

AngloGold Ashanti: the dawning of a new age

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This case is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management or administrative situation. The case was compiled from interviews and published sources. In some cases names have been changed but no data have been disguised.

Disclaimer. This case is written solely for educational purposes and is not intended to represent successful or unsuccessful managerial decision making. The author/s may have disguised names; financial and other recognizable information to protect confidentiality.

1. Introduction

It was late Thursday evening when Drew Cunningham got the news. As the newly appointed Senior Vice President for Business Improvement and Operations Support[1] for AngloGold Ashanti's continental Africa region[2], Drew would be responsible for ensuring the region not only implemented the new business improvement initiative called Project One[3] but that its systems, processes and procedures would become a new way of working for the region (Figure 1). He knew immediately it would be no easy task. Continental Africa was the one region where the organisation had not seen any real progress or improvement since the launch of Project One more than two years ago. Drew was all too aware that unless the new systems, processes and procedures became embedded within the organisation, the longer-term success of Project One and ultimately the sustainability of the organisation, could be called into question (Exhibits 1-6).

2. The mining industry

2.1 Mining in Africa

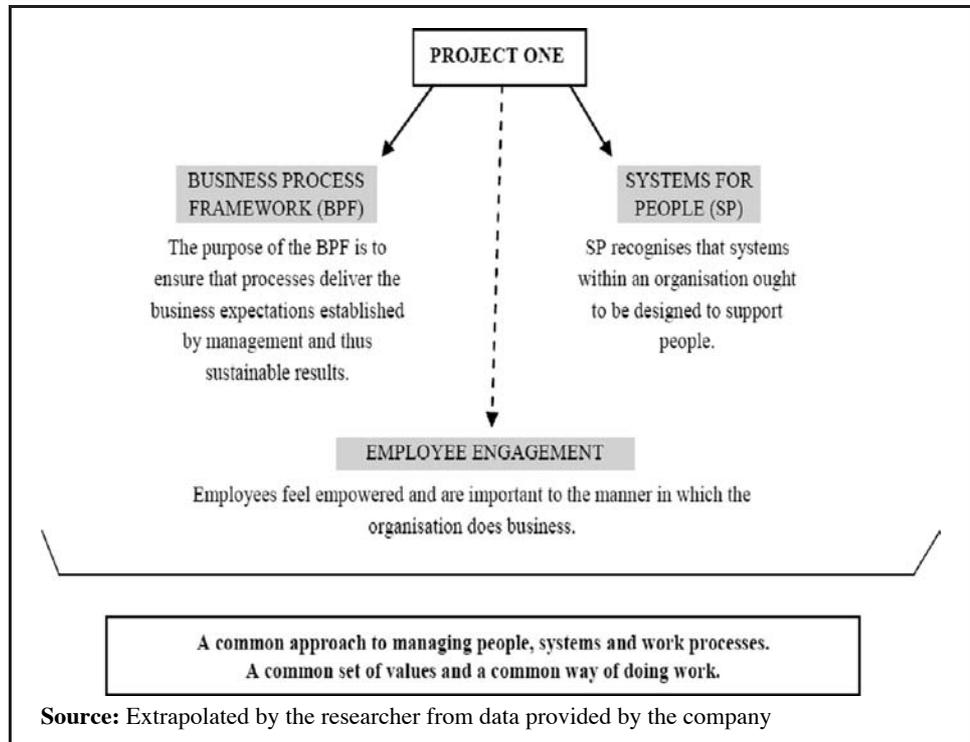
As the demand for commodities continues to exceed supply, mining companies the world over are struggling to increase production sufficiently to keep pace with the boom. New markets must be found and this begs the question: does Africa, the most mineral rich continent on earth, hold the answer?[4]

South Africa, Ghana, Zimbabwe, Tanzania, Zambia and the DRC dominate the African mining landscape. Among other countries, Angola, Sierra Leone, Namibia, Zambia and Botswana rely heavily on mining as a major earner of foreign currency. Africa produces more than 60 metal and mineral products and is a major producer of several of the world's most important minerals and metals including gold, diamonds, uranium, manganese, chromium, nickel, bauxite and cobalt. Although underexplored, Africa hosts about 30 per cent of the planet's mineral reserves, including 40 per cent gold, 60 per cent cobalt and 90 per cent of the world's platinum-group metals (PGM) reserves. This makes the continent a true strategic producer of precious metals[5].

2.2 The South African mining industry

South Africa is a world leader in mining, and mining in South Africa has been the main driving force behind the history and development of the South African economy. The country is well-known for its abundance of mineral resources, and accounts for a significant proportion of world production and reserves[6]. South Africa is the world's biggest producer of platinum and one of the chief producers of gold, diamonds, base metals and coal. Almost 50 per cent of the world's gold reserves can be found in South Africa. In addition to the country's mineral wealth, its strengths include high levels of technical and production expertise, and

Figure 1



comprehensive research and development skills[6]. South African mining companies are key players in the global mining industry.

Although the South African gold mining industry is frequently criticised for its poor safety record and high number of fatalities[6], conditions on most South African mines are very similar to those in the rest of the world. A reason for the high number of fatalities is that South Africa's gold mines are much deeper and conditions are both more difficult and dangerous than on shallower mines elsewhere in the world. In South Africa, the rate at which the temperature goes up with depth is as low as 9°C per kilometre (The world average is about 25°C per kilometre)[6]. This phenomenon, combined with narrow inclined reefs in hard rock, makes it possible to mine to depths unattainable elsewhere in the world[6]. The depth and narrowness of many of South Africa's gold mines make mechanisation difficult. In deeper mines, refrigerated air, though energy intensive, is often necessary to keep conditions tolerable[6]. Against this background, safety improvement is a top priority at many South African mines with sweeping changes having been introduced to reduce the number of fatalities countrywide.

3. The Anglo American Corporation

In 1917, Sir Ernest Oppenheimer and J.P. Morgan founded a gold mining company and, based on each of their heritages, named it Anglo American Corporation. The success of the company's mines located as far afield as Zambia and Canada enabled the company to become one of the world's largest gold-mining groups by the middle of the twentieth century. On May 24, 1999, Anglo American Corporation merged with Minorco to form Anglo American plc. The merged entity held its primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. The merged entity also spun off its gold mining operations into a separate AngloGold Corporation. Since the merger, Anglo American plc has grown into a diversified, global producer of diamonds, copper, nickel, iron ore and metallurgical and thermal coal and is the world's largest producer of platinum. The company has operations in Africa, Australasia, North America and South America[7].

In 2004, the separate AngloGold Corporation that housed the gold mining operations of Anglo American plc merged with Ashanti Goldfields Corporation, based in Ghana, to form AngloGold Ashanti Limited[8]. Headquartered in Johannesburg, South Africa, AngloGold Ashanti is now a global gold producer with more than 20 operations on four continents and several exploration programmes in both the established and new gold producing regions of the world. The company employs over 62,000 people[9].

During October 2005, Anglo American plc announced that it intended to provide AngloGold Ashanti with greater flexibility to pursue its own strategy by reducing Anglo American's shareholding in the company. Anglo American plc still intended to remain a significant shareholder in the medium-term. This announcement was welcomed by AngloGold Ashanti. Three years later, during 2008, Anglo American plc reduced its stake in AngloGold Ashanti to 16.6 per cent and in 2009, Anglo American plc exited the company completely[10].

Given the growth in South Africa's secondary and tertiary economies, the comparative contribution of mining to the gross domestic product of the country has been in decline over the past 20 years[11]. Nonetheless, the mining sector continues to contribute almost one-third of the market capitalisation of the JSE, and remains a magnet for foreign investment in the country. The industry is in a constant state of flux, having frequently to adapt to changing local and international conditions yet still make important contributions to economic activity, job creation and foreign exchange earnings[12]. Against this background, AngloGold Ashanti recognises the need to redefine its role in the industry and the manner in which it intends to compete in the global mining industry.

4. A change in leadership

In late 2007, Mark Cutifani replaced Bobby Godsell as Chief Executive Officer of AngloGold Ashanti and was appointed as director of the company on September 17, 2007 and as Chief Executive Officer on October 1 that year.

At the organisation's announcement that Godsell would be retiring from the company and the board with effect from September 30, 2007 and that he would be replaced by Mark Cutifani, Bobby Godsell remarked that:

It is the right time to change leaders. In Mark Cutifani, a mining engineer with a wide and impressive track record of both operating and executive experience across a range of minerals, including gold, and on several continents, we have a new leader who brings exactly the qualities and experience needed for AngloGold Ashanti's new chapter[13].

At the time that Mark Cutifani joined AngloGold Ashanti, the company was in dire need of a new strategic direction. Return on capital was decreasing, operations were delivering well below their potential, costs were increasing and the organisation had the largest gold hedge book. In total 12 million ounces of gold had been sold for between \$350 and \$400 dollars an ounce at a time when the gold price was soaring[14]. The company was losing money fast. Cutifani recognised that if the company was to survive, drastic action would need to be taken. Change was necessary. The company simply could not move forward on the basis that it had been to date. It was against this background that AngloGold Ashanti, under the leadership of Mark Cutifani, launched the business improvement project known as Project One[15].

5. Project One

AngloGold Ashanti's change initiative was conceived through a series of conversations between Cutifani and his executive team over the first 12 months after he joined the organisation. According to one of the senior executives:

We established the imperative to change. We had a lot of conversations around safety and other performance metrics, trying to demonstrate why we could not keep doing what we had been doing or we weren't going to have a business. The executive team talked about what we were doing, why we could not keep doing what we had been doing and what we had to do to change our future. So that became the catalyst.

This isn't an optional exercise for us. It's critical to the company's future and that of all our employees. We look forward to each and everyone actively participating to help the company reach its goals.

The change initiative has two essential elements. One of the first elements introduced was the Business Process Framework (BPF). The BPF itself has three key elements. The first key element is doing the right work, at the right time and in the right way will deliver the required performance. An effective management model was developed to include the components necessary to define the critical elements of the physical process, and production and service strategies (the right work at the right time and in the right way) needed to deliver the expected performance targets for the process. The second key element is that if the work is planned, scheduled and properly resourced ahead of execution, the desired outcome will be achieved more consistently and at lower cost. Hence, ensuring that all production and service strategies are effectively executed at the correct time requires good work management processes. The third key element is that a culture of engaged employees believe that their leaders' behaviour demonstrates positive values. An engaged workforce will be the most productive. The purpose of the BPF is to ensure that processes deliver the business expectations established by management[16] and thus, more sustainable results.

Thereafter, System for People (SP) was introduced. This element can best be described as being born from the organisational value that people are the business. It recognises that systems within an organisation ought to be designed to support people. The executive team has identified that certain management practices must be followed to set the context for the organisation and ensure that people understand how the work they do assists in translating the vision of the organisation into daily tasks that are relevant to the organisation and that make the people relevant. At AngloGold Ashanti, the systems have been designed to ensure that the organisation has the right person with the right experience and skills to do the right work at the right time. SP is all about behaviours. It is about designing the organisation, designing the work structures, defining authorities and accountabilities in the work and understanding the cross-functional working relationships between roles.

The intention with Project One was to introduce a singular way of working at AngloGold Ashanti, to create one business, one team, one future at AngloGold Ashanti and to move forward as one organisation and not as 20 isolated, disparate operations in more than 20 countries[17]. With the BPF and SP, the organisation has begun to develop a common DNA through the business, a common approach to managing systems, work processes and managing people, a common definition, a common terminology, a common set of values and a common way of doing work. As another senior executive remarked:

Project One is not a once-off activity. It's an ongoing journey to ensure the continuing global improvement of AngloGold Ashanti's systems and processes. It is intrinsically linked to AngloGold Ashanti's mission, vision and values which shape everything that the company does. AngloGold Ashanti is determined to grow the business by creating value through performance and potential. By managing the business as an asset portfolio and maximising margins, we aim to improve our productivity and reduce costs.

Another element of Project One is that of employee engagement. At AngloGold Ashanti, employee engagement is about the organisation's employees knowing and feeling that they have a voice, that they know and feel that they have the ability to contribute to the organisation and the way in which they do their work. Employee engagement is not intended to be another change initiative. Rather, it is intended to enhance what the organisation has in place by way of the BPF and SP. The intention is to create a different organisation by facilitating a different set of conversations and thus building a different set of relationships among people. It is about taking an interest in people and understanding that if people are to give their best to the organisation, senior management would have to demonstrate that they care about their people, that they are supportive and serious about creating a workplace that can assist each individual to deliver on their own personal aspirations or the aspirations that they, as employees, have for themselves in terms of what they do.

One of the biggest challenges is achieving consistency and standardisation across a global company. Project One provides a common framework for all employees, a singular way of

working and so introduced consistency across the company both to encourage sharing of information and to control costs[18].

6. Drew Cunningham's background

Drew Cunningham joined Anglo American plc in 1992 and in 1999 was appointed Executive Officer and Managing Secretary of AngloGold Ashanti. This followed a career in mechanical engineering from apprentice to junior engineer over the preceding seven years. In December 2004, he was appointed Head of Business Improvement. The majority of initiatives under his leadership centred around team development, diversity integration, workplace restructuring and work process enhancements. He was appointed to the Transformation and Human Resources Development committee in August 2007.

Drew was all too familiar with Project One. In 2009 and 2010, he managed the design, development and implementation of AngloGold Ashanti's SP. He was responsible for ensuring the creation of effective organisation structures, matching employee capability to role complexity and developing effective working relationships. In 2011, he began managing the integration of the BPF and SP which, in his words:

[...] aims to bring people and systems together and ultimately develop AngloGold Ashanti into a truly global organisation that can leverage key skills and best practices across its twenty international operations.

7. Continental Africa

7.1 *The new frontier*

As a continent, Africa[19] certainly holds more than its fair share of the world's natural resources. Africa covers only 20 per cent of the world's landmass but is estimated to hold 90 per cent of the global reserves of platinum, 65 per cent of diamonds and 40 per cent of gold[20]. However, despite this endowment of natural wealth, Africa has not always been the investment destination of choice for mining companies due to ongoing conflict, poor governance, unattractive business environments and inadequate infrastructure. This is beginning to change. Africa is now being recognised as a land of unparalleled opportunity for the mining and extractive industries[20].

This presents an exciting prospect for AngloGold Ashanti. Given that Africa continues to be an area of significant interest when it comes to mineral endowment and that many areas of the continent are underexplored, the potential for new discoveries remains significant. Indeed, if any company is serious about becoming the leading gold mining company[21], Africa must be on its radar as a key growth opportunity for the future. AngloGold Ashanti has identified continental Africa as a significant future global producer of gold. Africa is home to world-class ore bodies and the company intends to make its African assets the cornerstone of its portfolio going forward. To do this, the company will need to manage the complexities one would expect in continental Africa while at the same time stabilising the business so as to be able to address the significant potential of these assets and thus generate significant growth.

7.2 *The challenge ahead*

Against this background, the challenge of finding the right people and building the right team becomes all the more important. Having capable people form part of the team is essential. Before 2009, AngloGold Ashanti only had one Africa region. During 2009, the company was restructured and, among other things, the Africa region was split into South Africa and continental Africa. Continental Africa includes the Democratic Republic of Congo, Ghana, Guinea, Mali, Namibia and Tanzania[22]. Most of the Africa region's management team elected to join South Africa. This naturally left a void in the continental Africa region.

In continental Africa, the regional management teams had turned over at least three times in the three years since 2009. The staff turnover in this region was the highest in the organisation. Over this period, the only mainstay had been the region's Executive Vice President, Ted Milne. It seemed that no sooner had Ted recruited and trained a new team that

his efforts would fail. Every new team brought with them their own ideas, processes and systems that needed to be “unlearnt” before training and instruction in the company’s business improvement initiatives could begin. Ted simply could not embed the new processes with that sort of turnover and hence appointed Drew to assist him in the region.

Drawing on his experience with Project One, Drew realised that without a strong, robust team, the organisation would struggle to introduce and implement stable systems, processes and procedures in continental Africa. Even though the BPF and SP had not yet been fully embedded or integrated throughout the organisation, continental Africa was falling behind. Indeed, some senior executives had remarked that if the company was not able to tap into its African resources effectively, its prospects for success would be low and the company would surely fail:

AngloGold Ashanti does not have a choice. Africa must become the jewel in its crown. We cannot afford to fail, for if we do, we take this company back not five years but fifty years. We will not recover. We might as well switch off the lights and go home. Africa is what will fuel this company’s growth into the future. It’s what makes our efforts in the rest of the world worthwhile.

8. Drew’s dilemma

Drew was aware that certain areas of the organisation had begun to demonstrate that Project One was working and firmly believed that the change initiative could work across the entire business. According to Ted, who had recently returned from the company’s annual P2V gathering in Johannesburg[23]:

Project One is already showing very strong signs of delivering improvements in operations. It is an important tool for us to reduce variability in underlying performance and it helps us to improve productivity and profitability which, in turn, helps in stabilising the business and helps us to offset some of the pressures around the cost drivers in the current market[24]. As teams begin to implement Project One, you start to see a new language emerge in the business, and one of my key focus areas this year is to accelerate its implementation because I think the benefits are clear to all of us.

However, Drew was not entirely certain of the best way to proceed to ensure the region not only implemented Project One but that its new systems, processes and procedures would become embedded as an improved way of working for the region. He began reflecting on some of the feedback he had received on Project One across the organisation during his previous role as Head of Business Improvement[25].

With these thoughts top of mind, Drew shut down his computer for the day. He would discuss this with Ted in the morning.

Notes

1. Please refer to Exhibit 1 for the company’s organogram.
2. The operations of AngloGold Ashanti are divided into five regions, four of which are operational and one of which is explorational. The operational regions include South Africa, continental Africa, the Americas (including North America and South America) and Australia.
3. Project One is the company-wide global business improvement programme designed to assist the company in achieving its full potential by instilling a culture that promotes improvement and value creation and building a work environment that motivates individuals to make a difference. More information relating to Project One is provided later in this case study.
4. Retrieved September 9, 2012, available at: <http://miningafricasummit.com/>
5. Retrieved September 9, 2012, available at: www.mbandi.com/indy/ming/af/p0005.htm
6. Retrieved August 24, 2011, available at: www.safrika.info/business/economy/sectors/mining.htm
7. Retrieved November 16, 2011, available at: [www.anglogoldashanti.com/About + our + business/ Our + regions + and + operations.htm](http://www.anglogoldashanti.com/About+our+business/Our+regions+and+operations.htm)
8. Please refer to Exhibit 2 for the company’s vision, mission and values.

9. Retrieved August 27, 2011, available at: www.anglogold.co.za/subwebs/informationforinvestors/reports10/financials/review-operations.htm
10. Retrieved August 24, 2011, available at: www.anglogoldashanti.com/NR/rdonlyres/91B74CA5-8170-4C66-B5A0-0B43D9C05C81/0/AngloGoldAshantiCompanyHistory.pdf
11. Retrieved August 24, 2011, available at: www.safrika.info/business/economy/sectors/mining.htm
12. Retrieved August 24, 2011, available at: www.gcis.gov.za/resource_centre/sa_info/yearbook/2010-11/chapter16.pdf
13. Retrieved August 25, 2011, available at: [www.anglogold.co.za/Additional/Press/2007/Bobby + Godsell + Retires + as + CEO + at + AngloGold + Ashanti.htm](http://www.anglogold.co.za/Additional/Press/2007/Bobby+Godsell+Retires+as+CEO+at+AngloGold+Ashanti.htm)
14. Gold prices reached record highs in the last quarter of 2007 and was trading above \$900 an ounce during the first quarter of 2008. Retrieved November 4, 2011, available at: www.marketwatch.com/story/high-gold-prices-undercut-fourth-quarter-demand-report-says
15. Please refer to Exhibit 3 for examples of the Project One story-boards.
16. This is an extract from a document prepared for AngloGold Ashanti by McAlear Management Consultants (McAlear Management Consultants 2005).
17. Interview with Mark Cutifani on September 6, 2011.
18. AngloGold Ashanti introduces Business Improvement Project. Retrieved November 6, 2011, available at: www.anglogoldashanti.com/subwebs/informationforinvestors/reports08/biproject.htm
19. For more information about, among other things, the company's plans for continental Africa, please download the podcast series which is available at: www.anglogoldashanti.com/subwebs/InformationForInvestors/Reports10/podcasts.htm
20. Retrieved November 16, 2011, available at: www.africagoodnews.com/business/economy/24-africas-mineral-wealth-a-blessing-not-a-curse.html
21. Please refer to Exhibit 2 for the company's vision statement.
22. AngloGold Ashanti has eight mining operations in its Continental Africa region: Iduapriem and Obuasi in Ghana; Siguiri in Guinea; Morila, Sadiola and Yatela in Mali; Navachab in Namibia and Geita in Tanzania. Retrieved November 16, 2011, available at: www.anglogoldashanti.com/subwebs/informationforinvestors/reports10/financials/continental-africa.htm
23. P2V or Pathway to Value is the core of the company's annual business planning framework. The underlying objective of the framework is to ensure that all business leaders continually reinvent the business value proposition of the company in a way that is coherent with the overall long-term business strategy of the company.
24. Please refer to Exhibit 6 for key financial information and financial metrics.
25. Comments have been extracted from a range of responses and comments received pursuant to a survey carried out at AngloGold Ashanti over the period October 17, 2011-November 1, 2011. For selected comments, please refer to Exhibit 4. For a graphical representation of the survey results, please refer to Exhibit 5.
26. The story-boards were provided to the researcher by the company for inclusion in this case study.
27. AngloGold Ashanti hosted a presentation for its third quarter 2011 earnings results on November 9, 2011 in Johannesburg, South Africa. The presentation is available on web cast at: www.corpcam.com/AngloGold/AGA09112011.htm
28. Retrieved November 21, 2011, available at: www.anglogoldashanti.com/subwebs/InformationForInvestors/Reports10/financials/group-overview-2010.htm

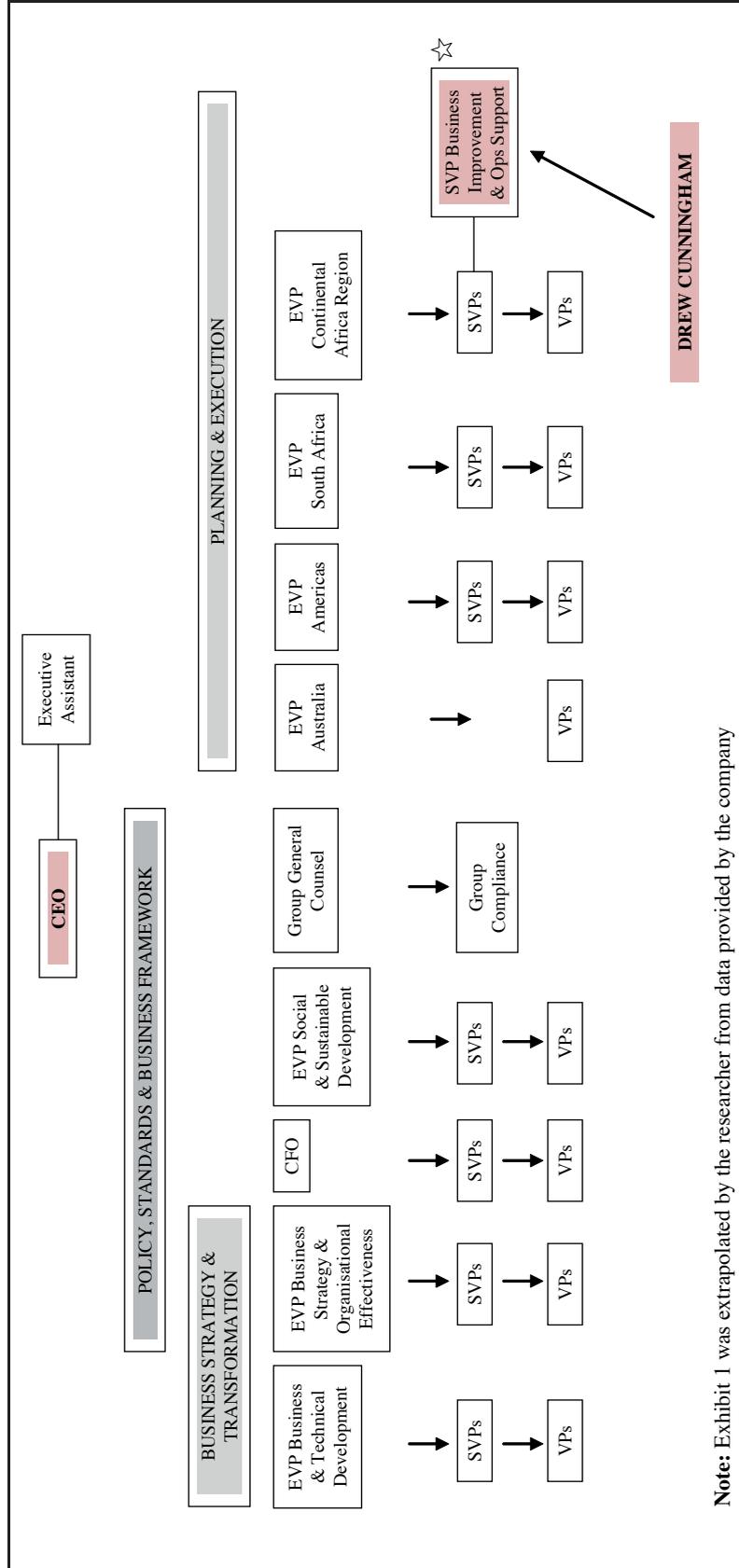
Keywords:

Change management,
Mining industry,
Human resources
management,
Organizational behaviour,
Leadership,
Resistance to change

About the author

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Figure E1 Company organogram



Note: Exhibit 1 was extrapolated by the researcher from data provided by the company

Figure E2 Company vision, mission and values**Our vision**

To be the leading mining company.

Our mission

We 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 and 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.

Our values***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

Source: Retrieved November 16, 2011, from [www.anglogoldashanti.com/About our business/ Vision mission and values/](http://www.anglogoldashanti.com/About%20our%20business/Vision%20mission%20and%20values/); the web site also contains a list of the company's values in different video formats; please choose the one that is easiest for you to view or download

Figure E3



1

ANGLOGOLD ASHANTI ONE

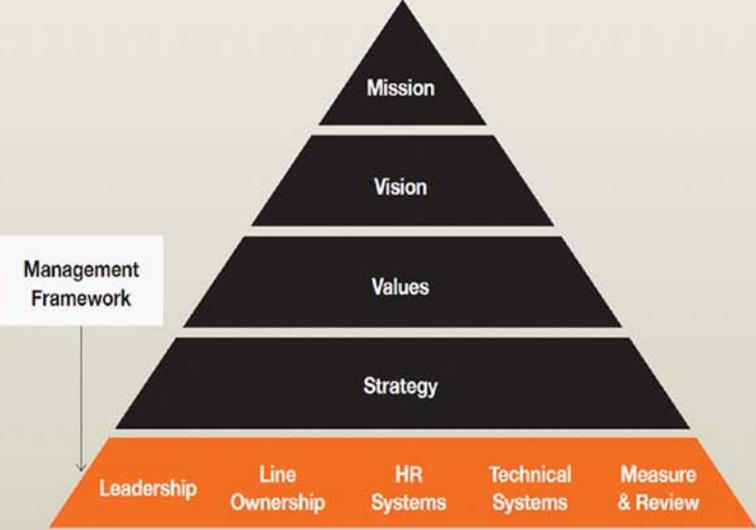
Management Framework

The Management Framework brings people and systems together to realise our vision to be the leading mining company.

It defines the technical, commercial and social aspects of the business and how they interact to ensure we deliver our business goals.

It sets the framework for how we do things – delivering consistency and efficiency to enhance operating performance and control.

The key components of our Management Framework are:



The diagram is a pyramid with four black levels and an orange base. The levels from top to bottom are: Mission, Vision, Values, and Strategy. The base is divided into five sections: Leadership, Line Ownership, HR Systems, Technical Systems, and Measure & Review. A box on the left labeled 'Management Framework' has an arrow pointing to the pyramid.

Mission

Vision

Values

Strategy

Leadership Line Ownership HR Systems Technical Systems Measure & Review

Figure E4



2

About ONE

ONE is a company-wide, global movement that will touch every AngloGold Ashanti employee and business partner.

ONE seeks to create a culture that promotes improvement and value creation, while building a work environment that motivates individuals to want to make a difference.

ONE is intrinsically linked to our **Mission, Vision and Values** and underpins everything we are as individuals, bringing us together so we operate as a team.

ONE connects work practices, systems and frameworks which define how we do business.

These connections provide the glue that binds us working together as a team - ONE TEAM.



3



ONE

What is ONE?

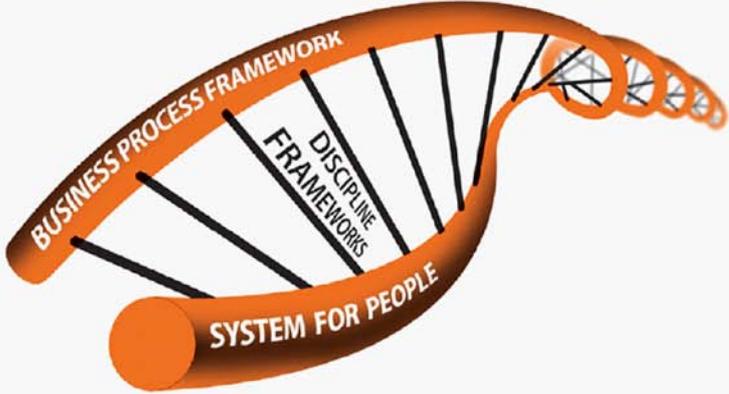
“Bringing people and systems together to deliver our future”

To deliver our business objectives, we have embarked on ONE, a critical business improvement programme that will assist us in achieving our full potential

ONE will deliver a package of frameworks, systems and processes designed to support people and their work

ONE will be implemented through the Business Process Framework (BPF) and the System for People (SP), two initiatives inextricably linked to each other and to the Business Framework

ONE will be the vehicle through which we drive our Discipline Frameworks such as Safety Transformation (ST)



SP will enable each and every employee to work to their full potential

Figure E6



4

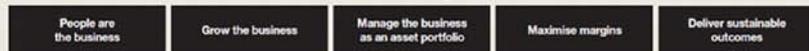
Business Process Framework

Process driven change looks like...

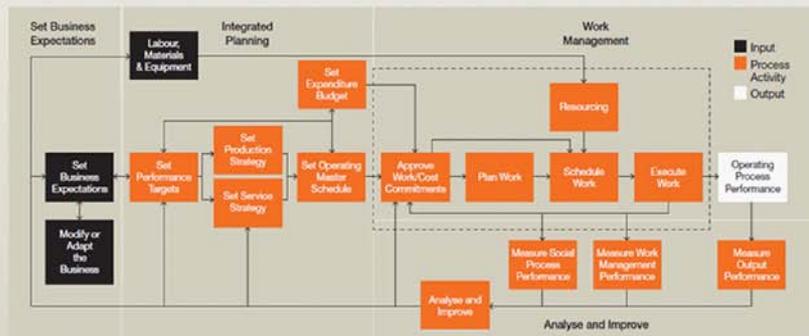
The Business Process Framework (BPF) is a sustainable, continuous method for improving the way we operate. It is a key component of our Management Framework.

It articulates the processes by which we approach our work and which is further supported by technical and operating systems.

Core Strategies



Business Process Framework



5 Year Targets



- Planned work leads to:
- A safer workplace
 - Reduced environmental impact
 - An increase in productivity

Figure E7



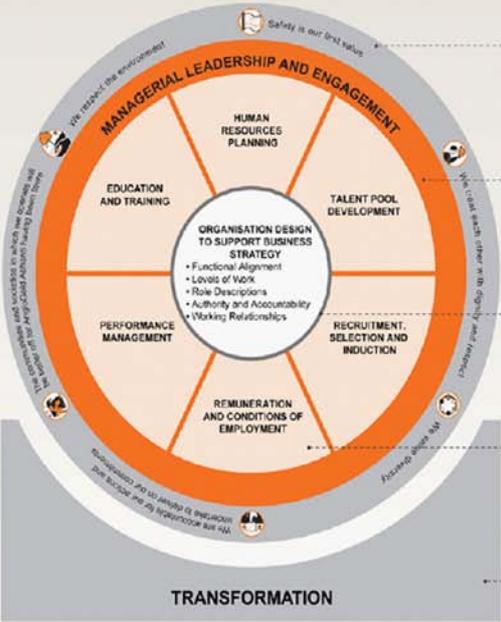
5




The SP Model

“Consistency and sustainability in the way we work”

Purposefully linked to our Mission, Vision and Values, the SP Model provides a structured, consistent and sustainable approach for working together to create value.



Organisation values – set the limits within which the company and all its employees can be expected to behave

Managerial leadership and engagement – ensure effective leadership and engagement in working relationships between all managers and subordinates

Organisation design – establishes a common approach to structuring the business in the most effective and efficient manner to support the delivery of business objectives

SP subsystems – ensure that we have the right person in the right role at the right time

Transformation – ensures a workplace free from discrimination, where employees represent the countries' diverse populations

SP will enable each and every employee to work to their full potential



6



ONE

Why System for People?

“People are the Business...Our Business is People”

SP will create a culture of accountability and trust, consistent with our Values, where all employees can be the best that they can for themselves, and as part of a team that delivers exceptional results.

SP will help us to develop a capable, accountable and engaged workforce to enable the creation of sustainable growth in business partner value.



SP will enable each and every employee to work to their full potential

Figure E9 Additional survey comments



Exhibit 5

Figure E10 Survey results

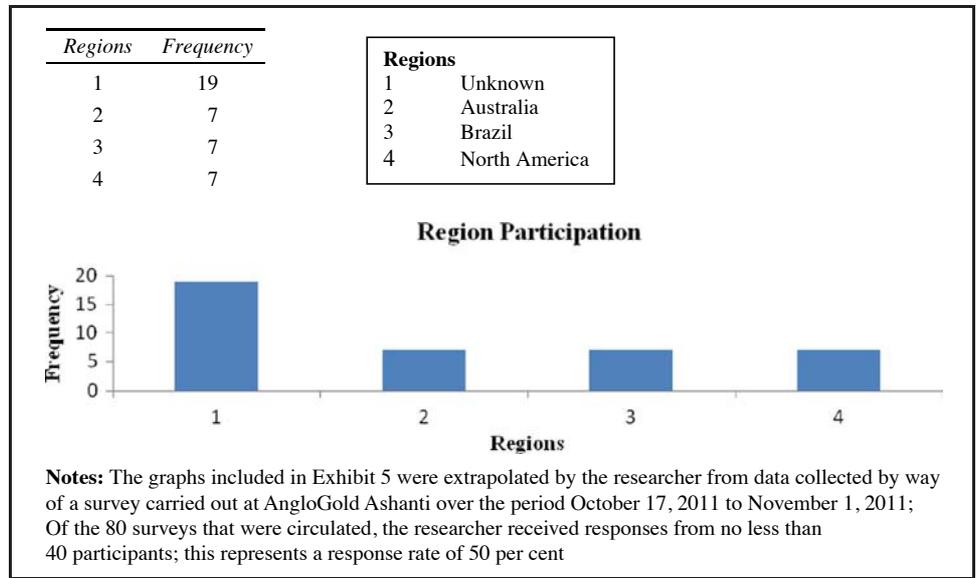


Figure E11 In your role, how many change initiatives have been introduced over the past three to four years?

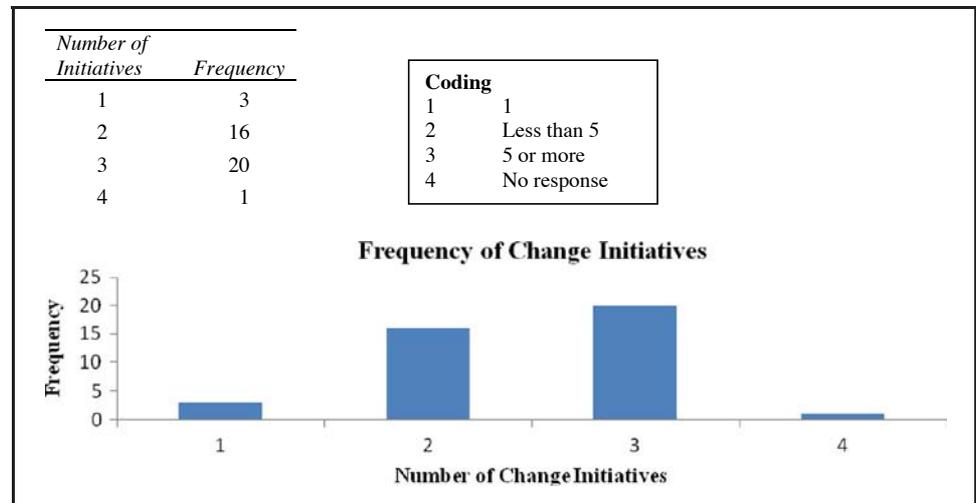


Exhibit 6

Figure E12 How much improvement have you seen in your role as a result of the change initiatives?

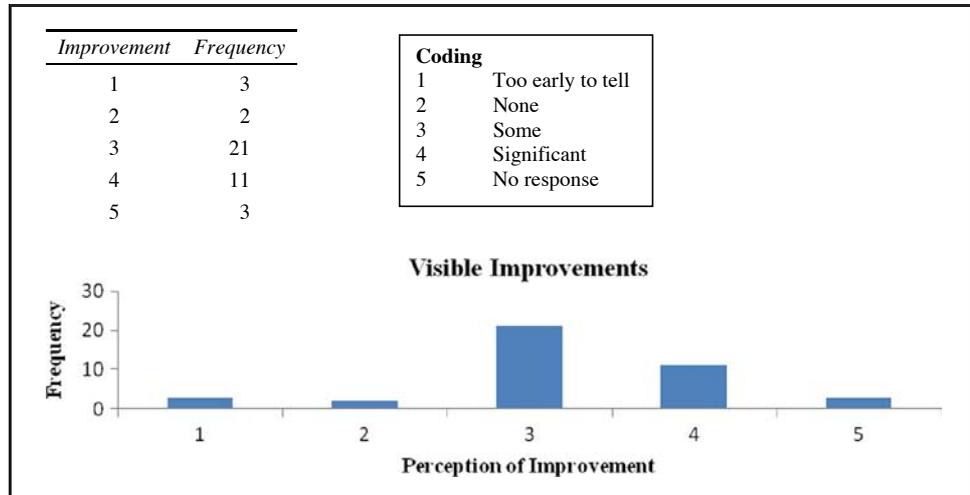
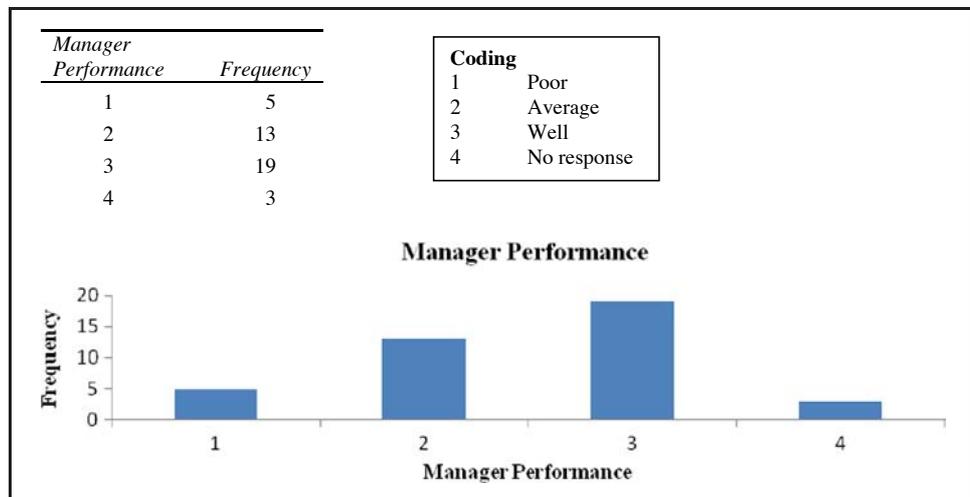


Figure E13 How well did your manager handle the introduction and implementation of the change initiatives?



Key financial information and financial metrics[27]

Group overview 2010[28]

- All injury frequency rate (AIFR) improved by 11 per cent to 11.50 per million hours worked.
- Record adjusted headline earnings (excluding the impact of accelerated hedge buy-backs) of \$787 million, a result of improved margins due to higher received prices.
- Production of 4.52 Moz at a total cash cost of \$638/oz is within exchange-rate adjusted guidance.

- Complete elimination of the hedge book, thus providing full exposure to the prevailing gold spot price.
- A full year dividend of 145 South African cents per share (approximately 20 US cents per share), 12 per cent higher than the previous year of 130 South African cents (17 US cents per share).

Table E1 and Figure E14

Table E1 Key figures and metrics	2006	2007	2008	2009	2010
<i>Key data per share (US cents)^a</i>					
Adjusted headline earnings per share	151	99	-283	-14	-473
Adjusted HEPS (excluding hedge buy-back costs)	151	99	6	196	212
Dividends per share	62	19	11	17	20
<i>Key data per ounce^b</i>					
Margin per ounce	269	272	258	411	521
Enterprise value per resource ounce	77	64	46	68	91
Enterprise value per reserve ounce	210	181	148	216	282
Capital expenditure per ounce	145	193	241	223	225
<i>Production (000oz)^c</i>					
Total gold production	5,635	5,477	4,982	4,599	4,515
Gold – South Africa	2,554	2,328	2,099	1,797	1,785
Gold – Continental Africa	1,779	1,655	1,631	1,585	1,492
Gold – Australasia	465	600	433	401	396
Gold – Americas	837	894	819	816	842
Uranium production (000lbs)	1,441	1,229	1,283	1,442	1,462
<i>Income statement and balance sheet (\$m)^d</i>					
Gold income	2,646	3,002	3,619	3,768	5,334
Gross profit (excluding hedge buy-back costs)	277	-248	1,682	219	3,780
Capital expenditure	817	1,059	1,201	1,027	1,015
EBITDA (excluding hedge buy-back costs)	1,409	1,224	1,131	1,663	1,897
Net debt	1,015	1,318	1,283	868	1,288
Cash inflow from operating activities (excluding hedge buy-back costs)	1,106	866	584	1,299	1,669
Return on equity excluding hedge buy-back cost (%) ^e	14	10	1	26	20

Source: ^aRetrieved November 21, 2011, from www.anglogoldashanti.com/subwebs/informationforinvestors/reports10/financials/charts.htm#per-share; ^bretrieved November 21, 2011, from www.anglogoldashanti.com/subwebs/informationforinvestors/reports10/financials/charts.htm#per-ounce; ^cretrieved November 21, 2011, from www.anglogoldashanti.com/subwebs/informationforinvestors/reports10/financials/charts.htm#production; ^dretrieved November 21, 2011, from www.anglogoldashanti.com/subwebs/informationforinvestors/reports10/financials/charts.htm#income; ^eretrieved November 21, 2011, from www.anglogoldashanti.com/subwebs/informationforinvestors/reports10/financials/charts.htm#return-on-equity

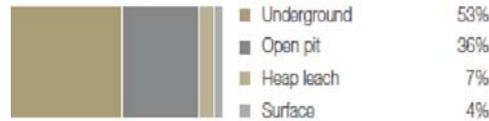
Figure E14 Additional figures for 2010

Gold production by region

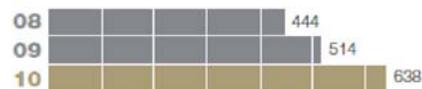


The company produced 4.52Moz of gold in 2010.

Group production by mining type

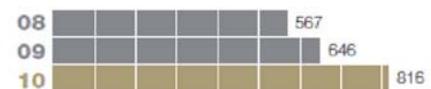


Group cash costs (\$/oz)



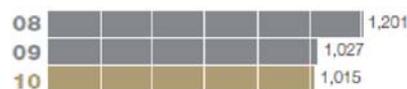
\$638/oz

Group production costs (\$/oz)



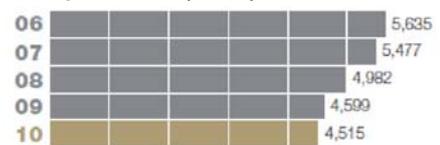
\$816/oz

Group capital expenditure (\$m)



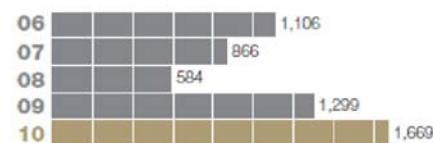
\$1,015m

Gold production (000oz)



4,515⁰⁰⁰oz

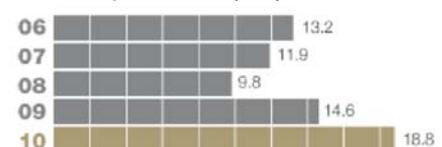
Cash flow from operating activities* (\$m)



* Excludes hedge buy-back costs

\$1,669m

Market capitalisation (\$bn)



\$18.8bn

Note: The company produced 4.52 Moz of gold in 2010

Source: Retrieved November 21, 2011, from www.anglogoldashanti.com/subwebs/InformationForInvestors/Reports10/financials/reviewoperations.htm and www.anglogoldashanti.com/subwebs/InformationForInvestors/Reports10/financials/group-overview-2010.htm