

Lord Davies of Abersoch
House of Lords
London
SW1A 0PW

2nd September 2011

Dear Lord Davies,

Women on Boards Review

I refer to your letter dated 24th May 2011.

I write to confirm that this issue has been raised at both Board and at the Executive Committee level.

I attach a brief summary of the progress already made on each of the relevant points of your recommendations.

I have also taken the liberty of copying this letter to Professor Vinnicombe and Dr Sealy at Cranfield University as we understand they are collecting data on this subject with the aim of reporting their findings to you in October.

Yours sincerely,

Nick Jordan

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Copy: Sir John Parker (Chairman)
Cynthia Carroll (CEO)
Mervyn Walker (Group Director of HR and Communications)
Professor Susan Vinnicombe/Dr Ruth Sealy (Cranfield University School of Management)

THE DAVIES RECOMMENDATIONS

1. Goals

- (A) All chairmen of FTSE 350 companies should set out the percentage of women they aim to have on their boards in 2013 and 2015.

FTSE 100 boards should aim for a minimum of 25% female representation by 2015 and we expect that many will achieve a higher figure.

The Board has set the objective of increasing the percentage of women directors from 20% to circa 30% by the end of 2012.

- (B) Chairmen should announce their aspirational goals within the next six months (by September 2011).

Details were published in the 2010 Annual Report.

- (C) Also, we expect all chief executives to review the percentage of women they aim to have on their executive committees in 2013 and 2015.

Led by our Chief Executive, targets have been set in all our businesses and functions for the level of representation of women to be achieved by 2012 and 2014. These internal targets are in line with Lord Davies' recommendations.

2. Disclosure of Corporate Diversity

Quoted companies should be required to disclose each year:

- (A) the proportion of women on the board,

There are currently two women serving on the Anglo American Board (one of whom is CEO). There are nine men. This is disclosed in the Annual Report 2010 and such disclosure will of course continue in future Annual Reports.

- (B) women in senior executive positions, and

The percentage of women in management was disclosed in the Company's 2010 Sustainable Development Report. Reporting in future years will be enhanced to disclose the percentage of women in senior management.

- (C) female employees in the whole organisation.

The percentage of women in Anglo American's total workforce was disclosed in the Company's 2010 Sustainable Development Report and will continue to be reported in future years.

3. **Code Changes**

The Financial Reporting Council should amend the UK Corporate Governance Code to require listed companies to:

- (A) establish a policy concerning boardroom diversity (including measurable objectives for implementing the policy) and

Whilst this is a matter for the FRC, please note that Anglo American has already made such a disclosure in its 2010 Annual Report.

- (B) disclose annually:

- (i) a summary of the policy and
(ii) the progress made in achieving the objectives.

Anglo American will make such a disclosure in its 2011 Annual Report.

4. **Disclosure of Compliance**

- (A) Companies should report on the matters in recommendations 1, 2 and 3 in their 2012 corporate governance statement (whether or not the underlying regulatory changes are in place.)

Anglo American will comply with this recommendation.

- (B) In addition, Chairmen will be encouraged to sign a charter supporting the recommendations.

Anglo American's Chairman is supportive of the recommendations.

5. **Disclosure of Appointment Process**

In line with the UK Corporate Governance Code provision B.2.4. a separate section of the annual report should describe the work of the nomination committee, including the process it has used in relation to board appointments. Chairmen should disclose meaningful information about:

- (A) the company's appointment process and

Please note that Anglo American has already made such a disclosure in its 2010 Annual Report.

- (B) how it addresses diversity in the company's annual report (including a description of the search and nominations process.)

Please note that Anglo American has already made such a disclosure in its 2010 Annual Report.

6. **Investors**

Investors play a critical role in engaging with company boards.

Therefore, investors should pay close attention to recommendations 1 - 5 when considering company reporting and appointments to the board.

Whilst this is a matter for the investment community, Anglo American's transparent approach provides the information investors need to assess compliance with the recommendations.

7. Advertisements for NED Positions

We encourage companies periodically to advertise non-executive board positions to encourage greater diversity in applications.

The Company uses executive search firms to support the recruitment of non-executive directors against a clear specification of the candidate requirements and intends to continue with this approach.

8. Headhunter Code

Executive search firms should draw up a voluntary code of conduct addressing gender diversity and best practice which covers the relevant search criteria and processes relating to FTSE 350 board level appointments.

Anglo American has reviewed the policies of the executive search firms it uses for Board-level recruitment and has confirmed that they are in line with Lord Davies' recommendations.

9. Corporate and Non-Corporates

In order to achieve these recommendations, recognition and development of two different populations of women who are well-qualified to be appointed to UK boards needs to be considered:

Corporate

(A) executives from within the corporate sector, for whom there are many different training and mentoring opportunities; and

Anglo American has already completed an external global talent review of potential women candidates for board and senior executive roles. Their inclusion in the board nomination process has already been documented. Senior executive recruitment is managed by the HR Director and includes reference to this external talent pool as well as women in the Anglo American internal talent pool identified as part of the Company's existing talent and development processes.

Non-Corporate

(B) women from outside the corporate mainstream, including entrepreneurs, academics, civil servants and senior women with professional service backgrounds, for whom there are many fewer opportunities to take up corporate board positions.

As above (See 9.A), the external talent review includes potential women candidates from the non-corporate sector.

A combination of entrepreneurs, existing providers and individuals needs to come together to consolidate and improve the provision of training and development for potential board members.

10. **The Steering Board**

This steering board will:

- (A) meet every six months to consider progress against these measures and
- (B) report annually with an assessment of whether sufficient progress is being made.

Noted. Gender diversity is a significant area of focus for Anglo American and progress in improving diversity will be monitored regularly by the Executive Committee and also through a specific steering group focusing on all aspects of diversity.