

Taking up the *challenge*

Crashing commodities, roller coaster share prices and labor disputes: Christine Ramon, CFO of South African mining company AngloGold Ashanti, has successfully dealt with all these and more in a career filled with challenging roles, as *Adam Oxford* discovers.



Christine Ramon has been described as the most powerful female business executive in South Africa. It may be hard to quantify such a title precisely, but she certainly has a strong claim to it. For the past two years, Ramon has been the CFO at AngloGold Ashanti, the world's third-largest gold producer, which owns 17 mines in nine countries across Africa, Australia and South America.

Given South Africa's historical reliance on the fortunes of the mining industry, and the dominant position of AngloGold in the sector, that position alone would guarantee Ramon's status as a force to be reckoned with. But her career has seen her take senior positions in the country's most important industries, always at a time when their

future seemed most in flux and when their fortunes and those of the young democracy were most intertwined. Ramon has always been at the eye of whatever storm is blowing through South Africa's often turbulent business community.

AN INSPIRING EXPERIENCE

As a young accountant who began her career with Coopers & Lybrand, Ramon's first job in the new, post-apartheid South Africa was a secondment to the Independent Electoral Commission (IEC) for the 1994 general election that put Nelson Mandela and the African National Congress in power.

"It was an inspiring experience, but maturing at the same time," recalls Ramon. "I was involved

in setting up offices in nine provinces and it was truly satisfying for me to be involved in the first democratic elections. It was also very trying, because we had bomb scares and strikes to deal with, and we still had to run a smooth election.”

Her experiences at the IEC convinced her that she wanted to play a role in the commercial growth of the new country, and she rapidly rose to the position of Finance Director and, later, CEO of media giant Johnnic Holdings. This was during a critical period of transformation for the press and entertainment sector through the Black Economic Empowerment policies of the time.

She left Johnnic to take up the role of CFO at South Africa’s most important petrochemical firm, Sasol. This was a period of massive expansion and diversification for a company that was transforming itself to fit the new economic and political life of the country.

At AngloGold, meanwhile, she finds herself in a mining sector that has been battered by volatile commodity prices, the unstable value of the rand and divisive labor issues as firms struggle to modernize amid rising costs and harder-to-reach resources. As if that wasn’t enough, Ramon is also a Non Executive Director at telecommunications giant MTN, which itself has been through a tough period of labor unrest, management changes and a US\$1.7b fine from the Nigerian Government.

It’s perhaps an indication of her character that, when asked about her uncanny ability to pick industries in turmoil, she simply says with a smile: “I guess I’m the type of person who enjoys a challenge.”

HOW TO TALK TO SHAREHOLDERS

To demonstrate how she rises to those challenges, Ramon describes how she took over as CFO at AngloAshanti at a tough time for the company.

“When I joined, one of our challenges was having a very highly leveraged balance sheet,” she says. “The shareholders didn’t want to put equity in the company, so we had to focus on self-help measures, and that entailed focusing on cost reduction to drive operational efficiencies in the business. It was a particularly low gold price environment, so our focus was to keep the long-term growth optionality in the business, even while looking at keeping the costs down.”

Just two years on, Ramon’s tight financial management has left the group looking decidedly healthier. Net debt is down by 32% and free cash flow has more than quadrupled to US\$161m. The company is even considering a return to dividend payments in early 2017 – something that hasn’t

happened since 2013. “Cutting debt by a third was a significant achievement,” says Ramon. “It was quite tough deciding which assets to dispose of, but it was the right thing to do; the important thing was communicating and getting buy-in from the operators as regards the decisions we had to make. The benefit of reduced debt then resulted in improved free cash flow generation in the group. The credit ratings agencies have moved us to a positive outlook and our share price has more than doubled.”

Ramon has, of course, had plenty of experience talking to shareholders, and she’s been tasked with delivering both good and bad news in the past.

“It’s very important for a CFO to be honest and transparent in communication with shareholders, as well as with other stakeholders,” she says. “Shareholders are interested in hearing about the challenges the business faces, whether it is related to the commodity price, regulatory developments or other challenges. They’re interested in hearing how management is dealing with these issues, and articulating transparently how you’re doing so does inspire more confidence in management.”

CHRISTINE RAMON’S ADVICE TO NEW CFOS

- ▶ “A CFO needs to be a strategic thinker. You are the right hand of the CEO and so, on key challenges that face the business, the CFO needs to give input at a strategic level.”
- ▶ “The CFO needs to be adaptable to a very volatile macroeconomic environment, so it takes someone who has analytical abilities and can do scenario planning to position the company for the dynamic, changing environment we live in.”
- ▶ “The CFO also needs to be a good communicator and inspire confidence in shareholders, bankers, and the board and the staff of the company.”
- ▶ “Get to know your staff, get to know the executive team. Get perceptions from your executive team as to where they believe the finance function can improve.”
- ▶ “The finance function should not be positioned as a purely technical function. It should be positioned as a business partner and be able to demonstrate that we can actually add value to the business.”
- ▶ “In the first 100 days, it’s important to determine the one or two key issues the business has to address from a finance perspective, and then make good inroads into addressing those issues.”

Being clear about future plans is also vital to gaining that confidence, she adds. "It was very important for us to undertake the cost-cutting initiatives without prejudicing the longer-term growth objectives," she says. "That's important for shareholders, because they do look at the longer-term value proposition of the company."

DRIVING NEW STANDARDS

Ramon is as passionate about the wider world of financial reporting as she is about her day job. She is a past member of the Standards Advisory Council of the International Accounting Standards Board, and today she is Deputy Chair of the Financial Reporting Standards Council (FRSC) in South Africa and Chair of the national CFO Listed Companies Forum.

The FRSC is a particularly interesting place to work, as South Africa's unique history means that corporate reporting is stringent: the Johannesburg Stock Exchange insists on integrated reporting, and rules around good governance and corporate social responsibility are arguably better defined than anywhere else in the world as the country

“Having to produce an integrated report allows for more **integrated thinking.**”

continues on its long journey toward economic equality for all.

Ramon says that adopting the integrated reporting principles laid out by the International Integrated Reporting Council and the King Code of Governance hasn't just kept AngloGold compliant, it's also been an influence on company culture at all levels. "Having to produce an integrated report allows for more integrated thinking," she explains. "It allows for functions and the business to come together as one and focus on the key messages that we need to deliver to shareholders.

"The integrated report has been a key report that allows us to capture succinct messages to shareholders, to employees, to broader stakeholders. It's allowed us to pull together all the key objectives of the company, and the key deliverables as well."

BEYOND THE OFFICE

Gaining experience beyond her day job has been a hallmark of Ramon's career. In 2007, she was nominated as a Young Global Leader by the World Economic Forum (WEF), which opened up a global network of connections and influences.

"It created an opportunity for me to attend the WEF in Davos," she recalls, "and also to participate in a number of different forums across the world whereby we, as a global community, could get a more in-depth understanding of some of the sustainability issues we face. And I experienced some of the solutions that worked effectively in certain environments, and that I could then take back to my own environment."

As for that environment, Ramon doesn't shy away from the sad truth that, as a woman of color, she's still an unusual presence in the boardroom of a global company (although 27% of AngloGold Ashanti's board of directors are female). That's something she wants to change, and she has worked hard to direct the companies she's worked for toward policies such as gender equity in pay and developing a culture that encourages and supports women as they are building careers in traditionally male industries such as mining and petrochemicals.

"Women who are leaders have got a key role to play," she insists. "It's important to be an executive in order to be able to drive these changes, and to refine recruitment processes to attract and fast track women with high potential to senior leadership positions."

Significantly, Ramon can talk directly to the experiences of women living in the remote and poor areas where AngloGold typically operates and recruits. "I recently took part in a program on SABC [the South African national broadcaster]," she says. "I wanted to say, 'Look, I'm a woman, I grew up in the Transkei and this is what I've done, and you can do the same. These are the challenges I've faced and this is how you deal with it.'"

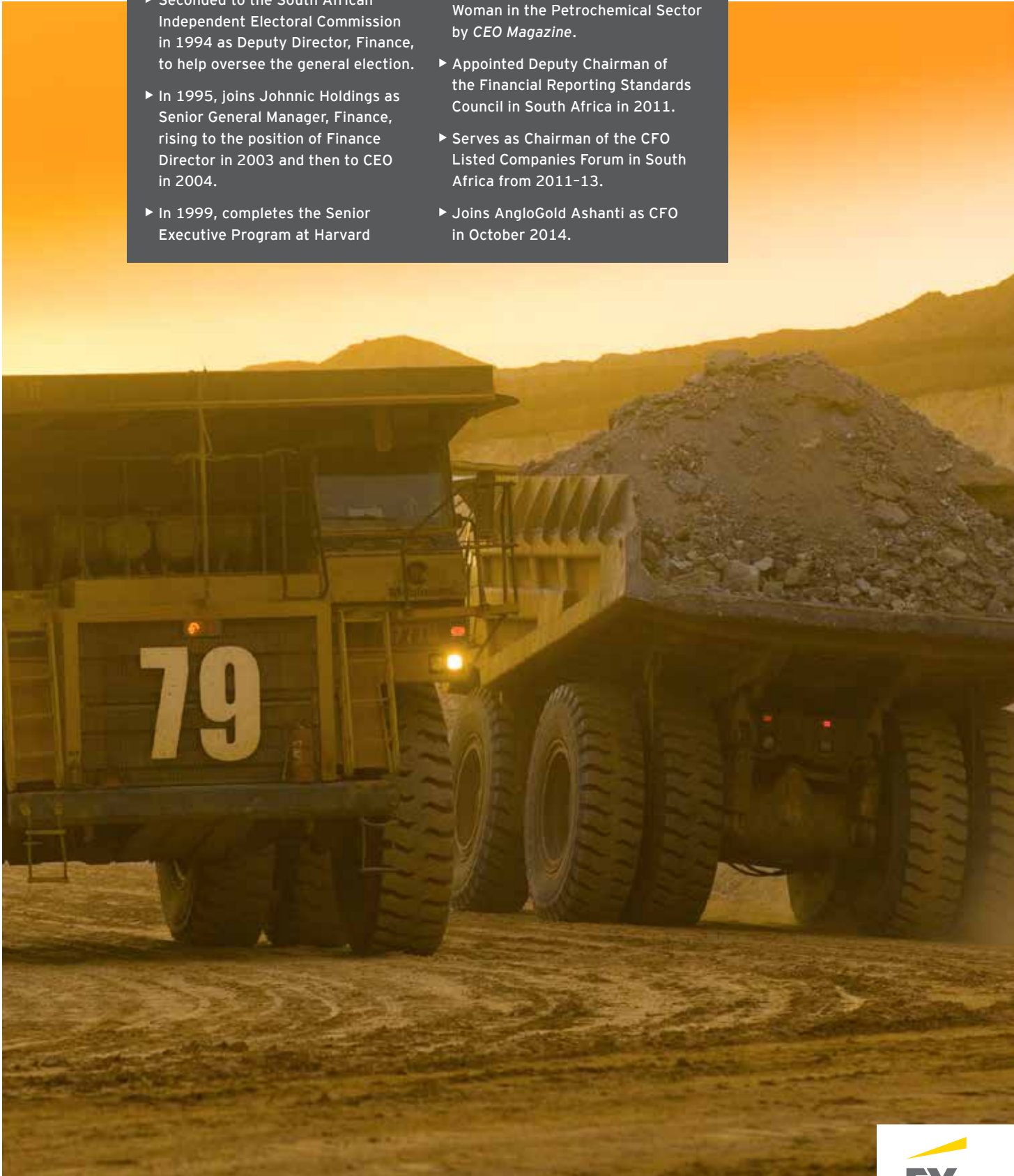
Of all the subjects she talks about, this, she says, is the one that is the most important for her to get her point across. "In South Africa, only 25% of management positions are filled by women," she says. "At the top, just 2.4% of CEOs are women, so we need to make a lot of inroads."

To change that situation, you could hardly wish for a better role model than Ramon. ■

November 2016

CHRISTINE RAMON: CV IN BRIEF

- ▶ Earns a BCompt degree in accounting and auditing from the University of South Africa in 1989.
- ▶ Works as an Audit Manager for Coopers & Lybrand for 10 years, both in South Africa and in Verona, Italy.
- ▶ Seconded to the South African Independent Electoral Commission in 1994 as Deputy Director, Finance, to help oversee the general election.
- ▶ In 1995, joins Johnnic Holdings as Senior General Manager, Finance, rising to the position of Finance Director in 2003 and then to CEO in 2004.
- ▶ In 1999, completes the Senior Executive Program at Harvard University in the US.
- ▶ Becomes CFO at Sasol Ltd in 2006.
- ▶ Nominated as a Young Global Leader by the World Economic Forum in 2007.
- ▶ In 2009, is named Most Influential Woman in the Petrochemical Sector by *CEO Magazine*.
- ▶ Appointed Deputy Chairman of the Financial Reporting Standards Council in South Africa in 2011.
- ▶ Serves as Chairman of the CFO Listed Companies Forum in South Africa from 2011-13.
- ▶ Joins AngloGold Ashanti as CFO in October 2014.



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