SETTING THE HIGHEST STANDARDS FOR CORPORATE GOVERNANCE

"Good corporate governance is not just about making decisions in the right way, it is about making better decisions. I strongly believe that good corporate governance creates value"

Sir John Parker
Chairman

IN THIS SECTION

CHAIRMAN'S INTRODUCTION

Good governance is at the core of Anglo American's board and committee structure. In this section we have tried to give a clear and concise description of that structure and the processes that support it. But first, I would like to explain why I believe good corporate governance is so important.

Over a number of years now we have seen an ever increasing focus on standards of corporate governance, with a series of reviews and guidance culminating, in June 2010, with the publication of the UK Corporate Governance Code (the Code). This process of codification has provided both important guidance for companies and, quite rightly, an agreed set of standards against which others can judge our corporate governance performance. I am pleased to report that Anglo American will fully comply with the new Code, as we did with its predecessors.

Good governance is about more than mere compliance, however. For example, by separating and clearly stating the roles and responsibilities of the chairman and chief executive we aim to avoid unhealthy concentrations of authority; by appointing strong independent directors we benefit from their expertise and perspective and reduce the risk of 'groupthink'. Good corporate governance is therefore not just about making decisions in the right way, it is about making better decisions. I strongly believe that good corporate governance creates value.

Board refreshment

Since my appointment I have sought to continue and accelerate the process of board refreshment. Sir Philip Hampton, Ray O'Rourke and Jack Thompson were recruited as independent non-executive directors (NEDs) to replace the three retiring NEDs: Chris Fay, Sir Rob Margetts and Fred Phaswana. The new NEDs bring financial, strategic, mining, engineering and major project experience to the already highly skilled and diverse board. During 2010 we also made changes to committee composition in order to incorporate the new NEDs.

In compliance with the Code, and in advance of its full implementation, the entire Board is being proposed for re-election at the 2011 Annual General Meeting. Anglo American has a diverse board that is equipped to drive a global listed mining group. We are proud to be led by Cynthia Carroll, one of a handful of female FTSE 100 chief executives, while the Board as a whole comprises men and women from France, Germany, Hong Kong, Ireland, South Africa, the UK and the US. However, diversity is not simply about gender or race – the Anglo American Board has been selected on the basis of the varied backgrounds, skills, experience and insight of its members.

The Nomination Committee has defined the skills and experience profiles required of future NEDs over the next few years. This includes our aim to increase the representation of women on the Board (excluding the chairman) from 20% to 30% within two years.

Board effectiveness
Following the external review in 2008, we held a comprehensive internal board evaluation in 2010 where directors were consulted on matters such as board composition, effectiveness, strategy and directors' development and which resulted in a rigorous action plan being implemented in 2011. For details see the table opposite. As chairman I also held a one to one interview with each director to review those issues raised during the board evaluation process. The next external board evaluation will be held in 2011.

'Corporate governance' is a much used (and often abused) term – it means much more than a set of rules and processes governing the running of a company. As chairman, I have endeavoured to ensure that Anglo American not only complies with all relevant codes and regulations but that the whole management structure is inculcated with a desire to achieve the best results for its shareholders and all others affected by its actions in the most responsible way.

Long before the term 'corporate governance' was coined, the founder of the Anglo American Group, Sir Ernest Oppenheimer, said: "the aims of this Group have been – and they still remain – to earn profits but to earn them in such a way as to make a real and permanent contribution to the well-being of the people and to the development of southern Africa". Time has moved on since then and Anglo American now has a significantly wider geographical reach than when Sir Ernest spoke these words, but the sentiment remains deeply engrained throughout the Company and I shall do my utmost to ensure that your Company adheres to the highest possible corporate behaviour and standards.

Sir John Parker
Chairman

ACTION PLAN RESULTING FROM 2010 BOARD EFFECTIVENESS REVIEW

Relationship between board and management	▪ Increase contact between directors and management during intervals between board meetings ▪ Introduce more 'free flowing' informal discussions outside board meetings – the pre-board meeting dinners will be more 'structured' whilst retaining an informal style
Improving board meeting effectiveness	▪ Enhance the information flow to NEDs between board meetings to allow for a more focused board agenda ▪ Introduction of iPads to ensure timely provision of board materials ▪ Management will consider the optimum level of detail in presentations to the Board
Committees	▪ S&SD Committee – outside stakeholders to be invited to address some committee meetings ▪ Nomination Committee – detailed human resources talent strategy presented to NEDs in February 2011 ▪ Remuneration Committee – the Committee will allot more time for 'members only' discussions
Key focus points highlighted by NEDs	▪ Political and regulatory uncertainty; business integrity processes – Bribery Act 2010 ▪ Safety and the environment ▪ Strategy ▪ Project execution ▪ Talent development and management succession
Performance of NEDs	▪ The number of site visits will be increased during 2011 ▪ A full day mining seminar has been arranged for NEDs ▪ A half day exploration seminar for NEDs took place in February 2011

THE BOARD

Sir John Parker N

FREng DSc (Eng), ScD (Hon), DSc (Hon), D.Univ (Hon), FRINA

68, joined the Board as a non-executive director on 9 July 2009 and became chairman of Anglo American plc on 1 August 2009. Sir John is also chairman of the Nomination Committee and is a member of the Safety & Sustainable Development (S&SD) Committee. He is also chairman of National Grid plc, a non-executive director of Carnival Corporation, EADS and deputy chairman of DP World. Sir John is a Fellow of the Royal Academy of Engineering, Chancellor of the University of Southampton and a Visiting Fellow of the University of Oxford.

Upon joining Anglo American Sir John stepped down as joint chairman of the Mondi Group and as chairman of BVT Surface Fleet Limited. Immediately prior to joining Anglo American he stepped down as senior non-executive director (Chair) of the Court of the Bank of England.

Cynthia Carroll E

MSc, MBA

54, was appointed chief executive on 1 March 2007, having joined the Board on 15 January 2007. Cynthia Carroll chairs the Group Management Committee (GMC) and the Executive Committee (ExCo) and sits on the S&SD Committee. She is a non-executive director of BP plc and De Beers and chairs Anglo Platinum.

- Proven track record in improving profitability and continues to lead Anglo American's cost-cutting drive – target of $2 billion by the end of 2011 already exceeded
- Driving improving relations with governments, especially in South Africa where all of the Group's 'old order' mineral and mining rights have been converted to 'new order' rights
- Streamlined Anglo American's management reporting function, substantially changing the composition of the ExCo as well as the ExCo teams at Business Unit level
- Initiated renewed focus on safety, with significant continuing improvement in safety performance and was the impetus behind the Tripartite safety alliance in South Africa

Cynthia is the former president and chief executive officer of Alcan's Primary Metals Group and a former director of AngloGold Ashanti Limited and the Sara Lee Corporation.

AS PART OF THE EARLY ADOPTION OF THE UK CORPORATE GOVERNANCE CODE AND AS ANNOUNCED AT THE 2010 AGM, ANGLO AMERICAN WILL PROPOSE THE RE-ELECTION OF ALL OF ITS DIRECTORS ON AN ANNUAL BASIS.

E Executive director
N Non-executive director

René Médori E

Doctorate in Economics

53, was appointed to the Board on 1 June 2005, becoming finance director on 1 September 2005. René Médori is a member of GMC and ExCo and chairman of the Investment Committee. He is a non-executive director of Scottish and Southern Energy plc, De Beers and Anglo Platinum Limited.

- Has brought enhanced strength and flexibility to the Anglo American balance sheet through:
  - continuing the process of non-core disposals – $3.3 billion was announced in 2010 including the sale of zinc assets and undeveloped coal assets
  - completion of a new $3.5 billion loan facility maturing in 2015
  - issue of $1.25 billion US dollar bonds

René is a former finance director of The BOC Group plc.

David Challen CBE N

MA, MBA

67, joined the Board on 9 September 2002 and was appointed as the senior independent non-executive director in April 2008. He is chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. David Challen is currently vice-chairman of Citigroup European Investment Bank and senior non-executive director of Smiths Group plc. He is currently deputy chairman of the UK's Takeover Panel.

Previously he was chairman of J. Henry Schroder & Co. Limited, where he spent most of his professional career.

Sir CK Chow

N

DEng (Hon), CEng, FREng, HonFHKIE, FIChemE

60, was appointed to the Board on 15 April 2008 and is a member of the Nomination and Remuneration Committees. He is currently chief executive officer of the MTR Corporation in Hong Kong, a position he has held since December 2003, and a non-executive director of AIA Group Company Limited.

Sir CK was formerly chief executive of Brambles Industries, GKN PLC and non-executive chairman of Standard Chartered Bank (Hong Kong) Limited. Prior to joining GKN PLC he worked for The BOC Group plc for 20 years, joining its board in 1993.

Sir Philip Hampton

N

MA, ACA, MBA

57, joined the Board on 9 November 2009. He is chairman of the Remuneration Committee and a member of the Audit Committee. Sir Philip is chairman of The Royal Bank of Scotland.

From 2004-2010 Sir Philip was chairman of J Sainsbury plc. His other previous appointments include as finance director of Lloyds TSB Group plc, BT Group plc, BG Group plc, British Gas plc, British Steel plc, an executive director of Lazards and a non-executive director of RMC Group plc and Belgacom SA.

Ray O'Rourke KBE

N

CEng FIEI FICE

64, joined the Board on 11 December 2009. He is a member of the Audit and S&SD Committees.

Ray O'Rourke founded the O'Rourke Group in 1977, having begun his career at Kier and J Murphy & Sons. In 2001, the O'Rourke Group acquired John Laing, to form Laing O'Rourke, now Europe's largest privately owned construction company, of which Ray O'Rourke is chairman and chief executive.

Nicky Oppenheimer

N

MA

65, joined the Board on 18 March 1999. He is chairman of De Beers. Mr Oppenheimer has indicated that he will retire from the Board after the conclusion of the AGM on 21 April 2011.

Nicky Oppenheimer joined the Group in 1968 and subsequently became an executive director and a deputy chairman of Anglo American Corporation of South Africa Limited. He became deputy chairman of De Beers Consolidated in 1985 and has been chairman of De Beers since 1998.

Dr Mamphela Ramphele

N

PhD, BComm, MB Ch B

63, joined the Board on 25 April 2006. She is a member of the Nomination and S&SD Committees. Mamphela Ramphele is the executive chair of Letsema Circle, a specialist transformation advisory company and the chair of Gold Fields Limited and the Technology & Innovation Agency of South Africa. She is a non-executive director of Mediclinic and Business Partners SA, a trustee of the Nelson Mandela and Rockefeller foundations, and an adviser to the Veolia Institute.

Mamphela Ramphele was formerly co-chair of the Global Commission on International Migration, a World Bank managing director and vice-chancellor at the University of Cape Town.

Jack Thompson

N

BSc, PhD

60, joined the Board on 16 November 2009 and is a member of the Remuneration and S&SD Committees. He is currently a non-executive director of Century Aluminum Co., Molycorp Inc. and Tidewater Inc.

Jack Thompson was previously chairman and CEO of Homestake Mining Co., vice chairman of Barrick Gold Corp. and has served on the boards of Centerra Gold Inc., Phelps Dodge Corp., Rinker Group Ltd and Stillwater Mining.

Peter Woicke

N

MBA

68, joined the Board on 1 January 2006, chairs the S&SD Committee and is a member of the Nomination and Remuneration Committees. He is currently chair of the trustees of the Ashesi University Foundation and a member of the boards of Saudi Aramco, the Institute for Human Rights and Business and the Chesapeake Bay Foundation.

From 1999 to 2005 Peter Woicke was chief executive officer of the International Finance Corporation (IFC). He was also a managing director of the World Bank. Prior to joining the IFC, Peter Woicke held numerous positions over nearly 30 years with J.P. Morgan.

EXECUTIVE MANAGEMENT

The Company has two principal executive committees. The Group Management Committee (GMC) (which meets fortnightly) is responsible for formulating strategy for discussion and approval by the Board, monitoring performance and managing the Group's portfolio. The Executive Committee (ExCo) (which meets at least every two months for a two day session) is responsible for developing and implementing Group-wide policies and programmes and for the adoption of best practice standards across the Group.

GMC AND EXCO MEMBERS

1. Cynthia Carroll
See page 88 for biographical details.

2. René Médori
See page 88 for biographical details.

3. Brian Beamish
BSc (Mechanical Engineering)

54, is Group director of mining and technology. He held the position of chief executive of Base Metals between 2007 and 2009 and has more than 30 years of mining industry experience in various commodities and geographies. He spent 20 years at Anglo Platinum, including four years as executive director of operations between 1996 and 1999.

4. Mervyn Walker
MA (Oxon)

51, is Group director of human resources and communications. He is a solicitor by training and joined Anglo American in 2008 from Mondi, where he was group HR and legal director. Mervyn Walker spent 19 years at British Airways, where he held a series of senior roles, including HR director, legal director, director of purchasing and director of UK airports. He is also non-executive chairman of pension schemes for AMEC plc.

5. David Weston
MBA, BSc (Eng)

52, is Group director of business performance and projects. He spent 25 years with Shell and was president of Shell Canada Products before joining the Anglo American Group in 2006 as chief executive of Industrial Minerals (Tarmac). David Weston served as the Group's technical director between April and October 2009. He is also a non-executive director of International Power plc and Kumba Iron Ore Limited.

EXCO MEMBERS

6. Walter De Simoni
BSc (Mining Eng)

55, is CEO of Nickel. Walter De Simoni joined the Anglo American Group in 1978. He was appointed president of Anglo Base Metals Brazil in 2005. He became Anglo American Brazil CEO in 2006 and CEO of Nickel in October 2009.

7. Seamus French
B Eng (Chemical)

48, is CEO of Metallurgical Coal and joined the Group as regional CEO of Anglo Coal Australia in 2007. He was previously on the BHP Billiton Executive Committee as global vice-president of business excellence from 2005.

8. Godfrey Gomwe
B.Acc, CA (Z), MBL

55, is executive director, Anglo American South Africa. He is chairman of Anglo American Zimele, Anglo American's Transformation Committee and Tshikululu Social Investments. He is a non-executive director of Anglo Platinum Limited, Kumba Iron Ore Limited and Thebe Investment Corporation (Pty) Limited. Godfrey Gomwe was previously finance director and chief operating officer of Anglo American South Africa and chairman and chief executive of Anglo American Zimbabwe Limited.

9. Chris Griffith
B Eng (Mining) Hons, Pr Eng

45, is CEO of Kumba Iron Ore. He has been with Anglo American for almost two decades. He was Anglo Platinum's head of operations for joint ventures before being appointed CEO of Kumba Iron Ore in 2008.

10. John MacKenzie
M.Sc Eng, MBL

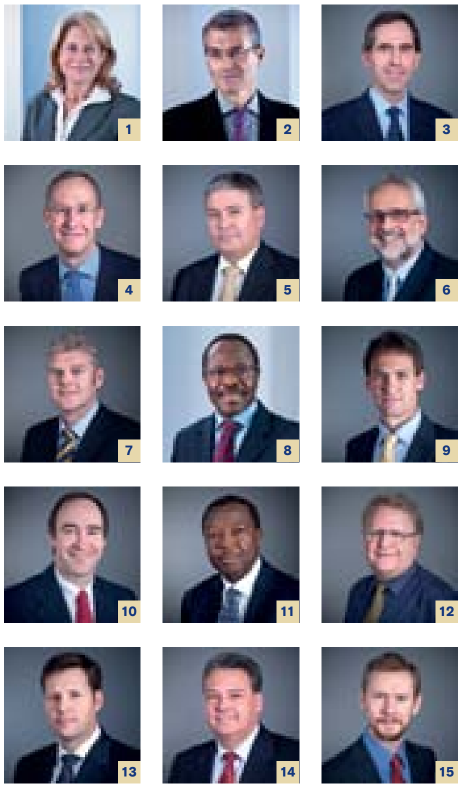
42, is CEO of Copper. He joined the Anglo American Gold and Uranium Division in January 1990 and was promoted to vice-president of Anglo Coal, South American Operations in 1999. In 2004, he became general manager of Base Metals' Minera Loma de Níquel operation in Venezuela. John MacKenzie was appointed CEO of Base Metals' Zinc operations in November 2006, becoming CEO of Copper in October 2009.

11. Norman Mbazima
FCCA

52, is CEO of Thermal Coal. He joined the Anglo American Group in 2001 at Konkola Copper Mines PLC. He was global chief financial officer for Anglo Coal and became executive director of finance at Anglo Platinum in June 2006, and later stepped in as joint acting chief executive. Norman Mbazima was appointed CEO of Scaw Metals in May 2008 and was appointed CEO of Thermal Coal in October 2009.

12. Neville Nicolau
BT (Mining Engineering), MBA

51, is CEO of Platinum. He joined the Anglo American Group in January 1979, subsequently working in the Gold and Uranium Division at different managerial levels in all the major operating areas in South Africa. In 2000-2001, he was the technical director of AngloGold's South American operations, based in Brazil. He became chief operating officer (Africa) of AngloGold Ashanti in May 2004 and was appointed CEO of Anglo Platinum in June 2008.



13. Duncan Wanblad
BSc (Eng) Mech, GDE (Eng Management)

44, is Group director of Other Mining and Industrial. He began his career at Johannesburg Consolidated Investment Company Limited in 1990. Duncan Wanblad was appointed to the board of Anglo Platinum and various of its subsidiaries in 2004 – becoming the executive director in charge of projects and engineering. He was appointed joint acting chief executive of Anglo Platinum in August 2007, before taking over as CEO copper operations of Anglo American in May 2008. He became Group director of Other Mining and Industrial in October 2009.

14. Stephan Weber
M.Sc

49, is CEO of Iron Ore Brazil. He worked for Rio Tinto from 2002 to 2008, serving on its Iron Ore Executive Committee from 2006 to 2008. Stephan Weber joined Anglo American in January 2009 as chief technical officer within Anglo Ferrous Metals and was appointed CEO of Iron Ore Brazil in October 2009.

15. Peter Whitcutt
BCom (Hons), CA (SA), MBA

45, is Group director of strategy and business development. He joined Anglo American in 1990 within the corporate finance division. Peter Whitcutt worked on the merger of Minorco, the listing of Anglo American in 1999 and the subsequent unwinding of the cross-holding with De Beers. He was appointed chief financial officer of Base Metals in August 2008 and to his present position in October 2009.

BOARD AND COMMITTEE MEETINGS – FREQUENCY AND ATTENDANCE

	Independent	Board (six meetings)	Audit (three meetings)	S&SD (four meetings)	Remuneration (three meetings)	Nomination (three meetings)
Sir John Parker	n/a	All	–	All	–	All
Cynthia Carroll	No	All	–	All	–	–
René Médori	No	All	–	–	–	–
David Challen	Yes	5[1]	All	–	All	2[1]
Sir C K Chow	Yes	All	–	–	All	All
Chris Fay[2]	Yes	All	All	All	–	–
Sir Philip Hampton	Yes	All	All	–	All	–
Sir Rob Margetts[2]	Yes	All	–	–	All	–
Nicky Oppenheimer	No	All	–	–	–	–
Ray O'Rourke	Yes	5[3]	All	All	–	–
Mamphela Ramphele	Yes	All	–	All	–	2[4]
Jack Thompson	Yes	All	–	All	All	–
Peter Woicke	Yes	All	–	All	All	All

[1] Absence due to volcanic ash cloud travel disruption.
[2] Meetings attended prior to retirement.
[3] Absence due to long standing commitment entered in to prior to his appointment.
[4] Unable to attend owing to telecommunications breakdown.

WHAT IS THE ROLE OF THE BOARD?

The Board of directors has a duty to promote the long term success of the Company for its shareholders. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure and overseeing the Group's systems of internal control, governance and risk management.

A schedule of matters reserved for the Board's decision details key aspects of the Company's affairs that the Board does not delegate (including, among other things, approval of business plans and budgets, material expenditure and alterations to share capital).

Every year the Board holds a two day strategy meeting at which the NEDs contribute their expertise and independent perspective in developing the strategy of the Company.

HOW IS THE BOARD COMPOSED?

Role of the chairman

The Board is chaired by Sir John Parker. The chairman is responsible for leading the Board and for its effectiveness.

Role of the chief executive

Cynthia Carroll is the chief executive and is responsible for the execution of strategy and the day-to-day management of the Group, supported by the Group Management Committee (GMC) and the Executive Committee (ExCo), both of which she chairs. The functions and membership of GMC and ExCo are set out on page 90.

The Company has adopted the Institute of Chartered Secretaries and Administrators Statement of Division of Responsibilities between the Chairman and the Chief Executive.

Role of the senior independent director (SID)

David Challen is the senior independent non-executive director. He is available to shareholders, acts as a sounding board and confidant for the chairman and is available as an intermediary for the other directors if necessary.

Independence of directors

The Board has a strong independent element and currently comprises, in addition to the chairman, two executive and eight non-executive directors, seven of whom are independent according to the definitions contained in the Combined Code on Corporate Governance and the UK Corporate Governance Code (together, the Codes). The independent directors are indicated within the table above, and full biographical details for each director are given on pages 88 and 89. The letters of appointment of the non-executive directors (as well as the executives' service contracts) are available for inspection at the registered office of the Company.

None of the non-executive directors has served concurrently with an executive director for more than nine years.

HOW DO WE PROMOTE EXCELLENCE IN THE BOARD ROOM?

Board effectiveness

As a direct result of the last external board evaluation, changes were made in strategy planning and improving communication with major shareholders as well as in the areas of committee composition, talent management and succession planning.

The action plan that resulted from the internally facilitated 2010 board effectiveness review may be found on page 87.

The next external evaluation of the Board is planned for 2011 in accordance with the recommendations made in the Code.

As in past years, the evaluation process also included a review, chaired by the senior independent non-executive director (without the chairman present), of the performance of the chairman. The chairman has held individual briefings with each director to ensure that the necessary board and committee processes are functioning properly. Since his appointment, Sir John has introduced a rolling agenda for the Board and instigated regular informal meetings of the non-executives prior to each board meeting. These meetings provide an opportunity, *inter alia*, to discuss the performance of management and to air subjects outside the confines of the board room in an informal and constructive manner.

At every board meeting, time is set aside for a NEDs-only discussion and the Board also receives a governance update from the company secretary highlighting developments in company law, corporate governance and best practice.

HOW ARE DIRECTORS TRAINED?

Anglo American's directors have a wide range of expertise as well as significant experience in strategic, financial, commercial and mining activities. Upon appointment, directors are provided with recent board materials and a reference manual containing information on legal obligations and other matters of which they should be aware. Guidance is provided on Market Conduct under the FSA, the Company's Articles, the UK Corporate Governance Code and the Model Code. The manual also includes items such as board and committee terms of reference, relevant company information and guidance on where to obtain independent advice. The manual is updated periodically when appropriate.

As part of the directors' formal induction process, there are meetings with all senior executives in order to develop a full understanding of the complex nature of the Anglo American Group. Training and briefings are also available to directors on appointment and subsequently, as necessary, taking into account existing qualifications and experience. Directors also have access to management, and to the advice of the company secretary. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of Anglo American at its expense, although no such advice was sought during 2010. Presentations are made to the Board by business management on the activities of operations. Directors undertake regular visits to operations and projects and, in 2010, operations and projects in Australia, Brazil, Chile, China, Peru and South Africa were visited. In addition, during the year, directors attended courses/seminars on corporate governance, finance and directors' forums.

The directors are given the opportunity to discuss their development needs with the chairman in individual feedback meetings.

iPads for review of board materials

As part of our commitment to best practice and innovation, iPads were introduced in 2010 for the review of board papers, ensuring fast and timely provision of information to directors whilst at the same time reducing the environmental and financial impacts of board meetings.

HOW DO WE COMMUNICATE WITH OUR INVESTORS?

The Company maintains an active dialogue with its key financial audiences, including institutional shareholders and sell-side analysts as well as potential shareholders. The Investor Relations department manages the dialogue with these audiences and regular presentations take place at the time of interim and final results as well as during the rest of the year. An active programme of communication with potential shareholders is also maintained.

Board oversight

Any significant concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board. The Board is briefed on a regular basis by the Investor Relations department and analysts' reports are circulated to the directors. Feedback from meetings held between executive management, or the Investor Relations Department, and institutional shareholders is also communicated to the Board.

Institutional investors

During the year there were regular presentations to and meetings with institutional investors in the UK, South Africa, continental Europe and the US to communicate the strategy and performance of Anglo American. Executive directors, as well as key executives, including business unit heads, host such presentations, including seminars for investors and analysts, and one on one meetings. Throughout the year, executive management also present at industry conferences, which are mainly organised by investment banks for their institutional investor base. In late 2010, Sir John Parker met with a number of key investors to discuss 'Strategy, The Board, Board Changes & Operating Performance'. David Challen in his capacity as the SID works closely with Sir John to maintain his understanding of the issues and concerns of major shareholders. The chairman, SID and other non-executive directors are also available to shareholders to discuss any matter they wish to raise. We look forward to increased communication with investors following the recent introduction of the Stewardship Code.

The Company's website **www.angloamerican.com** provides the latest news and historical financial information, details about forthcoming events for shareholders and analysts, and other information on Anglo American.

As soon as I saw the board papers on the iPad I knew I would not need paper copies again. The iPad allows fast and secure delivery of board materials and annotation of the documents is simple and effective.

Peter Woicke
Non-Executive Director

We place a great deal of importance on maintaining an active dialogue with our investor base around the world. We plan to increase our interaction in 2011 by further exposing our operating management to investors.

René Médori
Finance Director

HOW DOES THE BOARD DEAL WITH CONFLICTS OF INTEREST

Anglo American policy dictates that if a director becomes aware that they have a direct or indirect interest in an existing or proposed transaction with Anglo American, they should notify the Board at the next board meeting or by a written declaration. Directors have a continuing duty to update any changes in these interests. Mr Oppenheimer has always recused himself from any discussion involving a potential conflict of interest between De Beers and the Company at the Anglo American board and during the year Mr Challen recused himself from a discussion on a banking facility in which Citigroup was a participant. In accordance with the Company's Articles and relevant legislation, an unconflicted quorum of the Board can authorise potential conflicts and such authorisations can be limited in scope and are reviewed on an annual basis. During the year under review, the conflict management procedures were adhered to and operated effectively.

WHAT ARE THE COMMITTEES OF THE BOARD AND WHAT DO THEY DO?

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees – the Remuneration, Nomination, Safety and Sustainable Development and Audit Committees. The terms of reference for each of these committees and a schedule of matters reserved for the Board's decision are published on the Company's website.

THE COMMITTEE TERMS OF REFERENCE MAY BE FOUND ON THE COMPANY'S WEBSITE WWW.ANGLOAMERICAN.COM

REMUNERATION COMMITTEE

The Committee seeks to set stretching targets to ensure that directors are appropriately remunerated and our world class talent is retained.

Sir Philip Hampton
Chairman, Remuneration Committee

Composition

In compliance with the Codes the committee comprises only fully independent non-executive directors:

- Sir Philip Hampton – Chairman
- David Challen
- Sir CK Chow
- Jack Thompson
- Peter Woicke

Roles and responsibilities

- Establishing and developing the Group's general policy on executive and senior management remuneration
- Determining specific remuneration packages for the chairman and executive directors
- Designing the Company's share incentive schemes

  Further details are set out on pages 98 to 109 of this Annual Report

NOMINATION COMMITTEE

Having attracted fresh skills and domain knowledge, the Committee has defined the characteristics required of new board members over the next few years.

Sir John Parker
Chairman, Nomination Committee

Composition

Compliant with the Codes:

- Sir John Parker – Chairman
- David Challen
- Sir CK Chow
- Mamphela Ramphele
- Peter Woicke

Roles and responsibilities

- Setting guidelines (with the approval of the Board) for the types of skills, experience and diversity being sought when making a search for new directors and, with the assistance of external consultants, identifying and reviewing in detail each potential candidate available in the market. The Committee then agrees a 'long list' of candidates for each directorship and, following further discussion and research, decides upon a shortlist of candidates for interview. Shortlisted candidates are each interviewed by the Committee members who will then convene to discuss their impressions and conclusions, culminating in a recommendation to the Board
- Making recommendations as to the composition of the Board and its committees and the balance between executive and non-executive directors, with the aim of cultivating a board with the appropriate mix of skills, experience, independence and knowledge of the Company
- Engaging in long term succession planning for the Board
- Ensuring that the Human Resources function of the Group regularly reviews and updates the succession plans of directors and senior managers

SAFETY & SUSTAINABLE DEVELOPMENT COMMITTEE

Safety is our number one priority and we have demonstrated our commitment to going the extra mile to achieve the highest standards.

Peter Woicke
Chairman, Safety & Sustainable Development Committee

Composition

- Peter Woicke – Chairman
- Cynthia Carroll
- Sir John Parker
- Ray O'Rourke
- Mamphela Ramphele
- Jack Thompson
- Brian Beamish
- David Weston

Roles and responsibilities

- Developing the framework policies and guidelines for the management of sustainable development issues including safety, health and environment
- Reviewing the performance of the Company and the progressive implementation of its safety and sustainable development policies
- Receiving reports covering matters relating to material safety and sustainable development risks and liabilities
- Monitoring key indicators and learnings on incidents and, where appropriate, ensuring they are communicated throughout the Group
- Considering material national and international regulatory and technical developments in the fields of safety and sustainable development management

AUDIT COMMITTEE

The Audit Committee plays a pivotal role to ensure high standards of corporate governance and enables the Board to give shareholders the necessary assurances.

David Challen
Chairman, Audit Committee

Composition

Compliant with the Codes and comprises only independent non-executive directors:

- David Challen – Chairman
- Sir Philip Hampton
- Ray O'Rourke

Roles and responsibilities

- Monitoring the integrity of the annual and interim financial statements, the accompanying reports to shareholders and corporate governance statements
- Making recommendations to the Board concerning the adoption of the annual and interim financial statements
- Overseeing the Group's relations with the external auditors
- Making recommendations to the Board on the appointment, retention and removal of the external auditors
- Reviewing and monitoring the effectiveness of the Group's internal control and risk management systems including reviewing the process for identifying, assessing and reporting all key risks
- Approving the terms of reference and plans of the internal audit function
- Approving the internal audit plan and reviewing regular reports from the head of internal audit on effectiveness of the internal control system
- Receiving reports from management on the key risks of the Group and management of those risks

AUDIT COMMITTEE REPORT

External audit

Anglo American's policy on auditors' independence, is consistent with the ethical standards published by the Audit Practices Board.

A key factor that may impair auditors' independence is a lack of control over non-audit services provided by the external auditors. In essence, the external auditors' independence is deemed to be impaired if the auditors provide a service which:

- Results in the auditors acting as a manager or employee of the Group
- Puts the auditors in the role of advocate for the Group; or
- Creates a mutuality of interest between the auditors and the Group

Anglo American addresses this issue through three primary measures, namely:

- Disclosure of the extent and nature of non-audit services
- The prohibition of selected services – this includes the undertaking of internal audit services
- Prior approval by the Audit Committee chairman of non-audit services where the cost of the proposed assignment is likely to exceed $50,000

Anglo American's policy on the provision of non-audit services is regularly reviewed. The definition of prohibited non-audit services corresponds with the European Commission's recommendations on auditors' independence and with the Ethical Standards issued by the Audit Practices Board in the UK.

Other safeguards include:

- The external auditors are required to adhere to a rotation policy based on best practice and professional standards in the United Kingdom. The standard period for rotation of the audit engagement partner is five years and, for any key audit partner, seven years. A new audit engagement partner was appointed from 2010 in accordance with this requirement
- Any partner designated as a key audit partner of Anglo American shall not be employed by Anglo American in a key management position unless a period of at least two years has elapsed since the conclusion of the last relevant audit

- The external auditors are required to assess periodically, in their professional judgement, whether they are independent of the Group
- The Audit Committee ensures that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated
- The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors
- The Audit Committee has the authority to engage independent counsel and other advisers as they determine necessary in order to resolve issues on auditor independence
- An annual assessment is undertaken of the auditors' performance, independence and objectivity. The results are shared with the Audit Committee

The Audit Committee has satisfied itself that the United Kingdom professional and regulatory requirements for audit partner rotation and employment of former employees of the external auditors have been complied with.

The Audit Committee considered information pertaining to the balance between fees for audit and non-audit work for the Group in 2010 and concluded that the nature and extent of the non-audit fees do not present a threat to the external auditors' independence. Details of fees paid are provided on page 133.

Furthermore, after reviewing a report from the external auditors on all their relationships with Anglo American that might reasonably have a bearing on the external auditors' independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, the Committee has concluded that the external auditors' independence was not impaired.

The Audit Committee approved the external auditors' terms of engagement, scope of work, the process for the 2010 interim review, the annual audit and the applicable levels of materiality. Based on written reports submitted, the Committee reviewed, with the external auditors, the findings of their work.

The Audit Committee held meetings with the external auditors without the presence of management on two occasions and the chairman of the Audit Committee held regular meetings with the audit engagement partner during the year.

The appointment of Deloitte LLP as the Group's external auditors (incumbents since the listing in 1999) is kept under annual review, and if satisfactory, the Committee will recommend the re-appointment of the audit firm. The appointment of Deloitte LLP followed a detailed evaluation, at the time of the listing, of the predecessor audit firms and, rather than adopting a policy on tendering frequency, an annual review of the effectiveness of the external audit is supplemented by a periodic, comprehensive reassessment by the Committee. The Committee's assessment of the external auditors' performance and independence underpins its recommendation to the Board to propose to shareholders the re-appointment of Deloitte LLP as auditors until the conclusion of the AGM in 2012. Resolutions to authorise the Board to re-appoint and determine their remuneration will be proposed at the AGM on 21 April 2011.

Internal audit

The Group has an internal audit department that reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of Anglo American's operations.

The head of internal audit is responsible for reporting and following up on the findings of this internal audit work to local management and the Audit Committee on a regular basis. Internal audit teams operated in all the Group's principal divisions in the period under review, reporting findings to local senior management. The internal audit function's mandate and annual audit coverage plans were approved by the Audit Committee.

The internal audit activities are performed by teams of appropriate, qualified and experienced employees, supplemented if necessary through the engagement of external practitioners upon specified and agreed terms. A summary of audit results and risk management information was presented to the Committee and Group senior management at regular intervals throughout the year. The Group's head of internal audit reports to the Audit Committee on the internal audit function's performance against the agreed internal audit plan.

During 2010, over 400 audit projects were completed covering a variety of financial, operational, strategic and compliance related business processes across all business units and functions. In addition, the internal audit department responded to a number of management requests to investigate alleged breaches of our business principles.

EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

The GMC, as mandated by the Board, maintains a Group-wide system of internal control to manage significant Group risks. This system, which has been operating throughout the year and to the date of this report, supports the Board in discharging its responsibility for ensuring that the wide range of risks associated with the Group's diverse international operations is effectively managed in support of the creation and preservation of shareholder wealth. Where appropriate, necessary action has been or is being taken to remedy any failings or weakness identified from review of the effectiveness of the internal control system.

Internal control

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of board assurance. In addition, certain board committees focus on specific risks such as safety and capital investment and provide assurance to the Board. The chief financial officers of the Group's business units provide confirmation, on a six monthly basis, that financial and accounting control frameworks have operated satisfactorily. The Board also receives assurance from the Audit Committee, which derives its information, in part, from regular internal audit reports on risk and internal control throughout the Group and external audit reporting. The Group's internal audit function has a formal collaboration process in place with the external auditors to ensure efficient coverage of internal controls. The Anglo American internal audit function is responsible for providing independent assurance to executive management and the Board on the effectiveness of the risk management process throughout the Group.

Anglo American seeks to have a sound system of internal control, based on the Group's policies and guidelines, in all material associates and joint ventures. In those companies that are independently managed, as well as joint ventures, the directors who are represented on these organisations' boards seek assurance that significant risks are being managed.

Assurance regarding the accuracy and reliability of mineral resources and ore reserves disclosure is provided through a combination of internal technically proficient staff and independent third parties.

Risk management

The Board's policy on risk management encompasses all significant business risks to the Group, including:

- Financial
- Operational
- Compliance risk

which could undermine the achievement of business objectives.

This system of risk management is designed so that the different businesses are able to tailor and adapt their risk management processes to suit their specific circumstances. This flexible approach has the commitment of the Group's senior management. There is clear accountability for risk management, which is a key performance area of line managers through the Group. The requisite risk and control capability is assured through Board challenge and appropriate management selection and skills development. Managers are supported in giving effect to their risk responsibilities through policies and guidelines on risk and control management. Support through facilitated risk assessments is provided by a central team responsible for ensuring a robust process is implemented for risk management. During 2010, over 100 separate risk assessment workshops were conducted reviewing:

- Risk in business unit strategies
- Risks to achieving mine plans
- Risks in capital projects
- Risks to key change programmes

The results of these risk assessments were reported to senior management and the Audit Committee. The process of risk management is designed to identify internal and external threats to the business and to assist management in prioritising their response to those risks. Continuous monitoring of risk and control processes, across headline risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to business management and boards, ExCo, the Audit Committee and the Board.

Some of the headline risk areas, which have been elaborated upon in the financial review, set out on pages 46 to 53 are:

- Commodity price risk
- Political risk
- Counterparty risk
- Infrastructure and operational performance risks

The risk assessment and reporting criteria are designed to provide the Board with a consistent, Group-wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness.

In conducting its annual review of the effectiveness of risk management, the Board considers the key findings from the ongoing monitoring and reporting processes, management assertions and independent assurance reports. The Board also takes account of material changes and trends in the risk profile and considers whether the control system, including reporting, adequately supports the Board in achieving its risk management objectives.

During the course of the year the Board considered the Group's responsiveness to changes within its business environment. The Board is satisfied that there is an ongoing process, which has been operational during the year, and up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group. This includes social, environmental and ethical risks as highlighted in the Disclosure Guidelines on Socially Responsible Investment issued by the Association of British Insurers. A detailed report on social, environmental and ethical issues is included in the Company's Sustainable Development Report 2010.

Accountability and audit

The Board is required to present a balanced and understandable assessment of Anglo American's financial position and prospects. Such assessment is provided in the Chairman's and Chief executive's statements and the Operating and financial review of this Annual Report. The respective responsibilities of the directors and external auditors are set out on pages 116, 118 and 119. As referred to in the Directors' report, the directors have expressed their view that Anglo American's business is a going concern.

Whistleblowing programme

The Group has had in place for a number of years a whistleblowing programme in all its managed operations. The programme, which is monitored by the Audit Committee, is designed to enable employees, customers, suppliers, managers or other stakeholders, on a confidential basis, to raise concerns in cases where conduct is deemed to be contrary to our values. It may include:

- Actions that may result in danger to the health and/or safety of people or damage to the environment
- Unethical practice in accounting, internal accounting controls, financial reporting and auditing matters
- Criminal offences, including money laundering, fraud, bribery and corruption
- Failure to comply with any legal obligation
- Miscarriage of justice
- Any conduct contrary to the ethical principles embraced in our Business Principles or any similar policy
- Any other legal or ethical concern
- Concealment of any of the above

The programme makes available a selection of telephonic, email, web-based and surface mail communication channels to any person in the world who has information about unethical practice in Anglo American and its managed operations. The multilingual communication facilities are operated by independent service providers who remove all indications from information received as to the identity of the callers before submission to designated persons in the Group.

During 2010, 313 reports were received via the global "Speakup" facility, covering a broad spectrum of concerns, including:

- Ethical
- Criminal
- Supplier relationships
- Health and safety
- Human resource-type issues

Reports received were kept strictly confidential and were referred to appropriate line managers within the Group for resolution. Where appropriate, action was taken to address the issues raised. The reports are analysed and monitored to ensure the process is effective.

REMUNERATION REPORT OF THE DIRECTORS

"It is important to ensure that levels of reward are competitive and support the achievement of high levels of performance, thus aligning the Company's need to attract and retain high-calibre executives with the shareholders' objective of long-term value creation"

Sir Philip Hampton
Chairman of the Remuneration Committee

IN THIS SECTION

1. REMUNERATION COMMITTEE

This report sets out the Company's remuneration policy and practice for executive and non-executive directors and provides details of their remuneration and share interests for the year ended 31 December 2010.

1.1 Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee (the Committee) is responsible for considering and making recommendations to the Board on:

- The Company's general policy on executive and senior management remuneration
- The specific remuneration packages for executive directors of the Company, including basic salary, performance-based short-term and long-term incentives, pensions and other benefits
- The remuneration of the chairman
- The design and operation of the Company's share incentive schemes

The full Terms of Reference of the Committee can be found on the Anglo American website (www.angloamerican.com) and copies are available on request.

The Committee met three times during 2010 and dealt with ad hoc items between formal meetings by 'round robin' resolutions.

1.2 Membership of the Committee

The Committee comprised the following non-executive directors during the year ended 31 December 2010:

- Sir Philip Hampton (chairman with effect from 22 April 2010)
- Sir Rob Margetts (resigned 22 April 2010)
- David Challen
- Sir CK Chow
- Jack Thompson (appointed with effect from 16 February 2010)
- Peter Woicke

The Company's chief executive attends the Committee meetings by invitation and assists the Committee in its deliberations, except when issues relating to her own compensation are discussed. No directors are involved in deciding their own remuneration. In 2010, the Committee was advised by the Company's Human Resources and Finance functions and, specifically, by Mervyn Walker and Chris Corrin. It also took external advice as shown in Figure 1. Certain overseas operations within the Group are also provided with audit related services from Deloitte's and PwC's worldwide member firms and non-audit related services from Mercer's worldwide member firms.

A summary of the letter from Mercer Limited containing the conclusions of their review of the Committee's executive remuneration processes for 2010 can be found on page 110.

2. REMUNERATION POLICY ON EXECUTIVE DIRECTOR REMUNERATION

The Company's remuneration policy is formulated to attract and retain high-calibre executives and to motivate them to develop and implement the Company's business strategy in order to optimise long-term shareholder value creation. The Committee intends that this policy will continue to apply for 2011 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- Total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives
- Incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests
- Incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle
- The design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk
- In considering the market positioning of reward elements, account will be taken of the performance of the Company and of the individual executive director
- Reward practice will conform to best practice standards as far as reasonably practicable

Representatives of the Company's principal investors are consulted on material changes to remuneration policy.

3. ELEMENTS OF EXECUTIVE DIRECTOR REMUNERATION

3.1 Remuneration mix

Each executive director's total remuneration consists of salary, annual bonus, long-term incentives and benefits. An appropriate balance is maintained between fixed and performance-related remuneration and between elements linked to short-term financial performance and those linked to longer-term shareholder value creation.

Assuming on-target performance, the Committee's policy is that at least 50% (60% for Cynthia Carroll) of each executive director's remuneration is performance-related. In 2010, 72% of the chief executive's and 71% of the finance director's remuneration on an expected-value basis was performance-related as shown in Figure 2 on page 100.

The Bonus Share Plan (BSP) and the Long Term Incentive Plan (LTIP) are designed to align the longer-term interests of shareholders and executives and to underpin the Company's performance culture. The Committee monitors the relevance and appropriateness of the performance measures and targets applicable to both plans. Further details of the BSP and the LTIP are set out on pages 100 to 103.

Incentive levels are set taking account of the median expected value of long-term incentives relative to other companies of a similar size.

Shareholder approval for the current LTIP expires in May 2011 and a new LTIP will be put to shareholders at the AGM in April 2011. The Committee therefore decided in the second half of 2010 that this was a sensible point at which to review the current short- and long-term incentive levels of executives to ensure that they remain market competitive. PwC were retained to provide external advice in this respect.

The review found that the incentive opportunity for executives had fallen to levels that were uncompetitive when measured against FTSE 30 market practice. Whilst sensitive to shareholder concerns about the use of benchmarking in setting remuneration levels, the Committee feel it necessary to ensure that incentive levels remain appropriate to attract, retain and incentivise the senior management of a geographically diverse and operationally complex group. The recommendations from this review ('the Review') are set out in more detail under the relevant remuneration headings below. It is expected that the incentive opportunities proposed will remain in effect for the foreseeable future.

3.2 Basic salary

The basic salary of the executive directors is reviewed annually and is targeted at the market median of companies of comparable size, market sector, business complexity and international scope. This is adjusted either way based on experience and other relevant factors. The market for executives of main-board calibre, in large international mining companies in particular, has continued to be very competitive in recent years and it is therefore deemed sensible to position basic salary for executive directors at no lower than the median point. Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year.

Figure 1: External advice provided to the Committee

Advisers		Other services provided to the Company
PricewaterhouseCoopers LLP (PwC)	Appointed by the Company, with the agreement of the Committee, to provide specialist valuation services and market remuneration data	Investment advisers, actuaries and auditors for various pension schemes; advisers on internal audit projects; taxation, payroll and executive compensation advice
Linklaters LLP (Linklaters)	Appointed by the Company, with the agreement of the Committee, to provide legal advice on long-term incentives and directors' service contracts	Legal advice on certain corporate matters
Mercer Limited (Mercer)	Engaged by the Committee to review the Committee's processes on an annual basis, in order to provide shareholders with assurance that the remuneration processes the Committee has followed are in line with stated policy and that the Committee has operated within its Terms of Reference	Investment advisers and actuaries for various pension schemes
Deloitte LLP (Deloitte)	–	In their capacity as Group auditors, Deloitte undertake an audit of sections 10 and 11 of the remuneration report annually. However, they provide no advice to the Committee

The Review found that basic salaries were fairly positioned against the FTSE 30 and that there was no need for any fundamental realignment of executive director salaries. Accordingly, basic salary increases for executive directors with effect from January 2011 were limited to an inflation adjustment in line with the general salary review for the broader employee population.

3.3 Bonus Share Plan (BSP)

The BSP was first operated in 2004 and all executive directors are normally eligible to participate in it.

The BSP requires executive directors to invest a significant proportion of their remuneration in shares, thereby more closely aligning their interests with those of shareholders, and encourages management at all levels to build up a meaningful personal stake in the Company. Awards under the BSP are not pensionable, are made annually and consist of three elements:

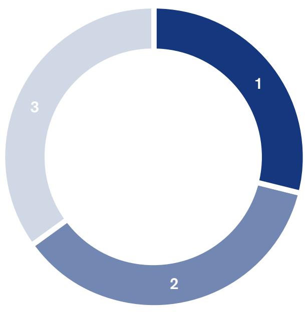
- A performance-related cash element
- Bonus Shares as a conditional award, normally to a value equal to the cash element
- An additional performance-related element in the form of Enhancement Shares

The award and matching levels are summarised in Figure 3. The BSP operates as follows:

- The value of the bonus is calculated by reference to achievement against annual performance targets which include measures of corporate (and, where applicable, business unit) performance as well as the achievement of specific individual objectives. For executive directors, the corporate element is based on stretching earnings per share (EPS) targets which are calculated using underlying earnings (reconciled in note 13 of the financial statements). The key individual objectives are designed to support the Company's strategic priorities and in 2010 included cost and asset optimisation, project execution, portfolio restructuring, strategic initiatives, organisational structure and capabilities, CSR initiatives and safety improvements
- The Committee reviews these measures annually to ensure they remain appropriate and sufficiently stretching in the context of the broader macro-economic outlook and more specific performance expectations for the Company and its operating businesses
- In 2010, 50% of each annual bonus was based on the corporate financial measure and the remaining 50% on key personal performance measures. This split is designed to reflect the importance of the ongoing projects and strategic repositioning of the Group as well as the volatile nature of commodity prices with the implications of this on setting earnings targets. Bonus parameters are set on an individual basis and the level of bonus payable is reduced if certain overall safety improvement targets are not met
- In 2010 the maximum cash element was 75% of basic salary in the case of both Cynthia Carroll and René Médori. The Review found that the total incentive opportunity for executive directors had fallen below the median opportunity offered within FTSE 30 companies. Consequently, for 2011 the Committee is proposing to increase the maximum cash element from 75% to 87.5% of basic salary for executive directors

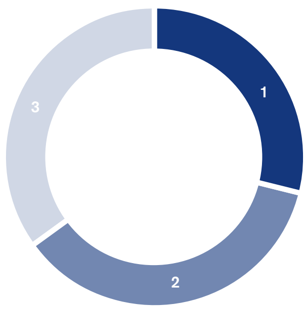
  Normally, half of any bonus earned is payable in cash and the other half is deferred into shares. The maximum bonus is payable only for meeting targets which, in the opinion of the Committee, represent an exceptional performance for the Group in the light of prevailing market conditions. The part of the bonus that is deferred is delivered in the form of a conditional award of Bonus Shares. These Bonus Shares vest only if the participant remains in employment with the Group until the end of a three-year holding period (or is regarded by the Committee as a 'good leaver'). As reported in 2009, the Committee concluded that the proportion of the bonus deferred into shares should be increased from 50% to 75% for a second year running to increase the alignment with shareholders' interests; the Committee will allow executive directors to elect to continue deferral of bonus up to these percentages from 2011 onwards
- From 2011 onwards, the Committee intends to apply a clawback of deferred Bonus Shares in the event that, during the relevant deferral period, the Committee becomes aware of a material error in the Company's results for the relevant bonus performance period
- Executive directors also receive a conditional award of Enhancement Shares at the same time as the award of Bonus Shares. The maximum potential, at face value, of the Enhancement Shares is 75% of the face value of the Bonus Shares. Awards of Enhancement Shares made in 2010 will vest after three years only to the extent that a challenging performance condition (based on earnings per share growth against growth in the UK Retail Price Index (RPI) – Real EPS growth) is met as shown in Figure 4. Real EPS growth is viewed as the most appropriate performance measure for this element of the BSP because it is a fundamental financial performance indicator, both internally and externally, and links directly to the Company's long-term objective of improving earnings. There is no retesting of this performance condition. Enhancement Shares will be subject to the same clawback provisions mentioned previously

Figure 2:
CEO – Expected values



1 Fixed 28%
2 Performance-related annual bonus 36%
3 Performance-related long-term incentive 36%

FD – Expected values



1 Fixed 29%
2 Performance-related annual bonus 36%
3 Performance-related long-term incentive 35%

The BSP targets have been approved by the Committee after reviewing performance over a number of years and have been set at a level which provides stretching performance levels for management.

The level of performance achieved and the proportion of awards vesting in respect of each performance period will be published in the subsequent remuneration report.

3.4 Share options and all-employee share schemes

No share options were granted in 2010 to executive directors under the Company's Discretionary Option Plan (DOP) and there is no intention to make future grants under the unapproved part of the DOP to executive directors. However, the DOP is retained for use in special circumstances relating to the recruitment or retention of key executives.

UK-based executive directors are eligible to participate in the Company's Save As You Earn scheme (SAYE) and Share Incentive Plan (SIP). Performance conditions do not apply to these schemes because they are offered to all UK-based employees.

Figure 3: Bonus Share Plan Summary

	Pre-2009	2009 and 2010	2011 proposed
Performance measures	50% corporate financial measure 50% key personal performance measure		
Maximum bonus (cash plus Bonus Shares)	150% of basic salary	150 % of basic salary	175% of basic salary
Delivery ratio			
Cash	50%	25%	25%/50%[1]
Bonus Shares	50%	75%	75%/50%[1]
Maximum Enhancement Share potential	75% of Bonus Shares, subject to a performance condition (EPS)		

[1] Subject to executive director election.

Figure 4: Vesting of Enhancement Shares

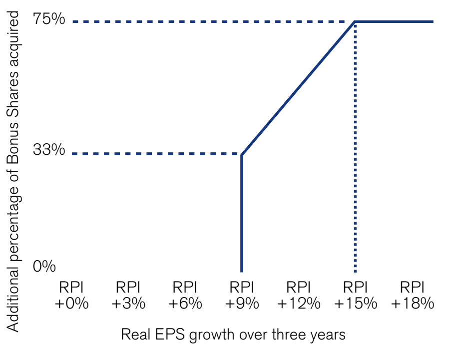


Figure 5: Long Term Incentive Plan Summary

	2010	2011 proposed
Maximum award level (% of basic salary)	200%	350%
Actual award level (% of basic salary)	200%	350% (CEO)
	200%	300% (FD)
Performance measures		
TSR – Sector Index	25% of award	25% of award
TSR – FTSE 100	25% of award	25% of award
AOSC	50% of award	50% of award
Maximum vesting of each element		
TSR – Sector Index	150%	100%
TSR – FTSE 100	150%	100%
AOSC	100%	100%

Figure 6: LTIP – Sector Index

	Mining	Industrial Minerals
Category weighting	94%	6%
Comparator companies	BHP Billiton plc	CRH plc
	Rio Tinto plc	Holcim Limited
	Teck Cominco Limited	Lafarge
	Vale	Heidelberg Cement
	Vedanta Resources plc	
	Xstrata plc	

Figure 7: LTIP – Sector Index comparison – 2010 awards and 2011 proposed awards

The Company's relative TSR compared with the Sector Index	2010 awards % proportion of total TSR element vesting	2011 proposed awards % proportion of total TSR element vesting
Below Target	0	0
Target (matching the weighted median of the Sector Index	20	15
Target plus 5% per annum	50	50
Target plus 7.5% per annum (or above)	75	50

3.5 Long Term Incentive Plan (LTIP)

At the AGM in April 2011, shareholders will be asked to approve a new LTIP to replace the existing LTIP, which will expire in mid-2011. The new LTIP will be broadly similar to the existing LTIP, except as described in the summary table, Figure 5, and the sections below.

Award levels

Conditional LTIP awards are granted annually to executive directors. The maximum award level under the current LTIP is 200% of basic salary. The Review's findings showed that this award level is well behind market practice for the FTSE 30 and, for the new LTIP, the Committee is proposing that the normal maximum award level be increased for 2011 to 350% and 300% of basic salary respectively for the chief executive and finance director, with an overall scheme maximum of 350% of basic salary. The Committee is satisfied that the performance conditions that need to be met for these awards to vest in full are sufficiently stretching in the context of the award levels. These awards are discretionary and are considered on a case-by-case basis.

Performance measures

As in previous years, vesting of the LTIP awards made during 2010 is subject to the achievement, over a fixed three-year period, of stretching Group performance targets.

Half of each award is subject to a Group Total Shareholder Return (TSR) measure, while the other half is subject to a Group operational measure. As set out in last year's report, the Committee examined the possible use of an Asset Optimisation Supply Chain (AOSC) efficiency measure in place of the return on capital employed metric. Following this review and dialogue with the Company's major investors, an AOSC measure was put in place in respect of the 2010 LTIP award for the first time. The performance measures for the 2011 LTIP award will be the same as those used in 2010. These measures are described in greater detail on the following page.

Figure 8: LTIP – FTSE 100 comparison – 2010 awards

The Company's relative TSR compared with the FTSE 100	2010 awards % proportion of total TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	20
Equal to the 90th percentile TSR of the FTSE 100	50
Above the 90th percentile TSR of the FTSE 100	75

Figure 9: LTIP – FTSE 100 comparison – 2011 proposed awards

The Company's relative TSR compared with the FTSE 100	2011 proposed awards % proportion of total TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	15
Equal to or above the 80th percentile TSR of the FTSE 100	50

These performance measures were selected on the basis that they foster the creation of shareholder value and their appropriateness is kept under review by the Committee. Taken as a whole, vesting depends on meeting a very challenging set of performance hurdles.

At the end of each performance period, the levels of TSR and AOSC performance achieved and the level of award earned will be published in the subsequent remuneration report. There is no retesting of the performance conditions.

The LTIP is intended closely to align the interests of shareholders and executive directors by rewarding superior shareholder returns and financial performance and by encouraging executives to build up a shareholding in the Company.

From 2011 onwards, the Committee intends to apply a clawback of conditional LTIP awards in the event that, during the relevant performance period, the Committee becomes aware of a material error in the Company's results for the relevant performance period.

Total shareholder return (TSR)
The Committee considers comparative TSR to be a suitable long-term performance measure for the Company's LTIP awards. Executives would benefit under this measure only if shareholders have enjoyed returns on their investment which are superior to those that could have been obtained in other comparable companies.

50% of the proportion of each award that is based on TSR is measured against the Sector Index and 50% is measured against the constituents of the FTSE 100. Maximum vesting of the TSR element of an award will be possible only if Anglo American outperforms by a substantial margin both the sector benchmark (as described in the following section) and the largest UK companies across all sectors.

Sector Index comparison
One half of the TSR element of an LTIP award vests according to the Company's TSR over the performance period, relative to a weighted basket of international mining companies (the Sector Index). The Committee may amend the list of comparator companies in the Sector Index, and relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies or significant changes in the composition of the Group). In calculating TSR it is assumed that all dividends are reinvested.

For awards made in 2010, the companies constituting the Sector Index were as shown in Figure 6 on page 101. Should the Tarmac Group be sold or demerged during the performance period relating to this award, the percentage attributable to Industrial Minerals will fall to zero.

Target performance for the Sector Index is assessed by calculating the median TSR performance within each sub-sector category, and then weighting these medians by the category weightings shown in Figure 6 on page 101. For 2010 and 2011 that part of any award that is contingent upon the Sector Index element of the TSR performance will vest as shown in Figure 7 on page 101. The outcome of the Review is that, for proposed awards in 2011 and onwards, threshold vesting would be reduced and maximum vesting would be capped at 50% (previously 75%). Shares will vest on a straight-line basis for performance between the levels shown in Figure 7 on page 101.

FTSE 100 comparison
The vesting of the other half of the TSR element of an LTIP award will depend on the Company's TSR performance over the performance period compared with the constituents of the FTSE 100 Index, as outlined in Figure 8 for awards in 2010 and Figure 9 for proposed awards for 2011 onwards. Again, threshold vesting would be reduced and maximum vesting would be capped at 50% (previously 75%) which would now occur at the 80th percentile (previously 90th). Shares will vest on a straight-line basis for performance between the levels shown in Figures 8 and 9.

The targets were calibrated such that for the TSR elements of the award there is approximately a 15% chance of achieving full vesting and a 25% chance of three-quarters vesting. These probabilities were assessed by PwC using the same Monte Carlo model used for calculating fair values of the LTIP under IFRS 2 (Share-based Payments). The estimated average fair value of an award under the TSR element using these proposed targets is 60% of the face value (this is lower than for the 2010 LTIP targets which had a maximum vesting percentage of 150% and a fair value of 50% of the maximum number of shares that could vest).

Graphs showing the Company's TSR performance against the weighted average of the Sector Index and against the FTSE 100 for the five years from 1 January 2006 to 31 December 2010 can be found in Figure 14 on page 104.

Asset Optimisation and Supply Chain
AOSC is the second performance measure for LTIP awards. The Company's AOSC programmes strive to unlock value from the Company's assets in a sustainable way through structured Group-wide programmes aimed at reducing costs, increasing volumes and improving overall operational efficiencies. In 2010, the Group's AOSC programmes delivered $2.5 billion of benefits from the core businesses ($3.0 billion from the total Group),

Figure 10: LTIP – AOSC targets

	Value delivered $ bn
Minimum AOSC Target	5.13
Maximum AOSC Target	6.27

Figure 11: LTIP – AOSC vesting

	% proportion of AOSC element vesting
Below or equal to the Minimum AOSC Target	0
Equal to or greater than the Maximum AOSC Target	100

representing the additional operating profit and capital expenditure savings realised in the year, over and above the performance expected had the programmes not been initiated. These benefits are valued employing 2010 commodity prices and exchange rates.

Tying the AOSC measure directly to a meaningful portion of executives' incentive pay reflects the importance of the AOSC initiative in delivering increased value to shareholders, as evidenced by the very significant and stretching level of the targets. The adjudication of targets will be reviewed by internal audit and reported at the end of each performance period.

The proportion of shares vesting based on AOSC will vary according to the aggregate AOSC value delivered over the performance period. Unless a certain minimum value target is met, no shares will vest under this performance measure. The maximum AOSC target is based on a stretching level of value delivered.

The targets for the AOSC element of the 2010 conditional award are shown in Figure 10.

The AOSC element of the award vests as shown in Figure 11.

Shares will vest on a straight-line basis for performance between the Minimum AOSC Target and the Maximum AOSC Target.

3.6 Vesting of share incentives in the event of change of control or termination of employment

In the event of a change of control of the Company, the following provisions apply under the Company's incentive plans:

- The number of shares that vest under the LTIP will be calculated by reference to the extent to which the applicable performance conditions have been met at the time of the change of control
- The Bonus Shares awarded under the BSP will be released and the Enhancement Shares awarded under the BSP will only vest to the extent that the performance condition has been met at the time of the change of control
- Share options granted under the DOP or under the Company's legacy Executive Share Option Scheme (ESOS) may be exercised irrespective of whether the applicable performance conditions have been met
- SAYE options may be exercised (to the extent of savings at the date of exercise)
- Participants in the SIP may direct the SIP trustee as to how to deal with their shares

In the event that an executive director's employment is terminated, vesting of any outstanding share options under the DOP or under the ESOS is dependent upon the reasons for termination. Performance conditions fall away in the event of redundancy. However, if the director resigns voluntarily, then all such options lapse unless the Committee determines otherwise.

In the case of LTIP awards, the Committee would normally exercise its discretion when an executive director's employment ceases as follows: if the director resigns voluntarily, then his/her interests lapse. If he/she retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', vesting on leaving is based on the normal performance criteria at the time of leaving and then pro rated for the proportion of the performance period for which the director served.

In the case of the BSP, if an executive director ceases to be employed before the end of the year in respect of which the annual performance targets apply, then no award will be made unless the Committee determines otherwise (taking into account the proportion of the year for which the director was an employee of the Group and of performance to date against the annual performance targets at the date of cessation). If a director resigns voluntarily before the end of the three-year vesting period, the Bonus Shares lapse and awards of Enhancement Shares are forgone. If a director retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', Bonus Shares already awarded will be transferred as soon as practicable after the date of leaving. Enhancement Shares will vest only to the extent that the performance condition has been met and if vesting is accelerated to the time of leaving will be pro rated for the proportion of the performance period for which the director served.

3.7 Employee Share Ownership Trust and policy on provision of shares for incentive schemes

The Group has hitherto used an Employee Share Ownership Trust (the Trust) to acquire and hold shares for use in the operation of its share schemes. As at 31 December 2010, the Trust held 985 ordinary shares in the Company, registered in the name of Greenwood Nominees Limited. Shares held by the Trust are not voted at the Company's general meetings. It is the Company's current policy to meet the requirements of share incentive schemes by using a mix of Treasury Shares, shares from the Trust or by market purchases, as appropriate. The Company also has the necessary authorities to utilise newly issued shares if required.

3.8 Pensions

Details of individual pension arrangements are set out on page 107. The Review found that the current level of company pension contribution was in line with market practice and was not in need of change at present.

Executive directors (and UK employees more generally) have the option of all or part of their employer-funded defined-contribution pension contributions being paid as an alternative to an unregistered retirement benefits scheme (an EFRBS).

Since the inception of the new UK pensions regime applicable from 6 April 2006, the Committee has been prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that future pension benefits are reduced or cease to accrue and that a pension allowance be paid having the same value as the defined-contribution benefits forgone.

Similarly, the Committee is prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that supplementary pension contributions are made into their defined-contribution pension arrangements, in return for equivalent reductions in their future basic salaries and/or other elements of their remuneration.

3.9 Other benefits

Executive directors are entitled to the provision of a car allowance, medical insurance, death and disability insurance, social club membership and limited personal taxation/financial advice, in addition to reimbursement of reasonable business expenses. The provision of these benefits is considered to be market-competitive.

4. EXECUTIVE SHAREHOLDING TARGETS

Within five years of their appointment, executive directors are expected to acquire and maintain a holding of shares with a value of two times basic salary in the case of the chief executive and one and a half times (previously one times) basic salary in the case of any other executive director.

The Committee takes into consideration achievement against these targets when making grants under the Company's various long-term incentive plans.

5. EXTERNAL APPOINTMENTS

Executive directors are not permitted to hold external directorships or offices without the prior approval of the Board; if approved, they may each retain the fees payable from one such appointment. During the year ended 31 December 2010, Cynthia Carroll and René Médori each retained fees amounting to £90,000 and £66,000 respectively.

6. POLICY ON NON-EXECUTIVE DIRECTOR REMUNERATION

Non-executive director remuneration is approved by the Board as a whole on the recommendation of the chairman and executive directors.

The Company's policy on non-executive director remuneration is based on the following key principles:

- Remuneration should be:
  - sufficient to attract and retain world-class non-executive talent
  - consistent with recognised best practice standards for non-executive director remuneration
  - in the form of cash fees, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social security contributions) to acquire shares in the Company should the non-executive director so wish
  - set by reference to the responsibilities taken on by the non-executives in chairing the Board and its committees
- Non-executive directors may not participate in the Company's share incentive schemes or pension arrangements

It is the intention that this policy will continue to apply for 2011 and subsequent years, subject to ongoing review as appropriate.

The Board reviews non-executive directors' fees periodically to ensure that they remain market-competitive. Additional fees are paid to the chairmen of Board Committees and to the senior independent director (SID). Should non-executive directors acquire executive board roles within subsidiaries of the Company, then they might also receive additional remuneration from the relevant subsidiaries on account of these increased responsibilities. Non-executive directors' fees were last increased following a review in December 2009 (and took effect in January 2010). Fees will next be reviewed in December 2011.

7. CHAIRMAN'S FEES

The chairman's fees are reviewed periodically (on a different cycle from the review of other non-executive directors' fees). A recommendation is then made to the Board (in the absence of the chairman) by the Committee and chief executive, who will take external advice on market comparators.

As set out in last year's report, at the time of the chairman's appointment in August 2009, he received a restricted award of shares in the Company to a value of £500,000 which he undertook to match with his personal funds. The award will be released on the third anniversary of his appointment subject to his still being chairman.

Figure 12: Executive directors[1]

	Date of appointment	Next AGM re-election or election
Cynthia Carroll (chief executive)	15 January 2007	April 2011
René Médori (finance director)	01 June 2005	April 2011

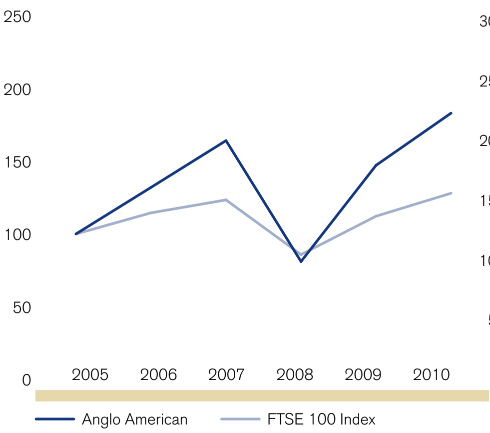
(1) At each AGM all directors shall retire from office.

Figure 13: Non-executive directors[1] [2]

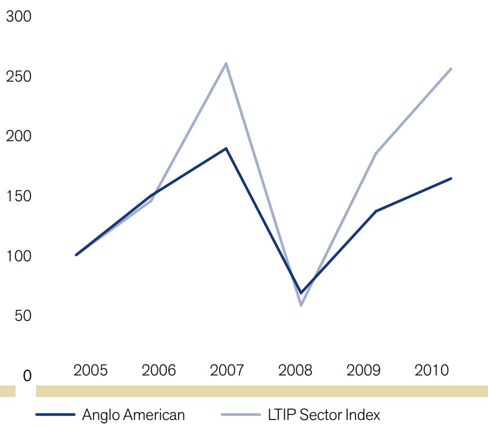
	Date of appointment	Next AGM re-election or election
Sir John Parker (chairman, AA plc and Nomination Committee)	09 July 2009	April 2011
David Challen (SID and chairman, Audit Committee)	09 September 2002	April 2011
Sir CK Chow	15 April 2008	April 2011
Chris Fay (retired 2010)	19 April 1999	n/a
Sir Philip Hampton (chairman, Remuneration Committee)	09 November 2009	April 2011
Sir Rob Margetts (retired 2010)	18 March 1999	n/a
Nicky Oppenheimer	18 March 1999	April 2011
Ray O'Rourke	11 December 2009	April 2011
Fred Phaswana (retired 2010)	12 June 2002	n/a
Mamphela Ramphele	25 April 2006	April 2011
Jack Thompson	16 November 2009	April 2011
Peter Woicke (chairman, S&SD Committee)	01 January 2006	April 2011

(1) At each AGM all directors shall retire from office.
(2) There is no fixed notice period; however, the Company may in accordance with, and subject to, the provisions of the Companies Act 2006, by Ordinary Resolution of which special notice has been given, remove any director from office. The Company's Articles of Association also permit the directors, under certain circumstances, to remove a director from office.

Figure 14: Historical comparative TSR performance graphs



Source: Thomson Datastream



Source: Thomson Datastream

The Committee concluded in December 2010 that it would be appropriate to offer Sir John a further share award to a value of £250,000 in the first quarter of 2011; the award would be released in full at the third anniversary of the grant subject to his still being chairman and would again be matched by Sir John progressively over the three-year period. This further share award was contemplated by the terms agreed on Sir John's appointment. Consultation with shareholders has taken place on this basis and it is intended to make the award shortly after the announcement of results.

8. DIRECTORS' SERVICE CONTRACTS

Cynthia Carroll and René Médori are employed by Anglo American Services (UK) Ltd (AAS).

It is the Company's policy that the period of notice for executive directors will not exceed 12 months and accordingly the employment contracts of the executive directors are terminable at 12 months' notice by either party.

The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the Company, nor for liquidated damages.

All non-executive directors have letters of appointment with the Company for an initial period of three years from their date of each appointment, subject to reappointment at the AGM as shown in Figure 13.

9. HISTORICAL COMPARATIVE TSR PERFORMANCE GRAPHS

The graphs shown in Figure 14 represent the comparative TSR performance of the Company from 1 January 2006 to 31 December 2010. In drawing up these graphs it has been assumed that all dividends paid have been reinvested.

The first graph shows the Company's performance against the performance of the FTSE 100 Index, chosen as being a broad equity market index which includes companies of a comparable size and complexity to Anglo American. This graph has been produced in accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

The second graph shows the Company's performance against the weighted Sector Index comparator group used to measure company performance for the purposes of the vesting of LTIP interests conditionally awarded in 2008. This graph gives an indication of how the Company is performing against the targets in place for LTIP interests already granted, although the specifics of the comparator companies for each year's interests may vary to reflect changes such as mergers and acquisitions among the Company's competitors or changes to the Company's business mix. TSR is calculated in US dollars, and the TSR level shown as at 31 December each year is the average of the closing daily TSR levels for the five-day period up to and including that date.

10. REMUNERATION OUTCOMES DURING 2010

The information set out in this section and section 11 has been subject to audit.

10.1 Directors' emoluments

Executive directors

Figure 15 sets out an analysis of the pre-tax remuneration during the years ended 31 December 2010 and 2009, including bonuses but excluding pensions, for individual directors who held office in the Company during the year ended 31 December 2010.

Non-executive directors

Figure 16 sets out the fees and other emoluments paid to non-executive directors during the year ended 31 December 2010 which amounted to £1,489,000 (2009: £1,260,000).

Figure 16:
Non-executive directors' emoluments(1)(2)

	Total 2010 £000	Total 2009 £000
Sir John Parker	650	273
David Challen	115	93
Sir CK Chow	80	65
Chris Fay	30	80
Sir Philip Hampton	90	10
Sir Rob Margetts	30	80
Nicky Oppenheimer(3)	88	72
Ray O'Rourke(4)	80	4
Fred Phaswana(3)	76	147
Mamphela Ramphele	80	65
Jack Thompson	80	9
Peter Woicke	90	65

(1) Each non-executive director, with the exception of Sir John Parker, was paid a fee of £80,000 (2009: £65,000) per annum, and those non-executive directors who act as chairmen of the Audit Committee, Safety and Sustainable Development Committee and Remuneration Committee were paid an additional sum of £15,000 (2009: £15,000) per annum. The chairman of the Nomination Committee was paid an additional sum of £7,500 (2009: £7,500) per annum. The senior independent director (SID) received additional fees of £20,000 per annum.
(2) In addition to the fees reported above for 2009, Sir Mark Moody-Stuart, who retired on 1 August 2009, received fees in 2009 of £264,000 and Karel Van Miert, who passed away on 22 June 2009, received fees of £33,000.
(3) Nicky Oppenheimer received fees for his services as a non-executive director of Anglo American South Africa Limited amounting to £8,000 (2009: £7,000), which are included in the above table. Fred Phaswana, who retired from the Board on 1 January 2010, was also the non-executive chairman of Anglo Platinum Limited until 31 August 2010 and of Anglo American South Africa until 30 September 2010 and received fees for these services amounting to £76,000 (2009: £80,000), which are included in the above table.
(4) Ray O'Rourke has instructed the Company that his net fees be donated to charity.

Figure 15: Executive directors' emoluments(1)

	Total basic salary(2) 2010 £000	Total basic salary(2) 2009 £000	Annual performance bonus – cash element(3) 2010 £000	Annual performance bonus – cash element(3) 2009 £000	Benefits in kind(4) 2010 £000	Benefits in kind(4) 2009 £000	Total 2010 £000	Total 2009 £000
Cynthia Carroll	1,125	1,103	411	372	37	144	1,573	1,619
René Médori	707	693	253	234	29	30	989	957

(1) In 2010, Cynthia Carroll and René Médori held non-executive directorships of Anglo Platinum Limited and René Médori held a non-executive directorship of Anglo American South Africa Limited. The fees for these directorships were ceded to their employer, AAS.
(2) AAS agreed with the executive directors that supplementary pension contributions be made into their defined-contribution pension arrangements in return for equivalent reductions in their basic salaries and in the cash elements payable under the BSP. The figures shown include these supplementary contributions.
(3) The split between the cash and share elements of the Bonus Share Plan is set out on page 100 and the above figures represent the elections made in 2011 by each executive director to defer 75% of their total bonus into shares.
(4) Each executive director receives a car allowance and a limited amount of personal taxation/financial advice; they also receive death and disability benefits and medical insurance.

Figure 17: Bonus Share Plan

BSP interests[1]	Total interest at 1 January 2010	Number of Bonus Shares conditionally awarded during 2010[2]	Number of Enhancement Shares conditionally awarded during 2010	Number of Bonus Shares vested during 2010[2]	Number of Enhancement Shares vested during 2010	Number of Enhancement Shares lapsed during 2010	Total interest at 31 December 2010	Market price at date of 2010 award £	Date of vesting of Bonus Shares awarded during 2010	End date of performance period for Enhancement Shares awarded during 2010
Cynthia Carroll[3]	140,793	46,902	35,176	(19,231)	–	–	203,640	23.80	01/01/2013	31/12/2012
René Médori	119,792	29,481	22,110	(27,728)	–	(12,889)	130,766	23.80	01/01/2013	31/12/2012

(1) The performance period applicable to each award is three years. Cynthia Carroll did not receive a BSP award in 2007 (in respect of the 2006 financial year) and consequently no shares vested in 2010. René Médori was awarded BSP shares in 2007 which vested in 2010.

Shares vested (2007 BSP Award)	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting £	Money value at date of vesting £
René Médori	15,640	09/03/2007	24.73	27.06	423,218

In the case of the BSP awards granted in 2007, the determinant for the vesting of Enhancement Shares was real EPS growth, based on earnings per share growth against growth in the UK Retail Price Index (RPI) over the performance period. 44% of the Enhancement Shares would vest if EPS growth was RPI+9%, and 100% would vest if EPS growth was RPI+15%. As the EPS growth was below the threshold target over the period, nil vesting of the Enhancement Shares occurred.

(2) Where permitted by finance legislation, awards of Bonus Shares under the BSP are granted as forfeitable shares, which would be forfeited in the event that an executive director leaves service, other than as a 'good leaver', before the shares are released. The number of Bonus Shares awarded in 2010 was reduced to meet income tax liabilities. The reduction in respect of Cynthia Carroll was 19,231 shares and in respect of René Médori was 12,088 shares (at a value of £529,419 and £332,776 respectively).

(3) In accordance with her terms upon joining, Cynthia Carroll was granted 132,718 forfeitable shares, in compensation for long-term incentives forgone at her previous employer. The market price of the shares at the date of this award was £24.91. These shares are forfeitable in the event that she leaves service before they are released to her. As a result of the share consolidation following the demerger of Mondi, 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares, of which 72,464 were released to her in February 2008, 24,155 were released to her in February 2009 and 24,154 were released to her in February 2010, as follows:

Interests	Beneficial interest in forfeitable shares at 31 December 2009	Number of forfeitable shares vested during the year	Number of forfeitable shares lapsed during the year	Beneficial interest in forfeitable shares at 31 December 2010	Latest performance period end date
Cynthia Carroll	24,154	24,154	–	–	n/a

Shares vested	Number of shares vested	Date of conditional award	Market price at date of award £	Market price at date of vesting £	Market value at date of vesting £
Cynthia Carroll	24,154	21/02/2007	24.91	26.66	643,945

Figure 18: Long Term Incentive Plan

LTIP interests[1][2]	Total beneficial interest in LTIP at 1 January 2010	Number of shares conditionally awarded during 2010	Number of shares vested during 2010	Number of shares lapsed during 2010	Total beneficial interest in LTIP at 31 December 2010	Latest performance period end date
Cynthia Carroll	262,295	87,582	(44,858)	(28,680)	276,969	31/12/2012
René Médori	168,885	55,040	(30,403)	(19,439)	174,083	31/12/2012

(1) The LTIP awards made in 2010 are conditional on two performance conditions as outlined on pages 101 to 103: the first is based on the Company's TSR relative to a weighted group of international mining companies and to the constituents of the FTSE 100; the second is based on the value delivered from AOSC initiatives during the medium term. Further details on the structure of the LTIP, the required level of performance for the 2010 award and how performance against targets is measured can be found on pages 101 to 103. The market price of the shares at the date of award was £25.69.

(2) The performance period applicable to each award is three years. The performance period relating to the LTIP awards in 2007 (which were granted on 23 March) ended on 31 December 2009. Vesting was subject to two performance conditions: the first based on the Company's TSR relative to a weighted group of international mining companies and the FTSE 100; the second based on an underlying operating measure which focused on improvements in the Company's ROCE in the medium term. Part of each award was based on the TSR measure and part on the operating measure. These awards are as follows:

Shares vested	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting	Money value at date of vesting £
Cynthia Carroll	44,858	23/03/2007	24.63	29.27	1,312,994
René Médori	30,403	23/03/2007	24.63	29.27	889,896

In the case of the LTIP awards granted in 2007, the determinants for vesting were 50% on relative TSR and 50% on meeting specified Group ROCE targets. The ROCE targets are a function of targeted improvement in returns on existing capital employed at the start of the performance period and targeted returns in excess of the cost of capital on new capital investment over that period. The entry-level target for any LTIP has been the actual return achieved on the capital employed, excluding capital work in progress, in the year immediately preceding the commencement of the performance period. In order to maintain the effectiveness of the plan in driving long-term performance, the actual returns in the final performance year are adjusted for movements in commodity prices, certain foreign exchange rate effects (e.g. translation windfalls), capital in progress (to reflect the fact that mines under construction absorb large amounts of capital before producing a return), relevant changes in the composition of the Group (e.g. significant acquisitions and disposals) and other one-off factors which would otherwise result in a misleading outcome.

The threshold blended target (i.e. the target on existing and new capital) for the performance period for the 2006 LTIP was 37.46% and the upper blended target 39.46%. The ROCE achieved was 43.20% and the outcome on this element of the LTIP was thus 100%. On the TSR measure, Anglo American achieved a TSR over the three-year performance period of -25% which generated a nil% vesting in terms of the 2006 Sector Index Comparator Group (against a median target of 23%) and a 44% vesting against the FTSE 100 (being between the 50th percentile and 90th percentile). The overall vesting level for those directors with a 50% Group ROCE, 25% Sectoral TSR and 25% FTSE 100 TSR split was therefore 61%.

Figure 19: Directors' share options

Anglo American options	Beneficial holding at 1 January 2010[1]	Granted	Exercised	Lapsed	Beneficial holding at 31 December 2010	Weighted average option price £	Earliest date from which exercisable	Latest expiry date
René Médori	951	–	–	–	951	17.97	1/9/2013	28/2/2014

(1) Beneficial holdings comprise SAYE options held in respect of shares by René Médori of 951 options with an option price of £17.97. The market price of the Company's shares at the end of the year and the highest and lowest mid-market prices during the period are disclosed in Section 10.4. There are no performance conditions attached to these options.

Figure 20: Defined contribution pension schemes

	Normal contributions[2] 2010 £000	2009 £000
Cynthia Carroll[1]	**338**	331
René Médori	**212**	208

[1] The contributions payable into pension arrangements for Cynthia Carroll amounted in 2010 to £199,000 (2009: £236,000), the balance being payable in the form of a cash allowance to an equivalent cost to the employer. The cost of this allowance is included in the pension figure above. The allowance does not form part of basic salary disclosed in the directors' emoluments table on page 105 nor is it included in determining awards under the BSP.

[2] Cynthia Carroll and René Médori contractually agreed with AAS that supplementary pension contributions should be made into their respective defined-contribution pension arrangements in return for reductions in their future basic salaries and reductions in the cash elements payable under the BSP. These supplementary contributions of £187,000 (2009: £nil) and £450,000 (2009: £nil) respectively, are included in Figure 15: Executive directors' emoluments on page 105.

Figure 21: Shares in Anglo American plc

As at 31 December 2010 (or, if earlier, date of resignation)

Directors	Beneficial	Conditional SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	51,787	707	276,969	89,661	113,979	–
René Médori[2]	89,811	706	174,083	57,575	73,191	–
Sir John Parker[3]	11,655	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Philip Hampton	1,200	–	–	–	–	–
Sir Rob Margetts[4]	15,638	–	–	–	–	–
Ray O'Rourke[5]	34,500	–	–	–	–	–
Nicky Oppenheimer[6]	31,457,017	–	–	–	–	–
Fred Phaswana[7]	13,610	–	–	–	–	–
Mamphela Ramphele	3,520	–	–	–	–	–
Jack Thompson[5]	5,000	–	–	–	–	–
Peter Woicke[5]	10,177	–	–	–	–	–

Footnotes are below figure 24 on the following page.

Figure 22: Shares in Anglo American plc

As at 1 January 2010

Directors	Beneficial	Conditional SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	14,433	573	262,925	61,990	78,803	24,154
René Médori[2]	66,082	591	168,885	55,822	63,970	–
Sir John Parker[3]	777	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Philip Hampton	637	–	–	–	–	–
Sir Rob Margetts[4]	15,030	–	–	–	–	–
Ray O'Rourke[5]	0	–	–	–	–	–
Nicky Oppenheimer[6]	33,557,017	–	–	–	–	–
Fred Phaswana[7]	13,610	–	–	–	–	–
Mamphela Ramphele	2,762	–	–	–	–	–
Jack Thompson[5]	2,500	–	–	–	–	–
Peter Woicke[5]	5,177	–	–	–	–	–

Footnotes are below figure 24 on the following page.

Figure 23: Shares in Anglo American plc
As at 1 January 2011

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	51,787	707	276,969	89,661	113,979	–
René Médori[2]	89,811	706	174,083	57,575	73,191	–
Sir John Parker[3]	11,655	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Sir Philip Hampton	1,200	–	–	–	–	–
Ray O'Rourke[5]	34,500	–	–	–	–	–
Nicky Oppenheimer[6]	31,457,017	–	–	–	–	–
Mamphela Ramphele	3,520	–	–	–	–	–
Jack Thompson[5]	5,000	–	–	–	–	–
Peter Woicke[5]	10,177	–	–	–	–	–

Footnotes are below Figure 24.

Figure 24: Shares in Anglo American plc
As at 18 February 2011

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	51,803	705	276,969	89,661	113,979	–
René Médori[2]	89,828	705	174,083	57,575	73,191	–
Sir John Parker[3]	12,387	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Sir Philip Hampton	1,452	–	–	–	–	–
Ray O'Rourke[5]	34,500	–	–	–	–	–
Nicky Oppenheimer[6]	31,457,017	–	–	–	–	–
Mamphela Ramphele	3,672	–	–	–	–	–
Jack Thompson[5]	5,000	–	–	–	–	–
Peter Woicke[5]	10,177	–	–	–	–	–

(1) Following her appointment as an executive director on 15 January 2007, Cynthia Carroll was granted 132,718 forfeitable shares conditional on her continued employment to the Group and in partial compensation for long-term incentives forgone at her previous employer. As a result of the share consolidation following the demerger of Mondi, 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares, of which 72,464 were released to her in February 2008, 24,155 were released to her in February 2009 and 24,154 were released to her in February 2010.
(2) René Médori's beneficial interest in 85,931 of the shares held at the date of this report arises as a result of his wife's interest in these shares.
(3) Following his appointment as chairman of the Company on 1 August 2009, John Parker was awarded 31,000 ordinary shares in the Company which will be released in full on the third anniversary of his appointment, subject to his continued chairmanship.
(4) Sir Rob Margetts' beneficial interest arises as a result of his wife's interest in these shares.
(5) Included in the interests of Messrs O'Rourke, Thompson and Woicke are unsponsored ADRs representing 0.5 ordinary shares of US$0.54945 each.
(6) N F Oppenheimer's interest in 31,456,927 of these shares held at the date of this report arises as a result of his beneficial interest in a discretionary trust which is treated as interested in 25,200,000 shares in which E Oppenheimer & Son Holdings Limited is treated as interested and 6,252,377 shares in which Central Holdings Limited is treated as interested. The 6,252,377 shares referred to are shares held by Debswana Diamond Company (Pty) Limited, in which N F Oppenheimer and Central Holdings Limited have no economic interest. His interest in 4,550 of these shares arises as a result of his wife's interest in a trust which has an indirect economic interest in those shares.
(7) Mr Phaswana retired from the Board on 1 January 2010.

10.2 Bonus Share Plan
Details of shares awarded under the BSP to executive directors during 2010 and their current holdings are shown in Figure 17 on page 106.

10.3 Long Term Incentive Plan
Conditional awards of shares were made in 2010 to executive directors under the LTIP as shown in Figure 18 on page 106.

10.4 Directors' share options
No executive share options have been granted to any director since 2003 as shown in Figure 19 on page 106.

The highest and lowest mid-market prices of the Company's shares during the period 1 January 2010 to 31 December 2010 were £33.86 and £22.54 respectively. The mid-market price of the Company's shares at 31 December 2010 was £33.86.

10.5 Share Incentive Plan (SIP)
During the year, Cynthia Carroll and René Médori purchased 58 and 57 shares under the SIP respectively, in addition to the shares held by them at 1 January 2010. If these shares are held for three years, they will be matched by the Company on a one-for-one basis, conditional upon the director's continued employment. In addition, Cynthia Carroll and René Médori were each awarded 104 free shares under the SIP in April 2010. Participants in the SIP are entitled to receive dividends on their shares.

The information provided in sections 10.2 to 10.5 is a summary. However, full details of directors' shareholdings and options are contained in the Register of Directors' Interests of the Company, which is open to inspection.

10.6 Pensions
10.6.1 Directors' pension arrangements
Cynthia Carroll and René Médori participated in defined contribution pension arrangements in terms of their contracts with AAS. In 2010, normal contributions were payable on their behalf at the rate of 30% of their basic salaries payable under these contracts.

10.6.2 Defined contribution pension schemes
The amounts payable into defined contribution pension schemes by the Group in respect of the individual directors were as shown in as shown in Figure 20 on page 107.

10.6.3 Defined benefit pension schemes
No director was eligible in 2010 for membership of any defined benefit pension scheme.

10.6.4 Excess retirement benefits
No person who served as a director of the Company during or before 2010 has been paid or received retirement benefits in excess of the retirement benefits to which he/she was entitled on the date on which benefits first became payable (or 31 March 1997, whichever is later).

11. SUMS PAID TO THIRD PARTIES IN RESPECT OF A DIRECTOR'S SERVICES

No consideration was paid to or became receivable by third parties for making available the services of any person as a director of the Company, or while a director of the Company, as a director of any of the Company's subsidiary undertakings, or as a director of any other undertaking of which he/she was (while a director of the Company) a director by virtue of the Company's nomination, or otherwise in connection with the management of the Company or any undertaking during the year to 31 December 2010.

12. DIRECTORS' SHARE INTERESTS

The interests of directors who held office during the period 1 January 2010 to 31 December 2010 in Ordinary Shares (Shares) of the Company and its subsidiaries were as shown in Figures 21 and 22 on page 107.

Figures 23 and 24 outline the changes in the above interests which occurred between 1 January 2011 and the date of this report.

APPROVAL

This directors' remuneration report has been approved by the Board of directors of Anglo American plc.

Signed on behalf of the Board of directors.

Sir Philip Hampton
Chairman, Remuneration Committee
18 February 2011

INDEPENDENT REMUNERATION REPORT REVIEW

This letter contains the findings and conclusions from our review of the processes followed by Anglo American's Remuneration Committee (the Committee) during 2010. The review was undertaken at your request as Chairman of the Committee in order to provide shareholders with assurance that the processes followed by the Committee supported the policy stated in Anglo American's Remuneration Report.

It is our view that the processes followed by the Committee during 2010 fully supported the Company's remuneration policy. Please find below a description of the process that we followed in coming to our conclusion, along with our detailed observations and recommendations.

REVIEW PROCESS

In order to reach our view we undertook the following:

- A review of the Committee's terms of reference
- A review of the minutes of the Committee covering the period from January to December 2010
- A review of any briefing materials prepared for the Committee during the year
- An interview with Chris Corrin in his capacity as Secretary to the Committee
- An interview with the Chairman of the Committee

FINDINGS

The Committee comprises entirely of independent non-executive directors. It met formally on three occasions in 2010.

We reviewed the minutes of each meeting along with any supporting papers or documentation that was tabled. We found that the decisions taken by the Committee were in line with Anglo American's stated remuneration policy namely that levels of reward, whilst competitive, require demanding performance conditions to be met which are consistent with shareholder interests. We are satisfied that the Committee closely adheres to the stated policy of setting base pay levels at the median of comparable companies, that at least 50% of remuneration for the executive directors is performance related and that variable pay is consistent with business performance, market conditions and retention of talent.

We are satisfied that the Committee challenges the proposals put forward by executive management and adopts a rigorous and robust approach to decision making.

We are also satisfied that the Committee seeks the advice of external consultants on technical issues where appropriate and gives careful consideration to the information and recommendations that it receives, before reaching an informed decision.

CONCLUSIONS

On the basis of the document review referred to above and the interviews with the Chairman and Secretary of the Committee, we are comfortable that the Committee has discharged its duties in line with the Policy of Executive Remuneration stated in Anglo American's Annual Report.

We note that in line with the requirements of the Combined Code the composition of the Committee including the chairmanship has been changed.

Yours sincerely

Mark Hoble
Partner
Mercer Limited
Tower Place
London EC3R 5BU

10 February 2011

DIRECTORS' REPORT

The directors have pleasure in submitting the statutory financial statements of the Group for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Anglo American plc is one of the world's largest mining companies, is headquartered in the UK and listed on the London and Johannesburg stock exchanges. Anglo American's portfolio of mining businesses spans precious metals and minerals – in which it is a global leader in both platinum and diamonds; base metals – copper and nickel; and bulk commodities – iron ore, metallurgical coal and thermal coal. Anglo American is committed to the highest standards of safety and responsibility across all its businesses and geographies and to making a sustainable difference in the development of the communities around its operations. The Company's mining operations and extensive pipeline of growth projects are located in southern Africa, South America, Australia, North America and Asia.

More detailed information about the Group's businesses, activities and financial performance is incorporated in this report by reference and can be found in the Chairman's and Chief executive's statements on pages 6 to 7 and 12 to 13 respectively and the Operating and financial review on pages 14 to 85. The Corporate governance statement is on pages 86 to 97 and is incorporated in this Directors' report by reference.

GOING CONCERN

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group financial performance review on pages 42 to 45. In addition, detail is given on the Group's policy on managing credit and liquidity risk in the Risk section on pages 46 to 53, with details of our policy on capital risk management being set out in note 25 to the financial statements. The Group's net debt at 31 December 2010 (including related hedges) was $7.4 billion (2009: $11.3 billion), representing a gearing level of 16.3% (2009: 28.7%). Details of borrowings and facilities are set out in notes 24 and 25 and net debt is set out in note 31.

The directors have considered the Group's cash flow forecasts for the period to the end of March 2012. The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Group will be able to operate within the level of its current facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

DIVIDENDS

An interim dividend of 25 US cents per ordinary share was paid on 16 September 2010. The directors are recommending that a final dividend of 40 US cents per ordinary share, be paid on 28 April 2011 to ordinary shareholders on the register on 1 April 2011, subject to shareholder approval at the Annual General Meeting (AGM) to be held on 21 April 2011. This would bring the total dividend in respect of 2010 to 65 US cents per ordinary share. In accordance with International Financial Reporting Standards (IFRS), the final dividend will be accounted for in the financial statements for the year ended 31 December 2011.

Two shareholders have waived their rights to receive dividends. In both cases, these shareholders act as trustees/nominees holding shares for use solely in relation to the Group's employee share plans. These shareholders and the value of dividends waived during the year were:

- Greenwood Nominees Limited $4,429.50
- Security Nominees Limited $354,828.25

SHARE CAPITAL

The Company's issued share capital as at 31 December 2010, together with details of share allotments during the year, is set out in note 29 on pages 157 to 161.

The Company was authorised by shareholders at the AGM held on 22 April 2010 to purchase its own shares in the market up to a maximum of 14.99% of the issued share capital. No shares were purchased under this authority during 2010. This authority will expire at the 2011 AGM and in accordance with usual practice a resolution to renew it for another year will be proposed.

MATERIAL SHAREHOLDINGS

Details of interests of 3% or more in the ordinary share capital of the Company are shown within the Shareholder information section of the Notice of Meeting booklet.

DIRECTORS

Biographical details of the directors currently serving on the Board are given on pages 88 and 89. Details of directors' interests in shares and share options of the Company can be found in the Remuneration report on pages 98 to 109.

Fred Phaswana retired from the Board on 1 January 2010. Sir Rob Margetts and Chris Fay retired from the Board at the conclusion of the AGM on 22 April 2010. Nicky Oppenheimer has indicated his intention to retire after the conclusion of the AGM on 21 April 2011. A tribute to Mr Oppenheimer is contained in the Chairman's statement on page 7.

SUSTAINABLE DEVELOPMENT

The Sustainable Development Report 2010 will be available in April 2011. This report focuses on the safety, sustainable development, health and environmental performance of the Group's managed operations, its performance with regard to the Company's *Good Citizenship: Our Business Principles*, and the operational dimensions of its social programmes.

PAYMENT OF SUPPLIERS

Anglo American plc is a holding company and, as such, has no material trade creditors. Businesses across the Group are responsible for agreeing the terms under which transactions with their suppliers are conducted, reflecting local and industry norms and group purchasing arrangements which may have been made with a supplier. The Group values its suppliers and recognises the benefits to be derived from maintaining good relationships with them. Anglo American acknowledges the importance of paying invoices, especially those of small businesses, promptly.

VALUE OF LAND

Land is mainly carried in the financial statements at cost. It is not practicable to estimate the market value of land and mineral rights, since these depend on product prices over the next 20 years or more, which will vary with market conditions.

POST-BALANCE SHEET EVENTS

Post-balance sheet events are set out in note 38 to the financial statements on page 168.

AUDIT INFORMATION

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that all directors have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

EMPLOYMENT AND OTHER POLICIES

The Group's key operating businesses are empowered to manage, within the context of the different legislative and social demands of the diverse countries in which those businesses operate, subject to the standards embodied in Anglo American's *Good Citizenship: Our Business Principles*. In 2009, after an extensive review, the Business Principles were updated.

Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- Adherence to national legal standards on employment and workplace rights at all times
- Adoption of fair labour practices
- Prohibition of child labour
- Prohibition of inhumane treatment of employees and any form of forced labour, physical punishment or other abuse
- Continual promotion of safe and healthy working practices
- Promotion of workplace equality and elimination of all forms of unfair discrimination
- Provision of opportunities for employees to enhance their work-related skills and capabilities
- Recognition of the right of our employees to freedom of association
- Adoption of fair and appropriate procedures for determining terms and conditions of employment

Further, the Group is committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or arbitrary barriers.

The Business Principles are supplemented by four Anglo American 'Way' documents, covering the safety, environmental, occupational health and social aspects of sustainable development. These set out specific standards for each of these subject areas.

Copies of the *Good Citizenship: Our Business Principles* and the Anglo American 'Way' documents are available from the Company and may be accessed on the Company's website at **www.angloamerican.com**

The Business Integrity Policy and Performance Standards set out how Group employees, business partners and major suppliers must act to ensure that our zero tolerance of corruption is upheld. During 2010, training was held at all Business Units for employees to embed knowledge of the policy as well as the recently enacted UK Bribery Act and how to behave in corruption risk situations. This training will be ongoing and mandatory for all senior levels and others where it is deemed appropriate.

The Group has a well-used enterprise information portal, theSource, which seeks to ensure that employees are regularly updated on developments within the Group, and feedback is encouraged. In addition, the Company regularly publishes Optima (available on the Company's website) and OurWorld, which contain items of news, current affairs and information relevant to Group employees.

CHARITABLE DONATIONS

During the year, Anglo American, its subsidiaries and the Anglo American Group Foundation made donations for charitable purposes or wider social investments amounting to $111 million (1.31% of operating profit from subsidiaries and joint ventures). Charitable donations of $0.8 million were made in the UK, of which the main categories were: education and training (43%) and community development (39%). These figures were compiled with reference to the London Benchmarking Group model for defining and measuring social investment spending. A fuller analysis of the Group's social investment activities can be found in the Sustainable Development Report 2010.

POLITICAL DONATIONS

No political donations were made during 2010. Anglo American has an established policy of not making donations to, or incurring expenses for the benefit of, any political party in any part of the world, including any political party or political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

ANNUAL GENERAL MEETING

The AGM will be held on 21 April 2011 when shareholders will have the opportunity to put questions to the Board, including the chairmen of the various committees. A separate booklet enclosed with this report contains the notice convening the meeting together with a description of the business to be conducted.

Facilities have been put in place to enable shareholders on the UK register to receive Company communications electronically rather than by mail and, for those unable to attend the meeting, to cast their votes by electronic means, including those shareholders whose shares are held in the CREST system.

In accordance with best practice, voting on each resolution to be proposed at the AGM will be conducted on a poll rather than by a show of hands. The results of the poll will be announced to the press and on the Company's website.

ELECTRONIC COMMUNICATIONS

As a result of the implementation of the electronic communications provisions in the Companies Act 2006, the Company has substantially reduced the cost of annual report production and distribution. Shareholders may elect to receive notification by email of the availability of the annual report on the Company's website instead of receiving paper copies.

ADDITIONAL INFORMATION FOR SHAREHOLDERS

Set out below is a summary of certain provisions of the Company's current Articles of Association (the Articles) and applicable English law concerning companies (the Companies Act 2006 (the Companies Act)) required as a result of the implementation of the Takeovers Directive in English law. This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Dividends and distributions

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25% interest or more (as defined in the Articles) if such a person has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Rights and obligations attaching to shares

The rights and obligations attaching to the ordinary and preference shares are set out in the Articles. The Articles may only be changed by the shareholders by special resolution.

Voting

Subject to the Articles generally and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any class of shares, on a show of hands every member who is present in person at a general meeting shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder. It is, and has been for some years, the Company's practice to hold a poll on every resolution at shareholder meetings.

Where shares are held by trustees/nominees in respect of the Group's employee share plans and the voting rights attached to such shares are not directly exercisable by the employees, it is the Company's practice that such rights are not exercised by the relevant trustee/nominee.

Under the Companies Act, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meeting as a corporate representative. The debate around s323 of the Companies Act has been resolved so that where a shareholder appoints more than one corporate representative in respect of its shareholding, but in respect of different shares, those corporate representatives can act independently of each other, and validly vote in different ways.

Restrictions on voting

No member shall, unless the directors otherwise determine, be entitled in respect of any share held by him/her to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings if any call or other sum presently payable by him/her to the Company in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he/she has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Issue of shares

Subject to the provisions of the Companies Act relating to authority and pre-emption rights and of any resolution of the Company in a UK general meeting, all unissued shares of the Company shall be at the disposal of the directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

Shares in uncertificated form

Directors may determine that any class of shares may be held in uncertificated form and title to such shares may be transferred by means of a relevant system or that shares of any class should cease to be so held and transferred. Subject to the provisions of the Companies Act, the CREST Regulations and every other statute, statutory instrument, regulation or order for the time being in force concerning companies and affecting the Company (together, the Statutes), the directors may determine that any class of shares held on the branch register of members of the Company resident in South Africa or any other overseas branch register of the members of the Company may be held in uncertificated form in accordance with any system outside the UK which enables title to such shares to be evidenced and transferred without a written instrument and which is a relevant system. The provisions of the Articles shall not apply to shares of any class which are in uncertificated form to the extent that the Articles are inconsistent with the holding of shares of that class in uncertificated form, the transfer of title to shares of that class by means of a relevant system or any provision of the CREST Regulations.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not than less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them.

Transfer of shares

All transfers of shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register. All transfers of shares which are in uncertificated form may be effected by means of the CREST system.

The directors may decline to recognise any instrument of transfer relating to shares in certificated form unless it:

(a) is in respect of only one class of share; and

(b) is lodged at the transfer office (duly stamped if required) accompanied by the relevant share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his/her behalf, the authority of that person so to do).

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of shares (not being fully-paid shares) provided that, where any such shares are admitted to the Official List of the London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly.

If the directors refuse to register an allotment or transfer, they shall send within two months after the date on which the letter of allotment or transfer was lodged with the Company, to the allottee or transferee, a notice of the refusal.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Directors
Directors shall not be less than ten nor more than 18 in number. A director is not required to hold any shares of the Company by way of qualification. The Company may by ordinary resolution increase or reduce the maximum or minimum number of directors.

Powers of directors
Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Company may by ordinary resolution declare dividends but no dividend shall be payable in excess of the amount recommended by the directors. Subject to the provisions of the Articles and to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be paid in such currency as the directors may determine. The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him/her to the Company on account of calls or otherwise in relation to shares of the Company. The directors may retain any dividends payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Appointment and replacement of directors
The directors may from time to time appoint one or more directors.

The Board may appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next AGM and shall then be eligible for election.

The Articles provide that at each AGM all those directors who have been in office for three years or more since their election or last re-election shall retire from office. In addition, a director may at any AGM retire from office and stand for re-election. However, in accordance with the UK Corporate Governance Code, all directors will be subject to annual re-election.

Significant agreements: Change of control
At 31 December 2010, Anglo American had committed bilateral and syndicated borrowing facilities totalling $14.4 billion with a number of relationship banks which contain change of control clauses. The ZAR 20 billion South African Medium Term Note Programme and $7.3 billion of the Group's bond issues also contain change of control provisions. In aggregate, this financing is considered significant to the Group and in the event of a takeover (change of control) of the Company, these contracts may be cancelled, become immediately payable or be subject to acceleration.

Purchases of own shares
At the AGM held on 22 April 2010, authority was given for the Company to purchase, in the market, up to 197.3 million Ordinary Shares of $54^{86}/_{91}$ US cents each. The Company did not purchase any of its own shares during 2010.

Indemnities
To the extent permitted by law and the Articles the Company has made qualifying third party indemnity provisions for the benefit of its directors during the year and which remain in force at the date of this report. Copies of these indemnities are open for inspection at the Company's registered office.

By order of the Board

Nicholas Jordan
Company Secretary
18 February 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.