

Remuneration report

1. Remuneration Committee

This report sets out the Company's remuneration policy and practice for executive and non-executive directors and provides details of their remuneration and share interests for the year ended 31 December 2007.

1.1 Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee (the Committee) is responsible for considering and making recommendations to the Board on:

- the Company's general policy on executive and senior management remuneration;
- the specific remuneration packages for executive directors of the Company, including basic salary, performance-based short- and long-term incentives, pensions and other benefits; and
- the design and operation of the Company's share incentive schemes.

The full Terms of Reference of the Committee can be found on the Anglo American website www.angloamerican.co.uk and copies are available on request.

The Committee met four times during 2007.

1.2 Membership of the Committee

The Committee comprised the following non-executive directors during the year ended 31 December 2007:

- Sir Rob Margetts (chairman);
- David Challen;
- Chris Fay; and
- Sir Mark Moody-Stuart.

The Company's chief executive attends the Committee meetings by invitation and assists the Committee in its considerations, except when issues relating to her own compensation are discussed. No directors are involved in deciding their own remuneration. In 2007, the Committee was advised by Russell King and Chris Corrin (Group Human Resources) and the Company's Finance function. It also took external advice as shown in Figure 1.

Certain overseas operations within the Group are also provided with audit and non-audit related services from PwC's, Mercer's and Deloitte's worldwide member firms.

A summary of the letter from Mercer containing the conclusions of their review of the Committee's executive remuneration processes for 2007 can be found on page 83, while the full letter can be found on the Company's website.

2. Remuneration policy on executive directors' remuneration

The Company's remuneration policy is formulated to attract and retain high-calibre executives and to motivate them to develop and implement the Company's business strategy in order to optimise long-term shareholder value creation. The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests;
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Company and of the individual executive director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

Figure 1:

EXTERNAL ADVICE PROVIDED TO THE REMUNERATION COMMITTEE

Advisers	Services provided to the Committee	Other services provided to the Company
PricewaterhouseCoopers LLP (PwC)	Appointed by the Company, with the agreement of the Committee, to provide specialist valuation services	Investment advisers, actuaries and auditors for various pension schemes; advisers on internal audit projects and the adoption of International Financial Reporting Standards; taxation, payroll and executive compensation advice
Linklaters LLP (Linklaters)	Appointed by the Company, with the agreement of the Committee, to provide legal advice on long-term incentives and directors' service contracts	Legal advice on certain corporate matters
Mercer Limited (Mercer)	Engaged by the Committee to review the Committee's processes on an annual basis, in order to provide shareholders with assurance that the remuneration processes the Committee has followed are in line with the stated policy as set out below and that the Committee has operated within its Terms of Reference	Investment advisers and actuaries for various pension schemes
Towers Perrin	Appointed by the Company, with the agreement of the Committee, to provide market remuneration data	
Deloitte & Touche LLP (Deloitte)		In their capacity as Group auditors, Deloitte undertakes an audit of sections 10 and 11 of the remuneration report annually. However, they provide no advice to the Committee