

# Anglo American plc

## Remuneration Committee – Terms of Reference

### 1 Membership

- 1.1 The Remuneration Committee (the “Committee”) shall consist of not less than 3 Directors appointed by the Board on the recommendation of the Nomination Committee, all of whom shall be independent non-executive Directors. The Chairman of the Committee shall be appointed by the Board.
- 1.2 The Group Chairman may serve as a member of the Committee but shall not chair it.
- 1.3 A Director may generally serve up to 3 terms of 3 years on the Remuneration Committee as long as the Director remains an independent director.
- 1.4 A Committee Secretary shall be nominated by the Committee.

### 2 Terms of Reference

- 2.1 The role of the Committee will be to work on behalf of the Board and be responsible to it for its recommendations and will within these terms of reference:
  - 2.1.1 determine and agree with the Board the Company’s general policy for the remuneration of the Chief Executive, the Chairman, the executive Directors, members of the GMC and such other members of senior management as it may decide to consider;
  - 2.1.2 determine specific remuneration packages for executive Directors of the Company and members of the GMC including, but not limited to, basic salary, performance-based incentives, share incentives, pensions, and other benefits; and
  - 2.1.3 set the remuneration of the Chairman.
- 2.2 The Committee in carrying out its duties under these terms of reference will:
  - 2.2.1 have due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code, the UK Listing Authority’s Listing Rules and associated guidance and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013
  - 2.2.2 be mindful that remuneration policies and practices should be demonstrably aligned with corporate objectives and business strategy, taking risks fully into account, and reviewed regularly;

- 2.2.3 aim to give the executive Directors and members of the GMC every encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions and performance, taking risks fully into account;
- 2.2.4 be kept informed of relevant information for group executives and senior managers and have oversight of all associated risks arising throughout the company as a result of remuneration.
- 2.2.5 be kept informed of the approach to remuneration and conditions for employees generally, any changes in approach and of the annual pay budget.

**2.3** In particular the Committee will:

- 2.3.1 monitor and review (at least annually) the terms and conditions of executive Directors' service agreements, taking into account information from comparable companies where relevant, and monitor and review the terms and conditions of GMC members' employment agreements as appropriate;
- 2.3.2 monitor the total pay opportunities and pay outcomes for the executive Directors and their relationship to performance, annually and over time, and monitor the total pay opportunities and pay outcomes for members of the GMC as appropriate;
- 2.3.3 consider specific remuneration packages for newly appointed executive Directors and members of the GMC and determine basic salary, benefits in kind, any annual bonuses, participation in any long term incentive plans and pension entitlements;
- 2.3.4 determine any grants and payments to executive Directors, members of the GMC and other senior employees made pursuant to the Company's short and long term incentive plans, including the performance targets to be used;
- 2.3.5 consult with the Chairman of the Board and Chief Executive in formulating the Committee's remuneration policy and when determining specific remuneration packages;
- 2.3.6 ensure that all payments made to executive Directors and, where appropriate, former executive Directors, are in-line with the Company's latest approved remuneration policy as set out in the Directors' remuneration report;
- 2.3.7 monitor pay differentials between executive Directors/members of the GMC and appropriate representative roles for UK-based employees;
- 2.3.8 monitor the effectiveness of existing short and long-term incentive plans and their performance conditions; and consider the adoption of new plans as appropriate;
- 2.3.9 agree the policy for authorising claims for expenses from the Chief Executive and Chairman of the Board;

- 2.3.10 liaise with the Board in relation to the preparation of the Committee's report to shareholders (as required by the Corporate Governance Code and regulations made under the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013, and any other relevant legislation or regulation) incorporating disclosure of any relevant risks and how they are managed, and ensure that it is put to shareholders for approval at the Annual General Meeting, as required;
  - 2.3.11 be responsible for selecting any remuneration consultants who advise the Committee,
  - 2.3.12 co-ordinate all its activities with the Chairman of the Board and Chief Executive;
  - 2.3.13 ensure that the Chairman (or in his absence, an alternative member) of the Committee attends the Company's Annual General Meeting to answer questions concerning executive Directors' remuneration and maintains contact as required with the Company's principal shareholders about executive remuneration in the same way as for other matters.
- 2.4 The Committee will not determine the remuneration or terms of any consultancy arrangement of any non-executive Directors, although it may make recommendations to the Board if requested.
- 2.5 The broad framework and cost of executive remuneration should be a matter for the Board on the advice of the Committee.

### **3 Meetings - Frequency & Quorum**

- 3.1 Meetings of the Committee will be held at least twice a year as and when the Committee deems to be appropriate. Further meetings may be called by the Chairman of the Committee or any member of the Committee.
- 3.2 The quorum for decisions of the Committee shall be any two members present and voting on the matter for decision. In the absence of the Chairman of the Committee, present members shall elect a member who is present to chair the meeting.
- 3.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, the Chief Executive, the head of Human Resources and external advisers may be invited to attend for all or any part of any meeting as and when appropriate. No Director or senior employees shall be involved in any decisions as to their own remuneration.

### **4 Proceedings**

- 4.1 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of Directors.

**4.2** Except under exceptional circumstances, at least 7 days' notice will be given of meetings of the Committee. Such notice will include the agenda and any supporting papers.

**4.3** The Committee Secretary shall minute and promptly circulate to all Committee members the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

## **5 Remuneration**

**5.1** Having regard to the functions performed by the members of the Remuneration Committee in addition to their functions as Directors and in relation to the activities of the Remuneration Committee and pursuant to the specific power conferred upon the Board by the Articles of Association of the Company, members of the Remuneration Committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the Board.

## **6 General**

**6.1** The Committee in carrying out its tasks under these terms of reference:

**6.1.1** shall normally invite the Chairman of the Board and Chief Executive to attend meetings to discuss the performance of other executive Directors and make proposals as necessary;

**6.1.2** is authorised to seek any information it requires in order to perform its duties, from the Chief Executive, the head of Human Resources or the Committee Secretary as appropriate, or such other persons as they may respectively designate.

**6.1.3** may wish to consult the other non-executive Directors in its evaluation of the performance of the executive Directors and members of the GMC in the context of the consideration of their remuneration packages;

**6.1.4** may delegate its powers to such person or persons as it may consider appropriate, provided that no delegation of powers shall be permitted in relation to a matter relating exclusively to the executive Directors; and

**6.1.5** may obtain such outside or other independent professional advice as it considers necessary to carry out its duties at the Company's expense.

**6.2** The Board will ensure that the Committee will have, at the Company's expense, access to professional advice both inside and outside of the Company in order for it to perform its duties.

**6.3** The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at

maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

6.4 Committee members shall be provided with access to appropriate and timely training, both in the form of an induction programme for new members and ideally on an ongoing basis for all members.

Approved by the Board on 15 February 2017