

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, budgets and material expenditure). For the full list, please see the Company's website.

 For more information visit www.angloamerican.com

Every year the Board holds a two day strategy meeting at which the non executive directors (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 92.

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.

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	–	3	–	All
Cynthia Carroll	No	All	–	All	–	–
René Médori	No	All	–	–	–	–
David Challen	Yes	All	All	–	All	All
Sir CK Chow	Yes	All	–	–	All	All
Sir Philip Hampton	Yes	All	All	–	All	–
Phuthuma Nhleko	Yes	All	All	–	–	–
Nicky Oppenheimer ⁽¹⁾	No	All	–	–	–	–
Ray O'Rourke	Yes	All	All	All	–	–
Mamphela Ramphele	Yes	4	–	2	–	2
Jack Thompson	Yes	All	–	All	All	–
Peter Woicke	Yes	All	–	All	All	All

⁽¹⁾ Meetings attended prior to retirement.

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, all of whom are independent according to the definition contained in the UK Corporate Governance Code (the Code). The independent directors are indicated within the table above, and full biographical details for each director are given on pages 90 and 91. The letters of appointment of the NEDs (as well as the executives' service contracts) are available for inspection at the registered office of the Company.

None of the NEDs has served concurrently with an executive director for more than nine years. David Challen and Peter Woicke have both been on the Board for over six years now and their re-appointments are subject to particularly rigorous review. The Board believes that both of them continue to display all of the qualities of independence pursuant to the criteria set out in the Code.

HOW DO WE PROMOTE EXCELLENCE IN THE BOARDROOM?

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 and resulting achievements from the internally facilitated 2010 board effectiveness review may be found on page 89. As previously noted, an external evaluation of the Board took place in 2011/2012 in accordance with the recommendations made in the Code and we will report on this next year. 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 discussions 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 NEDs prior to each board meeting. In order to facilitate openness and constructive debate between our executives and NEDs, we hold board dinners before board meetings where directors are encouraged to raise issues in an informal setting. These meetings provide an opportunity, *inter alia*, to discuss the performance of management and to air subjects outside the confines of the boardroom 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. Board papers are circulated one week before meetings. Messrs Beamish, Walker, Weston and Whitcutt attend all board meetings.

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, meetings are arranged with 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 throughout their tenure, 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 2011. Regular presentations are made to the Board by business management on the activities of operations.

The company secretary facilitates board training and during the year, directors attended courses on *inter alia*: investment, director professionalism and other general matters of interest to directors.

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

HOW DOES THE BOARD DEAL WITH CONFLICTS OF INTEREST?

If directors become aware that they have a direct or indirect interest in an existing or proposed transaction with Anglo American, they 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. During 2011, Nicky Oppenheimer recused himself from any discussion regarding the potential increase in the Company's interest in De Beers and David 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 conflicts register was updated and the conflict management procedures were adhered to and operated effectively.

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. The majority of the directors use the iPads for reviewing their board papers.

Images on opposite page

01 Jack Thompson and John MacKenzie at the Mantos Blancos mine in May 2011.

02/03/04/05 Directors visiting the Moranbah North Coal Mine, Australia in October 2011.