

ANGLOGOLD ASHANTI LTD

Form 6-K

April 10, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF**

**THE SECURITIES EXCHANGE ACT OF 1934**

Report on Form 6-K dated April 03, 2014

Commission File Number 1-14846

AngloGold Ashanti Limited

(Name of registrant)

76 Jeppe Street

Newtown, 2001

(P.O. Box 62117, Marshalltown, 2107)

South Africa

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

**Form 20-F**  **X**      Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

**No**  **X**

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes

**No**  **X**

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes      **No**  **X**

Enclosure: **ANGLOGOLD ASHANTI ANNUAL FINANCIAL STATEMENTS FOR THE  
YEAR ENDED DECEMBER 31, 2013**

ANNUAL FINANCIAL STATEMENTS

2013

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## **GUIDE TO REPORTING**

AngloGold Ashanti Limited (AngloGold Ashanti) publishes a suite of reports to record its overall performance annually. The Annual Financial Statements 2013 addresses our statutory reporting requirements.

The full suite of 2013 reports for AngloGold Ashanti Limited comprises:

- Annual Integrated Report 2013, the primary report;

- Annual Financial Statements 2013;

- Annual Sustainability Report 2013; and

- Mineral Resource and Ore Reserve Report 2013.

Other reports available for the financial year are the operational and project profiles and country fact sheets. The full suite of 2013 reports have been furnished to the United States Securities and Exchange Commission (SEC) on Form 6-K. These reports are all available on our annual report portal at [www.aga-reports.com](http://www.aga-reports.com).

### **FOR NOTING:**

The following key parameters should be noted in respect of our reports:

- Production is expressed on an attributable basis unless otherwise indicated;

- Unless otherwise stated, \$ or dollar refers to US dollars throughout this suite of reports;

- Group and company are used interchangeably, except for in the group and company annual financial statements;

- Statement of financial position and balance sheet are used interchangeably; and

- The company implemented an Enterprise Resource Planning System (ERP), i.e. SAP at all its operations, except for the Continental Africa region. ERP and SAP are used interchangeably.

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**VISION, MISSION AND VALUES**

To create value for our shareholders, our employees and our business and social partners through safely and responsibly exploring, mining and marketing our products. Our primary focus is gold, but we will pursue value creating opportunities in other minerals where we can leverage our existing assets, skills and experience to enhance the delivery of value.

Safety is our first value.

We place people first and correspondingly put the highest priority on safe and healthy practices and systems of work. We are responsible for seeking out new and innovative ways to ensure that our workplaces are free of occupational injury and illness. We live each day for each other and use our collective commitment, talents, resources and systems to deliver on our most important commitment...to care.

We treat each other with dignity and respect.

We believe that individuals who are treated with respect and who are entrusted to take responsibility respond by giving their best. We seek to preserve people's dignity, their sense of self-worth in all our interactions, respecting them for who they are and valuing the unique contribution that they can make to our business success. We are honest with ourselves and others, and we deal ethically with all of our business and social partners.

We value diversity

We aim to be a global leader with the right people for the right jobs. We promote inclusion and team work, deriving benefit from the rich diversity of the cultures, ideas, experiences and skills that each employee brings to the business.

We are accountable for our actions and undertake to deliver on our commitments

We are focused on delivering results and we do what we say we will do. We accept responsibility and hold ourselves accountable for our work, our behaviour, our ethics and our actions. We aim to deliver high performance outcomes and undertake to deliver on our commitments to our colleagues, business and social partners, and our investors.

The communities and societies in which we operate will be better off for AngloGold Ashanti having been there.

We uphold and promote fundamental human rights where we do business. We contribute to building productive, respectful and mutually beneficial partnerships in the communities in which we operate. We aim to leave host communities with a sustainable future.

We respect the environment.

We are committed to continually improving our processes in order to prevent pollution, minimise waste, increase our carbon efficiency and make efficient use of natural resources. We will develop innovative solutions to mitigate environmental and climate risks.

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### **Forward-looking statements**

Certain statements contained in this document, other than statements of historical fact, including, without limitation, those

concerning the economic outlook for the gold mining industry, expectations regarding gold prices, production, cash costs, all-in

sustaining costs, cost savings and other operating results, return on equity, productivity improvements, growth prospects and

outlook of AngloGold Ashanti's operations, individually or in the aggregate, including the achievement of project milestones,

commencement and completion of commercial operations of certain of AngloGold Ashanti's exploration and production projects

and the completion of acquisitions and dispositions, AngloGold Ashanti's liquidity and capital resources and capital expenditures and the outcome and consequence of any potential or pending litigation or regulatory proceedings or environmental, health and safety issues are forward-looking statements regarding AngloGold Ashanti's operations,

economic performance and financial condition. These forward-looking statements or forecasts involve known and unknown risks, uncertainties and other factors that may cause AngloGold Ashanti's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in these forward-looking statements. Although AngloGold Ashanti believes that the expectations reflected in such forward-looking statements and forecasts are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic, social and political and market conditions, the success of business and operating initiatives, changes in the regulatory environment and other government actions, including environmental approvals and requirements, fluctuations in gold prices and exchange rates, the outcome of pending or future litigation proceedings, and business and operational risk management.

For a discussion of such risk factors, refer to the prospectus supplement to AngloGold Ashanti's prospectus, dated 17 July 2012, that was filed with the United States SEC on 26 July 2013 and to our annual reports on Form 20F and any prospectus supplement filed with the United States SEC subsequent to the date of this report. These factors are not necessarily all of the important factors that could cause AngloGold Ashanti's actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. Consequently, readers are cautioned not to place undue reliance on forward-looking statements. AngloGold Ashanti undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of these Annual Financial Statements or to reflect the occurrence of unanticipated events, except to the extent required by applicable law. All subsequent written or oral forward-looking statements attributable to AngloGold Ashanti or any person acting on its behalf are qualified by the cautionary statements herein. This communication may contain certain "Non-GAAP" financial measures. AngloGold Ashanti utilises certain Non-GAAP performance measures and ratios in managing its business. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the reported operating results or cash flow from operations or any other measures of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures other companies may use. AngloGold Ashanti posts information that is important to investors on the main page of its website at [www.anglogoldashanti.com](http://www.anglogoldashanti.com) and under the "Investors & media" tab on the main page. This information is updated regularly. Investors should visit this website to obtain important information about AngloGold Ashanti.

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## **AUDIT AND CORPORATE GOVERNANCE COMMITTEE – CHAIRMAN'S LETTER**

The Audit and Corporate Governance Committee (the Audit Committee), an independent statutory committee, appointed by the shareholders at the May 2013 Annual General Meeting, takes pleasure in presenting its report for the financial year ended 31 December 2013. The Audit Committee has decision-making authority with regards to its statutory duties and is accountable in these regards to both the board and the shareholders. On all other board delegated responsibilities the Audit Committee makes recommendations for board approval.

It is the Audit Committee's principal regulatory duty to oversee the integrity of the group's internal control environment and to ensure that financial statements are appropriate and comply with International Financial Reporting Standards (IFRS) and fairly present the financial position of the group and company and the results of their operations. The Audit Committee provides regular reports to the board, which assumes ultimate responsibility for the functions performed by the Audit Committee, relating to the safeguarding of assets, accounting systems and practices and internal control processes.

This report is presented in accordance with the company's Memorandum of Incorporation (MOI), the requirements of the Companies Act, No. 71 of 2008, as amended, (the Companies Act), the recommendations contained in the third King Report on Governance for South Africa (King III), as well as its formally approved charter that is in line with the JSE Listings Requirements.

Management has established and maintains internal controls and procedures, which are reviewed by the board on a regular basis. These are designed to manage, rather than eliminate, the risk of business failures and to provide reasonable assurance against such failures.

### **COMPOSITION**

The appointed Audit Committee comprises four independent Non-Executive Directors. Collectively, the members possess the skills and knowledge to oversee and assess the strategies and processes developed and implemented by management to manage the business in the continually evolving mining environment in which AngloGold Ashanti operates, to align operations with corporate governance best practice and to comply with legislation, regulations and requirements in the jurisdictions in which AngloGold Ashanti operates.

The statutory duties and general activities of the Audit Committee are set out in its board-approved terms of reference which is reviewed and updated annually. The Audit Committee's mandate includes:

- monitoring the integrity of the group's integrated reporting and annual financial statements and all factors and risks that may impact on reporting;
- annually nominating the external auditors for appointment by the shareholders;
- determining the external auditors' remuneration;
- pre-approving all non-audit services in line with a formal policy on non-audit services;
- assessing the internal and external auditors' independence;

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- monitoring and reviewing the effectiveness of the group’s internal and external audit function;
- annually reviewing the expertise, appropriateness and experience of the finance function and Chief Financial Officer;
- ensuring a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- reviewing developments in governance and best practice;
- ensuring that there is an ethics policy in place which is aligned to the strategy of the company; and
- evaluating the effectiveness of the committee.

The Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Group General Counsel and Company Secretary, Senior Vice President: Group Internal Audit, the external auditors, regional heads of finance, as well as other assurance providers attend relevant committee meetings in an ex officio capacity and provide responses to questions raised by committee members during meetings. The Audit Committee meets separately with management, internal audit and external audit at every scheduled quarterly meeting.

During 2013, the Audit Committee formally met ten times and attendance at these meetings is set out in the table below:

**14 February**

**4 March**

(1)

**19 March**

(1)

**23 April**

(1)

**8 May**

**25 June**

(1)

**1 August**

**11 September**

(1)

**31 October**

**4 December**

(1)

Prof LW Nkuhlu		Y		Y		Y		Y		Y
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Y	Y		Y		Y		Y			
---	---	--	---	--	---	--	---	--	--	--

(2)(3)

FB Arisman

(3)(4)

8

R Gasant

(3)

8

NP January-Bardill

8

MJ Kirkwood

§

§

*In attendance*

§ *Attended as an invitee*

§ *Apologies*

(1)

*Special meeting*

(2)

*Chairman of the Audit Committee*

(3)

*Members of the Risk and Information Integrity Committee*

(4)

*Retired from the Board of Directors on 13 May 2013*

The Audit Committee assessed its effectiveness through the completion of a self-assessment process, results were discussed, actions taken and processes put in place to address areas identified for improvement.

#### **OVERSIGHT OF RISK MANAGEMENT**

Notwithstanding the fact that the board has a fully constituted Risk and Information Integrity Committee (Risk Committee) to assist with the discharge of its duties regarding the integrated risk management process, the Audit Committee has a vested interest in risk management as a result of its responsibilities in terms of integrated reporting and combined assurance. To achieve greater integration between the Audit Committee and the Risk Committee, the majority of the Audit Committee members, including the Chairman, are also members of the Risk Committee.

#### **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 who has direct access to the chairmen of both the Audit Committee and the board. The Audit Committee has

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assessed the performance of the Senior Vice President: Group Internal Audit in terms of the annually reviewed and approved internal audit charter and is satisfied that the internal audit function is independent and appropriately resourced, and that the Senior Vice President: Group Internal Audit has fulfilled the obligations of the position by performing the following functions:

- evaluating ethical leadership and corporate citizenship within AngloGold Ashanti;
- assessing the governance of risk within AngloGold Ashanti;
- reviewing the governance of Information Technology;
- assessing compliance with laws, rules, codes and standards;
- evaluating the effectiveness of internal controls over financial reporting and internal controls in general;
- reporting findings to management and the Audit Committee and monitoring the remediation of all significant deficiencies reported; and
- implementing a Combined Assurance Framework for the Group.

Group Internal Audit is subject to an independent quality assessment review as required by the Institute of Internal Auditors' Standards for the Professional Practice of Internal Audit every 5 years, the last of which was concluded during 2012. The independent assessment conducted by PwC yielded a favourable result, which included a benchmark conducted against international peers. The Audit Committee is of the opinion, having considered the written assurance statement provided by Group Internal Audit, that the group's system of internal financial controls is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

### **2013 IN OVERVIEW**

During the financial year ended 31 December 2013, the Audit Committee carried out its duties as required by section 94(2) of the Companies Act, King III, and the committee's terms of reference in accordance with its annual plan adopted to manage the discharge of its responsibilities.

Set out below are some highlights from 2013:

#### **Focus area**

##### **Actions**

##### **Financial statements**

Accounting policies and reporting standards

Received updates on new accounting standards impacting AngloGold Ashanti - thereby enabling committee members to probe deeper into the implications of certain complex financial reporting standards on AngloGold Ashanti's financial statements.

Reviewed accounting policies for appropriateness.

The Audit Committee also monitored the project changing the accounting standard utilised in preparing the annual Form 20F in the United States from US GAAP to IFRS.

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**Focus area**

**Actions**

Integrated reporting

Reviewed the integrated report including the group's annual financial statements and resource and reserve report. The Audit Committee reviewed the disclosure of sustainability issues in the integrated report and is satisfied that these do not conflict with the financial results.

Quarterly and annual

IFRS reports

Reviewed and recommended the quarterly and annual IFRS financial statements to the board for approval and subsequent submission to the JSE, SEC and other stock exchanges as applicable, after:

- ensuring that complex accounting areas comply with IFRS;
- carefully evaluating significant accounting judgements, including but not limited to environmental rehabilitation provisions, taxation provisions and the valuation of the portfolio of assets (assessment for impairments) and estimates;
- discussing the accounting treatment of significant and unusual transactions with management and the external auditors;
- reviewing, assessing and approving adjusted and unadjusted audit differences reported by the external auditors; and
- considering the documented assessment of the company's going concern status prepared by management which included the key assumptions for reasonability.

**Internal controls**

Risk-based internal audit

Considered the internal control heat-map for AngloGold Ashanti as presented by Group Internal Audit.

Reviewed and approved the risk-aligned internal audit plan tabled on a quarterly basis and the detailed combined assurance plan.

Monitored the implementation of significant audit recommendations through a formal tracking process administered by Group Internal Audit.

External auditors

Recommended the appointment of Ernst and Young Inc. as the external auditors for 2013, approved the external audit plan and fees for 2013, and assessed the independence of the external auditors as required in terms of section 94(8) of the Companies Act, which included consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board of Auditors.

Approved the appointment of the external auditors to provide independent limited assurance on certain sustainability indicators as included in the Sustainability Report.

Pre-approved all non-audit services provided by the external auditors of the group in terms of the policy on non-audit services.

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**Focus area**

**Actions**

Combined assurance                      Monitored the implementation of the AngloGold Ashanti combined assurance plan. The scope of the technical bottom-up combined assurance plan were reduced during 2013, but the Audit Committee is comfortable with other assurance provided by management on technical aspects.

Implementation of  
Systems, Applications  
and Products in Data  
Processing (SAP)

Monitored the impact of the implementation of SAP on the internal control environment.

The Audit Committee considered all the reports provided by the internal and external auditors on internal control deficiencies identified related to SAP and based on its evaluation concluded that none of these deficiencies in isolation or in aggregate, are material to the integrity and reliability of the annual financial statements. The Audit Committee, together with the Risk Committee, will continue to review progress on the remediation of control deficiencies not yet fully remediated and will also receive feedback on the benefits realised through this implementation.

Group wide  
restructuring

Monitored the impact of the group wide restructuring on the internal control environment of AngloGold Ashanti.

Internal control  
assessment

Considered the results presented by internal and external assurance providers through the evolving combined assurance framework in order to conclude on the internal control, risk management and internal financial control environments within AngloGold Ashanti.

**Corporate governance**

King III

Monitored the progress and ensured implementation of the requirements of King III. A register detailing compliance with the principles of King III in 2013 can be found on our website [www.anglogoldashanti.com](http://www.anglogoldashanti.com).

Risk  
governance

Fulfilled an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology risks as these relate to financial reporting.

Compliance

Monitored the development and refinement of a global compliance management framework. The framework allows for a systematic approach for regions to identify and monitor compliance to major laws, regulations, standards and codes.

Subsidiary audit  
committees

Monitored the proceedings of relevant statutory subsidiary audit committees during each of its meetings.

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#### **FINANCE FUNCTION AND CHIEF FINANCIAL OFFICER**

The Audit Committee received feedback on an internal assessment conducted on the skills, expertise and resourcing of the finance function and was satisfied with the overall adequacy and appropriateness of the function. The Audit Committee further reviewed the expertise and experience of the previous and current Chief Financial Officers, Srinivasan Venkatakrishnan and Richard Duffy and was satisfied with the appropriateness thereof.

#### **WHISTLE-BLOWING**

The Audit Committee received quarterly updates on AngloGold Ashanti's whistle-blowing process. Reports received and investigated did not reveal any malpractice relating to the accounting practices, internal financial controls, internal audit function and the content of the company's financial statements.

#### **LOOKING FORWARD**

AngloGold Ashanti has seen the successful and timely implementation of a single SAP instance in all its operations, excluding the Continental Africa Region during 2013. The implementation of SAP had a definitive impact on the internal control and internal financial control environment of the group.

Control deficiencies were identified, none of which, in isolation or in aggregate, are material to the integrity and reliability of the annual financial statements. The Audit Committee, together with the Risk Committee, will continue to review progress on the remediation of control deficiencies reported and will also receive feedback on the benefits realised through this implementation.

The Audit Committee will continue to closely monitor the impact of the staff reductions on the internal control environment during 2014.

#### **STATEMENT ON INTERNAL CONTROL**

Based on the results of the formal documented review of the company's system of internal controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by Group Internal Audit and other identified assurance providers in terms of the evolving combined assurance model and considering information and explanations given by management and discussions with both the internal and external auditors on the results of their audits, assessed by the Audit Committee, nothing has come to the attention of the board that caused it to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

The opinion of the board is supported by the Audit Committee.

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**ANNUAL FINANCIAL STATEMENTS**

The Audit Committee has evaluated the consolidated and separate annual financial statements for the year ended 31 December 2013 and concluded that they comply, in all material aspects, with the requirements of the Companies Act, International Financial Reporting Standards, and JSE Listing Requirements. The Audit Committee therefore recommended the approval of the annual financial statements to the board.

**CONCLUSION**

The Audit Committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review.

**Prof Wiseman Nkuhlu**

Chairman: Audit and Corporate Governance Committee

18 March 2014

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## **SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE - CHAIRMAN'S LETTER**

The Social, Ethics and Transformation Committee (SE&T) is constituted as a statutory committee of AngloGold Ashanti in compliance with Sections 72(4) and Regulation 43 of the Companies Act. It was established on 30 April 2012 and comprised five members as at 31 December 2013, the majority of whom are independent Non-Executive Directors.

The SE&T has terms of reference that set out its roles and responsibilities which comply with the Companies Act and the guidelines of King III and are approved by the board of directors. The terms of reference are available on the company's website.

The SE&T has an executive sponsor nominated by the Chief Executive Officer in the person of the executive vice president responsible for the group's sustainability function. The executive sponsor assists in the general running of the committee.

### **PURPOSE AND MANDATE OF THE COMMITTEE**

The purpose of the SE&T is to assist the board in discharging its responsibilities relating to (i) the functions of a Social and Ethics Committee as contemplated by the Companies Act; (ii) Safety, Health and the Environment; (iii) Transformation and Localisation; (iv) Ethical Conduct of the Company and its officers; and (v) recommending to the board support for the promotion of democracy in the jurisdictions in which the company operates.

Key areas of the committee's responsibilities which are monitoring in nature, include the following:

- Sustainable development;
- Social and economic development;
- Corporate citizenship;
- Human rights;
- Safety, health and environment;
- Transformation, empowerment and localisation;
- Labour relations and employment;
- Compliance with the Code of Ethics and Business Principles;
- Stakeholder relations; and
- Regulatory, statutory and legislative compliance.

### **ACTIVITIES IN 2013**

In 2013, the committee became fully operational, and pursuant to its duties and responsibilities as outlined above, the SE&T monitored the following activities of the company:

- The company's programmes on safety, health and the environment through regular reports from the Safety, Health and Environment committee;
- The group's progress in complying with transformation targets set by the Mining Charter and the Department of Mineral Resources in South Africa;
- Transformation activities at the group's other operations, especially in relation to developing local

talent and skills;

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- x  
Activities relating to stakeholder management;
  - x  
Community improvement programmes and spend in that regard, as well as ensuring that such spend is guided by criteria that seek to promote achievement of the company's business objectives;
  - x  
Systems and programmes in place to enable the group to comply with relevant laws and regulations; and
  - x  
Labour relations environment and advised on developing strategies to improve the landscape of labour relations.
- In addition, the committee performed the following activities:
- x  
Reviewed and approved, jointly with the SHE committee, the Sustainability Report 2012;
  - x  
In order to strengthen the company's compliance with anti-corruption and anti-bribery legislation, a revised risk-based compliance framework was presented to the committee and implemented; and
  - x  
The Committee's mandate was revised to include that of the Party Political Donations Committee. The committee's mandate was revised in November 2013 to include oversight on activities to support democracy in the company's operational jurisdictions.

#### **PERFORMANCE EVALUATION**

The committee carried out a performance self-evaluation for 2013, the results of which showed that the committee had made significant progress in fulfilling its mandate. A few areas which were highlighted for improvement will be focused on during 2014.

#### **MEETING ATTENDANCE BY MEMBERS OF THE COMMITTEE DURING 2013**

##### **Name of director**

**15 February**

**19 March**

**9 May**

**2 August**

**1 November**

NP January-Bardill

(1)

M Cutifani

(2)

8

WA Nairn

(3)

Prof LW Nkuhlu

MJ Kirkwood

SM Pityana

8

RJ Ruston

*In attendance*

8 Apologies

(1)

*Chairman of the Social, Ethics and Transformation Committee*

(2)

*Resigned with effect from 1 April 2013*

*(3)*

*Retired on 13 May 2013*

The Social, Ethics and Transformation Committee is satisfied that, in 2013, it fulfilled its mandate in accordance with its terms of reference.

**Ms Nozipho Patricia January-Bardill**

Chairman: Social, Ethics and Transformation Committee

18 March 2014

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**CORPORATE GOVERNANCE**

In exercising its governance oversight, the board of AngloGold Ashanti is cognisant that sound governance practices are key to earning and sustaining the trust and confidence of the company’s stakeholders, which are critical to the achievement of the company’s business objectives as well as creating and sustaining shareholder value. Thus, best practices in corporate governance continued to be the guiding principle of how the company operates.

AngloGold Ashanti subscribes to the principles of the King Code on Corporate Governance (King III) given the company’s primary listing on the JSE and as reported at the end of 2012, the company had applied all the principles of King III. However, on 17 February 2014, the board elected

Mr

SM

Pityana, a non-independent Non-Executive Director to replace Mr TT Mboweni, an independent Non-Executive Director, who stood down as the Chairman of the board. The board appointed Prof LW Nkuhlu as lead independent director in line with the recommendation of King III that such an appointment be considered where the board chairman is not independent. The board and management recognise that application of King III requires continuous updating and monitoring of governance structures, procedures and processes. Therefore, during 2013, the company continued to refine its governance processes and procedures as required by King III, through maintaining a compliance register. The register is available on the company’s website, [www.anglogoldashanti.com](http://www.anglogoldashanti.com), and is regularly updated. The company’s application of the principles contained in chapter 2, which link up to other chapters of the King III, is set out below. In addition some of the activities undertaken during 2013 to further strengthen our governance processes are included in the highlights of the activities of the board and committees from page 24.

**CORPORATE GOVERNANCE – KING III COMPLIANCE**

Analysis of the application as at March 2014 by AngloGold Ashanti of Chapter 2 of the King Code of Governance for South Africa, 2009 (King III).

**Area**

**Requirement**

**Status**

**Comments**

**2. Boards and directors**

Role and function of the board

2.1

The board should act as the focal point for and custodian of corporate governance

Applied

The board has a documented charter in place that deals with the roles, responsibilities and accountabilities of the board. Meetings are conducted on a regular basis, at least quarterly, following a formal agenda. The board is supported by nine committees that have been delegated responsibility to deal with specific matters in more detail and provide feedback to the full board. These committees include the Audit and Corporate Governance (Audit Committee); Social, Ethics and Transformation;

Remuneration and Human Resources; Risk and Information Integrity (R&II) and the Executive Committee. To ensure that the board executes all its responsibilities, a full annual plan has been developed that is assessed at the end of each meeting to ensure full coverage of standard agenda items.

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**Area**

**Requirement**

**Status**

**Comments**

2.2

The board should appreciate that strategy, risk, performance and sustainability are inseparable

Applied

The board is cognisant that its business strategies are not achievable without effectively managing its risk environment in a sustainable manner. It is for this reason that the board has established the risk management and sustainability frameworks.

2.3

The board should provide effective leadership based on an ethical foundation

Applied

The board has approved a strategy for AngloGold Ashanti designed to ensure that the vision and mission of the company is achieved over the long term to ensure a sustainable business. The execution of the strategy takes place within the confines of a set of clearly articulated values and business principles. These values and principles are further refined and explained in more detail in the company's Code of Ethics and Business Principles (Our Code). Our Code was fully endorsed by the Board of Directors and the Executive Committee.

2.4

The board should ensure that the company is and is seen to be a responsible corporate citizen

Applied

The vision and mission of the group is clearly articulated and supported by six values that aim to ensure that the company is a responsible corporate citizen. AngloGold Ashanti is committed to ensuring it contributes to improving the lives of the communities in which it operates and formally reports on. The company provides essential information on its global community improvement initiatives in the Annual Sustainability Report that is available on the company's website.

2.5

The board should ensure that the company's ethics are managed effectively

Applied

To provide direction and clarity on "grey" areas, various policies have been developed for, among other matters, conflicts of interest, gifts and hospitality, anti-bribery and anti-corruption. These policies were reviewed and approved by the Executive Committee and are communicated to all employees. Our Code and other training, in various forms, including e-learning, has been and is being rolled out corporation wide. Training completion statistics are published to the Executive Committee and the relevant board committee. AngloGold Ashanti has implemented a combined assurance process to provide the board with the necessary assurance that there is alignment between the strategy of the group risk management and the implementation and execution of controls to manage the identified risks effectively. Ethical and compliance risk is being factored into the risk and combined assurance processes.

2.6

The board should ensure that the company has an effective and independent audit committee

Applied

The Audit Committee consists only of independent Non-Executive Directors who meet quarterly and hold special meetings when required. It is considered one of the most effective committees as evidenced by the annual performance evaluations. Three of the four Audit Committee members are financially literate. The Chairman, Prof Nkuhlu, who is the board designated financial expert, is well respected within the financial community, both locally and internationally, and serves on various accounting standard setting panels.

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**Area**

**Requirement**

**Status**

**Comments**

2.7

The board should be responsible for the governance of risk

Applied

The board is assisted by the R&II in discharging its responsibilities with respect to risk management. On a quarterly basis, the board, through the R&II, discusses the top risks (both imminent and longer term), facing the company as well as control strategies to manage them. The company has a comprehensive risk register which is continuously updated. Refer to Principle 4 on the website register for a detailed explanation on the governance of risk.

2.8

The board should be responsible for information technology

(IT) governance

Applied

The R&II also assists the board in discharging its responsibilities relating to the effective and efficient management of IT resources and the integrity of information. In order to achieve the strategic objectives of AngloGold Ashanti, governance of IT is discussed and reviewed at each R&II meeting with formal feedback provided by its chairman to the board. An IT charter has been established and the board has approved the Control Objectives for IT (COBIT) Governance Framework to be applied by AngloGold Ashanti.

2.9

The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards

Applied

AngloGold Ashanti's Compliance Statement states that AngloGold Ashanti will comply not only to the letter, but with the spirit of all legislation in all the countries in which we operate. To give effect to this statement, the Vice President: Group Compliance is working with management, and group legal counsel

under the direction of the Audit Committee, on a global regulatory framework to facilitate the monitoring of compliance to applicable laws and adherence to non-binding rules, codes and standards. This framework is being completed and AngloGold Ashanti will continue to monitor compliance in 2014 and beyond through, among other things, country-specific heat maps evidencing regulatory compliance and certifications of compliance from operations.

2.10

The board should ensure that there is an effective risk-based internal audit

Applied

AngloGold Ashanti has an independent and objective Group Internal Audit department (GIA), the stature of which meets the standards set by the Institute of Internal Auditors for the Professional Practice of Internal Auditing and Code of Ethics. GIA activities are set out in the Internal Audit Charter and are reviewed and approved by the Audit Committee on an annual basis. The charter deals with the reporting lines of the Head of GIA, access to unrestricted information and resources of the company, as well as roles and responsibilities of the GIA. The Audit Committee exercises oversight responsibilities over the GIA and the head of GIA has unrestricted access to the chairman of the committee and other committee members when necessary. The Audit Committee ensures that GIA has the required resources at all times to execute its mandate.

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**Area**

**Requirement**

**Status**

**Comments**

2.11

The board should appreciate that stakeholders' perceptions affect the company's reputation  
Applied

The board is cognisant that AngloGold Ashanti's vision to become the leading mining company cannot be realised without the contribution of all stakeholders, including shareholders, employees, communities and governments. The board, CEO and other members of the Executive Committee continuously engage with stakeholders to explain the company's activities.

2.12

The board should ensure the integrity of the company's integrated report  
Applied

The Annual Integrated Report is reviewed by the Audit Committee and recommended for approval by the board.

2.13

The board should report on the effectiveness of the company's system of internal controls  
Applied

The board (through the Audit Committee) assesses annually the adequacy of the company's internal control system. A rigorous assessment of controls covering key governance areas including ethics, risk management, inform