



Dealing with conflicts of interest at work

In 2005, AngloGold Ashanti's Executive Committee adopted a policy on dealing with conflicts of interest at work and implemented guidelines for employees on how to manage conflicts if and when they arise. This policy was revised, reviewed and approved by Exco on 18 April 2006 and significant changes include: introducing a threshold value in which an employee, or an associated person, has an interest in an entity that does business with the company and the addition of a 'reasonableness' standard when not certain of the interest the employee may hold indirectly through mutual funds or where the employee was uncertain of the interest held by close friends and family.

The policy was communicated via a formal briefing to all relevant employees and is part of the induction of all new employees, who are in turn required to complete and return declaration forms. Where an employee discloses a conflict of interest, then management is required to take steps to ensure that the company's interests are not brought into question as a result of the conflict, by ensuring that the employee has played or plays no part in a decision whether to do business with that entity.

The categories of employees required to disclose conflicts of interest are:

- employees in departments that procure goods or services on behalf of the company, such as the procurement department;
- individual employees who procure goods or services on the behalf of the company;
- senior management of the company; and
- any other employees the company deems necessary to disclose conflicts of interest (for example, new employees).

Says Bobby Barua, Compliance Manager at AngloGold Ashanti, based in Johannesburg, "The policy has been adopted by AngloGold Ashanti in accordance with sound corporate governance principles and to facilitate the commercial transactions of the company in a manner that ensures and supports the integrity and fairness of the company's contract and tender processes. As such, the policy applies to temporary, part-time and full-time employees, who have either actual, potential or perceived conflicts of interest between their personal interest and the interests of the company. The policy is applicable globally. The policy not only protects the company's interests but also serves the interests of employees by ensuring that their interests remain open and transparent to the company."

In 2007, three of the most significant conflicts of interest were self-declared by employees:

- The first related to an employee who had provided unrelated services to a company providing catering services to the company. While the declaration was acknowledged, no further action was required as the employee was in no position to influence the outcome of any transaction between the supplier and AngloGold Ashanti.
- The second arose when an employee declared a conflict of interest in that he had been offered hospitality by a friend who had dealings with a company that could potentially become a service provider. The declaration was acknowledged and the employee was directed to excuse himself from all future decision-making processes since he was in a position to potentially influence future transactions between AngloGold Ashanti and the company associated with his friend. Furthermore, the employee's line manager and the head of procurement were advised of this conflict so as to ensure complete transparency and accountability.
- A conflict of interest was declared when an employee declared that his spouse had interests in a number of deals in which AngloGold Ashanti has had substantial interests. The employee was considered to be in a position where he could influence decisions pertaining to the deals and was directed to excuse himself from all decision-making processes in respect of the deals, or to inform or seek approval from his superior prior to making such decisions. The employee's line manager was informed of the conflict so as to ensure complete transparency and accountability.

Concludes Barua, "We are trying to create a situation where employees become aware of potential conflicts of interest and declare them so that the appropriate action can be taken in advance of any actual conflict of interest arising".