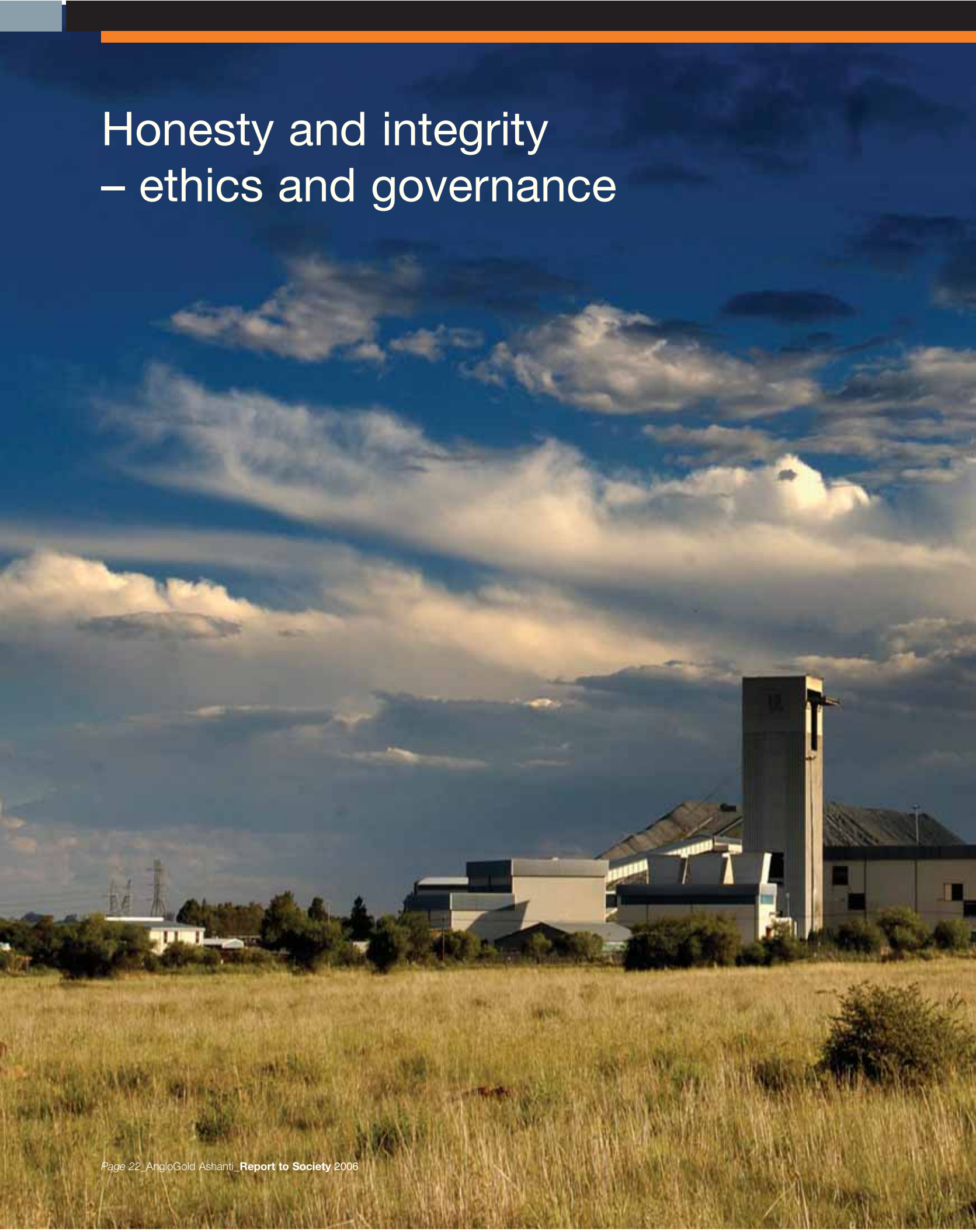


# Honesty and integrity – ethics and governance

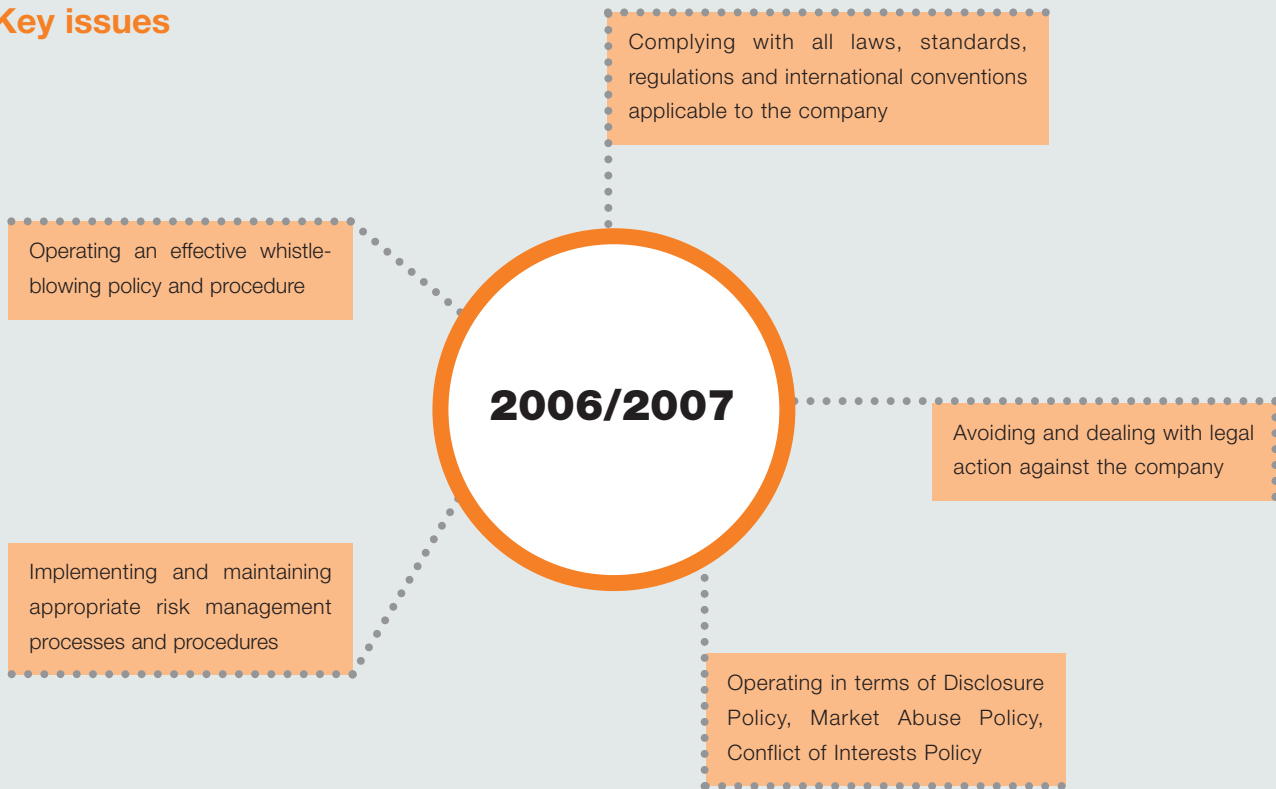




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### 1. Key issues



### 2. Living our values

A key feature of our values statement is our intention to conduct ourselves with honesty and integrity in all that we do. Our values inform our business principles, which are applicable across AngloGold Ashanti and in all of the countries in which we do business.



### **Business principle: AngloGold Ashanti – a responsible and ethical corporate citizen**

1. We will comply with all laws, regulations, standards and international conventions which apply to our businesses and to our relationships with our stakeholders. Specifically, AngloGold Ashanti supports the Universal Declaration of Human Rights, the Fundamental Rights Conventions of the International Labour Organization (ILO) and those principles and values referred to in the United Nations Global Compact.
2. Should laws and regulations be non-existent or inadequate, we will comply with appropriate, proportionate and reasonable international standards.
3. We will fully, accurately and in a timely and verifiable manner, consistently disclose material information about the company and its performance. This will be done in readily understandable language to appropriate regulators, our stakeholders and the public.
4. We will not offer, pay or accept bribes, nor will we condone anti-competitive market practices and we will not tolerate any such activity by our employees.
5. We prohibit our employees from trading shares when they have unpublished, material information concerning the company or its operations.
6. We require our employees to comply with all money handling requirements under applicable law, and we further prohibit them from conducting any illegal money transfers or any form of 'money laundering' in the conduct of the company's business.
7. We will require our employees to perform their duties conscientiously, honestly and in ways that avoid conflict between their personal financial or commercial interests and their responsibilities to the company.
8. We will take all reasonable steps to identify and monitor significant risks to the company and its stakeholders. We will endeavour to safeguard our assets and to detect and prevent fraud. We will do this in a manner consistent with the international human rights agreements and conventions to which we subscribe.
9. We will promote the application of our principles by those with whom we do business. Their willingness to accept these principles will be an important factor in our decision to enter into and remain in such relationships.
10. We are committed to seeking out mutually beneficial, ethical long-term relations with those with whom we do business.
11. We encourage employees to take personal responsibility for ensuring that our conduct complies with our principles. No employee will suffer for raising with management violations of these principles or any other legal or ethical concern. Although employees are encouraged to discuss concerns with their direct managers, they must, in any event, inform the group internal audit manager of these concerns. Mechanisms are in place to anonymously report breaches of this statement of principles.
12. The company will take the necessary steps to ensure that all employees and other stakeholders are informed of these principles.
13. If an employee acts in contravention of these principles, the company will take the appropriate disciplinary action concerning such contravention. This action may, in cases of severe breaches, include termination of employment. In addition, certain contraventions may also result in the commencement of civil proceedings against the employee and the referral of the matter to the appropriate enforcement bodies if criminal proceedings appear warranted.



### 3. Our scorecard

In the Report to Society 2005 we set certain objectives for 2006. The table below reflects the progress we made in achieving these objectives:

Objectives 2006	Performance 2006
Complete review of the first year of Conflicts of Interests Policy roll-out	Review completed. Second roll-out of Conflicts of Interest declarations under way.
All regions to adopt schedules of laws dealing with document retention, as required by the Document Retention Policy	Completed.
Adoption of Gifts and Anti-bribery Policy	Policy was adopted by the AngloGold Ashanti Exco on 18 April 2006.

### 4. Review 2006

AngloGold Ashanti is committed to upholding the highest levels of corporate governance. Corporate governance is addressed at the Audit and Corporate Governance Committee of the board, which is chaired by a non-executive, independent director.

The company is led by a Board of Directors, comprising 17 members. Of these:

- nine (52%) are independent directors;
- four (24%) are non-independent, non-executive directors; and
- four (4%) are executive directors.

Both the chairman and the deputy chairman are independent. The board's Audit and Corporate Governance Committee is fully independent and the Remuneration and Nominations committees are majority independent. There are nine board committees that meet on a regular basis. These are the:

- Audit and Corporate Governance Committee;
- Employment Equity and Development Committee;

## AngloGold Ashanti's Policy on Human Rights



AngloGold Ashanti is committed to upholding human rights at our operations and to promoting human rights in the communities and countries where we do business in line with the company's business values and business principles, which state that the company supports the Universal Declaration of Human Rights, the Fundamental Rights Conventions of the ILO and the principles and values referred to in the UN Global Compact.

In 2006, AngloGold Ashanti developed a draft Policy on Human Rights which, following internal consultation, was put to a number of interested external parties. Once we have received and considered their comments, the policy will be formally reviewed by AngloGold Ashanti's Executive Committee and Board of Directors and it is anticipated that it will be adopted and implemented during 2007.

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- Executive Committee;
- Investment Committee;
- Market Development Committee;
- Nominations Committee;
- Political Donations Committee;
- Remuneration Committee; and the
- Safety, Health and Sustainable Development Committee.

A detailed discussion of the functioning of the board and its committees may be found in the Corporate Governance section of the Annual Financial Statements 2006 at [www.aga-reports.com](http://www.aga-reports.com). The Safety, Health and Sustainable Development Committee has, among other issues, responsibility for sustainable development within the company and, in particular, this report.

Current members of the committee are: Bill Nairn (chairman), Bobby Godsell (CEO), James Motlatsi, Neville Nicolau and Simon Thompson. In attendance at each meeting are representatives of the various disciplines: Don Ewingleben (sustainable development), Dr Brian Chicksen and Dr Dave Barnes (health), John McEndoo (safety), Andrew Mackenzie (environment) and Paul Hollesen (community). Each meeting has as its focus one of the specific disciplines. Safety is a standard agenda item.

The company's ethical performance is guided by AngloGold Ashanti's values and practised in line with the company's business principles and our performance against these is reported below.

**Business principle 1:** We will comply with all laws, regulations, standards and international conventions which apply to our businesses and to our relationships with our stakeholders. Specifically, AngloGold Ashanti supports the Universal Declaration of Human Rights, the Fundamental Rights Conventions of the ILO and those principles and values referred to in the United Nations Global Compact.

and

**Business principle 2:** Should laws and regulations be non-existent or inadequate, we will comply with appropriate, proportionate and reasonable international standards.



The policy builds on the commitments made in the values and business principles and is in line with the company's commitment to adhere to the Voluntary Principles on Security and Human Rights of which it has applied to become a signatory.

The Voluntary Principles (<http://www.voluntaryprinciples.org/>) were developed out of a multi-stakeholder process involving governments, extractive companies and NGOs in late 2000 as a means of helping companies in the extractive sector to improve performance in relation to security-risk assessment and the control of security operatives, and to improve relations with communities over security issues. Accordingly, they focus on three main areas: risk assessment, interactions between

companies and public security, and interactions between companies and private security. The secretariat to the Voluntary Principles is provided jointly by the International Business Leaders Forum (IBLF) in London (<http://www.iblf.org/>) and Business for Social Responsibility (BSR) in San Francisco (<http://www.bsr.org/>).

In addition, work is being done to develop group-wide security and human rights training to be rolled out across the company and we will continue this during 2007.



### Legal issues

AngloGold Ashanti employs in-house legal counsel in the various jurisdictions in which it operates, in North America, South America, Ghana, South Africa, Guinea and Australasia, making up the Global Legal Team. Team members report to the General Counsel (Executive: Law, Safety, Health and Environment) and/or to the operating head of the region in which they are located. They monitor the laws, regulations and standards within their jurisdiction and will report changes in legislation and significant legal issues to the acting General Counsel as well as the head of operations, and provide advice on how best the company can comply with the law.

The following is a summary of all significant legal issues during the year under review. (A significant legal issue is any issue that could result in a liability to the company of US\$1.5 million or higher and/or which could have a negative effect on the company's reputation. The latter is naturally a subjective judgment.)

### USA

Two civil cases brought against the company and others in 2000 and 2001 by the Sierra Club and the Mineral Policy Center for allegedly exceeding certain permit water quality standards or lack of permits for certain identified flows (in terms of the federal Clean Water Act) at the CC&V mine were resolved. A trial was held in February 2006. In April 2006 judgment was entered in favour of AngloGold Ashanti and the other named defendants against Sierra Club and the Minerals Policy Center. In December 2006, the district court issued an award ordering Sierra Club and the Minerals Policy Center to pay a portion of the attorney fees and costs requested by AngloGold Ashanti and the other named defendants. Sierra Club and the Minerals Policy Center have indicated they plan to appeal the decisions to the Tenth Circuit Court of Appeals.

### South Africa

- In April 2005, AngloGold Ashanti instituted an action against various mining companies and government ministers claiming that the mines upstream from its Vaal River operations are responsible and liable for pumping underground water that arises at their mines. We are in the process of finalising a settlement agreement with the mining companies which will result in the mining companies setting up a Section 21 water company to manage and operate the Margaret Shaft's water pumping activities. The settlement agreement, as currently drafted, requires AngloGold Ashanti to contribute R18 million over three years to the upgrading of the Margaret Shaft infrastructure. (See case study on *Progress made in settlement of KOSH water issue on our website at [www.aga-reports.com/06/KOSH-water.htm](http://www.aga-reports.com/06/KOSH-water.htm)*).
- Mr Thembekile Mankayi instituted action against AngloGold Ashanti in October 2006 out of the High Court, Witwatersrand Local Division. Mr Mankayi is claiming approximately R2.6 million for damages allegedly suffered by him as a result of silicosis allegedly contracted whilst working on mines now owned by AngloGold Ashanti. An exception has been filed by AngloGold Ashanti against the claim. (See case study on page 118, *Legacy of silicosis*).

### Ghana

An arbitration case is pending between AngloGold Ashanti, and Westchester Resources Ltd and Africore Ltd. The point at issue is an action initiated by the latter two companies – which held prospecting licences in some concessions in the Ashanti region of Ghana – against the then Ashanti Goldfields. The prospecting licences, valid for one year, were issued in terms of an agreement dated 31 October 2000. In a letter dated 19 September 2001, Ashanti Goldfields advised both companies that it did not wish to extend the exploration and option agreements. This meant that the agreements with the two companies terminated on 30 September 2001, having run their full course.

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Westchester and Africore disputed the cancellation of the agreements, and initiated action against Ashanti, alleging that Ashanti had failed to submit the necessary technical documentation to enable the terms of the agreements to be fulfilled. In February 2002, the court directed the plaintiffs to seek arbitration as stipulated in the agreements. The plaintiffs requested arbitration under the International Chamber of Commerce (ICC). Ashanti raised jurisdictional objections, which ICC supported. The plaintiffs have subsequently applied to pursue the matter through arbitration in Ghana. AngloGold Ashanti nominated an arbitrator in August 2006 and notified the plaintiffs accordingly. Their response is awaited.

### South America

- Mineração Morro Velho LTDA and AngloGold Ashanti Brazil: Various cases relating to taxation, pension contribution payments and other amounting to \$11.9 million in claims. The company will defend this action.
- Mineração Serra Grande SA: Various cases relating to taxation – approximate value of \$113 million. The company will defend this action.

### Voluntary issues

Recognising that society cannot rely on legislation alone to regulate and guide corporate social behaviour, the company participates in a number of institutions whose focus is voluntary self-regulation through the setting of robust standards and the monitoring of performance against these.

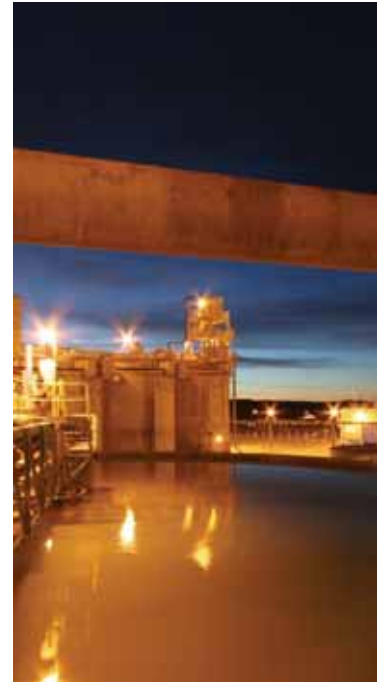
AngloGold Ashanti supports the Universal Declaration of Human Rights and the Fundamental Rights Conventions of the ILO. We became a signatory to the United Nations Global Compact following the business combination with Ashanti in 2004. (Ashanti had been a member since August 2001.) AngloGold Ashanti is an active supporter of the Global Compact and, in preparing the Report to Society 2006, has taken the principles promoted by the Global Compact into account.

AngloGold Ashanti is a founding member of the International Council of Mining and Metals (ICMM) and actively participates in international debate as part of this organisation. We are also a member of the Council for Responsible Jewellery Practices, established to promote responsible social, ethical, human rights and environmental practice throughout the gold and diamond jewellery chain.

Furthermore, AngloGold Ashanti became an organisational stakeholder of the Global Reporting Initiative (GRI) in 2004. The GRI is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. These guidelines are for voluntary use by organisations in their reporting on the economic, environmental, and social dimensions of their activities, products, and services. Established in 1997, GRI became independent in 2002, is an official collaborating centre of the United Nations Environment Programme (UNEP) and works in co-operation with the UN Global Compact. In line with its membership and commitment to the ICMM, AngloGold Ashanti is committed to:

- the active promotion of GRI's principles and its broader stakeholder constituency;
- participation in the GRI process; and
- in so far as is practicable, preparing sustainability reports informed by the GRI guidelines and principles and which are available to the public.

In line with ICMM requirements, AngloGold Ashanti is committed to good business practices in sustainable development. We have committed to implement the ICMM Sustainable Development Framework and comply with all policy statements of the ICMM. A table referring to the ICMM





principles, their corresponding GRI indicators and where they may be found in this report appears on our website at [www.aga-reports.com/06/GRI.htm](http://www.aga-reports.com/06/GRI.htm)

While this year's report has been prepared in accordance with the GRI 2002 Guidelines, cognisance has been taken of the G3 guidelines which were released in October 2006 and, where this has been possible, G3 indicators have been considered throughout this report.

**Business principle 3:** We will fully, accurately and in a timely and verifiable manner, consistently disclose material information about the company and its performance. This will be done in readily understandable language to appropriate regulators, our stakeholders and the public.

AngloGold Ashanti subscribes to a policy of full, accurate and consistent communication in respect of both our operating and financial affairs. A formal Disclosures Policy has been adopted by the company to guide and ensure compliance with the rules of the various exchanges on which AngloGold Ashanti is listed and provide timely, accurate and reliable information to stakeholders, including investors and potential investors, regulators and analysts. This policy is available on the website. Adherence to this policy is guided by the company's Disclosure Committee.

In the 2006 financial year, the Brazilian operations reported that AngloGold Ashanti donated \$334,517 to nine political parties and politicians in the states of Minas Gerais (\$252,594) and Goiás (\$81,922). In Brazil, political donations are limited by law to 2% of total gross sales revenue. The donations made by AngloGold Ashanti complied with the relevant regulations and amounted to 0.15% of total gross sales revenue in 2005. The politicians to whom the donations were made included one governor, five federal deputies and five state deputies. The donations were made in the interests of maintaining working relationships with local politicians and their co-operation on policy and legal reform so as to ensure best practice regarding social development and governance.

**Business principle 4:** We will not offer, pay or accept bribes, nor will we condone anti-competitive market practices and we will not tolerate any such activity by our employees.

A policy on gifts and hospitality was approved by the company's Executive Committee on 18 April 2006 and, a document, Guidelines on the Giving and Receiving of Gifts, was issued to employees through a formal brief from the company's CEO, Bobby Godsell, and will form part of the induction of all new company employees.

**Business principle 5:** We prohibit our employees from trading shares when they have unpublished, material information concerning the company or its operations.

AngloGold Ashanti has a Market Abuse (Insider trading) policy which was approved by the board in October 2002. This policy has been communicated to relevant employees and effectively prohibits employees from trading shares when they have unpublished, material information concerning the company or its operations. Timeous notice is given by the company secretary to relevant employees of closed periods as decreed by the various authorities.

**Business principle 6:** We require our employees to comply with all money handling requirements under applicable law, and we further prohibit them from conducting any illegal money transfers or any form of 'money laundering' in the conduct of the company's business.

In a joint process being undertaken between the Compliance Department, Asset Protection and Internal Audit, a policy and guidelines in respect of fraud and economic crimes are being compiled. It is the intention that this will be adopted by the Executive Committee and implemented during the course of 2007.

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**Business principle 7:** We will require our employees to perform their duties conscientiously, honestly and in ways that avoid conflict between their personal financial or commercial interests and their responsibilities to the company.

A Conflicts of Interest Policy was reviewed and adopted by the Executive Committee in September 2005. The aim of this policy is to ensure that the commercial transactions of the company take place in a manner that ensures the integrity and fairness of the company's contract and tender processes. The policy applies to temporary, part-time and full-time employees, who may have actual, potential or perceived conflicts of interest between their personal interest and the interests of the company. The human resources department of each region is responsible for identifying which employees are required to complete declaration of conflicts of interest forms. This policy has been communicated to all employees.

**Business principle 8:** We will take all reasonable steps to identify and monitor significant risks to the company and its stakeholders. We will endeavour to safeguard our assets and to detect and prevent fraud. We will do this in a manner consistent with the international human rights agreements and conventions to which we subscribe.

The company undertakes an extensive risk management process to identify significant risk to the company and its stakeholders. The board reviews and approves the risk strategy and policies that are formulated by the executive directors and senior management. Management is accountable to the board and has established a group-wide system of internal control to manage significant group risk. The risk management policies are communicated to all relevant employees. A full review of the risk, control and disclosure processes is undertaken annually to ensure that all additional requirements are incorporated into the system in the future. A detailed discussion on risk management and internal controls and the risk factors identified by the company may be found on pages 117 to 133 of the Annual Financial Statements. (See the case study on Risk management at AngloGold Ashanti at [www.aga-reports.com/06/risk-manage.htm](http://www.aga-reports.com/06/risk-manage.htm)).

**Business principle 9:** We will promote the application of our principles by those with whom we do business. Their willingness to accept these principles will be an important factor in our decision to enter into and remain in such relationships.

and

**Business principle 10:** We are committed to seeking out mutually beneficial, ethical long-term relations with those with whom we do business.

AngloGold Ashanti is committed to the extension of our business principles to those with whom we do business and a document setting out our values and business principles, and their applicability to our business partners is currently being developed.

AngloGold Ashanti's Group Procurement and Supply Chain operations ensure the application of the AngloGold Ashanti principles at two levels. First, this is done contractually and only with accredited and approved suppliers where the supplier is assessed for capability as well as acceptance of the product in terms of standard and quality – where contracts have specific clauses relating to safety and health and other sustainable development issues; and second, through the strict application of the gifts policy which ensures that no supplier receives undue favour.





While the human resources and safety and health clauses that are embedded into contracts are very thorough it has been recognised that more could be done in terms of environmental and community-related issues and a task team has been appointed at a corporate level to review this issue and develop guidelines as required. In addition, whilst greater alignment will be sought between the policies and practices at operations across the group during 2007, a process is under way to assess the suppliers to the South African operations for adherence to environmental, safety and ethical conduct with oversight and intervention by the internal supplier monitoring committee chaired by the internal audit services.

**Business principle 11:** We encourage employees to take personal responsibility for ensuring that our conduct complies with our principles. No employee will suffer for raising with management violations of these principles or any other legal or ethical concern. Although employees are encouraged to discuss concerns with their direct managers, they must, in any event, inform the group internal audit manager of these concerns. Mechanisms are in place to anonymously report breaches of this statement of principles.

AngloGold Ashanti has adopted a Code of Ethics for Employees, a Code of Ethics for Senior Financial Officers, and a Whistle-blowing Policy that encourages employees and other stakeholders to confidentially and anonymously report acts of an unethical or illegal nature affecting the company's interests. Employees are encouraged to discuss issues with their direct managers first (if appropriate) and then if not resolved to report these through the whistle-blowing line or go directly to internal audit or legal departments. All reports made in terms of the Whistle-blowing Policy are fielded by a third party, Tip-Offs Anonymous, which ensures all reports are treated confidentially or anonymously depending on the preference of the caller. The information is relayed to management and internal audit for investigation. Feedback on reports is given when requested. A report is provided to the Executive Committee and the Board Audit and Corporate Governance Committee on a quarterly basis. Both codes and the whistle-blowing policy are available on the company website. Of the 29 cases reported in 2006, 12 were still in progress or unresolved at year-end.

Categorisation*	Total number of cases reported	Completed	In progress/unresolved issues
Bribery and corruption	5	1	4
Enquiry**	2	2	–
Fraud	4	2	2
Grievance	3	2	1
Irregularities	5	2	3
Misconduct	8	7	1
Unfair labour practice	2	1	1
Total	29	17	12

\* The categorisation of reports is preliminary and based on the allegations made in the whistle-blowing reports received.

\*\* Enquiry refers to whistle-blowing reports received with a request for information or for a clarification on certain issues, such as working hours or job profiling.

**Business principle 12:** The company will take the necessary steps to ensure that all employees and other stakeholders are informed of these principles.

Owing to the increasing number of policies and procedures in place, it has become apparent that employees require better guidance to ensure that they understand which policies and guidelines

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are in place, which are applicable to them and when. With this in mind, a brief guide to these policies and guidelines is being formulated at a corporate level for use in South Africa and at the other African operations, and communication to all employees on the values, business principles and policies will be reinforced in 2007.

**Business principle 13:** If an employee acts in contravention of these principles, the company will take the appropriate disciplinary action concerning such contravention. This action may, in cases of severe breaches, include termination of employment. In addition, certain contraventions may also result in the commencement of civil proceedings against the employee and the referral of the matter to the appropriate enforcement bodies if criminal proceedings appear warranted.

In addition to the group-wide Code of Ethics, the company has various disciplinary procedures in place at all operations.

### 5. Case studies

In order to illustrate the impact of the business principles on our daily operations and how we deal with the various operational challenges related to this business principle, we have presented a number of case studies on our website. Much of the work in this area is undertaken at a central, group level although its implementation and application is undertaken locally.

#### **Risk management at AngloGold Ashanti**

Mining is a potentially high-risk activity and AngloGold Ashanti has in place a comprehensive risk management process across the group in terms of which it is every manager's responsibility to identify and manage risks in his or her area. Systems and processes are in place to ensure that risks are reported and managed by the Safety, Health, Environment and Sustainable Development committees. (See [www.aga-reports.com/06/risk-management.htm](http://www.aga-reports.com/06/risk-management.htm)).



#### **Progress made in settlement of KOSH water issue**

Headway has been made with regards to the setting up of a new water company to manage the continued pumping of water, following the 2005 dispute over responsibility for pumping of water from DRDGOLD's now defunct North West Operations. The three companies involved – Simmer and Jack mines Limited, Harmony Gold Mining Company, and AngloGold Ashanti Limited – have met with the Departments of Minerals & Energy and Water Affairs & Forestry to set out the conditions for the establishment and operation of the new water company. Talks have also been held with other key stakeholders with regards to water quality and reticulation. (See [www.aga-reports.com/06/KOSH-water.htm](http://www.aga-reports.com/06/KOSH-water.htm)).



### 6. Objectives 2007

Three key objectives have been set for 2007:

- developing and implementing an employee handbook on key compliance and governance policies;
- developing and implementing a supplier handbook on key compliance and governance policies applicable to them; and
- communication and, in particular, the roll-out of the values and business principles and associated policies to all employees.