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ANGLO AMERICAN PLC

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Annual General Meeting
19th April 2022
Financial Year End: 31st December 2021

Proxies voted
The Ditikeni Trust
The Lewis Foundation

It is pleasing to read in the Integrated Annual Report (Report) that Anglo American (Anglo) is *Transforming the very nature of mining for a safer, smarter, more sustainable future*, providing … *many of the essential metals and minerals that are fundamental to the transition to a low carbon economy … in a way that not only generates sustainable returns for our shareholders, but that also strives to make a real and lasting positive contribution to society as a whole*. The Report states that the company supports *a 'Just Transition'*. We are concerned that the "dirty" (carbon intensive) assets comprising Anglo's coal mines were separated into another company which company may not be as committed to a sustainable future nor have the resources to ensure there is a Just Transition.

Unemployment in South Africa (SA) is a major concern and threat to social stability, it is therefore, disheartening to note the unexplained decline in employment by Anglo in SA from 44 700 in 2020 to 41 450 in 2021, a decline of 7.3%.

The Anglo CEO is the 4th highest paid CEO of companies listed in the (United Kingdom) UK, the company does (as required) list the ratio of median pay to highest paid but this applies to its UK employees only and does not take into account the pay of the miners in third world countries. The reported pay ratio is 139:1 but independent sources list the ratio as 275:1 – a major disparity. The Report does not disclose the number of employees, total employee costs or taxes paid in the UK. If we look at their European operations, the average salary is $190 417 per annum vs the average salary of a SA employee of $36 420 per annum. The pay ratio is much higher than we consider appropriate. Our emails to the company have not been answered.

The Report is well cross-referenced with hyperlinks which click through to the relevant page, unfortunately footnotes are not included on the relevant page and the hyperlink did not take this reader to the correct page. Despite the effort to make the Report readable on a computer screen, it continues to be laid-out in portrait format for printing rather than landscape format for a laptop screen. It is unacceptable that a proxy form is not included in the electronic notice (it is included in the hard copy notice) and that the transfer secretaries email addresses are not provided – only a telephone and fax number. The proxy form is not available on the company website and it took 2 weeks and numerous phone calls and emails before a copy of this form was sent to us.

	Resolution	Rationale	Vote	Outcome of AGM

	Ordinary Resolution			
1	To receive the financial statements of the Company and the Group and the reports of the directors and auditors for the year ended 31 December 2021	The Annual Financial Statements (AFSs) have been audited and the auditors note that the AFSs present a *true and fair view* of the company's finances and that they have been *properly prepared* in accordance with the relevant laws and standards.	FOR	FOR 99.9%
2	To declare a final dividend of 118 US cents per ordinary share	We support the payment of dividends provided the company has sufficient liquidity.	FOR	FOR 99.9
3	To declare a special dividend of 50 US cents per ordinary share	As above.	FOR	FOR 100%
	Election of Directors	It is appropriate, in considering the appointment of individual directors, that we first consider the overall composition of the board. The key factors which we consider are Independence, Continuity, Skills and Diversity. We are pleased to note the Chairman's statement that *we strive to maintain the right balance of experience, skills, continuity and diversity required to be successful*. The board comprises 10 Non-Executive Directors (NEDs) all of whom the company classifies as Independent – we found no reason to question this classification. Two directors step down at the AGM having served 9 years as directors. Thus, there will be 8 NEDs. There were 4 Executive Directors including the outgoing CEO and the new CEO. At the conclusion of the AGM there will be 3 Executive Directors. The board is relatively heavy on Executive Directors with 27% of directors being Executives. Continuity is of concern with average tenure of the NEDs after the changes above of less than 2 years. This will create a problem in the future unless it is addressed as directors are required to step down after 9 years' service and 5 of the 8 directors will be required to step down within a year of one another.		

	Resolution	Rationale	Vote	Outcome of AGM
		The concern around continuity is aggravated by the fact that a new CEO has been appointed but, from the point of view of continuity, we are pleased that this is an internal appointment. The range of skills is understandably, heavily weighted to mining experience and we have no major concerns regarding the skills mix of this board. The board is light on formal financial skills, but one of the new appointees has accounting qualifications. We are pleased to see the appointment of a director with renewable energy skills. Diversity is extremely important to South Africans and in particular racial diversity. After the changes above, we find: Women: Board 36%; Executive Directors 0%; Management 25% Black: Board 18%; Executive Directors 0%; Management 25% Nationality Board only: British 18%; American 27%; Australian 36%; SA 18%. A reasonably diverse board although it is light on black people and the management and executive directors are heavily weighted to white men, transformation at management level needs to be accelerated. We have no major concerns with the composition of this board, we would like to see more black people particularly in management and more women, again particularly in management. The very short average tenure of directors is of concern.		
4	To elect Ian Tyler as a director	Mr Tyler, 61, joined the board on 1 January 2022. We are pleased to see that he brings formal financial skills as we note above that the board is light on such skills. He is suitably skilled and experienced and we are pleased to note that he steps down as Chairman of a listed company in May 2022.	FOR	FOR 97.3%
5	To elect Duncan Wanblad as a director	Mr Wanblad, 55, will join the board in April 2022 as CEO. He is an internal appointment and given our concern on continuity, this is an advantage. Mr Wanblad is suitably skilled and experienced.	FOR	FOR 99.9%

	Resolution	Rationale	Vote	Outcome of AGM
6	To re-elect Ian Ashby as a director	Mr Ashby, 64, has been a director for 4 years and his attendance record for the year was impeccable. He is suitably skilled and experienced and is a director of 1 other company.	FOR	FOR 97.9%
7	To re-elect Marcelo Bastos	Mr Bastos, 59, has been a director for 4 years, his attendance record was impeccable and he is suitably skilled and experienced. He is a director of 2 other companies which is acceptable.	FOR	FOR 97.9%
8	To re-elect Elisabeth Brinton as a director	Ms Brinton, 51, joined the board in 2021 and her attendance record since then has been impeccable. She is suitably skilled and experienced and we are particularly pleased that she brings renewable energy experience to the board. We do have a concern that as a recently appointed Executive Vice President of Microsoft, her level of commitments could become a problem. We do not find this concern sufficient to oppose her appointment.	FOR	FOR 98.6%
9	To re-elect Stuart Chambers as a director	Mr Chambers, 65, has been a director for 4 years and is Chairman of the board. His attendance record is impeccable and he is suitably skilled and experienced.	FOR	FOR 94.5%
10	To re-elect Hilary Maxson as a director	Ms Maxson, 43, was appointed to the board in 2021 and her attendance record since then has been impeccable. She is suitably skilled and experienced.	FOR	FOR 99.3%
11	To re-elect Hixonia Nyasulu as a director	Ms Nyasulu, 67, has been a director for 2 years and her attendance record last year was impeccable. She is suitably skilled and experienced and is a director of 1 other listed company.	FOR	FOR 98.6%
12	To re-elect Nonkululeko Nyembezi as a director	Ms Nyembezi, 61, has been a director for 3 years and her attendance record last year was impeccable. She is suitably skilled and experienced and she steps down from her position as Chair of the listed JSE this year which is as it should be. She remains a director of 1 other listed company.	FOR	FOR 98.3%

	Resolution	Rationale	Vote	Outcome of AGM
13	To re-elect Tony O'Neill as a director	Mr O'Neill, 64, has been a director for 6 years. He is Technical Director and as such one of the Executive Directors. He is suitably skilled and experienced.	FOR	FOR 98.7%
14	To re-elect Stephen Pearce as a director	Mr Pearce, 57, has been a director for 5 years and is the CFO. He is suitably skilled and experienced.	FOR	FOR 99.1%
15	To re-appoint Pricewaterhouse Coopers LLP (PWC) as auditor	PWC have been auditors for 2 years. They are one of the big international audit firms and are suitably skilled and experienced. We support their reappointment.	FOR	FOR 99.2%
16	To authorise the directors to determine the remuneration of the auditor	The AFSs record that the audit fees increased from US$ 10.8m in 2020 to US$ 15.1m in 2021. An increase of approximately 40%. The audit committee gives no explanation for this extraordinary increase. The audit committee notes that *Non-audit fees represented 25% of the 2021 audit fee of $15.1 million*. However, note 37 of the AFSs states that the full amount of $15.1m was for audit fees. This is at best confusing. We do not support this resolution given the unexplained and extraordinary increase, and confusing explanations.	AGAINST	FOR 99.9%
17	To approve the implementation report section of the directors' remuneration report	Anglo is listed in the UK and therefore the Report complies with UK requirements. As such the company is not required to present the Remuneration Policy for shareholder approval this year, only the Remuneration Implementation requires approval. It is however, necessary to consider the policy to some extent in evaluating implementation. The Remuneration Committee (Remco) is undergoing considerable change with 2 of the 3 members stepping down and 2 new members being appointed. This is perhaps not the best planning. The latest CEO salary survey we could find was a 2020 report which placed the Anglo CEO as the 4th highest paid CEO of all listed companies in the UK. We find this excessive and against the principles of a Just Transition. The CEO's total remuneration increased by 5.3% largely due to an increase of 6.3% in variable remuneration.	AGAINST	FOR 94.8%

	Resolution	Rationale	Vote	Outcome of AGM
		We are pleased to note that the incoming CEO's salary will be lower than that of his predecessor by 13.25%, and his pension contribution will be 15% of salary rather than the current 18.34%. Nevertheless, the new CEOs salary will be considerably higher than the median salary of CEOs of top 100 companies in the UK and the reduced pension contribution is double the median contribution of UK companies. The current CEO's salary is 60% and 66% higher than that of the other executive directors. This is a very high differential. We noted in our introduction the huge disparities in income across the group and we consider the level of inequality unjustifiable. The Report notes that the outgoing CEO will be paid in lieu of notice for the period July 2022 to October 2022. It is not clear why he is being paid this amount given that it was announced in November 2021 that he would be retiring. Bonus targets and outcomes are clearly stated. We note that the work-related death during the period resulted in a 3.5% reduction in executive bonuses. The metrics and performance percentage of executives for the Annual Bonus (STI) is 75.2% and for the Long-Term Bonus (LTI) is 90%. However, this is then grossed up by the percentage of the Salary applicable to each bonus, which grossed up percentage is not clearly shown. Thus, in the case of the CEO the Annual Bonus is 75.2% of 210.5% of his annual salary or 157.92% of his annual salary. Similarly, his Long-Term Bonus is 90% of 300% or 270% of his annual salary. The disclosure is confusing and these are very high rewards.		

	Resolution	Rationale	Vote	Outcome of AGM
		All 3 executive directors had different personal targets, however the assessment for all 3 executives was identical at 90%. This does seem to be an extraordinary coincidence. We were unable to calculate how these various metrics arrived at the actual amount of the bonuses. The amount would have been significantly lower if the personal target assessment percentage was applied. In general, we found that the financial metrics had insufficient weighting against peer companies – ie. relative performance. Natural resources are subject to significant price swings resulting in large variations in executive remuneration unless these are rated against other companies in the same resources sectors. The growing inequality in South Africa and in the world must be of concern. With deepening poverty, the desired ESG principles cannot take root. Desperately poor people cannot be expected to be concerned with environmental issues. Anglo's executive remuneration at the 4th highest on the London Stock Exchange must be considered to be excessive.		
18a	To approve the Anglo American plc Share Ownership Plan 2022	The full document is not available to shareholders, we do appreciate the summary document but the full document should be available. Based on the summary document these awards appear to be highly discretionary with the following issues subject to Remco discretion: 1 the employees that are eligible for the award; 2 whether executive directors are eligible for the shares; 3 the number of shares awarded to employees; 4 any additional shares to be awarded; 5 vesting conditions or otherwise; 6 whether shares are conditional, or options or phantom shares;	AGAINST	FOR 98.5%

	Resolution	Rationale	Vote	Outcome of AGM
		The only thing that does not seem to be discretionary is that employees must remain in the employ of the company. The plan is limited to a 10year period and to a maximum of 10% of the issued share capital of the company. That is a lot of shares. No single employee may receive shares in any one year in excess of a value of £ 5 000. We support the principle of a share scheme for employees and recognise the value of such a scheme in retaining skilled staff. However, this scheme seems to be largely discretionary and we did not get a clear idea from the document of the intention of the scheme.		
18b	To authorise the directors to do all such acts and things as they may consider necessary or desirable to carry the Plan into effect	We oppose the plan as above.		
19a	To approve the Climate Change Report 2021	This is a non-binding advisory vote. *Tackling climate change is the defining challenge of our time* is the opening statement of this report. It is however, designed to be printed and not to be read on a computer screen which does send the wrong signal. The report provides the latest and prior year scope 1, 2 and 3 emissions and the target reduction as a percentage. It would be useful to provide a measure of how the company is performing against medium and longer-term targets. It is clear that a key element of Anglo's climate change strategy is divestment from carbon intensive operations such as coal mining. This shifts the problem off Anglo's reports but does not deal with it. The report includes good graphics of the sources of GHGs (Green House Gases) and of how the company will reach carbon neutrality.	FOR	FOR 94.2%

	Resolution	Rationale	Vote	Outcome of AGM
		This plan does include carbon offsets from 2029 – we do wonder why these offsets could not be started sooner. The most significant contributors to Anglo's emissions are electricity and fugitive methane. It is clear how the company intends to reduce its electricity dependence on fossil fuels but less clear how it intends to address the problem of fugitive methane. Given that 60% of Anglo's Scope 1 GHG emissions are from fugitive methane, we would like to see greater attention paid to this in the report and on the ground. They do note that their *goal is to develop … approaches to reduce … and feed collected methane into a power generation solution.* Commendable but we would like to see more urgency to this or an explanation of why it is will take so many years. The goal of using 100% renewable electricity in South America by 2023 is commendable. With regard to South Africa the report notes that their plan is to develop *a regional renewable energy ecosystem that would not only meet the full demand of Anglo American's operations in the region, but would also support the resilience of the local electricity supply systems and the wider decarbonisation of energy systems in South Africa*. This plan will make use of abundant sunshine and wind and they are considering pumped hydro storage. Commendable indeed. The company is testing the use of hydrogen powered trucks on its mines to reduce the use of diesel. This is all good but the big issue is how Anglo sees a just transition fitting in with its unbundling of its coal assets and its transition to renewable energy. Anglo states that it subscribes to a Just Transition and the definition thereof as *"The transformation of the global energy sector from fossil-based to zero-carbon in a way that is underpinned by attention to the issues of equity and justice."*		

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		What it does not satisfactorily explain is how the workers and dependent communities of the coal mines which it has unbundled from its operations will be treated in the event of those very mines being closed as Anglo, South Africa and the world transition away from coal. The Report does say that the balance sheet of the new coal company had sufficient resources for mine closures and that the community and employees now hold 10% of that company. We do not believe this will allow for a Just Transition. It is clear that South Africa's transition to renewable energy is being held back by concerns around just such a Just Transition and how workers and communities will survive. We have the same concern regarding Anglo's proposed sale/ unbundling of its Cerrejón operations in Columbia. Despite our reservations around a Just Transition, we support this resolution.		
19b	To approve that the Board will report on the Company's progress in achieving the plans set out in the Climate Change Report 2021 on an annual basis and issue an updated version of the report at least every three years	We support the requirement for the board to report back annually. We would prefer this resolution to be a binding resolution and not just an advisory.		
20	To resolve that the directors be authorised to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares	We do not support non-specific general resolutions for the issue and allotment of shares without adequate explanation and reasons for such a need. This resolution will *unconditionally* empower the directors to issue new shares up to 5% of the existing issued share capital and shall expire at the next AGM. The explanation states there are *no present plans to allot new shares.* We are not supplied sufficient explanation why the directors require this authority.	AGAINST	FOR 93.1%

	Resolution	Rationale	Vote	Outcome of AGM
	Special Resolutions			
21	To resolve that subject to the passing of resolution 20 above, the directors be authorised to allot shares wholly for cash and to sell treasury shares wholly for cash: a) in connection with a pre-emptive offer; and b) otherwise than in connection with a pre-emptive offer, up to a 2.5% of the total issued ordinary share capital	This resolution is dependent on the approval of resolution 20 above which we have opposed. The effect of this resolution is to exempt the company from a requirement to allow existing shareholders the right to subscribe for new shares thus preventing any dilution of their shareholding. The explanation to the resolutions states *The directors have no present intention of exercising this authority.*	AGAINST	FOR 94.8%
22	To resolve that the Company be authorised to make market purchases of ordinary shares of the Company provided that: a) the maximum number of ordinary shares authorised to be acquired is 200.5 million; b) the minimum price which may be paid for an ordinary share is 54 86/91 US cents; c) the maximum price which may be paid for an ordinary share is an amount equal to the higher of: (i) 105% of the average market quotation; and (ii) the higher of the price of the last independent trade and the highest current bid; and d) the authority shall expire at the Annual General Meeting in 2023	The resolutions above (20 and 21) give the directors the unconditional right to issue new shares. This resolution gives the directors the unconditional right to buy-back company shares up to 14.99% of the issued share capital. We do not support general repurchase resolutions as these are often prejudicial to minority interests. In addition, this is a very broad and general resolution.	AGAINST	FOR 88.8%

	Resolution	Rationale	Vote	Outcome of AGM
23	To resolve that a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice	This resolution reduces the notice period for a general meeting of shareholders from the statutory 21 days to 14 days. The company state this will not apply to an Annual General Meeting but only in such cases as there may be urgent business for the shareholders to address. We do not like this but reluctantly support this resolution.	FOR	FOR 68.9%

OUTCOME OF THE AGM

The meeting was not well attended by South African standards but with just under 70% of shares voted. All resolutions were passed with the highest level of resistance being the final resolution to reduce the notice period of general meetings to 14 days.

There is also some resistance to share repurchases which is not often seen in South Africa. Anglo's primary listing is in London.