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GRI / SASB / Policies and standards

# NAVIGATING REGULATORY AND POLITICAL RISKS



**PRIORITISED SDGs**

**Regulatory and political risks remained one of the top material issues facing the Company and escalated dramatically during the year, marked by a complex interplay between political, economic and social factors globally in the face of the COVID-19 pandemic. The geopolitical landscape is fast-changing, characterised by increased economic instability, exacerbated inequalities and high levels of social discontent and activism. As we navigate through this landscape, we are guided in our approach by our Corporate Governance principles, structures and processes including our government relations policy.**

While we are confronted with multiple stakeholder demands and expectations, we seek to build and maintain trusting, mutually

beneficial relationships with governments at national, regional and local levels, communities and the society at large. The significance of these relationships has grown as we are confronted with the impacts COVID-19 pandemic. So, too has our emphasis on continued engagement with our stakeholders, who are crucial in building sustained mutual cooperation, managing expectations and meaningfully contributing to societies where we operate.

As national governments struggle with balancing health imperatives against declining economic outlook and rising societal anxieties, a prolonged global recession will remain a top risk. Public debt is anticipated to reach record highs as countries deploy assistance and stimulus packages. Most governments are likely to face increasingly burdened budgets and increasing taxes may be the future option

for governments to plug deficits. We recognise that governments the world over, not only in emerging markets, might look for ways to stimulate their economies by speeding up mining investment and activity as other sectors – like tourism, travel and commercial real estate – are adversely affected by the pandemic and associated lockdowns.

Worsening unemployment – especially amongst the youth – coupled with declining government support could fuel social unrest and populism.

Now more than ever, many governments are adopting nationalistic policies to maximise the political and economic benefits from their mining and energy sectors in the form of increased taxation, in-country beneficiation, contract renegotiation, forced equity transfers, restrictions on exports and expropriations. During 2020, the



*“Through monitoring the political landscapes and working with our stakeholders to understand and manage legislative and political change, we secure our licence to operate.”*

Guinea – Siguiri

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### Navigating regulatory and political risks

proactively in policy development, regulatory proposals and conflict resolution. We also seek to explore and strengthen relations with the intergovernmental organisations such as the Intergovernmental Forum on Mining, Minerals, Metals and the Organisation for Economic Co-operation and Development (OECD) as they develop global normative standards which provide guiding frameworks to national policy choices.

#### Navigating the regulatory sphere

AngloGold Ashanti's geographical spread makes its legal and regulatory environment diverse and complex. Given the critical importance of compliance in building a sustainable business, group compliance plays an essential role in coordinating compliance with laws and regulations, standards and contractual obligations and in assisting and advising the board and management on designing and implementing appropriate compliance policies and procedures. Sanctions for failure by the Company or others acting on its behalf to comply with these laws, regulations, standards and contractual obligations could include fines, penalties, resignation or removal of officers, imprisonment of officers, litigation, and loss of operating licences or permits, suspensions of operations and negative effects on AngloGold Ashanti's reported financial results and possible reputational damage. Such sanctions could have a material adverse impact on the Company's financial condition and operational results. AngloGold Ashanti adheres strictly to

legislative and regulatory requirements, including several external and voluntary standards. See page 12.

During 2020, group Compliance undertook activities aimed at enhancing the Company's governance. Key among these activities were:

- the global roll-out of the anti-bribery and anti-corruption online training to all employees with computer access including governance body members. *More information in our data tables.*
- a bespoke AngloGold Ashanti course on anti-bribery and anti-corruption was completed by non-executive directors of our entities in the respective jurisdictions in Africa Region and agents and intermediaries.
- a group COVID-19 Donations Guideline was developed to provide guidance and ensure that the donations are made in line with safeguards and risk mitigation measures (on bribery, corruption, and fraud) to be adhered to by sites when making COVID-19 donations. This Guideline was communicated globally to all General Managers and Senior Finance Managers.
- continued development of a compliance programme aligned with "best practice" principles identified by, among others, bodies responsible for the prosecution of violations of key extra-territorial legislation such as the US Foreign Corrupt Practices Act, and that are adaptable at an operational level to enhance the effectiveness of the compliance framework.

- investigations into high-risk issues, including certain whistleblowing and related investigations
- continued implementation of a risk-based third party due-diligence process for both suppliers and agents/intermediaries
- regular assessment of the automated registers for group gifts, hospitality and sponsorship and conflicts of interest
- additional efforts to provide automated access to track and monitor compliance with laws and regulations, including self-certification processes and legal registers, by country.
- business units were assessed for risks related to bribery and corruption in 2020, including a virtual assessment as part of our combined assurance audit programme. As with any multi-national extractives organisation that operates in high-risk jurisdictions, risks were identified related to our suppliers, agents and intermediaries, interactions with government officials, procurement generally, conflicts of interest, giving and receiving gifts, etc. Group Compliance has specific measures to assess, manage and mitigate each of these risks, with a variety of policies, procedures, trainings, messaging, communications, etc. as part of a holistic "best practices" anti-corruption programme.

In line with AngloGold Ashanti's values, we continuously monitor our supply chain to mitigate risks associated with ESG principles. As part of our approach toward continuous improvement in these areas, AngloGold Ashanti

initiated a risk analysis of its supply chain in the fourth quarter of 2020 to define areas of potential exposure and develop a multi-year action plan. As a subset of the broader AngloGold Ashanti Human Rights Framework, Modern Slavery has been identified as a critical area of focus, and AngloGold Ashanti is formally kicking off a project in March 2021 to conduct a global assessment of its external supply chain. We will be partnering with a market leading service provider to add third-party due diligence and expertise in the effort to accelerate our response in this area. A data driven approach will be deployed to analyse supplier locations and segmentation of spend globally, and identify "hot spots" where risk may be more prevalent. As an output of the exercise, AngloGold Ashanti will build a more comprehensive plan to address potential Modern Slavery risks moving forward.

#### Navigating the socio-political sphere

By monitoring the political landscapes in the countries in which we operate, and working with our stakeholders to understand and manage legislative and political changes, we secure our licence to operate. We carry out this work through transparent platforms in our government relations framework. During 2020, our government relations discipline undertook further work to commence the development of a handbook and toolkit designed to ensure a systematic approach to risk management, whilst fostering greater consistency, structure, and rigour within our approach on the

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ground. We engage regularly with national governments, elected leaders, departmental experts and regional and local officials, as well as with broader civil society and multilateral institutions. Our engagement is essential for meeting regulations and participating in approval processes.

By building our understanding of countries' political frameworks and monitoring change, while assessing risk and potential impact on our business, we build relations that underpin the future of our operations. We assess and track risk profiles through our six strategic focus areas:

- societal contribution as a responsible citizen
- value chain strengthening and local procurement
- innovative business and operating model design <IR>
- leveraging off existing capabilities for economic succession
- skills development, localisation and talent management
- meaningful communication and engagement.

#### Societal contribution as a responsible citizen

We believe that acting ethically and demonstrating transparency at all times is a foundation of stakeholder capitalism and corporate citizenship, driven not only by shared value creation, but by values. Over several years AngloGold Ashanti – like many of our peers – have made it a priority to improve the quality of our corporate citizenship and strengthen our social licence to operate. We ensure participation

in multilateral initiatives aimed at addressing sustainability matters through the UN SDGs, the African Union 2063 Agenda, and the National Development Plans of countries where we operate. They provide a framework for us to work and live harmoniously with our stakeholders.

We have a well-developed internal governance system, starting with the board and flowing down in clear pathways through our business, ensuring compliance with external codes of practice, but also with our own set of standards and policies. We appreciate that an elaborate architecture of standards and policies is rarely enough for any organisation. We continue to improve on our engagement with our stakeholders, particularly the people who live beyond the mine fence.

AngloGold Ashanti has in place mechanisms such as our whistle-blowing hotline and site-specific grievance processes for both employees, stakeholder and communities at large to report concerns related to non-compliance to legislation, fraud, bribery and corruption, human right infringements, environmental matters, etc.

In 2020, AngloGold Ashanti maintained its whistleblowing platform, administered by a third-party, to which all employees, directors, officers and external parties have access via hotlines, email and web facilities. Reporting is anonymous unless the reporter specifically chooses to disclose their identity. All concerns are carefully investigated, and feedback is provided to the person raising the concern. Whistleblowing results are communicated to the Audit and Risk

Committee on a quarterly basis. Whistleblowing plays a key role in giving credence to the board's commitment to ethical leadership and responsible corporate citizenship.

In order to strengthen the credibility of our Whistleblowing process, in 2020, the following initiatives were undertaken:

- Group Compliance and Group Internal Audit developed and rolled-out a refresher whistleblowing Investigations training aimed at strengthening the whistleblowing investigations process and recomunicating the conduct of investigators when investigating matters to ensure the highest level of integrity and to uphold AngloGold Ashanti values.
- Group Compliance and Group Internal Audit collaborated to manage the impact of COVID-19 on the whistleblowing process through ensuring amongst others:
  - that as part of managing their response to this emergency, our service provider (Tip-Offs Anonymous) implemented a remote service and is committed to achieving full availability and to fielding all calls as they receive them. We were proactive in implementing ad-hoc testing of the whistleblowing channels to ensure that they are stable even during a crisis.
  - in fulfilment of our commitment to the whistleblowing process, we continued to investigate all the cases and were in constant communication with field investigators to understand their limitations and provide support where required. All investigations flowing from reports raised

against senior management, i.e. vice-president and above, were overseen by the Serious Concerns Committee.

As a member of the Extractive Industries Transparency Initiative (EITI), the group reaffirmed its commitment to promoting open and accountable management of resources, and the reporting of amounts paid to Government. In previous reports, we have outlined our tax management strategy, along with the controls in place to manage the risk and to provide appropriate oversight and governance. During the year, we continued to exercise diligence and transparency in line with our group Tax Management Policy. This has included open and transparent reporting consistent with the ICMM principles and position statement on transparency of mineral revenues, our value-added statement represents of the value created and shared during 2020 (also see our commitment to transparency in taxes and payments to government on page 66).

Whilst developing our corporate social investments, we seek to establish and prioritise initiatives in line with the objectives in the National Development Plans. This ensures that we work collaboratively advance the national plans in education, local procurement, local employment and infrastructure development amongst other focus areas.

#### Value chain strengthening and local procurement

Value chain strengthening and increasing the local proportion of products and services

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used for business activities is another cluster of national priorities for emerging economies where specific targets are often incorporated into agreements and mine licence requirements. Our approach and initiatives in support of a more inclusive procurement regime are discussed in the material issue on contributing to resilient, self-sustaining communities. Whilst seeking to strengthen this area, AngloGold Ashanti maintains a strict governance policy across its global procurement organisation which covers the following:

- Supplier Self-Assessment Questionnaire – online forum for registration and disclosure of supplier information prior to contract award
- Anti-Bribery and Anti-Corruption Policy – all employees must sign annually and adhere to its non-negotiable values.
- Conflict of Interest Policy – all employees sign annually and must disclose any conflicts related to procurement related activities. Suppliers must disclose conflicts of interest related to ownership and government relationships as well.

Our local procurement policy places an emphasis on partnering with locally-owned and operated companies, and where possible, international firms are requested to establish themselves in-country or through a local joint venture.

This policy reinforces our commitment to local host communities, but also increases transparency of procurement practices in-country.

Specific targets are set to drive continuous improvement in local procurement for each African country, while recognising that capacity building in each jurisdiction takes time.

### Payments to government (\$ million)

	RA				
	2020	2019	2018	2017	2016
Argentina	130.8	131.3	112.5	151.7	89.8
Australia	129.2	94.7	82.5	74.0	84.1
Brazil	138.6	109.1	107.4	126.0	129.1
Colombia	12.3	11.1	9.7	11.8	11.8
DRC	70.6	69.8	32.5	27.8	26.1
Ghana <sup>1</sup>	<sup>1</sup> 161.9	86.2	47.5	37.7	26.1
Guinea	53.0	32.7	78.3	100.2	40.5
Mali	25.8	19.9	25.5	24.7	33.5
South Africa	63.5	79.5	91.3	118.1	106.3
Tanzania <sup>2</sup>	<sup>2</sup> 326.1	190.0	168.1	141.0	133.3
USA	4.2	5.0	4.7	7.7	6.2

<sup>1</sup> Increase is mainly due to higher earnings resulting in higher tax and royalties payments when compared to 2019.

<sup>2</sup> Increase is mainly due to higher earnings resulting in higher tax, royalties and withholding taxes paid on dividends when compared to 2019.



Ghana – Obuasi

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#### **Our commitment to transparency in taxes and payments to governments**

We are transparent in disclosing taxes paid to governments, per country, in our financial statements <AFS>. AngloGold Ashanti has, for the last three years, complied with country-by-country reporting to the South African Revenue Service (SARS), which includes profits, taxes paid, number of employees and assets per country. SARS may share this information with other revenue authorities around the world.

External auditors perform detailed verification audits on our revenues, profits, tax, transfer pricing, and cashflows and any illicit flows would be detected and reported as irregularities. Management controls over these areas are evaluated on a quarterly basis.

We are also a member of the ICMM, which through its Tax Working group, is advocating the adoption of a project by the Global Sustainability Standards Board (GSSB), whose objective is to develop new, specific disclosures related to tax and payments to governments, with significant proposals, including the GRI standards on tax reporting (see GRI207 here [www.globalreporting.org](http://www.globalreporting.org)).

This will include country-by-country tax reporting, including qualitative statements relating to our approach to tax planning, the board's involvement in tax and our approach to engagement with tax authorities globally. AngloGold Ashanti is currently well positioned in preparing to comply with the standard. Managing requests by government departments and government officials is a key compliance risk at AngloGold Ashanti. This risk is managed through, among other things, group policies, site-specific procedures, online and face-to-face training, quarterly books & records review of payments, on-site compliance risk assessments, and awareness raising through briefs, newsletters and other communications.

There are a number of country-specific procedures to address risks and to manage how we interact with government officials and other stakeholders and to ensure accurate books and records for payments to government departments/government officials/key stakeholders. There are also government payment procedures and petty cash policies that align to country-specific policies and procedures.

In 2020, group Compliance continued to strengthen controls to prevent and detect

risks (including fraud, bribery and corruption risks) in respect of these payments.

In 2020, AngloGold Ashanti continued to adopt a risk-based approach to the vetting of third-party agents and intermediaries and requires them to adhere to anti-bribery and corruption policies and procedures, including in relation to payments to government officials. There is a specific group-wide procedure in place, the Procedure on Engagement of Agents and Government Intermediaries, and there are also site-specific procedures around payments to government officials.

Review of processes in relation to the above procedures form part of the site reviews conducted by group Compliance during combined assurance reviews and specific formal MoUs with governments with respect to security, customs and bullion, boxing and shipment are in place, where applicable.

On a quarterly basis, sites report on payments to the country/regional audit committees and information is consolidated for reporting to the Serious Concerns Committee and the SES Committee for transparency.

