



TALENT MANAGEMENT, SKILLS DEVELOPMENT AND EMPLOYEE RELATIONS

We see leadership as key to business success. Leaders describe a compelling future for those who follow and must have the ability to inspire and motivate others to willingly and cooperatively achieve the organisation's objectives.



IN FOCUS

AngloGold Ashanti Training and Development Services provided 61,000 instances of comprehensive technical, leadership and behavioural development training

Stable and peaceful labour relations climate in our Continental Africa and South Africa Regions in 2016

KEY FEATURES

Having the right people doing the right work well and creating the conditions for them to thrive remains the foundation of our people strategy.

With the challenging business landscape experienced over the past few years, and the various self-help interventions implemented by the company, labour spend has decreased by 21% since 2013. This has included a corresponding headcount reduction as a consequence of portfolio changes and restructuring initiatives. An important element of restructuring was a 44% reduction in expatriate staff. For 2016, budgeted labour expenditure for employees, contractors and consultants accounted for approximately 30% of total costs.

In the context of the economic challenges – which continue to be faced by the business – and the opposing dynamics of either rationalisation or growth focus within the company's operations – the focusing challenge faced by the Group Human Resources discipline has been the need to strengthen a common foundation of organisational effectiveness, enabling a resilient approach. This foundation will help us to navigate both the rationalisation and growth within our business operations in a sustainable way.

Specific challenges include:

- evolving regulatory and related frameworks in various jurisdictions, such as the Mining Charter in South Africa, and the need for continued progress in skills localisation at our Continental Africa operations;
- managing the risk of critical talent retention across the business;
- addressing gender diversity issues; and
- the need to continue strengthening harmonious employee relations, including with organised labour representatives.

In response, the Group Human Resources discipline focused on building the capacity and capability of the global team in the areas of organisational design, talent management and succession, leadership development and change management.

OUR ACTIONS IN 2016

Building on the strategic framework developed in 2015, strategic focus areas were prioritised in 2016 to address company challenges and accelerate strategy implementation. Through a series of conversations in consultation with the Executive Committee and board, six interrelated strategic focus areas were prioritised:

- 1 Clear organisational design and operating model to shape the right culture
- 2 Develop Health of Discipline Framework to support the business strategy
- 3 Build capable global leaders across the organisation, driving a high-performance culture
- 4 Develop integrated talent management and succession planning
- 5 Focus on employee engagement and commitment
- 6 Develop simplified and integrated Human Resources information systems

Collectively, these priorities enable us to respond to the primary challenge of ensuring organisational effectiveness.

Frameworks outlining the intent, company position, guiding principles, process requirements and performance measures in each priority have been developed.





TALENT MANAGEMENT, SKILLS DEVELOPMENT AND EMPLOYEE RELATIONS (CONTINUED)

All operations will work to ensure that the requirements are met in a way that is globally consistent, yet locally relevant.

CAPABLE LEADERSHIP ACROSS THE ORGANISATION DRIVING A HIGH-PERFORMANCE CULTURE

We see leadership as key to business success. Leaders describe a compelling future for those who follow and must have the ability to inspire and motivate others to willingly and cooperatively achieve the organisation's objectives. Leaders should create an enabling environment which brings out the best in people. In order to do so, leaders must have a global as well as local view of the business, with the requisite mix of economic, social and technical competences. These are applied and brought to life through leadership behaviours and living the company values. On this basis, during the year the Chief Executive Officer talent pool comprising Stratum IV (Vice President level) and above was reviewed and presented to the board. Critical leadership and technical positions were identified, along with potential successors in the short, medium and long term for all these positions. As part of this approach, talent was reviewed cross-functionally across the group and individuals were assessed in terms of alignment to company values, current performance and potential, readiness and development requirements.

The talent reviews serve to help the business manage the following potential risks:

- unfilled vacancies in critical leadership

and specialist positions;

- filling positions with under-developed successors;
- poor assimilation of talent into leadership and specialist positions; and
- poor deployment of talent against business goals.

Development plans for potential successors have been developed, considering both formal and informal training. In focusing on leadership bench strength we remain mindful of gender diversity and continue to work towards gender parity.

To support managers and supervisors in their leadership and managerial practices the company developed a comprehensive system, How We Work. The system covers management and people practices and provides quick skills, tools and guidelines on how to be an effective leader.

In strengthening the leadership pipeline at lower organisational levels, the second year of the Chairman's Young Leaders Programme was completed. The 2015 intake into the programme had focused on high-potential future leaders from mining-related technical disciplines such as geology, engineering and metallurgy. For 2016, this was expanded to include support functions such as Finance and Human Resources. Ten global young leaders participated in the programme, receiving global exposure to the business through three job rotations across the year.



GUIDING PRINCIPLES FOR CAPABLE LEADERSHIP

- Organisational culture is shaped by leaders who believe in and clearly demonstrate company values;
- The business vision and strategy is translated so as to be relevant to employees, engaging them and inspiring them to achieve their, and the company's, objectives;
- Leaders act in ways which instills trust within the organisation;
- Clear and appropriate accountabilities are set and all employees, including leaders, are held to account for their actions; and
- Leadership is an integral part of AngloGold Ashanti, How We Work and people practices.

PROCESS REQUIREMENTS FOR CAPABLE LEADERSHIP

- Translating and communicating the company vision and strategies;
- Establishing and maintaining structures, business objectives and accountabilities within each area of responsibility;
- Translating the group leadership competency framework and embedding leadership practices into the way we work;
- Modelling leadership behaviours and building trust through actions; and
- Reviewing leadership practices with the view to improve.



TALENT MANAGEMENT, SKILLS DEVELOPMENT AND EMPLOYEE RELATIONS (CONTINUED)

In reviewing the progress of the seven global young leaders from the 2015 group, five have been promoted to senior roles and the remaining two returned to their previous roles with expanded responsibilities and undertook further development to strengthen their technical, supervisory, business and project management skills.

In the South Africa Region, we implemented the Advanced Leadership Development (ALDP) and Managerial Leadership Development (MLDP) programmes in partnership with the University of Cape Town Graduate School of Business. The programmes aim to provide managers with the requisite skills, knowledge and required behaviours to be effective leaders by facilitating exposure to classroom training as well as on-the-job coaching and mentoring. The programme duration is nine months, and future leaders are expected to gain the following:

- enhanced understanding of how self and others function both at home and at work;
- a heightened ability to deal with complexity, chaos and paradox in people, strategies and the market;
- technical skills around giving and receiving feedback, coaching and mentoring, listening, questioning, managing conflict, stress management, dialogue, strategy, culture, dialogue and resilience to change; and
- traditional content related to understanding the geopolitical context we operate in, as well as understanding the dynamics of emerging markets.

INTEGRATED TALENT MANAGEMENT AND SKILLS DEVELOPMENT

Related to the strengthening of leadership capability across the organisation, significant progress has been made in rolling out the integrated talent management, skills development and succession planning framework to all organisational levels. We recognise that effective talent management and succession planning enables current and future business success, and contributes to securing our long-term future as a company. Through talent management with effective succession planning we establish an employee value proposition for meaningful work, to develop employees to give of their best, and to optimise career paths in the interests of both the company and individual.

GUIDING PRINCIPLES FOR INTEGRATED TALENT MANAGEMENT

- Processes are owned and led by line management;
- Identification of talent is through a valid and objective assessment;
- An integrated and consistent approach is applied, yet it is sufficiently dynamic to address specific and emerging needs;
- Processes are appropriately transparent;
- Global diversity is embraced to enable organisational resilience; and
- There is a balance between local and global requirements.

In 2014, the Chief Executive Officer (CEO) started a bursary scheme in collaboration with the University of Witwatersrand (WITS) in South Africa. The scheme aims to support the education of deserving Historically Disadvantaged South African (HDSA) students from our operating areas, with a strong bias in favour of female students. To date, the CEO has contributed approximately \$180,000, which has been matched equally by the company. The scheme has benefited 11 undergraduate students and 10 postgraduate students. Of the 11 undergraduate students, four graduated in 2016 and are currently enrolled for their honours.



“Future leaders are equipped with skills that foster a heightened ability to deal with complexity and paradox in people, strategies, and the market.”



TALENT MANAGEMENT, SKILLS DEVELOPMENT AND EMPLOYEE RELATIONS (CONTINUED)

Planned leadership development initiatives

Development prioritisation matrix

| | |
|----------|---|
| Formal | <ul style="list-style-type: none"> • Director training • Executive development programme – international leadership programme • Executive coaching |
| Informal | <ul style="list-style-type: none"> • Exposure to international assignments/secondments • Cross-functional job rotation • Exposure to stretch projects (e.g. Colombia) • Functional stretch projects – extended scope of work • Exposure to board and Executive Committee • Exposure to markets • Exposure to investors |

FOCUS ON EMPLOYEE ENGAGEMENT AND COMMITMENT

We recognise that success is achieved through people. The extent to which we have engaged people working within the company influences our level of performance. Good leaders create an environment which is conducive for employees to thrive and to contribute meaningfully to the success of the business.

Engaged employees understand and live the company values – they feel valued and satisfied, have high morale and are productive. As resilient individuals, they contribute to the resilience of the organisation.

As reported in [2015](#), an employee engagement survey was conducted in 2014 identifying three areas which needed more attention to improve employee engagement. These were senior leadership practices, managerial effectiveness and ethics.

The primary approach to respond to these challenges was through the development of the AngloGold Ashanti How We Work and people practices. During 2016, our focus on employee engagement continued, with the establishment of the group Framework for Engagement and Commitment.

70% Of leadership roles filled by internal candidates

GUIDING PRINCIPLES FOR ENGAGEMENT AND COMMITMENT

- Leaders are accountable for engaging employees and nurturing trust within the organisation;
- Leadership and managerial practices are aligned to company values, and to the AngloGold Ashanti How We Work and people practices;
- Employees function within appropriate structures, are fit for role and recognition is based on merit;
- Employee development and growth is facilitated through skills development and training, providing challenging work opportunities and career paths;
- Teamwork is promoted; and
- Consistent and fair treatment is applied in performance management, discipline, development and remuneration.

The How We Work system focuses on the specific challenges of senior leadership practices and managerial effectiveness. It provides quick skills, tools and guidelines which support managers and supervisors to engage more effectively with their work teams and colleagues.





TALENT MANAGEMENT, SKILLS DEVELOPMENT AND EMPLOYEE RELATIONS (CONTINUED)

Modules include:

- management practices, focusing on one-on-one and team conversations encouraging continuous two-way feedback, building teams and fostering team collaboration;
- organisation and people capacity, which looks at role descriptions, work design and resourcing; and
- talent management which is the suite of components including performance management, career management, training and coaching, and talent pool and succession planning.

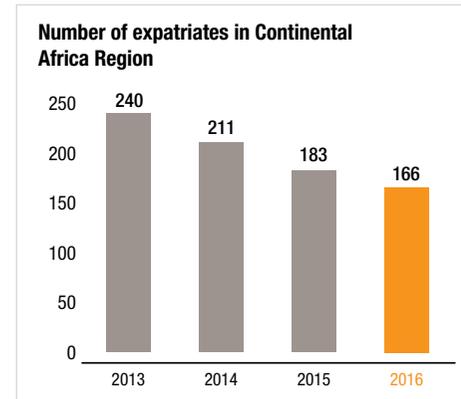
Full roll out of this programme began in 2016 and continues in 2017. To address the concerns raised around ethics, Group Compliance launched an ethics awareness campaign across the business, supported by mandatory online ethics and compliance training for managers.

Other specific interventions included:

- establishment of the Serious Concerns Committee in 2013 comprising the Chief Financial Officer, Executive Vice President: Group Legal, Commercial & Governance and Executive Vice President: Human Resources;
- publicising whistleblowing outcomes in the company compliance newsletters, thus holding employees to account for their actions; and
- rolled out anti-bullying training in 2016 and developed ethics training material specifically for employees without computer access.

In the South Africa Region, the AngloGold Ashanti Training and Development Services (ATDS) provides comprehensive technical, leadership and behavioural training and development. With eight major training centres (including two underground centres), ATDS provided more than 61,000 instances of training. This includes training for our employees and unemployed youth from local communities.

ATDS is fully accredited by the South African Mining Qualifications Authority (MQA) and is ISO9001 and OHSAS18001 accredited. Learners are primarily employees of AngloGold Ashanti's South Africa and Continental Africa Regions, but also include learners from external organisations such as the South African National Defence Force and the national power utility, Eskom.



OUR PERFORMANCE

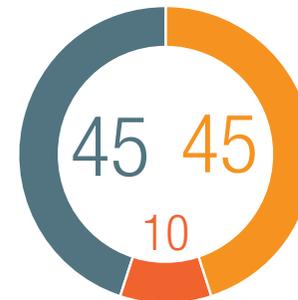
Gender breakdown of the board



Gender breakdown of executive management

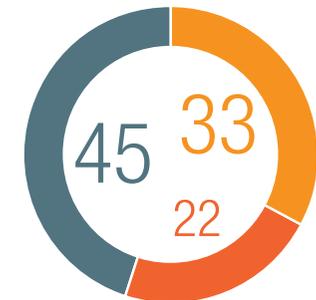


Board composition by HDSA (%)



| | |
|------------------------|----|
| ● HDSA | 45 |
| ● Other South Africans | 10 |
| ● Non-South Africans | 45 |

Executive composition by HDSA (%)



| | |
|------------------------|----|
| ● HDSA | 33 |
| ● Other South Africans | 22 |
| ● Non-South Africans | 45 |





TALENT MANAGEMENT, SKILLS DEVELOPMENT AND EMPLOYEE RELATIONS (CONTINUED)

PROCESS REQUIREMENTS FOR INTEGRATED TALENT MANAGEMENT

- Establishing and maintaining competency frameworks (leadership, technical, behavioural);
- Competency assessment based on valid criteria;
- Establishing talent pools and succession plans;
- Accelerated development of talent;
- Effective performance management; and
- Developing and implementing talent retention strategies.

EMPLOYEE RELATIONS

SOUTH AFRICA REGION EMPLOYEE LABOUR RELATIONS

The South Africa Region operates in a labour relations environment which is highly unionised, diverse, labour intensive and continues to evolve in terms of its economic, social and political environment. AngloGold Ashanti embraces this changing environment to ensure it remains an effective and sustainable organisation, that provides employment and a livelihood to many employees directly as well as providing indirect beneficiation. In the South Africa Region, 94% of employees belong to one of four trade unions: National Union of Mineworkers (NUM), Association of Mine Workers and Construction

Union (AMCU), UASA-The Union (UASA) and Solidarity. In the South African gold sector, most companies participate in central collective bargaining through the Chamber of Mines. AngloGold Ashanti believes that labour relations are formed at every level of the organisation, and that successful negotiations are driven by the acknowledgment of common interests that exist among stakeholders.

CONTINENTAL AFRICA EMPLOYEE LABOUR RELATIONS

Tanzania: Geita Gold Mine

Through the quality of the collaborative working relationship between management and the majority union TAMICO, as well as the capacity-building workshops attended by both management and union representatives prior to the start of negotiations, parties were able to successfully conclude wage negotiations for a one-year wage agreement applicable for 2016. Management and the union further renewed their commitment and support, to continue to work collaboratively through existing forums in resolving and concluding any outstanding collective bargaining items.

Ghana: Iduapriem Gold Mine

Aligned with an agreement with the Chamber of Mines in Ghana, and the Ghana Mineworkers Union (GMWU), the parties decided that the 2016/2017 wage negotiations should be conducted bilaterally between each mining company and the GMWU. In terms of

the collective bargaining agreement, Iduapriem Gold Mine and the GMWU successfully finalised a review of selected terms and agreed a two-year collective agreement for 2016 and 2017. Subsequent to this process, parties duly commenced with annual wage negotiations applicable for 2016. It is expected that wage talks will conclude early in 2017. Further more, the Chamber of Mines in Ghana has shown a strong desire to pursue a proposed unitary negotiation concept which involves negotiating collective bargaining terms and wage increases, at an industry level. AngloGold Ashanti will continue to engage with stakeholders on the concept.

Ghana: Obuasi Gold Mine

In terms of the standing agreement negotiated between the company and the union, GMWU, there were no wage negotiations with organised labour for 2016 at Obuasi Gold Mine as the mine remained on limited operations. The Anyinam Lodge (Obuasi Mine) redundancy and retrenchment exercise was successfully completed in 2016. The GMWU supported management throughout the process.

Guinea: Siguiiri Gold Mine

Notwithstanding a confrontational union relations climate, accompanied by sporadic protest actions sanctioned by the union delegation at Siguiiri Gold Mine, management invested considerable amount of time and effort into the promotion and

strengthening of relations with the union. Sporadic work stoppages were amicably resolved and ended without major incidents. The 2016 annual wage negotiations were successfully concluded.

Mali: Sadiola Gold Mine

The 2016 annual wage negotiations between management and the union committees on site were successfully concluded. The parties agreed a one-year wage agreement approved by the in-country Labour Inspectorate. A stable and peaceful labour relations climate was maintained during the year.

In the context of talent management and succession planning, addressing gender parity, strengthening local leadership and technical capability, representation remains priority. We continue to make progress on internal succession placements, with 70% of key positions filled internally. From our Continental Africa operations, where the company has experienced most dependence on expatriate staff, employment of expatriates has been reduced by 44%.