

## NEWS RELEASE

24 April 2014

### **Anglo American plc Annual General Meeting – Address to shareholders**

Anglo American plc held its Annual General Meeting for shareholders in London today. Sir John Parker, Chairman, made the following remarks:

#### **Sir John Parker, Chairman, Anglo American plc:**

I want to start with Safety.

I have long admired the commitment of our people and the strenuous efforts they are making to make our Group injury-free. I am personally saddened when I have to report people losing their lives at any of our operations, and that last year 15 people lost their lives on company business. I speak for the whole Board in expressing our sympathy for those that have been bereaved. Encouragingly, however, Anglo American experienced an unprecedented four-month period, from the beginning of December through to end-March this year, without recording a fatal incident on site. Furthermore, lost-time injuries hit an all-time low in 2013, and I wish to reassure all of you that under Mark's leadership as our chief executive we will continue to strive unstintingly to achieve our goal of 'zero harm'.

In 2013, global economic growth faltered at around 3 per cent. In the mining industry, this was reflected in lacklustre demand and generally softer commodity prices, which came under further pressure from above-inflation cost rises, persistently low productivity and a spate of labour disputes.

Against this industry backdrop, Anglo American faced its share of operational challenges as we continued to restructure our Platinum business and pursue the turnarounds of copper in Chile, the Sishen iron ore mine in South Africa and our flagship diamond mine in Botswana. A recovery plan was also put in place at Nickel following the need to rebuild two furnaces at Barro Alto.

April last year saw a smooth and professional transition from Cynthia Carroll to Mark Cutifani as our new chief executive. Mark and his new top-management team have worked closely with our Board in finalising an agreed Group strategy and clear targets – Driving Value. At its heart we aim to shift the Group to achieve at least a 15% attributable return on capital employed by 2016 and place it on a sounder footing to deliver sustainable returns into the future.

It is involving, and will involve, cost reductions on a range of fronts, carefully phased expenditure on our pipeline of new projects, withdrawing from some longer-term future projects (as we have done with Pebble in Alaska), and being ready to exit those assets that cannot achieve the target returns. Mark, as the industry recognises, is a 'miner's miner' who brings his decades-long experience of mining at the sharp end with a relentless focus on improving the operational performance at all our assets, while also redesigning the organisation to be more effective and more efficient.

Mark will shortly update you, our shareholders, on progress in implementing the strategy and progress made to date in operational performances, including on major projects such as Minas-Rio. While risk is inherent in such a vast project, it remains on target for first ore on ship at the end of 2014 and within the expected capital budget.

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Registered office as above. Incorporated in England and Wales under the Companies Act 1985. Registered Number 3564138

Its completion will ease our capital commitments from 2015 onwards and should also ease the pressures on our free cash flow. The Board continues to exercise discipline and scrutiny of costs around capital expenditure – be it ‘stay in business’ capital or ‘expansion’ capital.

The improving trend in our operational performance during the second half of 2013 contributed to the delivery of a creditable financial performance – ahead of budget – for the year as a whole, with an increase in underlying operating profit and an improvement in our EBITDA margin.

The Board is proposing to shareholders today to maintain the dividend pay-out of 85 cents for the year. That we are able to do so during a period of substantial expenditure on major capital projects is a reflection of our focus on greater capital discipline, as well as our confidence in the underlying business and our determination to keep returns to shareholders competitive with those of our peers.

Coming to the Board... I know I regularly speak about this, but I do regard it as a prime responsibility of a chairman to be looking to continually refresh and strengthen the board of directors. I have been your chairman for approaching five years and during that time, up to the end of this AGM, there will have been a complete change in non-executive directors. I believe your current Board has the right mix of talent, with the appropriate bandwidth of skills and experience. This extends beyond mining to encompass a range of fields, including major-project management, engineering, finance, healthcare, corporate leadership and global business experience.

I’ll quickly go through the changes to the Board’s composition... Let me start with Mark Cutifani. When he stood up at the AGM last year, it was one of Mark’s first engagements as Anglo American’s Chief Executive, and I guess he was something of an unknown to many of you... Well, I think in his first year Mark and his executive team have done a great job in enhancing the efficiency of our operations, with the focus on improving day-to-day performance, stringent cost control and capital discipline. On the back of Mark’s Driving Value recovery programme, several assets are already showing good performance improvements.

Turning to the non-executive directors... several changes have taken place. Jack Thompson, who took over from Pieter Woicke at last year’s AGM, is doing a fine job as the new chairman of the Safety and Sustainable Development (S&SD) Committee.

Byron Grote, who has spent more than 30 years in the extractives industry, also joined the Board at the last AGM, and he takes over the chairmanship of the Audit Committee from David Challen who is standing down at today’s AGM.

On behalf of the Board, I wish to thank David for his utmost professionalism in this demanding role and his exceptional and dedicated service to the Board in general. I am pleased to say that we are retaining David in an advisory capacity.

Sir CK Chow also retires as a director today and I should like to acknowledge the important contribution he has made to our deliberations, particularly as a member of the Remuneration and Nomination committees.

In July last year, we appointed Dr Mphu Ramatlapeng to the Board and to the S&SD Committee. Mphu brings to our team a great deal of international board and governmental experience in both the public and private health sectors.

Jim Rutherford joined the Board in November and was also appointed to the S&SD Committee. Jim has more than 25 years’ experience in investment management and investment banking, both as an institutional investor and as an analyst. He brings considerable knowledge of the capital markets as well as a deep strategic understanding of the mining industry.

Most recently, in January this year, Judy Dlamini, a former medical practitioner and occupational-health specialist, who now chairs a leading South African pharmaceuticals company, became a director and a member of the Audit Committee. Judy has been a non-executive director on a major platinum board in South Africa for nine years and has extensive South African business experience. Unfortunately, Judy is not able to join us today as she sustained an injury and is therefore unable to travel right now. I hope you'll all join me in wishing her a speedy recovery.

I am pleased to report that at the end of today's AGM, 25% of our Board will be female, which is ahead, in time, of the aspirational 2015 targets set out by the Davies Committee, of which I have been a member.

In conclusion, I should like to say that your Board is very supportive of the Driving Value programme and the initiatives and changes Mark has put in place to bring this about. We are confident that Anglo American has entered a new era, and is now on a journey to emerge as a revitalised company over the next two to three years.

Thank you very much.