

## Anglo American plc

### Remuneration Committee – Terms of Reference

The Remuneration Committee (the “Committee”) is a committee of the Board of Directors of Anglo American plc (the “Board”), from which it derives its authority and to which it regularly reports.

#### 1 Membership

**1.1** The Committee shall consist of not less than three Directors appointed by the Board on the recommendation of the Nomination Committee, all of whom shall be independent non-executive Directors

**1.2** The Chairman of the Committee shall be appointed by the Board. Before appointment as Chairman of the Committee, the appointee will have served on a remuneration committee for at least 12 months. The Group Chairman may serve as a member of the Committee, providing they were independent on appointment, but shall not chair it. In the absence of the Chairman of the Committee, or an appointed deputy, the remaining members present will elect one of themselves to chair the meeting.

**1.3** A Director may generally serve up to three terms of three years on the Committee as long as the Director remains an independent director.

**1.4** A Committee Secretary shall be nominated by the Committee.

#### 2 Terms of Reference

**2.1** The role of the Committee will be to work on behalf of the Board and be responsible to it for its recommendations. The Committee has authority to:

**2.1.1** determine the Company’s formal policy for the remuneration of the Chief Executive, the Chairman, the executive Directors, members of the Group Management Committee (“GMC”) and other Senior Management. (Senior Management for these purposes includes the Company Secretary and any other employee the Committee so determines);

**2.1.2** within the policy determine specific remuneration packages for executive Directors of the Company, members of the GMC and other Senior Management including, but not limited to, basic salary, performance-based incentives, share incentives, pensions, and other benefits;

**2.1.3** set the remuneration of the Chairman; and

**2.1.4** exercise any discretion to override formulaic outcomes from incentive arrangements, including but not limited to, where these are inconsistent with company performance or the experience of shareholders (either positively or negatively), and to recover and/or withhold an

unlimited portion of awards in circumstances where the Committee deem this to be appropriate.

**2.2** The Committee in carrying out its duties under these terms of reference will:

**2.2.1** have due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code, the Financial Conduct Authority's Listing Rules and associated guidance and the Large and Medium- sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended);

**2.2.2** be mindful that remuneration policies and practices should be demonstrably aligned with corporate objectives and business strategy, taking risks fully into account, and reviewed regularly;

**2.2.3** aim to give the executive Directors, members of the GMC and other Senior Management every encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions and performance, taking risks fully into account;

**2.2.4** be kept informed of relevant information for members of the GMC and other Senior Management and have oversight of all associated risks arising throughout the company as a result of remuneration;

**2.2.5** be kept informed of the approach to wider workforce remuneration, conditions, related policies and the alignment of incentives and reward with culture; and

**2.2.6** be kept informed of any changes of the annual pay budget.

**2.3** In particular the Committee will:

**2.3.1** monitor and review (at least annually) the terms and conditions of executive Directors' service agreements, taking into account information from comparable companies where relevant, and monitor and review the terms and conditions of GMC members' employment agreements as appropriate;

**2.3.2** monitor the total pay opportunities and pay outcomes for the executive Directors and their relationship to performance, annually and over time, and monitor the total pay opportunities and pay outcomes for members of the GMC as appropriate;

**2.3.3** consider specific remuneration packages for newly appointed executive Directors and members of the GMC and determine basic salary, benefits in kind, any annual bonuses, participation in any long term incentive plans and pension entitlements;

**2.3.4** ensure performance-related elements of remuneration are designed to enable the use of discretion over outcomes where these are excessive or inadequate and the recovery and/or withholding of awards in appropriate circumstances;

**2.3.5** determine any grants and payments to executive Directors, members of the GMC and other senior employees made pursuant to the Company's short and long term incentive plans, including the performance targets to be used;

**2.3.6** consult with the Chairman of the Board and Chief Executive in formulating the Committee's remuneration policy and when determining specific remuneration packages;

**2.3.7** ensure that all payments made to executive Directors and, where appropriate, former executive Directors, are in-line with the Company's latest approved remuneration policy as set out in the Directors' Remuneration Report;

**2.3.8** monitor pay differentials between executive Directors/members of the GMC and appropriate representative roles for UK-based employees;

**2.3.9** review the ongoing fairness, appropriateness and relevance of the remuneration policy and review remuneration outcomes in each financial year to ensure that they are appropriate;

**2.3.10** approve the policy for executive pension arrangements, service contracts and terminations, and to have regard for the recommendations contained in the UK Corporate Governance Code in structuring these;

**2.3.11** take note of workforce remuneration and related policies and the alignment of incentives and rewards with culture within the Group; and consider this when determining executive remuneration. Explain to the workforce how decisions on executive pay reflect wider pay policy.

**2.3.12** feedback to the Board on workforce reward, incentives and conditions to support the Board in its monitoring of whether company policies and practices support the Company's culture and strategy;

**2.3.13** engage as required with the wider workforce and shareholders on executive pay structures, with appropriate details disclosed in the annual report;

**2.3.14** agree the policy for authorising claims for expenses from the Chief Executive and Chairman of the Board;

**2.3.14** ensure that applicable provisions under relevant laws and regulations relating to disclosure are fulfilled including, but not limited to, a Directors' Remuneration Report that will include a description of the work of the Committee, and the Company's directors' remuneration policy ("Policy") (in years when the Policy is subject to a binding shareholder vote). The Directors' Remuneration Report, (excluding the Policy) will be subject to an annual advisory shareholder vote;

**2.3.16** be responsible for any appointment of a remuneration consultant, disclosing details of this arrangement in the annual report and to exercise independent judgement when evaluating the advice of external third parties and when receiving views from executive Directors and Senior Management;

2.3.17 co-ordinate all its activities with the Chairman of the Board and Chief Executive; and

2.3.18 ensure that the Chairman (or in his absence, an alternative member) of the Committee attends the Company's Annual General Meeting to answer questions concerning executive Directors' remuneration and maintains contact as required with the Company's principal shareholders about executive remuneration in the same way as for other matters.

2.4 The Committee will not determine the remuneration or terms of any consultancy arrangement of any non-executive Directors.

2.5 The broad framework and cost of executive remuneration should be a matter for the Board on the advice of the Committee.

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

3.1 Meetings of the Committee will be held at least twice a year as and when the Committee deems to be appropriate. Further meetings, including private meetings, may be called from time to time by any member of the Committee.

3.2 The quorum for decisions of the Committee shall be any two members present and voting on the matter for decision. In the absence of the Chairman of the Committee, present members shall elect a member who is present to chair the meeting.

3.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, the Chief Executive, the head of Human Resources and external advisers may be invited to attend for all or any part of any meeting as and when appropriate. No individual shall be involved in any decisions as to their own remuneration.

### **4 Proceedings**

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

4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members, as appropriate, at the same time.

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

### **5 Remuneration**

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

## **6 General**

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

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

**6.1.2** has authority to investigate any matters within its responsibilities and to have access to sufficient resource and obtain such information as it may require, from the Chief Executive, the head of Human Resources or the Committee Secretary as appropriate, or such other persons as they may respectively designate;

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

**6.1.4** may delegate its powers to such persons or sub-committees as it may consider appropriate; and

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

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

**6.3** The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

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

**Approved by the Board on 23 July 2019**