorian, and Mr R L Pennant-Rea. Its written terms of reference require this committee, inter alia, to:

- develop the approach of the company to matters of corporate governance and make recommendations to the board with respect to all such matters;
- identify a successor to the chairperson and chief executive officer and make recommendations in this regard to the board as a whole;
- consider the mandates of board committees, the selection and rotation of committee members and chairpersons as well as the performance and effectiveness of each board committee on an ongoing basis; and
- evaluate the effectiveness of the board and its committees and management as a whole and report thereon to the board.

The JSE Listings Requirements stipulate that all members of this committee are non-executive directors, of whom the majority must be independent. As all the members of this committee are independent non-executive directors, it exceeds the requirements set out in the JSE Listings Requirements.

The Nominating and Governance Committee met on four occasions during the year under review. The record of attendance by members at such meetings is contained in the tables below.

Meetings prior to 18 November 2005 (old committee):

Director name	No of meetings attended
C M T Thompson	2
P J Ryan	2
T M G Sexwale	2
B R van Rooyen	2

Meetings after 18 November 2005 (new committee):

Director name	No of meetings attended
A J Wright	2
A Grigorian	2
R L Pennant-Rea	2
P J Ryan	2

### Audit Committee

The Audit Committee was reconstituted on 18 November 2005. The Audit Committee, as reconstituted, comprises Mr J G Hopwood (Chairman), Professor G J Gerwel, Messrs R L Pennant-Rea, K Ansah and J M McMahon, is required to meet at least quarterly every year and to monitor and review:

- the effectiveness of the Group's information systems and other systems of internal control;
- the effectiveness of the internal audit function;
- the reports of both the external and internal auditors;
- the quarterly and annual reports and specifically the annual financial statements;
- the annual report on Form 20-F filed with the SEC;
- the accounting policies of the Group and any proposed revisions thereto;
- the external audit findings, reports and fees and the approval thereof; and
- the compliance with applicable legislation, requirements of regulatory authorities and the company's code of ethics.

All members of the Audit Committee are non-executive directors, all of which are considered to be independent as defined in the 2002 King Report. In addition, the majority of members is financially literate and has had sufficient financial experience to discharge their duties.

The internal and external auditors have unrestricted access to the Audit Committee and its chairman, ensuring that their independence is in no way impaired.

The Group internal audit function is headed by the senior manager, internal audit. The Audit Committee monitors, supervises and evaluates the effectiveness of the internal audit function, which function reports to the chief executive officer but has access to both the board chairperson and the chairperson of the Audit Committee. The Audit Committee determines the purpose, authority and responsibility of the internal audit function in an Internal Audit Charter, which charter has been approved by the Audit Committee. The Audit Committee has the authority to appoint and dismiss the head of the Group internal audit function.

The Audit Committee is required to approve all significant non-audit relationships with the company's independent auditor.



For the period under review, the Audit Committee has approved, and the company's independent auditor has performed, the following non-audit services: Sarbanes-Oxley Section 404 implementation assistance, accounting advice and taxation services. In consideration for rendering these services, the company has paid the independent auditor an amount of R2.86 million.

In addition, the Audit Committee is responsible for the oversight of the work of the independent auditor, and the independent auditor reports directly to the Audit Committee.

The Audit Committee has adopted formal, written terms of reference that were approved by the board. The Audit Committee is of the opinion that it has satisfied its responsibilities for the past financial year in compliance with such terms of reference.

The Audit Committee met on five occasions during the year under review. The record of attendance by members at such meetings is contained in the table below.

Meetings prior to 18 November 2005 (old committee):

Director name	No of meetings attended
A J Wright	3
G J Gerwel	1
R L Pennant-Rea	3
B R van Rooyen	3
C I von Christierson	3

Meetings after 18 November 2005 (new committee):

Director name	No of meetings attended
J G Hopwood	1
K Ansah	2
G J Gerwel	1
J M McMahon	2
R L Pennant-Rea	2

## Compensation Committee

The Compensation Committee was reconstituted on 18 November 2005. The Compensation Committee, as reconstituted, comprises Mr C I von Christierson (Chairman), Messrs J M McMahon, D M J Ncube T M G Sexwale and A J Wright and is required to meet at least twice a year. As recommended in the 2002 King Report, the committee comprises a majority of independent, non-executive directors and is chaired by an independent, non-executive director. This committee, which has adopted its own formal terms of reference, has established and reviews, on an ongoing basis, the Group's compensation philosophy, the terms and conditions of employment of executive directors and other executives, including a short-term performance-linked bonus scheme and a long-term share incentive scheme.

The terms and conditions of employment of both executive directors are contained in written contracts of employment. The remuneration particulars of each contract are contained on pages 128 to 129 of this annual report, with the Group's maximum exposure being limited to two years' remuneration in the event either such executive director's services are terminated as a result of a take-over or merger.

The Compensation Committee met on eight occasions during the year under review. The record of attendance by members at such meetings is contained in the table below.

Meetings prior to 18 November 2005 (old committee):

Director name	No of meetings attended
P J Ryan	2
J M McMahon	2
G R Parker	2
C M T Thompson	2
A J Wright	2

Meetings after 18 November 2005 (new committee):

Director name	No of meetings attended
C I von Christierson	6
J M McMahon	5
D M J Ncube	2
T M G Sexwale	4
S Stefanovich (resigned 16 March 2006)	1
A J Wright	5

## Safety, Health, Environment and Community Committee

The Safety, Health, Environment and Community Committee was reconstituted on 18 November 2005. The company is committed to the achievement and maintenance of world-class standards in the management of the health and safety of its employees and the environment. As such, the Safety, Health, Environment and Community Committee plays a pivotal role in assisting the board in its oversight of the effectiveness of the company's environmental, health and safety programmes and to keep the board informed in regard to the company's objectives, compliance with and maintenance of standards in these areas. The committee seeks also to minimise health, safety and mining-related accidents within the Group, to ensure that the Group's operations are in compliance with all environmental regulations, and has established a company policy in respect of HIV/Aids and health matters. This Committee has adopted formal terms of reference and is required, in terms thereof, to meet at least twice a year. The committee, as reconstituted, comprises Dr P J Ryan (Chairman), Dr A Grigorian, Messrs K Ansah, J G Hopwood and D M J Ncube and is therefore made up of a majority of independent, non-executive directors, as recommended by the 2002 King Report.

The Health, Safety and Environment Committee met on four occasions during the year under review. The record of attendance by members at such meetings is contained in the table below.

Meetings prior to 18 November 2005 (old committee):

Director name	No of meetings attended
J M McMahon	1
G R Parker	2
T M G Sexwale	1
C I von Christerson	1

Meetings after 18 November 2005 (new committee):

Director name	No of meetings attended
P J Ryan	2
K Ansah	2
A Grigorian	1
J G Hopwood (appointed 16 May 2006)	
D M J Ncube	1
M A Sosnovski (resigned 16 March 2006)	1

## Defence Committee

The special, ad hoc, Defence Committee which was established by the board to assist the board in determining and directing the company's response to the hostile and unsolicited bid to acquire control of Gold Fields by Harmony Gold Mining Company Limited, as reported in the last annual report, was dissolved following the successful defence by the company against the bid.

## Executive Committee

The Gold Fields Executive Committee comprises two executive directors and eight executive officers. The two executive directors are the chief executive officer (Mr I D Cockerill), who chairs this committee, and the chief financial officer (Mr N J Holland).

This committee is not a committee of the board, but is primarily responsible for implementing the board's directives, meets regularly to review Group performance and develops Group strategy and policy proposals for consideration by the board.

In addition, and in support of the company's commitment to a policy of fair, accurate and timely disclosure of information to its stakeholders, the investment community and the public, the Executive Committee of Gold Fields has been mandated by the board to assist in the execution of the Group's disclosure obligations. To this end, the Executive Committee has formulated a series of guidelines on disclosure, which have been disseminated throughout the Group. "Disclosure" is an agenda item at each Executive Committee meeting and, in order to facilitate the fulfilment by the committee of this function, a disclosure co-ordinator has been appointed at each operation and in respect of each core discipline throughout the Group.

The Executive Committee is supported in the execution of its functions by a number of executive and operating committees that have been established in respect of each of the Group's operations as well as by a New Business Development Committee.

In addition, each operating subsidiary of the company has established board and management committee structures designed to ensure that the company's commitment to sound practices and standards of corporate governance are maintained on a Group-wide basis. At least one of the company's executive directors serves on the board of each operating subsidiary of the company.

Details of the members of the Executive Committee appear on page 13 of this annual report.

## Internal Control

The board has established and maintains internal controls and procedures, which are reviewed regularly for effectiveness. These controls and procedures are designed to manage, rather than eliminate, the risk of failure, and provide reasonable, but not absolute, assurance that there is an adequate system of internal control in place.

Internal auditors monitor the operation of the internal control systems and report their findings and recommendations to the Audit Committee, the directors and management. Corrective action is taken to address any deficiencies as and when they are identified. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems, has occurred during the year under review.

The board has established and maintains internal controls and procedures, which are reviewed regularly for effectiveness. These controls and procedures are designed to manage, rather than eliminate, the risk of failure, and provide reasonable, but not absolute, assurance that there is an adequate system of internal control in place.

Internal auditors monitor the operation of the internal control systems and report their findings and recommendations to the Audit Committee, the directors and management. Due to the requirements of the Sarbanes-Oxley Act, 2002; specifically sections 404 and 302, monitoring and assessment of these controls occurs more frequently. This additional focus created an opportunity to strengthen the internal controls over financial reporting. Corrective action is taken to address any deficiencies as and when they are identified.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems, has occurred during the year under review.

## Company Code of Ethics

Directors and employees alike are bound to uphold the core values of honesty, transparency and integrity that underpin the

Gold Fields Code of Ethics. Above all, this code requires all directors and employees to maintain the ethical standards set by the company, *inter alia*, that its representatives conduct themselves with integrity, in accordance with all applicable law and, generally, in an irreproachable manner. The code of ethics also articulates the company's policy with respect to conflicts of interest, confidentiality, fair dealing, the protection and proper use of company assets. The code of ethics is available on the company's website ([www.goldfields.co.za](http://www.goldfields.co.za)) and has been communicated throughout the Group. The code of ethics is also communicated to all new employees.

The board is committed to ensuring the consistent application of the code of ethics and is assisted by the Audit Committee in its responsibility for overseeing compliance therewith.

Only this committee is empowered to waive the application of the principles espoused in the code of ethics in respect of directors or executive committee members and the code itself requires that any such waiver will be publicly and promptly disclosed.

Gold Fields has contracted the services of "Tip-off Anonymous", an independent hotline service provider, to facilitate the confidential reporting of code violations, fraud and other inappropriate behaviour. Employees found guilty of ethical breaches are disciplined in accordance with the Group's disciplinary code and, should the breach also constitute a criminal act, it is the Group's policy to pursue prosecution of the employee concerned.

Feedback to date suggests that the ethical standards espoused in the code are, in general, being upheld across the Group.

## Insider Trading

The Group operates a closed period prior to the publication of its quarterly and year-end financial results during which period employees, directors and officers of the Group may not deal in the shares of the company. This is also extended to any period when the company is trading under a cautionary announcement. The company secretary keeps members of the board and employees across the Group informed of all such periods.