



## ANGLOGOLD ASHANTI LIMITED – OUR APPROACH TO TAX UK TAX POLICY

**This policy applies to AngloGold Ashanti Holding plc and all UK entities in its group.**

The AngloGold Ashanti Limited (AGA) tax strategy, which is aligned with the Group’s strategy and business objectives, is to manage all our UK taxes in a transparent, responsible and sustainable manner, within the governance framework established by the Group’s Tax Management Policy (“the Policy”), respecting the differing interests of all our stakeholders.

Our tax policy comprises five key components:

### **1. Commitment to compliance**

The overall objective for the Group is to act responsibly in ensuring efficiency in its tax affairs in all countries in which the Group operates, always in full compliance with the law, taking into account, however, that such laws may be subject to regular amendment and differing interpretations and practices prevailing from time to time. We are committed to compliance with tax law and practice in the UK. Compliance for us means paying the right amount of tax in the right place, on a timeous basis. We disclose all relevant facts to the tax authorities and in claiming reliefs and incentives where available.

### **2. Responsible attitude to arranging our tax affairs**

We recognise the fact that the Group must earn and maintain its social licence to operate through a partnership with government and community stakeholders, thus contributing towards their sustainable future in the countries where we operate. Aligned with its Vision, Mission and Values, the Group acknowledges its obligations as a responsible corporate citizen and that its operations contribute material tax revenues, in terms of both taxes borne and taxes collected, to the economies of the countries in which the Group conducts business.

Any structuring that is undertaken will have commercial and economic substance and will have full regard to the potential impact on our reputation. The Group is a member of the Extractive Industries Transparency Initiative (“EITI”), a global Standard to promote open and accountable management of natural resources. The Group is committed to reporting amounts paid to government in respect of operations in countries that have implemented the Standard.

### **3. Effective risk management**

The principles governing the tax strategy and the Policy have been reviewed and approved by the board of directors of AGA who, together with the Group Audit and Risk Committee (“A&R Committee”), monitor adherence to the Policy.

The Policy governs the management of tax throughout the UK Group and confirms the defined parameters within which the Group will apply its board approved tax strategy. This



governance framework utilises a combination of suitably skilled resources, internal processes, together with internal and external controls.

The Group has adopted and is guided by the following principles:

- We comply with our legal obligations for tax, in that our tax returns and other related submissions are filed on time with full and appropriate disclosure of all relevant matters, and we pay our taxes on time
- As the Group takes into account fiscal considerations in all investment decisions and commercial transactions, tax efficiency is always aligned with a sound business purpose
- We comply with our obligations under transfer pricing rules in the jurisdictions in which we operate
- Any tax position adopted must be based on the premise of full disclosure and compliance with the tax laws of the relevant countries
- Tax positions adopted must involve an assessment of all risks, including reputational risk i.e. how the Group's decision might be viewed by its stakeholders, including governments and investor
- The group manages its tax risks, including uncertain tax positions, through the use of a combination of skilled internal resources and external tax advisors to enable the Group to exercise its judgement to arrive at appropriate decisions and provisions. The A&R Committee considers tax risks, which may arise as a result of the Group's business operations, on a quarterly basis. *Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of tax law and nature of our compliance arrangements. We proactively seek to identify, evaluate, manage and monitor these risks to ensure they remain in line with the group's tax risk appetite.*
- The group strives to furnish full and transparent disclosure under global financial reporting standards and other applicable regulations.

#### **4. Board ownership and oversight**

The responsibility for ensuring effective implementation of the Policy and adherence to its principles rests with the Chief Executive Officer, who holds the Chief Financial Officer ("CFO") accountable to ensure compliance with the Policy. The CFO, in turn, holds the Vice President: Global Taxation ("VP GT") accountable to ensure that there are adequate resources, internal structures, policies, processes and controls in place at group level. The VP GT is responsible for monitoring and coordinating compliance with the Policy. The CFO and VP GT report the Group's tax position to the A&R Committee of the board, on a quarterly basis.



## **5. Constructive approach to engaging with HMRC**

In line with its Values, the Group endeavours to maintain respectful, open and co-operative relationships of trust with the tax and other fiscal authorities in all countries in which it operates, including Her Majesty's Revenue and Customs (HMRC). We engage with HMRC in an honest and respectful manner and in a spirit of co-operative compliance.

This statement will be reviewed on a periodic basis and updated where relevant. AngloGold Ashanti Holding plc regards this publication as complying with the duty under para16(2) and para25(1), Sch 19 FA16.



**Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.**

Communication to the stakeholders of AngloGold Ashanti takes many forms and is influenced by regulatory requirements, good corporate governance and recognised reporting codes and standards. Timely reporting of relevant, valid and accurate information is the foundational basis on which management has developed an integrated internal control process to govern the reporting processes. The development and implementation of this process is overseen by the Audit and Risk Committee.

Every year, AngloGold Ashanti issues a suite of reports that deals with various aspects of the business from both an historical and forward-looking perspective. These annual reports are supplemented by quarterly market updates as well as interim results formally issued to the market.

The integrity of the reports issued by AngloGold Ashanti is achieved through internal control processes where reports are prepared and reviewed internally by the various disciplines accountable for the different reports. Once finalised these reports are issued to the Disclosure Committee that meets prior to the reports being issued to the various board committees for review and approval. The members of the Disclosure Committee include the Chief Financial Officer, the two Chief Operating Officers, members of the Executive Committee, members from Group Finance, Technical Accounting, Group Compliance and Investor Relations and the Lead Competent Person for the Group with attendance by Group Internal Audit, Corporate Finance, Company Secretarial and external legal counsel (where applicable). The Disclosure Committee interrogates the process followed for the preparation of the various reports, receives feedback from both management and Group Internal Audit on any deficiencies in the internal control environment that may have impacted on the reporting process, and performs a review of the submitted reports to ensure that there is consistency between the various reports issued. Once reviewed and approved by the Disclosure Committee, the reports are submitted to the relevant board committees which review the reports and receive confirmation around the process followed by management to finalise the reports and comments from the independent assurance providers who reviewed the reports and the underlying internal control processes used in their preparation. The committees then recommend the various reports to the Board for approval.

AngloGold Ashanti communicates through:

The ***Integrated Report*** is the primary report of the Group dealing with the salient matters and supported by the detailed reports. The preparation of the report is co-ordinated by Investor Relations under the direction of the Executive Vice President: Legal, Commercial and Governance, which utilises a multi-disciplinary team to craft the report in a form and format that is driven primarily by material issues identified through regular interaction with stakeholders. The nature of the Integrated Report is such that it focusses on historical results, but also addresses forward-looking strategies and analyses these strategies from a risk perspective. The Integrated Report follows the requirements of the International Integrated



Reporting Framework. The report is reviewed by Group Internal Audit for consistency with other reports issued. Note that the Integrated Report includes letters from the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, and the Chairman of the Audit and Risk Committee, as well as the Chairman of the Remuneration and Human Resources Committee.

Financial reports can be categorised in the following main categories:

**Annual Financial Statements** are prepared based on the International Financial Reporting Standards as issued by the International Accounting Standards Board. The financial reporting process is underpinned by a formal internal control environment that is independently assured by both the internal and external audit teams without unnecessarily duplicating assurance efforts. The preparation of the financial results is done considering a materiality threshold based on both a qualitative and quantitative assessment. The materiality thresholds applied for financial results reporting, as well as the internal control environment, are communicated to the Audit and Risk Committee annually by external audit and/or internal audit. All complex and non-routine accounting transactions are analysed and formally tabled at the Audit and Risk Committee, when these arise, for review and approval. The assurance obtained from the external auditors is included in the set of financial statements. In addition to submitting the Annual Financial Statements in South Africa with the Companies and Intellectual Property Commission (CIPC), the Annual Financial Statements are included in the Form 20-F filed with the SEC in the United States. The Form 20-F is also subject to review and sign off by external audit.

**Market updates** are issued on a quarterly basis to shareholders and are prepared, in accordance with the JSE requirements for the two quarters where neither half-year/interim results nor year-end results are published, following an internal review and approval process prior to release.

**Half-year/interim results** are prepared and published in accordance with the terms of IFRS and with the JSE listing requirements. They are subject to an independent review process prior to finalising and issuing the results.

The **Mineral Resource and Ore Reserve Report** is prepared annually in accordance with the minimum standards described by the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition) and also conforms to the standards set out in the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2016). The Audit and Risk Committee obtains confirmation that the internal control environment associated with the mineral resource and ore reserve estimation process was effective, and that the appointed Competent Persons approved the mineral resource and ore reserve calculation and reviewed and assessed the reasonableness of the year-on-year reconciliation of the mineral resource and ore reserve. For purposes of the filing of Form-20F with the SEC in the United States, the ore reserve disclosures are made in terms of Industry Guide 7.

The **Sustainable Development Report** is issued on an annual basis using the G4 Reporting Principles and Standard Disclosures released by the Global Reporting Initiative (GRI). To



ensure that the report is focussed correctly, a formal process is followed where a multi-disciplinary steering committee identifies the material issues from a sustainable development point of view that need specific focus during the reporting process. The material issues identified and confirmed by the Executive Committee prior to the report being tabled and approved by the Social, Ethics and Sustainability Committee. Certain aspects of the report are subject to independent assurance, either through Group Internal Audit or an appointed external assurance provider.

The **Notice of Meeting** is prepared by the Company Secretariat and contains the required resolutions to be considered at the Annual General Meeting. Once formalised, the resolutions are reviewed and approved by the Executive Vice President: Legal, Commercial and Governance, the Chief Financial Officer and the Chief Executive Officer. The summarised financial information included in the Notice of Meeting is reviewed by the finance team for consistency with the Annual Financial Statements prior to submission to the Disclosures Committee and the Audit and Risk Committee for approval.

**Trading statements** are required under the terms of the JSE Listing requirements as soon as a reasonable degree of certainty exists that the financial results for the next period to be reported upon will differ by more than 20% from the financial results for the previous corresponding period. These trading statements are reviewed and approved by the Audit and Risk Committee prior to release.

For ease of access by our stakeholders, the reports referred to above are available on the AngloGold Ashanti internet site.

AngloGold Ashanti continuously strives to improve the quality of its reporting and this will again be a focus area for 2018. One of the key areas of focus in 2017 has been preparing for XBRL reporting of the financial results included in the Form 20-F in the United States, which is mandatory for the 2017 filing due before the end of April 2018. In addition to this, the CIPC in South Africa requires inline XBRL reporting for AngloGold Ashanti and certain of its subsidiaries for Annual Return dates on or after 1 July 2018.



**Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.**

The AngloGold Ashanti Board stands at the centre of all corporate governance activity in the organisation and delegates this accountability to management without abdicating it. The Board maintains oversight through a well thought out Board committee structure, allowing for the application of time and rigour to monitoring the implementation and execution of its direction, which is provided to management through Board-approved policies, procedures and processes. On a quarterly basis the Board requires a broad array of management to attend its committee meetings and report on various corporate governance matters, including compliance, audit, finance, legal, sustainability, ethics, strategy, remuneration, risk management and the management of information technology. The Board committees probe and challenge reports received from management to ensure that management has properly delegated its corporate governance functions to the various management departments. The chairman of each committee formally reports back to the full Board on matters of significance. The Board sees corporate governance review and monitoring as a continuous responsibility, not just a quarterly effort. To this end, the Board receives regular ad hoc communications on pertinent issues from the Chief Executive Officer and other members of senior management, between its regularly scheduled meetings. In fact, the Board holds two separate meetings, outside the regular Board cycle, to approve the company strategy for the following year, and then to review how management has converted the Board-approved strategy into business plans and budgets.

For further detail on the practical efforts that the Board has taken to ensure its primacy on corporate governance issues, please see the Chairman's Letter and the CEO's review, as well as the committee letters from the Audit and Risk Committee, the Remuneration and Human Resources Committee and the Social, Ethics and Sustainability Committee. These letters distil the analysis and assessment of corporate governance inputs provided to the Board throughout the year.

For further detail, including detail on the number of Board and subcommittee meetings held during the year and attendance at said meetings, please see the Leadership and Accountability section of the 2017 Integrated Report.



**Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.**

AngloGold Ashanti, headquartered in Johannesburg, South Africa, operates 17 mines and 3 projects in 10 countries supported by a focussed exploration programme. This diverse footprint brings with it a diverse set of stakeholders each operating within a unique social, economic, political and regulatory context. The overriding role of AngloGold Ashanti's board of directors is to ensure the long-term sustainability and success of the business for the mutual benefit of all its stakeholders. Pursuant to this, the Board is structured in a manner that mirrors this diversity, as detailed below. The company is governed by a unitary board of directors, the composition of which promotes the balance of power and of authority and precludes any one director from dominating decision-making.

With a clear goal of having the composition of the board meet the diverse requirements of the group, the Board established a Nominations Committee (NomCo) that is tasked with ensuring that the Board collectively possesses the necessary skills, competence, experience and independence, taking into account the requirements of the Directors' Fit and Proper Standards of the company. Each time a vacancy becomes available, NomCo prepares a detailed role description setting out, in detail, the composite requirements for the position to be filled. Various international executive recruiting agencies are involved in identifying potential candidates to be appointed to the Board. After a thorough interview process, NomCo recommends a suitable candidate to the Board for consideration and appointment. Candidates' backgrounds and their qualifications are independently verified by a third-party service provider. On appointment, the roles and responsibilities of the director are clearly set out in a formal agreement and reviewed as part of his/her detailed induction. In terms of its succession planning, the Board allows adequate time for the recruitment process to ensure continuity of governance.

The current composition of the Board reflects the importance the Board places on diversity when it comes to knowledge and skills, age, culture, gender and race. The Board currently comprises 9 independent, non-executive members, including an independent chairperson, as well as the Chief Executive and Chief Financial Officers being the 2 executive board members. 64% of the Board members are male and 36% are female and the Board is multi-racial. The Board is chaired by an independent non-executive member who is elected on an annual basis. The true significance of the Board composition lies in the breadth of the members' multi-jurisdictional and multi-disciplinary skills, experience and knowledge. AngloGold Ashanti recognises that strategy, performance, sustainability and risk are inseparable and the meticulously designed sub-structure of the Board involves the formation of expert committees aimed at grouping the members' skills, experience and knowledge in a manner that allows the Board to discharge its accountability for the wide array of governance matters in a responsible and effective manner, without abdicating its responsibilities. This process of formal delegation includes approved and documented terms of reference, which are reviewed on an annual basis, or more often if circumstances require. Refer to the Leadership





and Accountability section of the 2017 Integrated Report for a detailed summary of the qualifications and experience of the Board members.

In terms of the company's Memorandum of Incorporation (MOI), one third of the directors are required to retire at each annual general meeting and, if they are eligible – based, among other criteria, on the outcome of the ongoing performance assessments by the chair – and available for re-election, will be put forward for re-election by shareholders. Those directors eligible for re-election at the forthcoming AGM are Mr. AH Garner, Mrs. NP January-Bardill, Mr. R. Gasant and Mrs. KC Ramon.

The Board has considered its composition and is satisfied that it has the necessary skill, competence, diversity and knowledge to ensure the long-term sustainability and success of the business for the mutual benefit of all its stakeholders. Refer to the Leadership and Accountability section of the 2017 Integrated Report for more detail on the qualifications and experience of the directors, as well as their periods of service and other information.



**Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.**

The duties, responsibilities, composition and meeting procedures of the Board of AngloGold Ashanti are set forth in the Board charter, which is available on the company website. The charter is subject to the provisions of the South African Companies Act 2008, the Listing Requirements of the Johannesburg Stock Exchange, AngloGold Ashanti's memorandum of incorporation, the King IV Code on Corporate Governance and other applicable laws and regulations. Pursuant to the terms of the charter, the Board has formed committees to assist it in the execution of its duties, power and authorities. These committees include the Audit and Risk Committee, the Social, Ethics and Sustainability Committee, the Nominations Committee, the Investment Committee and the Remuneration and Human Resources Committee. Note that the Audit and Risk Committee and the Social, Ethics and Sustainability Committee are statutory committees. Delegating authority to Board committees does not discharge the Board of its duties and responsibilities.

Each Board committee has a formal Terms of Reference aligned to best practice and statutory requirements where applicable, which are reviewed annually and are available on the company website. Each committee is composed of members with skills, expertise and experience to fulfil the mandate of the relevant committee, to effectively assist in the decision-making process. The committees have access to external advisers, at Company expense, when required and have identified invitees who attend scheduled meetings on a permanent or ad hoc basis and who provide detailed reports to further assist the members in the execution of their duties. Each committee makes recommendations to the Board for collective discussion and approval. A culture of open dissent is encouraged at both the Board and committee level, where members challenge one another's assumptions and beliefs in the interest of the company. The structure and composition of the Board and its committees promotes the balance of power and authority so that no individual dominates decision-making and no undue reliance is placed on any individual. There is cross-membership of directors between committees and coordinated timing of meetings to support effective collaboration by directors.

AngloGold Ashanti also maintains a Board-approved group Delegation of Authority Policy (the DOA) that is reviewed annually by the Board and updated on an ongoing basis. The DOA explicitly enunciates the matters that are reserved for decision by the Board. The DOA also delegates specific stated decision-making authority to the Chief Executive Officer, Chief Financial Officer, the General Counsel, the Executive Committee and other members of senior management. The DOA also details the financial authority levels in relation to budgeted expenditure for the various levels of senior management. Board-approved policies provide further guidance to the executive and management in terms of their management responsibilities. Collectively, the DOA and Board-approved policies allow the executive and management the authority and guidance needed to run the day-to-day business of the company.



In addition to the Board charter and Board committee terms of references, AngloGold Ashanti publishes annual letters from the chairs of the Audit and Risk Committee and the Remuneration and Human Resources Committee in the 2017 Integrated Report. The annual letter from the chair of the Social, Ethics and Sustainability Committee is published in the 2017 Sustainability Report. These letters explain how each of these committees have discharged their accountabilities in terms of their approved mandates. Further information on these committees, as well as the Nominations Committee and Investment Committee, including their composition, director attendance at meetings, key areas of focus and other information identified in King IV's recommended practices, are available in the annual financial statements, integrated reports, sustainability reports and/or other public disclosures.



**Principle 9 – The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.**

In the diverse and everchanging environment in which the Company operates, the Board considers its relevance and effectiveness fundamental to the success of AngloGold Ashanti for its stakeholders. To give credence to its commitment to effectiveness and efficiency, the Board has tasked the Nominations Committee (NomCo) with the design and implementation of a full Board evaluation process.

With the input of the Company Secretariat, NomCo designed a formal Board self-assessment questionnaire which is distributed electronically and performed on an annual basis. The questionnaire was designed to allow directors to rate each director against various statements and similarly, rate the execution of the mandate of each committee, forcing a detailed comment for aspects rated at or below “acceptable”. The assessments include questions concerning the performance and effectiveness of:

- the Board and that of each individual director;
- each Board committee and its chairperson by members of the committee; and
- the chairman, the Chief Executive Officer, Chief Financial Officer and the Company Secretary.

On completion of the assessments and consolidation of the results, the results are discussed with the chairman, who then provides personal feedback to each of the directors. Feedback on the performance of the chairman is done by the deputy chairman, the lead independent director or other director appointed by NomCo for the purpose. A formal plan is also developed to address areas identified for action.

As shown above, the Board considers its evaluation programme a critical tool in monitoring and where necessary, improving its effectiveness as a Board and as individual directors. The evaluation programme is also subject to an external independent assessment on a three-yearly cycle.



**Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.**

The Board of AngloGold Ashanti, through its charter, Board committees' terms of reference, Board-approved policies, statutory requirements and general best practice, ensures that its management appointment and delegation process contributes to role clarity and the effective exercise of authority (collectively, the AGA appointment and delegation framework). This framework is discussed in detail below.

Pursuant to the Board charter, the Board appoints and evaluates the performance of the Chief Executive Officer (CEO). The Board also approves the CEO's contract, which sets forth his role and responsibilities. The CEO appoints the other members of executive management, in consultation with the Board. Following the Terms of Reference of the Remuneration and Human Resources Committee (Remco), Remco assesses the effectiveness of the executive management team members by annual evaluation of their performance against approved corporate goals and objectives. Remco also determines the specific remuneration package for each executive director and executive officer of the company, and determines the long-term incentive component of each executive's compensation. Executive remuneration is subjected to a non-binding vote by the shareholders at the Annual General Meeting. The executive directors are also assessed by the Board as part of the annual assessment and evaluation of each Board member. The notice periods for the CEO and CFO are identified in the Remuneration Report, which is published as part of the Integrated Report.

The Audit and Risk committee approves the appointment and removal of the head of internal audit, monitors and reviews the performance, expertise and effectiveness of certain key management functions, including the internal audit function and the financial function.

As discussed in Principle 8, AngloGold Ashanti also maintains a Board-approved group Delegation of Authority Policy (the DOA) that is reviewed annually by the Board and updated on an ongoing basis. The DOA explicitly enunciates the matters that are reserved for decision by the Board. The DOA delegates specifically stated decision-making authority to the Chief Executive Officer, Chief Financial Officer, the General Counsel, the Executive Committee and other members of senior management. The DOA also details the financial authority levels in relation to budgeted expenditure for the various levels of senior management.

The appointment of a company secretary is a statutory requirement for AngloGold Ashanti. The appointment and remuneration of the company secretary is approved by the Board. As per the Board charter, the company secretary provides dedicated support to the Board and is a point of reference and support for all directors. The Board considers, on an annual basis, the competence, qualifications and experience of the company secretary, and confirms such action by reporting to shareholders in the Integrated Report the steps taken to make the annual assessment which confirms the actual competence, qualifications and experience of the company secretary. Further details on the company secretary can be found in the Integrated Report.





**Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.**

At AngloGold Ashanti, risk entails understanding and managing the threats and opportunities in pursuit of our strategic objectives. Understanding risk allows AngloGold Ashanti to pursue the opportunities needed to maximise operational and corporate value. Risk profiles cover strategic risk, financial risk, operational risk and project-specific risk. The Board, through the Audit and Risk committee, oversees and approves the company's risk framework which consists of the risk policy, the risk appetite and tolerance statement and the relevant standards and guidelines, which are all reviewed on an annual basis. The risk policy sets the overall objectives for risk management, including the acceptable risk scope for Greenfields, Operations and Major Projects. The risk appetite and tolerance statement describes the amount of risk that AngloGold Ashanti is willing to take in pursuit of our strategic goals. The risk standards document our risk principles, and the risk guidelines identify the specific risk assessment and action processes and procedures utilised across the group. This risk management framework is reviewed and approved by the Audit and Risk committee and assessed on a continuous basis by Group Internal Audit through the combined assurance process. In addition, AngloGold Ashanti develops an annual risk work plan, which identifies the activities planned, in relation to risk identification and management, for the year at an operational level, including training, workshops, benchmarking exercises, maturity assessments and risk views. This work plan is approved by the Audit and Risk committee on an annual basis. Note that although the Audit and Risk committee is the accountable Board committee for risk, risk management is integrated into the workings of all the Board committees, which draw on the risk management process to inform their decision-making. AngloGold Ashanti has a dedicated risk management function that reports to the Chief Financial Officer, the executive risk owner. This function, led by the Head of Group Risk, has the mandate to ensure that there is an embedded process established for (a) implementing the risk framework, (b) delivering support and (c) building risk capacity. Applying the ISO 31000 risk methodology, the risk management function has oversight of the risk processes implemented at the Greenfields, Operations and Major Projects level. This methodology assists risk champions to identify, prioritise and evaluate risk, and thus develop suitable risk responses. AngloGold Ashanti's objective-based risk appetite tolerances inform the risk response, which includes treat, tolerate, terminate, or transfer of the risk. AngloGold Ashanti has developed a common risk language to assist in entrenching the management of risk into the day-to-day activities of the operations. The risk management process is administered through a IT risk system, AuRisk, allowing for the ongoing and dynamic management of both threats and opportunities. In addition, AngloGold Ashanti has a business continuity standard, encapsulating what business has defined as its operational resilience. The risk management function is also audited by group internal audit annually and the results are reported to the Audit and Risk Committee as part of the process to evaluate risk management and internal control for the group.



AngloGold Ashanti discusses the top risks facing business in its annual Integrated Report. In addition, AngloGold Ashanti discloses the nature and extent of key risk areas, including major threats on the business, in its annual 20-F. Areas of focus for risk management in 2018 include stakeholder mapping and capital deployment.





**Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.**

The Board of AngloGold Ashanti firmly believes that complete, accurate and timely information is one of the key enablers for effective decision making and today business relies on technology to have this information readily available. Leadership, organisational structure and processes are used to leverage Information Management (IM) resources to produce the information required and drive the alignment, delivery of value, management of risk, optimised use of resources, sustainability and the management of performance. Without abdicating its responsibility, the Board has delegated the oversight on the management of technology and information to the Audit and Risk Committee.

The Audit and Risk Committee has overseen the detailed development and implementation of an IM Shared Services model for AngloGold Ashanti under the leadership of the Chief Information Officer (CIO) that defines a formal governance structure covering IM. The IM governance framework allows management to direct, measure and evaluate the use of AngloGold Ashanti's IM resources in support of the achievement of its strategic objectives. To ensure a consistent approach in the execution of the IM strategy, the shared services model allows for all IM staff globally to report functionally into the CIO and administratively to regional management structures.

The framework provides for the control of IM at a strategic, tactical and operational level. This requires engaging with various role players – both internally and externally – to ensure that 1) the proposed and planned IT projects are in line with the strategy of the Group, 2) investments in information technology will provide the required return to business and 3) the needs of business are addressed in the most effective, efficient and economical manner. To achieve delivery against the strategic, tactical and operational objectives management implemented a governance structure that deals with various key activities. As examples, a Services Committee meets monthly with outsourced service providers to assess compliance to monitor performance in terms of set service level agreements. A Project Portfolio Committee regularly meets to assess projects against the medium and long-term strategy of AngloGold Ashanti and that of IM as well as the return on investment associated with the identified project.

Information, like technology, is a growing source of competitive advantage for the enhancement of the intellectual capital and safeguarding the Group from IM related risks has become a key area of focus at AngloGold Ashanti. Managing this process across all jurisdictions and time zones in which AngloGold Ashanti operates is challenging but through efforts such as the development of standard IM policies and procedures, regular communication and awareness campaigns, a culture of understanding around the risks of compromise within the IM process is created.

AngloGold Ashanti has adopted the COBIT 5 (Control Objectives for Information and Related Technologies) for its assessment of internal IM process and ITIL (Information Technology Infrastructure Library) as a set of detailed practices for IT service management that focuses on aligning IM services provided by external service providers with the needs of business.



Formal disaster recovery testing is performed from back-ups within all areas of the business on a scheduled basis to provide the Audit and Risk Committee with the necessary assurance around business resilience. The existence of disaster recovery plans and the testing thereof is formally signed off by each of the regions within which AngloGold Ashanti operates through a formal governance process with dedicated resources taking accountability.

The Audit and Risk Committee receives quarterly updates from the CIO on the implementation of the IM Strategy, operational matters, value derived from key IM projects and general governance issues. During 2017, the Audit and Risk Committee was regularly updated on the Cyber Défense Programme launched in 2016. The Audit and Risk Committee also assessed the remediation of vulnerabilities identified during planned “attack and penetration testing” as well as lessons learnt from actual IM incidents.

The Audit and Risk Committee has identified several areas of focus for 2018, include attending to the operations technologies within the Group (e.g., the business applications) and rolling out processes to ensure compliance with the General Data Protection requirements issued by the European Union effective from 2018. Another key focus area in the medium-term is around the use of “big data analytics”, which for AngloGold Ashanti is defined as the process of examining large and varied data sets across all applications and business units to uncover hidden patterns, unknown correlations, market trends and other useful information that can help management and the Board to make more informed business decisions.



**Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.**

Compliance at AngloGold Ashanti is not a mindless “tick-the-box” exercise where employees simply document procedures. Instead, we approach compliance mindfully, partnering with both the business and stakeholders to assess, manage and mitigate ethical and regulatory risk. Although compliance is an embedded function at AngloGold Ashanti, in that all employees are responsible for being compliant, the Board has delegated to management responsibility for implementing and executing the compliance programme. Both the Audit and Risk and the Social, Ethics and Sustainability Board committees approve the compliance programme and proposed areas of focus during the reporting period. The Board committees also monitor the effectiveness of the compliance department and its activities in relation to both regulatory compliance and alignment with adopted non-binding codes and standards such as the principles set out in the United Nations Global Compact and the Organisation for Economic Co-operation and Development’s (OECD’s) Good Practice Guidance for compliance programmes. The compliance department is headed by the Vice President: Group Compliance, who reports to the Executive Vice President: Group Legal, Commercial & Governance and the Audit and Risk Committee. The Vice President: Group Compliance also reports to the Social, Ethics & Sustainability committee on a semi-annual basis. The Vice President: Group Compliance has full and unrestricted access to the chairpersons of both the Audit and Risk and Social, Ethics and Sustainability Board committees.

The compliance programme at AngloGold Ashanti has informally adopted the components and relevant principles set forth in the COSO Internal Control – Integrated Framework of May 2013. Specifically, the programme focuses on (1) the control environment through “tone at the top” management support of compliance initiatives and embedding our ethical values, (2) on-site risk assessment via, among other tools, the combined assurance process managed by internal audit, (3) control activities through the development of policies and procedures and (4) information and communication through newsletter and group electronic communications. To ensure integrity is maintained, we constantly monitor the effectiveness of the programme through global web of compliance champions who assist in the implementation of compliance initiatives at the group, regional and operational level.

Board-level commitment to ethical leadership and responsible corporate citizenship includes approving and monitoring a whistleblowing programme, managed by the compliance department, with critical support from internal audit. Whistleblowing allows for the reporting of misconduct anonymously and confidentially, without fear of retaliation. The Vice President: Group Compliance also chairs the Serious Concerns Committee (SCC), an internal governance committee established in 2013 with the mandate to review allegations and investigations of unethical behaviour concerning senior-level employees across the group. The principle underlying the formation of the SCC is that all individuals are accountable for violations of the Code of Business Principles and Ethics or any other related policy violations, regardless of seniority or position.



The compliance programme also includes maintaining a register of material relevant laws and regulations and their related controls and compliance requirements. These are monitored on an ongoing basis. Departments and individuals responsible for compliance with key legislation are involved in updating the legal registers, which are accessible across the group. A non-compliance alert and a mechanism to elevate such non-compliances to the relevant management positions has been put in place.

Key areas of compliance focus for 2017 included continued reviewing and updating of compliance policies and procedures, targeted training on ethics, monitoring the provision and receipt of gifts and hospitality, assessing conflicts of interest and reviewing data protection, regulatory compliance, whistleblowing and bribery & corruption processes. Material regulatory penalties, sanctions or fines for contraventions of or non-compliance with, statutory obligations, including non-compliance with environmental laws, are set forth in our public disclosure documents, including the Sustainability Report and Integrated Report.

The key focus areas for 2018 will include reviewing and updating our Code of Business Principles and Ethics to ensure that it is still relevant and supportive to AngloGold Ashanti's strategic goals.



**Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.**

Our employees are our business, and the AngloGold Ashanti Board believes that it remunerates its employees in a manner that retains and attracts a skilled workforce through fair, responsible, transparent and competitive remuneration. In ensuring that the necessary attention is given to remuneration, the Board has delegated the matter to a dedicated Remuneration and Human Resources committee (Remco) which is comprised only of independent non-executive directors. Remco is governed by a formal Terms of Reference that sets out its mandate and is reviewed and updated on a regular basis.

AngloGold Ashanti's remuneration philosophy aims to create a sustainable remuneration framework for executives and other employees with alignment to shareholder views and interests, underpinned by both our strategic objectives over the short, medium and long-term and the core values of the Group. Furthermore, the remuneration framework aims to respond fairly to internal and external influences and events as well as relevant market dynamics.

To ensure operation within the remuneration framework AngloGold Ashanti has a remuneration policy, which is reviewed annually and put to our shareholders for a non-binding vote at the Annual General Meeting. In fact, at the most recent AGM, 97% of the shareholders approved the remuneration policy. The policy provides guidance to ensure that AngloGold Ashanti remunerates and rewards the behaviour and performance of our employees and executives that are in line with our strategic objectives, our values and shareholder interests. The policy further ensures that performance metrics are aligned to Company strategy, challenging, sustainable and cover all aspects of the business including critical financial and non-financial drivers. The aim of this policy is to ensure that AngloGold Ashanti provides competitive rewards so as to attract, motivate and retain highly skilled executives and staff, vital to the success of the organisation. Note that the policy allows for pre- and post-vesting forfeiture of the variable remuneration of executive management under certain defined events without limiting "clawback" provisions in terms of regulatory requirements under which AngloGold Ashanti operates.

To ensure that executive remuneration is fair and responsible, AngloGold Ashanti performs an annual benchmarking on the structure and quantum of remuneration against a defined peer group. This assessment considers external influences, such as shareholder views and recommendations associated with executive remuneration, economic trends, competitive pressure and the labour market, as well as the pay gap (Gini Coefficient) between the executive management team and the rest of the employee population in the company. This annual review is performed by an independent third party and is overseen by Remco. The outcome is considered during Remco's review of prevailing remuneration practices.

In the past, AngloGold Ashanti shareholders queried whether the remuneration of our executives focussed on long-term sustainability of the organisation and a diminishing sharepool. In response, Remco engaged independent subject-matter experts who performed



a full review of the policy and the structure of the incentive scheme. As a result, the policy was redesigned to focus on long-term sustainability. For example, the long-term incentives for executives now vest after a period of 5 years from date of granting (as opposed to 3 years under the previous policy) and share-based remuneration will not result in shareholder dilution due to a reduction of participants.

The composition of the executive remuneration constitutes a base salary, pension, medical insurance and benefits, as well as variable remuneration in the form of short-term incentives, a co-investment plan and long-term incentives. Variable remuneration is determined based on both personal achievements as measured against individual balanced scorecards, and the achievements of the company against set criteria.

In line with AngloGold Ashanti's strategic objectives, the short-term and long-term incentive metrics were designed to deliver on the key strategic areas as follows:

- Maintain a strong foundation – People are the foundation of our business. Our business must operate according to our values if it is to remain sustainable in the long term. This includes a drive to improve safety performance, reduce fatalities and retain key skills.
- Improve financial flexibility – Ensuring that our balance sheet is able to meet our funding needs.
- Optimise our cost base – Ensuring that all spend is optimally structured and necessary to fulfil the core business objectives.
- Improve portfolio quality – Focusing on a portfolio of assets that can be actively managed to improve the overall mix of our production base as we strive for a competitive valuation as a business.
- Maintain long-term optionality, albeit at a reasonable cost – Creating a competitive pipeline of long-term opportunities.

Senior management remuneration continues to be a sensitive topic. Balancing scarce skills and talent retention remain a challenge compounded by the need to remain globally competitive, particularly given the global requirement to disclose senior management earnings and Remco's requirement that executive earnings are not out of line with those of their peers.

AngloGold Ashanti tracks the Gini co-efficient from a South African perspective to ensure that the income dispersion between high- and low-income earners is not outside market norms. The analysis is done by PwC as an independent third party. Based on January 2016 analysis, PwC concluded that the Gini co-efficient for AngloGold Ashanti was 0.41 as compared to the South African mining industry of 0.43.

For further detail, please refer to the remuneration report that covers remuneration in depth and includes the remuneration policy and the implementation report.

#### Non-executive director remuneration

Given the complex and challenging business environment within which AngloGold Ashanti operates in and its global footprint, multi-skilled, multi-disciplined and multi-national Board members are critically important to facilitate the development and building of a sustainable



business. The remuneration of non-executive directors is based on proposals from Remco, which are submitted to the Board for approval.

The term of office of non-executive directors is governed by the memorandum of incorporation, which provides that a third of the directors must retire at each AGM and these directors are selected from those who have served the longest in time since their election or last re-election. Directors are elected by means of an ordinary resolution at the AGM.

Remuneration is compared with that of selected peer companies and is a market related adjustment based on listed entities of a similar size and determined through a market related remuneration study and an independent market survey. Non-executive director remuneration is paid quarterly, based on an annual retainer fee and meetings attended. Fees are approved annually at the annual general meeting and applied with effect from the date of said meeting. There are no short or long-term incentive schemes or pension benefits for non-executive directors.



**Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.**

AngloGold Ashanti's Board has delegated the responsibility for effective and efficient assurance activities to the Audit and Risk Committee through an approved charter. In executing its mandate, the Audit and Risk Committee appointed the Senior Vice President (SVP): Group Internal Audit as the assurance coordinator for the Group to ensure that assurance processes do not result in duplicate effort and are focussed on the correct areas of risk. AngloGold Ashanti's combined assurance model comprises of two distinct elements, generally referred to as the "top-down" and "bottom-up" approaches. The "top-down" approach deals with the collation and independent assessment of the assurance received around the key strategic control strategies designed and implemented to manage those risks that can prevent AngloGold Ashanti from achieving its strategic goals. The "bottom-up" element of the model deals with the assurances received on the detailed operational risks faced by the various business and operating units linked to the strategic objectives of the company. All assurance is then consolidated and presented in a heat map format to the Board providing an overview of the management of the strategic and business risks.

Specifically, the AngloGold Ashanti combined assurance model collates the assurances received from an array of assurance providers internal and external to the organisation. Based on an assessment performed on various factors including, for example, the assurance providers' independence, objectivity, methodologies, continuing education and reporting, Group Internal Audit will differentiate assurance providers using a three-tier "level of defence" ranking and will also assess the level of reliance to be placed on the assurance received from the various assurance providers. In summary, the levels of defence would be management's self-audits and review activities at level 1, with regional and more independent assurance activities such as regional reviews, risk and compliance at level 2 and all independent assurance providers, including the "bottom-up" assurance, defined as level 3 assurance.

All assurance results are consolidated and considered in reaching a conclusion on the following 5 pillars that form the basis for the overall opinion on the effectiveness of the internal control environment:

- Ethical leadership and corporate citizenship;
- Governance of risk management;
- Governance of compliance to laws, regulations and non-binding codes;
- Governance of information technology; and
- Effectiveness of the internal controls over financial reporting.

**Internal Audit:**

Group Internal Audit is a key independent assurance and consulting business partner within AngloGold Ashanti under the leadership of the Senior Vice President: Group Internal Audit. The Senior Vice President: Group Internal Audit is appointed by the Audit and Risk Committee





which also evaluates his performance on an annual basis based on the approved internal audit charter and agreed performance areas. The SVP: Group Internal Audit has direct access to the chairpersons of the Audit and Risk Committee, the Social, Ethics and Sustainability Committee and the Board. The Audit and Risk Committee assesses the effective functioning of the internal audit department through regular quarterly meetings and is satisfied that the internal audit function is independent and appropriately resourced. The annually reviewed and approved internal audit charter addresses the independence, objectivity, duties and reporting responsibilities of the internal audit function, as well as compliance to the standards of the Institute of Internal Auditors.

The SVP: Group Internal Audit meets with the chairpersons of the Audit and Risk Committee and the Social, Ethics and Sustainability Committee prior to each scheduled quarterly meeting. Separate meetings are held with the chairperson of the Board on at least a semi-annual basis.

The outcome of the audit work performed in terms of the approved combined assurance and risk based internal audit plan, is summarised in an internal control heatmap which is presented to the Audit and Risk Committee on a quarterly basis. Internal audit also tracks and monitors the implementation of significant audit recommendations through a formal tracking process.

Group Internal Audit has implemented a process of continuous review and improvement of its processes, including the combined assurance model and performs ongoing assessments and peer reviews to identify areas for improvement and refinement. This ongoing assessment is then supplemented with a formal external assessment on a five-yearly basis. The outcome of this assessment is reported on and discussed at Audit and Risk Committee level.

**Assurance of external reports:**

Under the direction of the Audit and Risk Committee, AngloGold Ashanti has implemented a suite of internal controls to verify and safeguard the integrity of its Integrated Report, Annual Financial Statements and Resource and Reserves Report. These disclosures are described in more detail in our narrative for Principle 5 (Reporting), as well as in the Overview section of the 2017 Integrated Report.



**Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.**

AngloGold Ashanti has a wide range of stakeholders, including (without limitation) shareholders, the resource owners, communities, employees, the providers of capital, civil society and our joint venture partners. We view our stakeholders as integrally important partners and critical to both our legal right to mine and our social license to operate, and we strive to interact with them directly and in a pro-active manner wherever possible. Our stakeholder engagement processes involve direct and indirect interaction with these parties, to mutually understand and manage expectations, share our objectives, policies and standards, and demonstrate how our performances will impact stakeholders.

We strive to conduct these engagements – with the people and organisations that impact on our business and upon whom we have an impact – in dynamic, honest, transparent and inclusive ways. Given the wide range of stakeholders, this engagement takes place in different ways, including visiting community and government stakeholders in and around our operations, meeting providers of capital at investor conferences, coordinating community focus groups in the regions in which we operate, community grievance procedures and mechanisms and seeking employee comment through tools like our group-wide engagement survey and “town hall” meetings. We aim to ensure that this engagement continues throughout the life cycle of an operation, from exploration through to closure.

Stakeholder relations are reflected in our Board-approved stakeholder relations strategy. Stakeholder engagements are discussed at the Board level through each of the Board committees. We carry out stakeholder engagement at various levels within the company, including the executive committee, operational management and community and government outreach. The Board maintains oversight of material issues concerning stakeholders.

AngloGold Ashanti’s commitment to stakeholder interaction is reflected in the group’s sustainability performance, which includes the community development work carried out in the areas within which we operate. These are reflected in our Sustainability Report, the Integrated Report and the Social Labour plans which are disclosed on our website: <http://www.anglogoldashanti.com/>. For example, despite the 2016 site invasion and occupation of the Obuasi, AngloGold Ashanti continued to spend significant funds on its social and community projects in the region.

Our consistent engagement with stakeholders, including our host governments and communities, is also backed by our actions on the ground, where we demonstrate our adherence to our value set. We have continued to voluntarily certify operations as compliant with the International Cyanide Management Code, despite significant financial pressure due to macroeconomic conditions. AngloGold Ashanti has also led the South African mining industry in the development of new technologies to mine shaft pillars safely as part of its continuous review and modification of its safety strategy and technology profile across the group. For more information concerning AngloGold Ashanti’s stakeholder engagement and



key areas of focus during the reporting period, as well as future areas of focus, please see the “Stakeholder Engagement and Material Issues” section of the Integrated Report on: <http://www.aga-reports.com/16/ir#model>.