

M E R G E N C E

6th Floor, The Equinox
cnr Main & Milton Road
Sea Point, 8005
Cape Town, South Africa

PO Box 8275, Roggebaai, 8012
Tel +27 21 433 2960
Fax +27 21 433 0675
www.mergence.co.za

The Board of Anglo American PLC
55 Marshall Street
Po Box 62179
Marshalltown
2107

11 April 2016

Mergence Voting at the ANGLO AMERICAN PLC AGM on 21 April 2016

To the Chairman of the Board,

Mergence Investment Managers represents clients who hold an aggregate 1 295 865 shares in Anglo American PLC.

We would like to inform you of Mergence Investment Managers decision to vote “against” ordinary resolutions numbered 16 and 17 as well as special resolutions numbered 18 and 20, at the ANGLO AMERICAN PLC AGM on 21 April 2016.

These votes are in accordance with Mergence’s proxy voting guidelines¹ as highlighted below.

“**Against**” vote on ordinary resolution 16 is guided by the following:

Mergence views the underlying 2015 EPS threshold of USD1.50 set for Bonus Share Plan awards as unduly low. Additionally, we believe the weighting of 50% for Personal/Strategic objectives for Bonus Share Plan awards is excessive given their subjective nature.

We disagree with the ROCE target range for Long Term Incentive Plan awards. We deem the 10%-14% range as insufficiently demanding. We also deem the maximum award under the Long Term Incentive Plan of “350% of salary” excessive.

“**Against**” vote on ordinary resolution 17 is guided by the following:

The placement of authorised but unissued shares under the control of directors can lead to dilution of existing shareholders and can result in wealth destruction. Mergence opposes all requests to place unissued shares under the control of directors (even where such allocation is limited to a specified percentage of issued share capital). Instead Mergence requires that they be entitled to vote on a case-by-case basis on specific resolutions requesting the authority to allot of shares such that the motivation for the issue of shares can be thoroughly assessed.

¹ Mergence’s Proxy Voting Guidelines are available on request.



M E R G E N C E

"Against" vote on special resolution 18 is based on the following:

This resolution is aimed at enabling the company to avoid having to conduct a rights offer to existing shareholders on a pro-rata basis. The effect of granting such a resolution would be to enable management to issue shares to a select group of investors thereby potentially concentrating voting power in a small group of investors, and/or potentially enabling management to utilise share issues to fend off take-over attempts to highlight two examples.

Mergence votes against waiving statutory pre-emption rights on similar voting grounds to that of placing unissued shares under the control of management.

"Against" vote on special resolution 20 is based on the following:

This resolution is aimed at reducing the notice period for general meetings to 14 days from 21 days. Mergence sees no reason to reduce this.

We are happy to engage on our reasons for these votes as well as any other issues of corporate governance with the board or management at any time.

Please note that we have sent instructions to our custodians to implement these votes at the AGM, this letter merely serves to inform the board of our vote and our reasons for voting as we have.

Kind Regards



Izak van Niekerk
Equity Analyst

