

**KUMBA IRON ORE LIMITED**  
**NOTICE OF ANNUAL**  
**GENERAL MEETING**  
7 AUGUST 2020

**RE-IMAGINING  
MINING TO  
IMPROVE  
PEOPLE'S LIVES**

## ENHANCING VALUE



### Front cover

1. Talkbox Talk at the Kolomela operation, featuring the safety trailer currently being used in the field.
2. A view of the Kolomela stack and reclaim stockyard at the plant. Ore is blended and stored in this facility before being loaded on trains at the load out station for export.
3. Kumba mine community project for the hydroponic vegetable farm at the community of Skeyfontein some 30km east of Postmasburg. Members of the communities pictured here are Lena Sebelego and Martha Sebelego.
4. Andre Witbooi, a plant maintenance operator at Kolomela, repairing a broken limiter on one of the belts of the stacker.
5. A view of the maintenance workshops at Kolomela.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given in terms of section 62(1) of the Companies Act No 71 of 2008, as amended (the Companies Act), that the fourteenth annual general meeting (AGM) of shareholders of Kumba Iron Ore Limited (Kumba or the Company) will be held in electronic format as provided for by the JSE Limited and in terms of the provisions of the Companies Act 71 of 2008, as amended and the Company's Memorandum of Incorporation at 12:00 (CAT) on Friday, 7 August 2020, or any adjournment or postponement, to (i) consider, and if deemed fit to pass the following ordinary and special resolutions with or without modification/s; and (ii) deal with such other business as may be dealt with at the AGM.

Due to the COVID-19 (Coronavirus) outbreak, Kumba has elected to conduct the AGM through electronic means and shareholders are encouraged to make use of proxies to cast their votes.

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action you should take, consult your broker, Central Securities Depository Participant (CSDP), banker, financial adviser, accountant or other professional adviser immediately.

The notice of AGM is only available in English, copies may be obtained from the registered office of the Company and the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196.

## REGISTERED AND CORPORATE OFFICE

Kumba Iron Ore Limited, Centurion Gate, Building 2B, 124 Akkerboom Road, Centurion, Gauteng (PO Box 9679, Centurion, 0046), South Africa.

Included in this document are the following:

- The notice of AGM setting out resolutions to be proposed at the meeting, with explanatory notes.
- A proxy form for completion, signature and submission to the share registrars by shareholders holding Kumba ordinary shares in certificated form or recorded in sub-registered electronic form in "own name"
- Annexure 1 – Brief curricula vitae of directors proposed for re-election/election and Audit Committee members proposed for election
- Annexure 2 – Remuneration report
- Annexure 3 – Major shareholders

## RECORD DATE PROXIES AND VOTING

Record date to determine which shareholders are entitled to receive the notice of AGM	Friday, 19 June 2020
Date for posting of notice of AGM	Tuesday, 30 June 2020
Last day to trade in order to be eligible to attend and vote at the AGM	Tuesday, 28 July 2020
Record date to be eligible to participate in and vote at the AGM	Friday, 31 July 2020
Forms of proxy to be lodged with Computershare by no later than 12:00 on	Wednesday, 5 August 2020

## ELECTRONIC PARTICIPATION IN THE AGM

- Shareholders are encouraged to connect to the AGM by navigating to <https://www.diamondpass.net/1953875> and registering as an attendee
- Shareholders or their proxies may participate (but not vote) in the meeting via audio webcast
- Shareholders will be required to provide reasonably satisfactory identification and will be billed separately by their own telephone service providers for their call to participate in the meeting
- Shareholders may also connect to the audio webcast by navigating to <https://themediiframe.net/10032020>

Shareholders are further encouraged to submit any questions to the company secretary (by email to [fazila.patel@angloamerican.com](mailto:fazila.patel@angloamerican.com)) no later than 12:00 on Thursday, 6 August 2020. These questions will be addressed at the AGM, as well as responded to through email.

## PRESENTATION TO SHAREHOLDERS

### Presentation of the audited financial statements

The audited annual financial statements of the Company and the group for the year ended 31 December 2019 (as approved by the Board of directors of the Company), incorporating the external auditor, Audit Committee and Directors' reports, are presented to shareholders in terms of section 30(3) of the Companies Act.

A summary of the annual financial statements is contained in the integrated report on pages 60 to 63. The complete annual financial statements appear on the Company's website at [www.angloamericankumba.com](http://www.angloamericankumba.com).



# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

## **Presentation of the Social, Ethics and Transformation Committee report**

To present the report of the Social, Ethics and Transformation Committee of the Company and the group for the year ended 31 December 2019, in terms of Regulation 43 of the Companies Regulations 2011 (the Regulations). The report has been distributed to shareholders and is also available on the Company's website at [www.angloamericankumba.com](http://www.angloamericankumba.com).

## **ORDINARY RESOLUTIONS**

### **Percentage of voting rights – ordinary resolutions**

Ordinary resolutions numbered 1 to 6 contained in this notice of AGM, require the approval of a minimum of 50% plus one vote of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted.

### **1. ORDINARY RESOLUTION NUMBER 1**

#### **Appointment of independent external auditor**

To appoint PricewaterhouseCoopers Inc (PwC) as independent external auditor of the Company and that Mr Sizwe Masondo be appointed as the individual designated auditor, to hold office until the conclusion of the next AGM in terms of section 90(1) of the Companies Act. The Audit Committee has evaluated the independence, experience and effectiveness of both PwC and Mr Masondo and has concluded that both the firm and the individual designated auditor are independent of the Company in accordance with section 94(8) of the Companies Act. In compliance with the JSE Listings Requirements (paragraph 3.84(h)(iii)), the Audit Committee obtained and considered all information listed in paragraph 22.15(h) of the Listings Requirements of the JSE in its assessment of the suitability of PwC as well as Mr Masondo for appointment.

The Audit Committee concluded that, based on the outcome of the inspection by the Independent Regulatory Board of Auditors (IRBA) of PwC, no matters were raised that negatively impacted the suitability of PwC and Mr Masondo for appointment as external auditors and individual designated auditor, respectively, of the Company.

There are no current pending or finalised legal or disciplinary processes which affect the suitability of PwC or Mr Masondo for appointment as the Company's external auditor and individual designated auditor. Further information on the execution of the duties of the Audit Committee is set out in the Audit Committee report, contained in the annual financial statements.

In compliance with paragraphs 3.86 of the JSE Listings Requirements, the Audit Committee considered and satisfied itself that:

- PwC, the independent auditor, is accredited as such on the JSE List of Auditors and Accounting Specialists; and
- Mr Sizwe Masondo the designated auditor does not appear on the JSE List of Disqualified Individual Auditors

#### **Ordinary resolution number 1**

"RESOLVED that PwC and Mr Sizwe Masondo be and are hereby appointed as independent external auditor and individual designated auditor of the Company, to hold office until the conclusion of the next AGM in terms of section 90(1) of the Companies Act."

### **2. ORDINARY RESOLUTION NUMBER 2**

(Comprising separate ordinary resolutions numbered 2.1 to 2.5)

#### **Rotation of directors**

To re-elect/elect, by way of separate resolutions, the following non-executive directors, each of whom retire in terms of the provisions of the Memorandum of Incorporation (Mol) of the Company, and, each being eligible, offer themselves for re-election/election:

- 2.1 Dr Mandla Gantsho\*
- 2.2 Mr Seamus French\*
- 2.3 Mr Sango Ntsaluba\*
- 2.4 Mr Duncan Wanblad\*\*
- 2.5 Mrs Michelle Jenkins\*\*

\* These directors are retiring due to the one-third rotation requirement in the Mol.

\*\* These directors are to be elected following their appointment after the 2019 AGM.

Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect/elect these retiring directors as members of the Board of the Company by way of passing the separate ordinary resolutions set out below. Brief résumés in respect of each director offering themselves for re-election/election as directors of the Company are attached hereto as ANNEXURE 1.

#### **Ordinary resolution number 2.1**

"RESOLVED that Dr Mandla Gantsho be and is hereby re-elected as a director of the Company with effect from 7 August 2020."

#### **Ordinary resolution number 2.2**

“RESOLVED that Mr Seamus French be and is hereby re-elected as a director of the Company with effect from 7 August 2020.”

#### **Ordinary resolution number 2.3**

“RESOLVED that Mr Sango Ntsaluba be and is hereby re-elected as a director of the Company with effect from 7 August 2020.”

#### **Ordinary resolution number 2.4**

“RESOLVED that Mr Duncan Wanblad be and is hereby elected as a director of the Company with effect from 7 August 2020.”

#### **Ordinary resolution number 2.5**

“RESOLVED that Mrs Michelle Jenkins be and is hereby elected as a director of the Company with effect from 7 August 2020.”

### **3. ORDINARY RESOLUTION NUMBER 3**

(Comprising separate ordinary resolutions numbered 3.1 to 3.4)

#### **Election of Audit Committee members**

To elect, by way of separate ordinary resolutions, the Audit Committee consisting of independent non-executive directors in terms of section 94(4) of the Companies Act and appointed in terms of section 94(2) of the Companies Act to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and other duties described in the Audit Committee's terms of reference which are available on the Company's website, [www.angloamericankumba.com](http://www.angloamericankumba.com). In terms of Regulation 42 of the Act, at least one-third of the members of the Company's Audit Committee must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

The Board has determined that each of the members standing for election is independent, and that they possess the required qualifications, skills and experience as contemplated in Regulation 42 of the Act and collectively, they have sufficient qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act. The following independent non-executive directors, each being eligible, offer themselves for election:

- 3.1 Mr Sango Ntsaluba\*
- 3.2 Mr Terence Goodlace
- 3.3 Mrs Mary Bomela
- 3.4 Mrs Michelle Jenkins\*

\* Subject to re-election/election as a director pursuant to ordinary resolution numbers 2.3 and 2.5.

The resolutions pertaining to the election of the members of the Audit Committee are to be voted on individually. Brief résumés in respect of each independent non-executive director offering themselves for election as members of the Audit Committee are attached hereto as ANNEXURE 1.

#### **Ordinary resolution number 3.1**

“RESOLVED that Mr Sango Ntsaluba, who is an independent non-executive director, be and is hereby elected, with effect from 7 August 2020, as a member of the Audit Committee.”

#### **Ordinary resolution number 3.2**

“RESOLVED that Mr Terence Goodlace, who is an independent non-executive director, be and is hereby elected, with effect from 7 August 2020, as a member of the Audit Committee.”

#### **Ordinary resolution number 3.3**

“RESOLVED that Mrs Mary Bomela, who is an independent non-executive director, be and is hereby elected, with effect from 7 August 2020, as a member of the Audit Committee.”

#### **Ordinary resolution number 3.4**

“RESOLVED that Mrs Michelle Jenkins, who is an independent non-executive director, be and is hereby elected, with effect from 7 August 2020, as a member of the Audit Committee.”

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

## 4. ORDINARY RESOLUTION NUMBER 4

### Approval of the remuneration policy

In accordance with the King Code of Governance Principles for South Africa 2016 (King IV™\*), shareholder approval is sought for the Company's remuneration policy and implementation thereof by way of separate non-binding advisory votes. The non-binding votes enable shareholders to express their views on the Company's remuneration policy and on the implementation thereof. The detailed remuneration policy, for which approval is being sought, is contained herein as ANNEXURE 2.

In the event that the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised by shareholders in the non-binding advisory vote, the Board will delegate representatives to actively engage with the majority shareholders to address and conciliate the substantiating objections and concerns and to ameliorate the policy and/or report as appropriate, taking cognisance of the shareholder feedback and proposals resulting from the engagement and as approved by the Board.

### Ordinary resolution number 4.1

"RESOLVED that the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV™."

### Ordinary resolution number 4.2

"RESOLVED that the implementation of the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV™."

## 5. ORDINARY RESOLUTION NUMBER 5

### General authority for directors to allot and issue ordinary shares

In terms of clause 7.2 of the Company's Mol, subject to the approval of the JSE Limited (JSE), the approval, by way of an ordinary resolution of shareholders is required for the allotment and issue of ordinary shares (including options in respect thereof), in circumstances other than as contemplated in sections 41(1) and (3) of the Companies Act. In terms of section 41(1) of the Companies Act, any issue of shares or grant of options contemplated in section 42, or grant of any rights exercisable for securities, must be approved by a special resolution of the shareholders of a company, if the shares, securities, options or rights are issued to (a) a director, future director, prescribed officer or future prescribed officer of the Company; (b) a person related or interrelated to the Company; or (c) a nominee of a person contemplated in (a) or (b). In terms of section 41(3) of the Companies Act, an issue of shares, securities convertible into shares, or rights exercisable for shares in a transaction, or a series of integrated transactions requires the approval of the shareholders by special resolution if the voting power of the class of shares that are issued or issuable as a result of the transaction or series of integrated transactions exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction or series of transactions. Unless renewed, the existing authority granted by shareholders at the thirteenth AGM of the shareholders of the Company on 10 May 2019 expires at the forthcoming fourteenth AGM to be held on Friday, 7 August 2020.

This general authority, once granted, allows the Board from time to time, and when it is appropriate to do so, to issue ordinary shares as may be required. This general authority is subject to the restriction that it is limited to a maximum of 5% of the number of shares in issue at the date of this notice (being 16,104,299 shares), with the number of issued and listed equity securities in issue as at the date of this notice being 322,085,974 shares. It is noted that an issue as contemplated in sections 41(1) and (3) of the Companies Act must first be approved by way of a special resolution in terms of section 41 of the Companies Act and is not authorised in terms of this resolution.

### Ordinary resolution number 5

"RESOLVED that the unissued shares in the Company, limited to 5% of the number of shares in issue at the date of this notice (being 16,104,299 shares), and the number of listed equity securities in issue as at the date of this notice being 322,085,974 shares, be and are hereby placed under the control of the directors until the next AGM and that the directors be and are hereby authorised to issue any such shares as they may deem fit, subject to the Companies Act, the Mol of the Company, and the provisions of the Listings Requirements of the JSE."

\* Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its right are reserved.

## 6. ORDINARY RESOLUTION NUMBER 6

### Authorisation to sign documents to give effect to resolutions

“RESOLVED that any one director or the Company Secretary be and are hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to give effect to the resolutions set out in this notice of AGM.”

## SPECIAL RESOLUTIONS

### Percentage of voting rights – special resolutions

Special resolutions numbered 1 to 4, contained in this notice of AGM, require approval of a minimum of 75% (seventy-five percent) of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted. In terms of the Listings Requirements of the JSE, special resolution number 1 (general authority to issue shares for cash) requires a 75% (seventy-five percent) majority of votes exercised on the resolution by shareholders present or represented by proxy at the AGM in order for the resolution to be adopted. Clause 22.5 of the Company's MoI provides that for so long as the Company is listed on the JSE, if any of the Listings Requirements of the JSE require an ordinary resolution to be passed with a 75% (seventy-five percent) majority, the resolution shall instead be required to be passed by a special resolution. Special resolution number 1 is therefore required, in terms of clause 22.5 of the Company's MoI, to be passed by a special resolution.

## 7. SPECIAL RESOLUTION NUMBER 1

### General authority to issue shares for cash

“RESOLVED that, subject to the passing of ordinary resolution number 5 and in terms of the Listings Requirements of the JSE, the directors are hereby authorised by way of a general authority, to issue the authorised but unissued ordinary shares of 1 cent each in the capital of the Company for cash, as and when suitable opportunities arise, subject to the MoI of the Company, the Companies Act, and the following conditions, namely that:

- the equity securities, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue
- any such issue will only be made to “public shareholders” as defined by the Listings Requirements of the JSE and not to related parties
- this authority shall only be valid until the next AGM of the Company but shall not extend beyond 15 months from the date this authority is given
- an announcement giving full details required by the JSE Listings Requirements will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 5% (five percent) or more of the number of shares in issue prior to the issue concerned
- any such general issues are subject to exchange control regulations and approval at that point in time
- in respect of securities which are the subject of the general issue of shares for cash, such issue may not exceed 5% (being 16,104,299 shares), of the number of listed equity securities as at the date of this notice of AGM, the number of listed equity securities in issue as at the date of this being 322,085,974 shares, provided that:
  - any equity securities issued under this authority during the period must be deducted from the number above
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio
  - the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the notice of AGM, excluding treasury shares
- in determining the price at which an issue of shares for cash may be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE over the 30 business days prior to the date that the price of the issue is agreed between the directors of the Company and the party subscribing for the securities. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30-day business period”

A 75% (seventy-five percent) majority of votes cast in favour of the resolution by all equity securities present or represented by proxy at the AGM is required for the approval of this special resolution number 1, in terms of the Listings Requirements of the JSE.

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

## Reason and effect

In terms of paragraph 5.52(e), read with paragraph 5.50, of the Listings Requirements of the JSE, a general issue for cash (i) may only be undertaken with the approval of 75% (seventy-five percent) of the majority of votes cast by equity securities holders (present or represented by proxy) in general/AGM by granting the Board of directors of the Company the authority to issue a specified number of securities for cash pursuant to paragraph 5.52(c) of the Listings Requirements of the JSE (which paragraph sets out the requirements for general issues for cash), which authority is valid until the next AGM of the Company but does not extend beyond 15 months from the date the authority is given; and (ii) is subject to the requirements of the JSE and to any other restrictions set out in the authority. In terms of clause 4.4 of the Mol, the issue of securities (including options) for cash must be undertaken in accordance with the Listings Requirements of the JSE.

The effect of special resolution number 1 is that the directors will be able to issue the authorised but unissued ordinary shares of 1 cent each in the capital of the Company for cash, as and when suitable opportunities arise, subject to the requirements of the JSE, the restrictions/conditions set out in the authority, the Companies Act and the Mol of the Company. Such issue may not exceed 5% (being 16,104,299 shares) of the number of listed equity securities as at the date of this notice, 322,085,974 shares.

## 8. SPECIAL RESOLUTION NUMBER 2

### Remuneration payable to non-executive directors

The fees payable to non-executive directors by the company were benchmarked by independent remuneration advisors who concluded that whilst the aggregate total fees payable to non-executive directors were broadly in line with the market, the fees for the Board Chairperson and members, and for the Audit Committee Chairperson and members are below the applicable market median, while the fees for the other roles are either at or above the median. The Company has thus resolved to address these disparities over the next three years, by above inflation increases for role fees that are below market, and no increase for those that are above market.

To achieve this objective for the first year of the three-year adjustment period, it is RESOLVED that, in terms of section 66(9) of the Companies Act and on the recommendation of the Human Resources and Remuneration Committee, the Company be and is hereby authorised to remunerate its non-executive directors for their services as directors and/or pay any fees related thereto with specific increases detailed in the table below.

	Proposed for the period 7 August 2020 (exclusive of VAT)	Proposed increase %	Fees paid during 2019
2.1 Board Chairperson*	1,673,251	11	1,507,433
2.2 Ordinary Board member	311,541	25	249,233
2.3 Lead independent director	1,224,300	5	1,166,000
2.4 Audit Committee Chairperson	365,908	10	332,644
2.5 Audit Committee member	181,991	10	165,446
2.6 Strategy and Investment Committee Chairperson	332,644	–	332,644
2.7 Strategy and Investment Committee member	165,446	–	165,446
2.8 Social, Ethics and Transformation Committee Chairperson	332,644	–	332,644
2.9 Social, Ethics and Transformation Committee member	165,446	–	165,446
2.10 Nominations and Governance Committee member	165,446	–	165,446
2.11 Human Resources and Remuneration Committee Chairperson	332,644	–	332,644
2.12 Human Resources and Remuneration Committee member	165,446	–	165,446
2.13 Special Board Sub-Committee** (Committee member)	165,446	–	–

\* The Chairperson of the Board chairs the Nominations and Governance Committee. However, he does not receive any additional remuneration in this regard.

Executive directors do not receive directors' fees.

\*\* Shareholders are being requested to approve payment of additional remuneration to members of the ad hoc Special Board Sub-Committee that was constituted in quarter one of 2020.



The proposed differential increases in fees for specific roles are based on a benchmarking exercise conducted by an independent remuneration consultant against other industry sector companies (our peer group consisting of direct and indirect companies), and other similar sized JSE listed companies. The above inflation increases proposed for these roles are intended to align with the market over a three-year transition period. A fee freeze will be applied to roles that are above the market.

#### **Reason and effect**

In terms of sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to members of the Board for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's Mol.

Therefore, the reason for and effect of special resolution number 2 is for the Company to obtain the approval of shareholders by way of special resolution for the payment of remuneration to its non-executive directors for their services as directors of the Company.

### **9. SPECIAL RESOLUTION NUMBER 3**

#### **Approval for the granting of financial assistance in terms of sections 44 and 45 of the Companies Act**

"RESOLVED that, to the extent required by the Companies Act, the Board of directors of the Company may, subject to compliance with the requirements of the Company's Mol, the Companies Act, and the Listings Requirements of the JSE, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act, by way of loan, guarantee, the provision of security or otherwise, to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or interrelated to the Company, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company as contemplated under section 44 of the Companies Act; and/or
- to any person who is a participant in any of the share or other employee incentive schemes of the Kumba group, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Companies Act

Such authority to endure for two years, until the sixteenth AGM of the Company in 2022."

#### **Reason and effect**

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance (as such term is defined therein) provided by a company to related or interrelated companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to financial assistance provided by a company to related or interrelated companies, in the event that the financial assistance is provided for the purposes of, or in connection with, the subscription of any options, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or related or interrelated company.

Both section 44 and section 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and that the Board of directors must be satisfied that (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The reason for and effect of special resolution number 3 is to grant the directors of the Company the authority until the sixteenth AGM of the Company in 2022 to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. This means that the Company is authorised, among other things, to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

The Board undertakes that, insofar as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that:

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company

As part of the authority above, the Company will not provide financial assistance to directors, prescribed officers or “any person”. The Company also notes the obligation to send a letter to shareholders and trade unions as per section 45(5) of the Act within 10 business days after the Company’s Board adopted the resolution if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds one-tenth of 1% of the Company’s net worth at the time of the resolution; or within 30 business days after the end of the financial year, in any other case.

## 10. SPECIAL RESOLUTION NUMBER 4

### General authority to repurchase shares

“RESOLVED that the Board of directors of the Company be and is hereby authorised, by a way of a renewable general authority, to approve the repurchase by the Company or by any of its subsidiaries of any of the shares issued by the Company, upon such terms and conditions and in such amounts as the Board of directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the Mol of the Company and the Listings Requirements of the JSE, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book of the JSE and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited)
- this general authority shall only be valid until the next AGM of the Company, provided that it shall not extend beyond 15 months from the date of passing of this resolution
- an announcement must be published as soon as the Company has repurchased shares constituting, on a cumulative basis, 3% of the number of shares in issue as at the date that this special resolution number 4 is passed, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares repurchased thereafter. Such announcement will be made as soon as possible and, in any event, by not later than 08:30 on the second business day following the day on which the 3% threshold is reached or exceeded
- subject to section 48 of the Companies Act, the general authority to repurchase is limited to a maximum of 5% in the aggregate in any one financial year of the Company’s issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the Company, taken together, shall not exceed 5% in the aggregate of the number of issued shares in the Company
- a resolution has been passed by the Board of directors of the Company and/or any subsidiary of the Company, as the case may be, approving the purchase, that the group has satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the Company or the group
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the Company’s securities have not traded in such five business day period
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company’s behalf
- any such general repurchases are subject to exchange control regulations and approval at that point in time
- the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE, where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation), and full details thereof have been submitted to the JSE in writing prior to the commencement of the prohibited period

### Reason and effect

The reason for and effect of special resolution number 4 is to grant the Board of directors a general authority in terms of the Listings Requirements of the JSE, up to and including the date of the following AGM of the Company (provided it shall not extend beyond 15 months from the date the resolution is passed) to authorise the Company and any of its subsidiary companies to repurchase the Company’s issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above. In terms of clause 7.1 of the Mol, the repurchase of securities must be undertaken in accordance with the Listings Requirements of the JSE.

In special resolution number 4, reference is made to sections 46 and 48 of the Companies Act.

Section 46 regulates the making of “distributions” by a company, which includes the transfer by a company of money or other property of a company, other than its own shares, to or for the benefit of one or more holders of any of the shares, or to the holder of a beneficial interest in any such shares, of that company or of another company within the same group of companies, as consideration for the acquisition (i) by a company of any of its shares, as contemplated in section 48 of the Companies Act; or (ii) by any company within the same group of companies, of any shares of a company within that group of companies. Section 46 of the Companies Act prohibits the making of such a distribution unless (a) the distribution is pursuant to an existing legal obligation of the Company, or a court order or the Board of the Company, by resolution, has authorised the distribution; (b) it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the proposed distribution; and (c) the Board of directors of the Company has, by resolution, acknowledged that it has applied the solvency and liquidity test, as set out in section 4 of the Companies Act, and reasonably concluded that the Company will satisfy the solvency and liquidity test after completing the proposed distribution.

Section 48 of the Companies Act regulates the acquisition by a company of its own shares and the acquisition by a subsidiary company of shares in its holding company. Section 48(8) sets out those circumstances in which a special resolution of shareholders is required under the Companies Act for such acquisitions. Section 48(8) also requires compliance with sections 114 and 115 of the Companies Act if the acquisition considered alone, or together with other transactions in an integrated series of transactions, involves the acquisition by the Company of more than 5% of the issued shares of any particular class of the Company's shares. Sections 114 and 115 of the Companies Act regulate schemes of arrangement.

At the present time, the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate. The Company wishes to confirm that any repurchase of shares, if implemented, will only be dealt with via the formal JSE trading system.

## **DISCLOSURES/INFORMATION REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE**

For the purposes of considering special resolution number 4 and in compliance with the Listings Requirements of the JSE, the following information is provided:

### **Directors' statement after considering the effect of a repurchase pursuant to a general authority**

The directors of the Company agree that they will not undertake any repurchase, as contemplated in special resolution number 4 above, unless:

- the Company and the group are in a position to repay their debts in the ordinary course of business for a period of 12 months after the date of the repurchase
- the assets of the Company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the group for a period of 12 months after the date of the repurchase
- the share capital and reserves of the Company and the group are adequate for ordinary business purposes for a period of 12 months after the date of the repurchase
- the available working capital of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase

### **Directors' responsibility statement**

The Board of directors of the Company collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 4 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by the Listings Requirements of the JSE.

### **No material changes**

Other than the facts and developments reported on in the Company's integrated report for 2019, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in ANNEXURE 4, attached hereto:

- major shareholders of the Company
- share capital of the Company

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

## GENERAL INFORMATION

### Electronic participation

Should any Kumba shareholder or its proxy wish to participate in the AGM, such shareholder/proxy should contact the Company's transfer secretaries in writing (including details as to how the shareholder/proxy or its representative can be contacted) by email at proxy@computershare.co.za at least five business days prior to the AGM (by no later than Friday, 31 July 2020) in order for the transfer secretaries to arrange for such shareholder/proxy (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act (which include a green barcoded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport), and for the transfer secretaries to assist shareholders with the requirements for electronic meeting participation. The costs of accessing the webcast will be borne by such shareholder/proxy.

## VOTING AND PROXIES

Shareholders must note that they will not be able to vote during the AGM. Should shareholders wish to have their vote counted at the AGM, shareholders must, to the extent applicable, (i) complete the form of proxy; or (ii) contact their CSDP or broker, in both instances, as set out above.

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to participate in the meeting and are entitled to appoint a proxy or proxies to participate through the audio webcast in their stead.

The person so appointed as a proxy need not be a member. It is requested for administrative purposes only, that forms of proxy be completed and forwarded to reach the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, by 12:00 on Wednesday, 5 August 2020. Any forms of proxy not received by this date must be sent to the Chairperson of the AGM immediately prior to the proxy exercising any shareholder's rights at the meeting.

All meeting participants (including proxies) are required in terms of section 63(1) of the Companies Act to provide reasonably satisfactory identification before being entitled to participate in the AGM. Forms of identification include a green barcoded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport.

This notice of AGM includes the attached form of proxy. The attention of members is directed to the additional notes and instructions relating to the attached form of proxy, which notes and instructions are set out in the form of proxy.

On a poll, every member of the Company shall have one vote for every share held in the Company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions
- in the event that they wish to participate in the meeting, to obtain the necessary authority to do so

Equity securities held by a share trust or scheme will not have their votes taken into account for the purposes of the resolutions proposed in terms of the Listings Requirements of the JSE.

By order of the Board

**Fazila Patel**  
Company Secretary

Centurion  
17 April 2020



# FORM OF PROXY

**Kumba Iron Ore Limited (Kumba)**  
A member of the Anglo American plc group  
(Incorporated in the Republic of South Africa)

This form of proxy is for use and completion by certificated shareholders and dematerialised shareholders with “own name” registration only.

For use and completion by registered members of Kumba at the fourteenth annual general meeting (AGM) of the Company to be held in electronic format at 12:00 (CAT) on Friday, 7 August 2020, or at any adjournment thereof (the AGM).

Each shareholder entitled to participate in the AGM is entitled to appoint one or more proxy or proxies (who need not be a shareholder of Kumba) to participate by audio webcast in place of that shareholder at the AGM, and at any adjournment thereof.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with “own name” registration, must not complete this form or proxy but should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions and to obtain the necessary letter of authority to participate in the AGM.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder
- The appointment of the proxy is revocable
- You may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to Kumba.

Kindly note that meeting participants (including a proxy or proxies) are required in terms of section 63(1) of the Companies Act No 71 of 2008 to provide reasonably satisfactory identification before being entitled to participate in the AGM. Forms of identification include a green barcoded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport.

A proxy may not delegate his/her authority to act on behalf of a shareholder of Kumba to another person.

I/We \_\_\_\_\_ (please print names in full)

of (address) \_\_\_\_\_ contact number \_\_\_\_\_

being the holder/s or custodians of  ordinary shares in the Company, do hereby appoint:

1 \_\_\_\_\_ or failing him/her

2 \_\_\_\_\_ or failing him/her

3. The Chairperson of the AGM, as my/our proxy to act, attend, participate and speak, for me/us and/or on my/our behalf at the AGM which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for me/us and/or on my/our behalf or to abstain from voting on such resolutions in respect of the ordinary share/s in the issued capital of the Company registered in my/our name/s with the following instructions:

*Continued overleaf*

Number of votes (one vote per share)
---

**FORM OF PROXY** CONTINUED

	In favour	Against	Abstain
<b>ORDINARY RESOLUTION NUMBER 1: APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR</b>			
<b>ORDINARY RESOLUTION NUMBER 2: ROTATION OF DIRECTORS</b>			
2.1 To re-elect Dr Mandla Gantsho as a director of the Company			
2.2 To re-elect Mr Seamus French as a director of the Company			
2.3 To re-elect Mr Sango Ntsaluba as a director of the Company			
2.4 To elect Mr Duncan Wanblad as a director of the Company			
2.5 To elect Mrs Michelle Jenkins as a director of the Company			
<b>ORDINARY RESOLUTION NUMBER 3: ELECTION OF AUDIT COMMITTEE MEMBERS</b>			
3.1 Election of Mr Sango Ntsaluba as a member of the Committee			
3.2 Election of Mr Terence Goodlace as a member of the Committee			
3.3 Election of Mrs Mary Bomela as a member of the Committee			
3.4 Election of Mrs Michelle Jenkins as a member of the Committee			
<b>ORDINARY RESOLUTION NUMBER 4: APPROVAL OF THE REMUNERATION POLICY</b>			
4.1 Non-binding advisory vote: Approval of the remuneration policy			
4.2 Non-binding advisory vote: Approval for the implementation of the remuneration policy			
<b>ORDINARY RESOLUTION NUMBER 5: GENERAL AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE ORDINARY SHARES</b>			
<b>ORDINARY RESOLUTION NUMBER 6: AUTHORISATION TO SIGN DOCUMENTS TO GIVE EFFECT TO RESOLUTIONS</b>			
<b>SPECIAL RESOLUTION NUMBER 1: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH</b>			
<b>SPECIAL RESOLUTION NUMBER 2: REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS</b>			
<b>SPECIAL RESOLUTION NUMBER 3: APPROVAL FOR THE GRANTING OF FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT</b>			
<b>SPECIAL RESOLUTION NUMBER 4: GENERAL AUTHORITY TO REPURCHASE SHARES</b>			

Insert an "X" in the relevant space above according to how you wish your votes to be cast. An "X" in the relevant space above indicates the maximum number of votes exercisable. If you wish to cast your votes in respect of less than all of the shares that you own in Kumba, however, then insert the number of ordinary shares held in respect of which you desire to vote.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2020

Signature \_\_\_\_\_ Assisted by me (where applicable) \_\_\_\_\_

Each member is entitled to appoint one or more proxies (none of whom need be a member of the Company) to participate in place of that member at the AGM. Please read the notes on the reverse side hereof.

# NOTES TO PROXY

## **SUMMARY OF SHAREHOLDERS' RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT**

Please note that in terms of section 58 of the Companies Act:

- this form of proxy must be in writing, dated and signed by the shareholder appointing the proxy
- you may appoint an individual as a proxy, including an individual who is not a shareholder of Kumba, to participate in the AGM, on your behalf
- your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this form of proxy
- this form or proxy should be delivered to Kumba, or to Kumba's transfer secretaries, Computershare Investor Services Proprietary Limited, before your proxy exercises any of your voting rights as a shareholder. Any form of proxy not received by Kumba or Kumba's transfer secretaries must be sent to the Chairperson of the AGM before your proxy may exercise any of your voting rights as a shareholder
- the appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder
- the appointment of your proxy is revocable unless you expressly state otherwise in this form of proxy
- as the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to Kumba. Please note that the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the proxy and Kumba as aforesaid
- if this form of proxy has been delivered to Kumba, as long as that appointment remains in effect, any notice that is required by the Companies Act or Kumba's Mol to be delivered by Kumba to you must be delivered by Kumba to you or, if you have directed Kumba to do so, in writing, and paid any reasonable fees charged by Kumba for doing so, your proxy or proxies:
  - the appointment of your proxy remains valid only until the end of the AGM or any adjournment or postponement thereof, unless it is revoked by you before then on the basis set out above

## **EXPLANATORY NOTES**

1. A form of proxy is only to be completed by those ordinary shareholders who are:
  - 1.1 holding ordinary shares in certificated form; or
  - 1.2 recorded on sub-register electronic form in "own name".
2. If you have already dematerialised your ordinary shares through a CSDP or broker and wish to participate in the AGM, you must request your CSDP or broker to provide you with a letter of representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between you and your CSDP or broker.
3. A member entitled to participate in the AGM is entitled to appoint one or more proxy or proxies to participate in and speak at the AGM. A proxy need not be a member of the Company. Satisfactory identification must be presented by any person wishing to participate in the AGM, as set out in the notice of AGM (to which this form of proxy is included). A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space. The person whose name stands first on the form of proxy and who is participating in the AGM will be entitled to act to the exclusion of those whose names follow.
4. On a poll a member who is participating or represented by proxy shall be entitled to one vote in respect of each ordinary share in Kumba held by him/her.

# NOTES TO PROXY CONTINUED

## **INSTRUCTIONS ON SIGNING AND LODGING THE PROXY FORM**

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the Chairperson of the annual general meeting", but any such deletion must be initialled by the member. Should this space be left blank, the Chairperson of the AGM will exercise the proxy. The person whose name appears first on the form of proxy and who is participating in the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by the member in the appropriate box provided. An "X" in the appropriate box provided indicates the maximum number of votes exercisable by that member. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting as he/she deems fit in respect of all the member's votes exercisable. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
3. Forms of proxy are requested, for administrative purposes only, to be lodged at, or posted to the transfer secretaries of Kumba, Computershare Investor Services Proprietary Limited at the address below, to be received by 12:00 on Wednesday, 5 August 2020. Any forms of proxy not received by this date must be sent to the Chairperson of the AGM immediately prior to your proxy exercising any rights as a shareholder.
4. The completion and lodging of this form of proxy will not preclude the relevant member from participating in the AGM and speaking in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the Chairperson of the AGM.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. Notwithstanding the foregoing, the Chairperson of the AGM may waive any formalities that would otherwise be a prerequisite for a valid proxy.
8. If any shares are jointly held, all joint members must sign this form of proxy. If more than one of those members is participating in the AGM, the person whose name appears first in the register shall be entitled to vote.

For shareholders on the South African register:  
Computershare Investor Services Proprietary Limited  
15 Biermann Avenue, Rosebank, 2196, South Africa  
[www.computershare.com](http://www.computershare.com)  
Tel: +27 11 370 5000

Over-the-counter American Depositary Receipt (ADR) holders: Kumba has an ADR facility with BNY Mellon under a deposit agreement. ADR holders may instruct BNY Mellon as to how the shares represented by their ADRs should be voted.

American Depositary Receipt Facility  
BNY Mellon  
101 Barclay Street, New York, NY 10286  
[www.adrbny.com](http://www.adrbny.com)  
(00-1) 888 815 5133



# ANNEXURE 1

## BRIEF CURRICULA VITAE OF DIRECTORS PROPOSED FOR RE-ELECTION/ELECTION

### Dr Mandla Gantsho (55)

Independent non-executive director



PhD, MPhil; MSc, BCom (Hons), CA(SA)

**Joined the Board on 1 August 2017**

Chairperson of the Board and also chairs the Nominations and Governance Committee.

A member of the Human Resources and Remuneration Committee and chairs the Nominations and Governance Committee. Dr Gantsho is the Chief Executive Officer and founder of Africa Rising Capital, an investment and advisory business. A chartered accountant by profession, Dr Gantsho has spent some fifteen years in leadership positions within development finance institutions, both in South Africa and internationally, and brings a wealth of experience of multi-sectoral development throughout the African continent. In addition, he has extensive board leadership experience on a number of listed and unlisted corporations.

### Mr Seamus French (55)

Non-executive director



BSc (Eng) (Chemical)

**Joined the Board on 24 March 2017**

Joined Anglo American in 2007 and held the position of Chief Executive Officer for Anglo American Metallurgical Coal between 2009 and 2013. He was Chief Executive Officer of Coal until 2015, when he was appointed to his current position as Chief Executive Officer of Anglo American's Bulk Commodities business.

Seamus joined WMC Resources in Australia in 1994, in strategic planning and business development, before being appointed Executive General Manager of the Copper-Uranium division. He later joined BHP Billiton as a Global Vice-President Business Excellence, following its takeover of WMC in 2005.

### Mr Sango Ntsaluba (59)

Independent non-executive director



BComm, BCompt (Hons), Higher Diploma in Tax Law, MComm, CA(SA)

**Joined the Board on 5 June 2017**

Chairs the Audit Committee and is a member of the Strategy and Investment Committee and the Nominations and Governance Committee. Sango has been the executive chairperson (and co-founder) of NMT Capital, a diversified investment holding company, since 2002. He is a founding member of SizweNtsalubaGobodo (now called SNG-Grant Thornton), one of the big firms of accountants and auditors. He also sits on the boards of the National Housing Finance Corporation (NHFC), Pioneer Foods Limited and Barloworld Limited.

Sango has served on various other boards, including the National Energy Regulator of South Africa (NERSA) and Basil Read Holdings Limited.

### Mr Duncan Wanblad (53)

Non-executive director



Bsc (Eng) (Mech), GDE (Eng Management)

**Joined the Board on 31 May 2019**

A member of the Strategy and Investment Committee and the Social, Ethics and Transformation Committee.

Duncan joined the Kumba Board as a Non-Executive Director, effective 31 May 2019, representing the Anglo American group. He is the Group Director – Strategy and Business Development and is also a member of the Group Management Committee (GMC) and a Non-Executive Director of De Beers plc. He led Anglo American's Base Metals business as Chief Executive Officer from 2013 to 2019 and took on the Strategy and Business Development portfolio in 2016. Between 2009 and 2013 he held the position of Group Director – Other Mining and Industrial. He was appointed joint interim Chief Executive Officer of Anglo American Platinum in 2007 (having served on the Board since 2004), before taking over as Chief Executive Officer of Anglo American's Copper operations in 2008. Duncan began his career at Johannesburg Consolidated Investment Company Limited in 1990.

### Mrs Michelle Jenkins (59)

Independent non-executive director



CA(SA), BSc (Hons) Geology, BA (Hons) Accounting

**Joined the Board on 1 November 2019**

She is a member of the Audit Committee and the Strategy and Investment Committee.

Michelle is a chartered accountant with over 20 years' experience in exploration and mining, with an Honours Degree in Geology from the University of the Witwatersrand and Bachelor of Accounting Science (Honours) from the University of South Africa. Michelle has substantial experience working as a geologist prior to joining KPMG's mining group as a chartered accountant. Michelle has held the role of Chief Financial Officer/Financial Director with a number of exploration and mining companies throughout Africa. Michelle provides financial and commercial leadership and with experience in multiple jurisdictions, has been involved in operating resources ventures and has been instrumental in start-ups, corporate acquisitions and disposals. Michelle offers a wealth of knowledge in resource industry risk management and mitigation and strategic leadership. Most recently, Michelle was the Chief Financial Officer of Taurus Gold with gold assets in West Africa. Michelle was also Financial Director of Duration Gold with assets in Zimbabwe as well as director within the Clarity Capital Group, a private investment and advisory services company. Prior to that, Michelle was an executive director of Pangea Exploration.

# ANNEXURE 1 CONTINUED

## BRIEF CURRICULA VITAE OF AUDIT COMMITTEE MEMBERS PROPOSED FOR ELECTION

**Mr Sango Ntsaluba (59)**  
Independent non-executive director



BCom, BCompt (Hons), Higher Diploma in Tax Law, MCom, CA(SA)

**Joined the Board on 5 June 2017**

Chairs the Audit Committee and is a member of the Strategy and Investment Committee and the Nominations and Governance Committee.

Sango has been the executive chairperson (and co-founder) of NMT Capital, a diversified investment holding company, since 2002. He is a founding member of SizweNtsalubaGobodo (now called SNG-Grant Thornton), one of the big firms of accountants and auditors. He also sits on the boards of the National Housing Finance Corporation (NHFC), Pioneer Foods Limited and Barloworld Limited.

Sango has served on various other boards, including the National Energy Regulator of South Africa (NERSA) and Basil Read Holdings Limited.

**Mr Terence Goodlace (59)**  
Independent non-executive director



MBA (Business Administration), BCom, nHDip and nDip (Metalliferous Mining), MDp

**Joined the Board on 24 March 2017**

Appointed as Lead Independent Director on 11 May 2018.

Terence's mining career commenced in 1977, and has spanned more than 40 years. In addition to his role at Kumba Iron Ore Limited, he is also an independent non-executive director at Gold Fields Limited and AfriTin Mining Limited.

He spent the majority of his career at Gengold (merged with Gold Fields South Africa to become Gold Fields Limited in 1998) and he progressed from being a miner through to becoming the Chief Operating Officer in 2008. For five years during this time he was responsible for creating, implementing and facilitating the strategic and operational planning processes and outcomes for all group operations. This included executive responsibility for Group Mineral Resource Management, Environmental Management and Sustainable Development.

He then spent three years as the Chief Executive Officer of Metorex Limited and served on the Impala Platinum Holdings Limited Board for two years as an independent non-executive director and four and a half years as the Chief Executive Officer. He has significant experience in leading underground and open-pit operations in Africa, South America and Australia.

**Mrs Mary Bomela (46)**  
Independent non-executive director



MBA, CA(SA), BCom (Hons)

**Joined the Board on 1 December 2017**

A member of the Audit Committee and the Human Resources and Remuneration Committee.

Mary is the Chief Executive Officer of the Mineworkers Investment Company (MIC). She currently serves on the boards of Primedia Proprietary Limited, FirstRand Group Limited, Metrofile Holdings Limited, Peermont Global Holdings and Ascendis Health.

**Mrs Michelle Jenkins (59)**  
Independent non-executive director



CA(SA), BSc (Hons) Geology, BA (Hons) Accounting

**Joined the Board on 1 November 2019**

She is a member of the Audit Committee and the Strategy and Investment Committee.

Michelle is a chartered accountant with over 20 years' experience in exploration and mining, with an Honours Degree in Geology from the University of the Witwatersrand and Bachelor of Accounting Science (Honours) from the University of South Africa. Michelle has substantial experience working as a geologist prior to joining KPMG's mining group as a chartered accountant. Michelle has held the role of Chief Financial Officer/Financial Director with a number of exploration and mining companies throughout Africa. Michelle provides financial and commercial leadership and with experience in multiple jurisdictions, has been involved in operating resources ventures and has been instrumental in start-ups, corporate acquisitions and disposals. Michelle offers a wealth of knowledge in resource industry risk management and mitigation and strategic leadership. Most recently, Michelle was the Chief Financial Officer of Taurus Gold with gold assets in West Africa. Michelle was also Financial Director of Duration Gold with assets in Zimbabwe as well as director within the Clarity Capital Group, a private investment and advisory services company. Prior to that, Michelle was an executive director of Pangea Exploration.

# ANNEXURE 2: REMUNERATION REPORT

## THE HUMAN RESOURCES AND REMUNERATION COMMITTEE OF THE BOARD (REMCO)

### Role of Remco and terms of reference

Remco guides the Board by ensuring that Kumba's remuneration-related decisions and policies are aligned to its overall goals, while remaining fair and equitable both to employees and shareholders. The Committee's interests and activities are geared towards developing and maintaining a strong human resources environment. The Remco terms of references can be accessed on Kumba's website:

 <https://www.angloamericankumba.com/investors/corporate-governance>.

 For details on the membership of Remco and attendance of meetings refer page 91 of the governance section, in the integrated report.

### Remuneration philosophy

The principles of our remuneration philosophy serve as a foundation to our employment ethos and underpin our company strategy. The objectives of our reward strategy are as follows:

- maintain Kumba as a preferred employer
- attract and retain top talent and critical skilled employees by providing adequate and fair compensation structures and reward schemes
- engage continuously with employees, motivating them towards a higher degree of commitment that will translate into increased levels of individual and combined performance and productivity
- align with the market median in respect of fixed pay, with variable performance-related pay, both short and long term, included in the total reward offering to ensure market competitiveness
- ensure the fair, equitable and consistent application of our remuneration principles and policies, guided by the King IV™ principles relating to fair and responsible remuneration
- allow employees to share in the performance and success of the business

Remco is firmly committed to its overarching responsibility of ensuring that the principles of accountability, transparency, sustainability and good governance are enacted in all remuneration-related matters. This includes the critical link between executive remuneration and performance against set

strategic objectives, with the ultimate aim of creating executive engagement and shareholder value.

In the event that the remuneration policy or implementation report, or both, have been voted against by 25% or more of the voting rights exercised by shareholders in the non-binding advisory vote, the Board will delegate representatives to actively engage with dissenting shareholders to address and collate the substantive objections and concerns, and to adapt the policy and/or report as appropriate, taking cognisance of the shareholder feedback and proposals resulting from the engagement and as approved by the Board.

### Fair and responsible remuneration

The main principles and practices that drive our commitment to fair and responsible remuneration are:

- adhering to legislative requirements and prescriptions relevant to remuneration and benefits
- undertaking an annual, external benchmark of our remuneration package competitiveness across grading and job function/ category
- reviewing and adjusting accordingly any salary anomalies lying below the comparable market median within a predetermined threshold
- applying structured policies on appointment and salary movement (promotions, demotions and lateral moves), while linking salaries to functional peer-group medians to address equal pay for equal work and any income disparities based on gender, race or other demographics
- ensuring that all permanent and fixed-term employees in the Company are eligible to participate in a short term incentive scheme, as appropriate
- designing and executing HR strategic initiatives to enhance the overall employee work experience and improve the EVP offering to our employees

# ANNEXURE 2: REMUNERATION REPORT CONTINUED

## Elements of remuneration

The key elements of our remuneration framework and structure, which guides payments to all employees, are shown below, with a focus on executive directors and prescribed officers. The following colour scheme is employed throughout the remuneration report to denote the following components pertaining to the composition of our remuneration framework:

**Table A – remuneration framework composition**

	TOTAL GUARANTEED PAY (TGP)			
	BASE SALARY	STANDARD BENEFITS	CONDITIONAL BENEFITS	
<b>Strategic intent</b>	<ul style="list-style-type: none"> <li>Attract people with the necessary competencies (knowledge, skill, experience and attitude) to add value and discretionary effort to our business               <ul style="list-style-type: none"> <li>Retain competent, high-performing employees who are engaged and live the Company values</li> <li>Ensure that our pay is competitive in the industry and market-related</li> <li>Comply with legislative provisions and negotiated contractual commitments</li> <li>Support high-performing individuals and teams by aligning reward with performance</li> <li>Reinforce and enhance the principle that employees are key assets of our Company</li> </ul> </li> </ul>			
<b>Delivery mechanism</b>	Monthly payments	<ul style="list-style-type: none"> <li>Employer contribution to selected retirement funds</li> <li>Subsidised medical aid</li> <li>Life and disability insurance</li> <li>Housing allowances (bargaining unit employees only)</li> <li>Five-year mortgage subsidy plan (up to middle management)</li> <li>Study assistance for formal education</li> </ul>	<ul style="list-style-type: none"> <li>Seven-day production allowance</li> <li>Shift allowance</li> <li>Standby allowance</li> <li>Call-out allowance</li> <li>Government certificate of competency (GCC) allowance</li> <li>Occupational medical practitioner (OMP) allowance</li> <li>Position allowance</li> <li>Artisan allowance</li> <li>Acting allowance</li> </ul>	
<b>Eligibility</b>	All our employees		<ul style="list-style-type: none"> <li>Job-specific requirements</li> <li>Scarce skills</li> <li>Legislative requirements</li> </ul>	



## VARIABLE PAY (VP)

SHORT TERM INCENTIVES					LONG TERM INCENTIVES		
	PRODUCTION BONUS	GAIN SHARE BONUS	TEAM+ PERFORMANCE BONUS WITH CASH DEFERRAL	TEAM+ PERFORMANCE BONUS WITH SHARE DEFERRAL	EMPLOYEE SHARE OWNERSHIP SCHEME (ESOP)	LONG TERM INCENTIVE PLAN (LTIP) – PRESCRIBED OFFICERS AND GENERAL MANAGER	LONG TERM INCENTIVE PLAN (LTIP) – EXECUTIVE DIRECTORS
	<ul style="list-style-type: none"> <li>Aimed to align the achievement of financial, production, safety, productivity and overall equipment effectiveness (OEE) targets at an operational level</li> <li>Encourage the achievement of stretch targets at a Company, business unit, functional and team level</li> <li>Align management and shareholder interest</li> <li>Allow our employees to participate in the gains attributed to strong to exceptional Company performance during the financial year</li> <li>Longer-term retention (deferred bonus component)</li> </ul>				<ul style="list-style-type: none"> <li>Retention of skills and direct alignment with shareholder interest</li> <li>Reward employees for their contribution to long term, sustainable Company performance</li> <li>Attract and retain key talent</li> <li>Incentivising employees towards the achievement of ambitious business transformation through the Tsewelelopele strategy and culture programme</li> </ul>		
	Cash bonus paid on a quarterly or bi-annual basis, depending on the arrangement pertaining to each operation or site	Top-up cash bonus paid out on an incremental scale to a maximum of one month's basic employment cost only on achieving and exceeding the Company's annual EBIT target. The bonus is paid out in March of the following year, following the announcement of the annual results	The incentive is delivered in two parts: i. an annual cash incentive; and ii. a deferred cash bonus with a holding period of one year before vesting	The incentive is delivered in two parts: i. an annual cash incentive; and ii. deferred bonus shares (deferred bonus award scheme) with a holding period of three to five years (for the Chief Executive) before vesting	Units awarded in terms of the rules of the ownership plan	<p>The LTIP for prescribed officers and qualifying senior managers has replaced the forfeitable share plan (FSP) for 2019</p> <p>Delivered in conditional shares with specific performance conditions attached to the vesting quantum after a period of three years</p> <p>No holding period, malus or clawback applies</p>	<p>Delivered in conditional shares with specific performance conditions attached to the vesting quantum after a period of three years</p> <p>A further two-year holding period applies after vesting, subject to a malus condition</p>
	Bargaining unit employees and front-line management level employees	Bargaining unit employees and front-line management level employees	Middle management level employees	Senior management and above	Bargaining unit employees and front-line management level employees	Prescribed officers and selected senior managers, excluding executive directors	Executive directors

## ANNEXURE 2: REMUNERATION REPORT CONTINUED

### EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

When assessing the performance of the company and its prescribed officers, the Committee is mindful of its obligation to our shareholders, as elaborated in our remuneration framework. The remuneration of executive directors and prescribed officers consists of fixed and variable components that are designed to ensure a substantial portion of the remuneration package is linked to the achievement of the Company's strategic objectives, thereby aligning incentives to the creation of sustainable shareholder value.

#### Fixed remuneration

The total package per role is compared to levels of pay at the market median in companies of comparable size and complexity within the industry sector. Annual salary benchmark reviews are conducted to ensure market competitiveness.

The Company contributes 12% of pensionable salary to approved retirement funds. Medical aid is subsidised at 60% of the contribution to a maximum amount determined by market comparisons. Risk insurance benefits include life cover and death-in-service benefits, subject to the rules of the approved Kumba retirement funds. The Company provides additional death and disability cover to employees through its insurance risk and compensation for occupational injuries and diseases (COID) underwriting policies.

#### Variable remuneration

The variable remuneration of the executive directors and prescribed officers consists of cash (annual performance bonus) and equity instruments (deferred bonus and long term incentives) applied in combination and with the quantum and conditions appropriate to the scope of responsibility and contribution to operating and financial performance of the respective role.

The variable remuneration components of our remuneration framework can be summarised as follows for our executive directors and prescribed officers:

VARIABLE PAY COMPONENT	INSTRUMENT TYPE	PAYMENT/VESTING	ELIGIBILITY
<b>Team+ performance bonus</b>	Cash	Annual cash payment in March	Executive directors, prescribed officers, senior and middle management employees
<b>Deferred bonus arrangement (DBA)</b>	Restricted equity awarded under the BRP rules	Unconditional vesting, subject to employment condition, after three to five years (five years for the Chief Executive only) with award value linked to the current year performance	Executive directors, prescribed officers and senior management employees
<b>Deferred bonus arrangement (DBA)</b>	Cash	Cash deferred for one year	Middle management employees
<b>Long term incentive plan (LTIP)</b>	Restricted equity awarded under the PSP rules	Conditional vesting after three years, with an additional two-year holding period subject to malus provisions for the executive directors	Executive directors, prescribed officers and qualifying senior managers (general management level employees)

### Kumba 2019 changes to our performance management approach and supporting performance incentive underpin

In 2019, Anglo American launched a new performance management approach referred to as the Team+ performance management approach. The Team+ performance management approach is a value delivery pathway for the creation and fostering of a new, purpose-led high-performance culture where everyone is working together as one team to achieve something extraordinary. Underpinning this new, deliberate culture change, is a new approach to performance management and the underlying, supporting performance incentives from 2019 onward.

Kumba, through Remco, has aligned with and adopted the new performance management and incentive scheme approach, design and implementation. The changes to the performance management and incentive scheme regime pertain specifically to the middle management and above employees, being on a global banding framework (GBF) 6 and above grading.

The front-line management employees across Kumba have been aligned to participate in the short term incentive regime (on-target production bonus) applicable to the bargaining category employees for the 2019 performance year. The on-target production bonus regime, based on collective performance objectives specific to an operation or site, remains unaffected by these changes.

### CHANGES TO PERFORMANCE MANAGEMENT AND THE SHORT TERM INCENTIVE (STI) REGIME

#### Performance management and STI – before 2019

Kumba employed an **individual performance management approach** where the Company strategic objectives and targets for the year were broken down and cascaded into **individual performance** contracts, agreed between the employee and their direct line manager. Formal, bi-annual performance discussions and assessments would be performed between an employee and their direct line manager, based on the agreed performance contract, with a further peer group calibration on the full year performance assessment and resultant rating. An individual would be rated on a five point scale, with an associated individual performance modifier (IPM) ranging between zero and two as per the scale depicted in diagram 1.

**Diagram 1: Individual performance modifier (IPM) performance-based distribution**

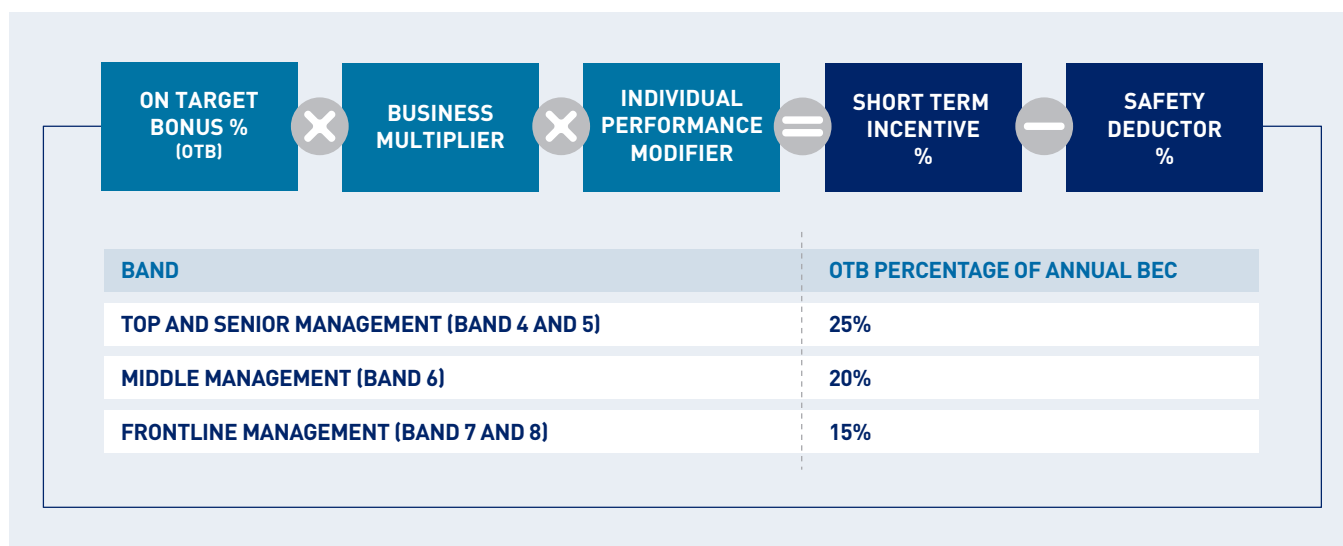
	Unsatisfactory	Does not fully meet expectations	Consistently meets expectations	Frequently exceeds expectations	Creates exceptional value
	Unsatisfactory 1	Satisfactory 2	Good performer 3	High achiever 4	Exceptional 5
Default individual performance modifier	0.0	0.5	1.0	1.5	1.9
Individual performance modifier range	0	0 to 0.7	0.8 to 1.2	1.3 to 1.8	1.8 to 2.0
Guideline distribution	Remaining percentage		At least 50%	Up to 25%	

The underpinning, annual short term incentive scheme calculation was based on a multiplicative formula comprising a grading specific on-target bonus percentage (OTB), an overall business performance-based business multiplier (BM) and the individual performance-based individual performance modifier (IPM), as depicted in **diagram 2**. The on-target bonus percentage is expressed as a percentage of the individual's basic employment cost (BEC – cost to company less employer

retirement contribution). The business multiplier could range between 0 and 1.3 (130%), depending on the underlying business performance against the performance objectives set for the performance year. A safety deductor penalty modifier also applied for all Band 5 and above employees with a bonus penalty ranging from 10% to 20% per fatality, based on a line of sight principle.

# ANNEXURE 2: REMUNERATION REPORT CONTINUED

**Diagram 2: Pre-2019 individual performance-based short term incentive model**



## Performance management and STI – 2019 onwards

The new performance management approach adopted from 2019 onwards, referred to as the Team+ performance management approach, is a team based performance approach. The performance teams are broken down into three distinct levels, being:

- **Group** – All Anglo American group functions;
- **Business unit** – Kumba corporate office and SIB projects; as well as
- **Asset level** – being Sishen and Kolomela (mining operations).

Stretching strategic performance objectives are set for the performance year and broken down into two major key result areas (KRAs), with targets cascaded over the three team performance levels. The two key results areas are broken down as follows:

- **Business results** – Measure achievements at the business unit or asset level and at the group level for those in group functions. These are the key output metrics for the performance year – such as financial, productivity, costs, safety and sustainability. This key result area comprises 70% of the short term incentive potential;
- **Critical tasks** – Programmes and initiatives that the business unit, asset or group function must deliver during the performance year in order to be successful in the performance delivery transformation of the business – for the performance year and future years. This key result area comprises 30% of the short-term incentive potential.

Over and above the two key result areas, a third, highly discretionary transformational award has been introduced, called the breakthrough accelerator. This discretionary award is made for exceptional team performance in bringing forward breakthroughs that accelerate the transformation of the business performance. The award is worth up to an additional 30% bonus potential, based on the bonus rate per grading, which can be paid for outstanding achievements, such as early delivery of transformation programmes, inspired innovation, or development of new performance delivery pathways. The safety deductor penalty modifier has been retained from the previous bonus model with the same penalties applying per fatality, but is now applicable to all participating employees from middle management (Band 6) and above.

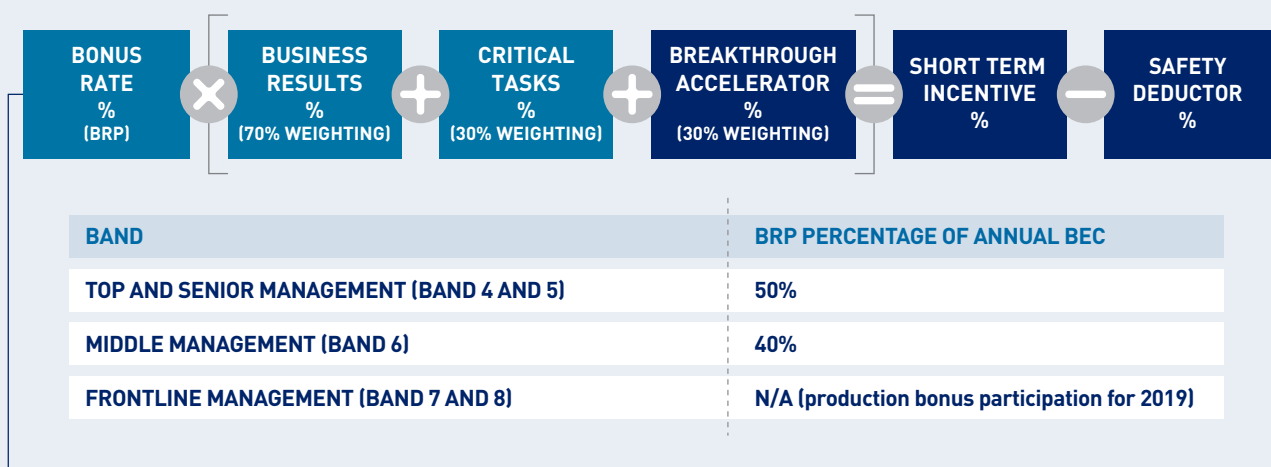
Additional changes to the performance management regime are précised as follows:

- Changing from individual only, to **team and individual performance**. The new approach to performance focuses much more on team outputs – with shared team goals set at the asset, BU or group function level only, as stated before. Employees are all still individually accountable for their contribution – making commitments regarding what we will do to drive team success – but success will be defined in terms of team delivery.
- Shifting from cyclical (bi-annual) to **continuous performance** feedback. Instead of reviewing annual objectives and conducting year-end reviews, the shift is to having frequent, ongoing, forward-focused conversations, and feedback about how teams are delivering on their team goals and commitments, what they can do better and what they can learn. These conversations will be both one-to-one and in the wider team context.



- Progressing from performance assessment to **performance optimisation**. Moving from an approach that is focused on looking backwards to assess past performance to one that looks forward to ensure that all participating employees are combining effort to achieve the best outcomes, focused on growth. In support, individual commitments made will be shorter-termed – focused on performance delivery in the next weeks or months rather than on annual objectives.
- Moving from being risk averse to **smart risk for innovation**. A shift in performance delivery will require the setting of bolder performance targets and thinking creatively of new ways to work together as teams to deliver on these goals.
- Transplanting from knowing to **living the Company values** and purpose. That means participating employees continuously testing individual and team decisions and behaviours against the Company values.

The new annual short term incentive scheme, underpinning the Team+ performance management regime, is based on an additive calculation formula, comprising the sum of the newly defined key result areas (business results and critical tasks) as well as the discretionary transformational award (breakthrough accelerator) multiplied by a grading specific bonus rate. The bonus rate replaces the on-target bonus percentage as a percentage of the individual's annual basic employment cost. The bonus rate has been doubled from the original on-target bonus percentage rate, to offset for the dilution effect of moving from a multiplicative to additive bonus model, and to ensure that the maximum, overall bonus potential achievable remained unchanged from the prior bonus model. The short term incentive metrics will be scored and bonus percentages calculated on a team level, as set out in the preceding section. The individual short term incentive payment percentage will only be differentiated by the participative team (group, business unit or asset level), grading and basic employment cost. The newly defined short term incentive model is depicted in **diagram 3**.



# ANNEXURE 2: REMUNERATION REPORT CONTINUED

## CHANGES TO THE LONG TERM INCENTIVE REGIME

### Long term incentives – before 2019

Kumba utilised a differentiated long term incentive regime intended to incentivise, attract and retain high-performing employees as part of its employee value proposition. The long term incentive regime before 2019 can be précised as follows:

- **Deferred cash bonus** – A deferral of 70% of the cash short term incentive value for a period of one year, subject only to the employment condition. The deferred cash bonus is only applicable to middle management (Band 6) employees;
- **Deferred bonus arrangement (DBA) share grant** – A deferral of 140% of the cash short term incentive value in forfeitable shares for a period of three years from grant, subject only to the employment condition. Participants qualify for shareholder rights, including dividend payments, during the three year restricted period. The DBA share grant is only applicable to senior and top management of the Company (Band 5 and above);
- **Forfeitable share plan (FSP) share grant** – The forfeitable share plan long term incentive has been applicable only to qualifying prescribed officer and general manager level employees (Band 4), excluding the executive directors. To qualify for an FSP grant, the participant had to have a performance rating of 3 (good performer) or above on the five point performance scale for the respective performance year. The FSP is an annual grant of forfeitable shares equal to 40% of the qualifying participant's annual basic employment cost, restricted for a period of three years from grant, subject only to the employment condition. Participants qualify for shareholder rights, including dividend payments, during the three-year restricted period.
- **Long term incentive plan (LTIP) share grant** – The long term incentive plan has been applicable only to the executive directors of the Company, being the Chief Executive Officer and the Chief Financial Officer. The annual LTIP grant is in the form of conditional shares equal to 150% of annual basic employment cost for the Chief Executive Officer and 100% of annual basic employment cost for the Chief Financial Officer. The conditional share vesting quantum is subject to performance against a scorecard of performance metrics over a period of three years. The key performance conditions are 70% linked to relative shareholder return (TSR) and 30% to a balanced scorecard of financial and ESG measures. The participants do not qualify for any shareholder rights during the three-year vesting period, including dividend payments. After the three-year vesting period, the realised LTIP shares are subjected to a further two-year holding period, restricted and held in escrow subject to clawback conditions. During the two-year holding period, the participants do qualify for shareholder rights on the realised LTIP shares that vested on meeting the underlying performance conditions.

### Long term incentives – 2019 onwards

The long term incentive regime for 2019 onwards has remained unchanged, with the exception of the forfeitable share plan grants and the addition of a once-off outperformance award long term incentive grant. These changes are summarised in the following section:

- **Forfeitable share plan (FSP) share grant** – The annual FSP forfeitable share grant has been replaced with a conditional, long term incentive plan (LTIP) share grant for the prescribed officers and general manager level employees (Band 4) from 2019 onward.
  - The performance conditions underlying the share vesting after a three-year performance testing period is similar to the performance conditions applicable to the executive directors.
  - The LTIP share grant has doubled from the FSP share grant quantum of 40% to a quantum of 80%. The increase is based on an expected value percentage proxy of 50% for the face value of the conditional shares.
  - The participants will no longer qualify for shareholder rights during the three-year vesting period, due to the grant of conditional shares instead of forfeitable shares. Dividend equivalents with respect to vested shares have been incorporated into the grant for the Band 4 employees as an offset to the loss of dividend rights associated with the conditional share award pre-vesting. Dividend equivalents will be equal to the normal dividends that the Company would have paid in respect of each share during the vesting period, multiplied by the number of vested shares.
  - Remco further approved a once-off transitional allowance in cash to be paid shortly after the 2019 awards were granted to mitigate the cash flow impact of receiving a dividend equivalent payment at the end of the vesting period, rather than dividends, as they are paid with respect to the tax differential between the dividend tax and income tax rate payable.
- **Outperformance award long term incentive** – A one-off, cash-settled award to Executive Committee members, excluding the Chief Executive, which vests in early 2024 on achievement of the Company attaining a 2023 free cash flow target of US\$717 million (set at 50% fixed price and exchange rate and 50% actual price and exchange rate). In addition, the award only vests if highly stretching targets measured at Anglo American plc, to which the Company contributes, are also achieved. The maximum outperformance award for the Chief Financial Officer and for the prescribed officers is 150% of basic employment cost.

## Executive directors' and prescribed officers' 2019 remuneration policy

The following section provides a comprehensive overview of the executive directors' and prescribed officers' remuneration policy applicable to the 2019 financial year.

### Elements of remuneration

The key elements of our remuneration framework and structure, which guides payments to all employees, are shown below, with a focus on executive directors and prescribed officers. The following colour scheme is employed throughout the remuneration report to denote the following components pertaining to the composition of our remuneration framework:

**Table B – remuneration framework composition**

	FIXED REMUNERATION		VARIABLE REMUNERATION		
	TOTAL GUARANTEED PAY (TGP)		SHORT TERM INCENTIVES		LONG TERM INCENTIVES
	BASE SALARY	STANDARD BENEFITS	ANNUAL TEAM+ PERFORMANCE BONUS	DEFERRED BONUS ARRANGEMENT (DBA)	LONG TERM INCENTIVE PLAN (LTIP) PRESCRIBED OFFICERS AND GENERAL MANAGERS
					LONG TERM INCENTIVE PLAN – EXECUTIVE DIRECTORS
Purpose and link to remuneration strategy	Market-related level of remuneration differentiated on the specific requirements of the role, level of complexity and span of control	Benefits appropriate to the market and contributing to the health and wellbeing of employees in support of our employee value proposition (EVP)	<p>The incentive is designed to reward and motivate the achievement of agreed team objectives on a business unit (Kumba corporate) and asset (mining operations) level. The incentive is directly linked to the relevant team performance against financial, productivity, costs, safety and sustainability objectives comprising the business results for the performance year</p> <p>Further to this, the incentive also incentivises performance towards the achievement of the Tswelelopele strategic programme and initiatives driving the transformation of the business, specifically related to beyond benchmark productivity improvements targeted. Through the deferred bonus arrangement, long term sustained performance is encouraged</p>	<p>Motivate prescribed officers and qualifying senior managers to achieve the three-year strategic objectives of the Company pertaining to relative total shareholder return (TSR) and a balanced scorecard of performance metrics, thus aligning top management and shareholder interests</p>	<p>Motivate executive directors to achieve the three-year strategic objectives of the Company pertaining to relative total shareholder return (TSR) and a balanced scorecard of performance metrics, thus aligning executive and shareholder interests</p> <p>The additional two-year holding period, subject to a malus condition, ensures an accentuated level of accountability and corporate sustainability</p>

# ANNEXURE 2: REMUNERATION REPORT CONTINUED

**Table B – remuneration framework composition** *continued*

	FIXED REMUNERATION		VARIABLE REMUNERATION		
	TOTAL GUARANTEED PAY (TGP)		SHORT TERM INCENTIVES		LONG TERM INCENTIVES
	BASE SALARY	STANDARD BENEFITS	ANNUAL TEAM+ PERFORMANCE BONUS	DEFERRED BONUS ARRANGEMENT (DBA)	LONG TERM INCENTIVE PLAN (LTIP) PRESCRIBED OFFICERS AND GENERAL MANAGERS
					LONG TERM INCENTIVE PLAN – EXECUTIVE DIRECTORS
Methodology	Base salary, as part of total guaranteed pay, is reviewed annually to ensure market competitiveness within the mining industry, as well as nationally	<p>The standard benefits, as part of the total guaranteed pay fixed component of remuneration, are as follows:</p> <ul style="list-style-type: none"> <li>Monthly employer retirement fund contribution to selected retirement funds equal to 12% of pensionable earnings</li> <li>Disability cover included in the monthly employer retirement fund contribution</li> <li>Personal accident, life and disability cover as well as travel cover</li> <li>Monthly medical aid subsidy equivalent to the smallest of 60% of the monthly contribution or an annually reviewed subsidy cap</li> <li>Study assistance for position-related formal, further education for qualifying employees</li> </ul>	<p>An annual cash incentive, determined in accordance with the Team+ performance management principles, payable at the end of March of the year following the end of the financial year</p> <p>The quantum of the annual incentive is determined as the multiple of the grading specific bonus rate percentage (between 40% and 60% of annual basic employment cost) and the additive sum of the business results, critical tasks and breakthrough accelerator key result area (KRA) metrics</p> <p>Business results are weighted at 70% and the critical tasks and breakthrough accelerator key result areas at 30% each</p> <p>The overall team performance scorecard (including the discretionary breakthrough accelerator KRA) weighting adds up to 130% of the bonus rate. A safety deduction penalty modifier, ranging between 10% and 20% per fatality, also applies on the overall bonus potential</p>	<p>A deferred bonus arrangement in which a proportion of the cash incentive is matched and awarded as:</p> <p>(i) 140% (150% for the Chief Executive) of the cash incentive in deferred shares, which is awarded after the end of the relevant financial year. These bonus shares are linked to performance during the financial year in the same manner as the annual cash incentive, and are subject to a three to five-year (only for the Chief Executive) holding period before vesting, during which it remains restricted</p> <p>This is applicable to executive directors, prescribed officers and senior management</p> <p>(ii) Participants earn dividends on shares awarded under the DBA</p>	<p>The LTIP consists of conditional awards of shares vesting after three years, subject to the achievement of stretched performance conditions</p> <p>Full voting and dividend rights will only accrue from the vesting date. The LTIP performance measure comprises:</p> <ul style="list-style-type: none"> <li>70% relative total shareholder return (TSR)</li> <li>30% balance scorecard (which consist of attributable free cash flow, rehabilitation and mine closure, TRCFR, attributable ROCE, environmental incidents and PM<sub>10</sub> dust control)</li> </ul>

**Table B – remuneration framework composition** *continued*

	FIXED REMUNERATION		VARIABLE REMUNERATION			
	TOTAL GUARANTEED PAY (TGP)		SHORT TERM INCENTIVES		LONG TERM INCENTIVES	
	BASE SALARY	STANDARD BENEFITS	ANNUAL TEAM+ PERFORMANCE BONUS	DEFERRED BONUS ARRANGEMENT (DBA)	LONG TERM INCENTIVE PLAN (LTIP) – PRESCRIBED OFFICERS AND GENERAL MANAGERS	LONG TERM INCENTIVE PLAN – EXECUTIVE DIRECTORS
Methodology continued				<p>(iii) 70% of the cash incentive in deferred cash, which is awarded after the end of the relevant financial year</p> <p>The deferred cash is linked to performance during the financial year in the same manner as the annual cash incentive, and is subject to a one-year holding period before vesting, during which it remains restricted</p> <p>This is applicable to middle management level employees</p> <p>The deferred bonus shares as well as deferred cash will be forfeited if the participant leaves employment during the restricted period (except if the participant is a “good leaver” under the DBA scheme rules). Participants earn dividends on the deferred bonus shares</p>	<p>The relative TSR is further split into a 35% weighted JSE/FTSE mining index (this index is compiled by the FTSE but consists of JSE mining companies only) and 35% global iron ore peer group.</p> <p>The global iron ore companies comparator group comprises:</p> <ul style="list-style-type: none"> <li>• IRC Limited (Hong Kong)</li> <li>• Hengshi Mining Investments Limited (Cayman Islands)</li> <li>• Shougang Hierro Peru S.a.a. (Peru), Honbridge Holdings Limited (Cayman Islands)</li> <li>• Ferrexpo plc (United Kingdom)</li> <li>• EVRAZ plc (United Kingdom), Companhia Siderúrgica Nacional (Brazil), NMDC Limited (India), Fortescue Metals group Limited (Australia)</li> <li>• Vale S.A. (Brazil)</li> </ul> <p>Targets are approved by Remco for each allocation and no re-testing of performance conditions is allowed. Shares that do not vest after three years in terms of the performance conditions will lapse. Details of the 2019 performance targets and vesting schedule are presented in the accompanying <b>Table C</b></p>	
					<p>Prescribed officers and qualifying senior managers will qualify for dividend equivalents on vested shares</p> <p>Dividend equivalents will be equal to the normal dividends that the Company would have paid in respect of each share during the vesting period, multiplied by the number of vested shares</p>	<p>The executive directors do not qualify for dividend equivalents on vested shares over the vesting period</p>



# ANNEXURE 2: REMUNERATION REPORT CONTINUED

**Table B – remuneration framework composition** *continued*

	FIXED REMUNERATION		VARIABLE REMUNERATION		
	TOTAL GUARANTEED PAY (TGP)		SHORT TERM INCENTIVES		LONG TERM INCENTIVES
	BASE SALARY	STANDARD BENEFITS	ANNUAL TEAM+ PERFORMANCE BONUS	DEFERRED BONUS ARRANGEMENT (DBA)	LONG TERM INCENTIVE PLAN (LTIP) – PRESCRIBED OFFICERS AND GENERAL MANAGERS
Opportunity and maximum limit	Base salary is linked to the annual benchmarking of the total reward package against the market median of companies of comparable size and complexity within the industry	The benefits have been designed to support the Company's employee value proposition to a competitive remuneration framework in the market	<p>The values of the annual performance incentive for executive directors and prescribed officers are:</p> <p><b>Chief Executive:</b> The Chief Executive's annual incentive is determined by measuring performance against his personal scorecard, aligned with the Team+ Kumba scorecard, comprising business results and critical tasks key result areas. The critical tasks key result area has been aligned with the individual objectives for the Chief Executive for 2019. The cash element of the incentive is capped at 100% of annual base salary. The Chief Executive, as a member of the Anglo American GMC, does not qualify for the discretionary breakthrough accelerator component of the Team+ incentive regime</p>	<p><b>Executive directors, prescribed officers and senior management:</b> 140% (150% for the Chief Executive) of the cash incentive in deferred shares, which is awarded after the end of the relevant financial year</p> <p><b>Middle management:</b> 70% of the cash incentive in deferred cash, which is awarded after the end of the relevant financial year</p>	<p>The LTIP award quantum is fixed at 80% of the participant's annual base salary (face value of share award) for qualifying prescribed officers and general management level managers</p> <p>The only exception is for the Chief Operating Officer position for which the quantum is fixed at 100% of annual base salary</p> <p>The prescribed officers and general management level managers qualify for dividend equivalents over the vesting period, based on the number of conditional shares vesting on the vesting date, after performance testing</p>
					<p>The maximum annual face value of the LTIP award is 150% of annual base salary for the Chief Executive and 100% of annual base salary for the Chief Financial Officer</p> <p>The executive directors do not qualify for dividend equivalents over the vesting period</p>

**Table B – remuneration framework composition** *continued*



	FIXED REMUNERATION		VARIABLE REMUNERATION			
	TOTAL GUARANTEED PAY (TGP)		SHORT TERM INCENTIVES		LONG TERM INCENTIVES	
	BASE SALARY	STANDARD BENEFITS	ANNUAL TEAM+ PERFORMANCE BONUS	DEFERRED BONUS ARRANGEMENT (DBA)	LONG TERM INCENTIVE PLAN (LTIP) – PRESCRIBED OFFICERS AND GENERAL MANAGERS	LONG TERM INCENTIVE PLAN – EXECUTIVE DIRECTORS
Opportunity and maximum limit continued			<p>Performance scoring, taking into account Kumba business performance against the targets set for the year comprise the maximum cash bonus potential for the Chief Financial Officer of 78% of annual base salary</p> <p><b>Prescribed officers:</b> As with the case of the Chief Financial Officer, prescribed officers participate in the Team + performance management approach and their performance is directly linked to the Kumba business unit scorecard for 2019. The bonus rate for prescribed officers is 50% with a maximum cash bonus potential of 65% of annual base salary</p> <p><b>Chief Financial Officer:</b> The Chief Financial Officer participates in the Team+ performance management approach and his performance is directly linked to the Kumba business unit scorecard for 2019. The Chief Financial Officer may also qualify for the discretionary breakthrough accelerator component (30%) of the Team+ incentive regime. The maximum bonus rate of 60% for the Chief Financial Officer, times the business unit scorecard</p>			

# ANNEXURE 2: REMUNERATION REPORT CONTINUED

**Table B – remuneration framework composition** *continued*

	FIXED REMUNERATION		VARIABLE REMUNERATION		
	TOTAL GUARANTEED PAY (TGP)		SHORT TERM INCENTIVES		LONG TERM INCENTIVES
	BASE SALARY	STANDARD BENEFITS	ANNUAL TEAM + PERFORMANCE BONUS	DEFERRED BONUS ARRANGEMENT (DBA)	LONG TERM INCENTIVE PLAN (LTIP) – PRESCRIBED OFFICERS AND GENERAL MANAGERS
Performance conditions	The salary adjustment under the Team+ performance regime is no longer linked to individual performance, but to the inflationary outlook, market adjustment benchmarking and individual position salary benchmarking	n/a	<p>The Team+ performance regime short term incentive is linked to a business result area encompassing the following metrics:</p> <p><b>Financial:</b></p> <ul style="list-style-type: none"> <li>Group earnings per share (EPS)</li> <li>Group attributable free cash flow</li> <li>Kumba EBITDA</li> <li>Kumba attributable free cash flow</li> <li>Kumba operating free cash flow</li> <li>Kumba return on capital employed</li> </ul> <p><b>Production:</b></p> <ul style="list-style-type: none"> <li>Sishen saleable production</li> <li>Kolomela saleable production</li> </ul> <p><b>Cost:</b></p> <ul style="list-style-type: none"> <li>Kumba total (C1) unit cost</li> </ul> <p><b>Safety:</b></p> <ul style="list-style-type: none"> <li>Fatal risks control strategies implemented</li> <li>Total recordable case frequency rate (TRCFR)</li> <li>Level 3 to 5 environmental incidents</li> <li>HIV management performance</li> </ul> <p>The business results account for 70% of the short term incentive scorecard weighting. The remaining 30% of the scorecard comprises the critical tasks key result area measuring productivity</p>		<p>Two weighted performance metrics measured over a three-year performance period apply to each award being:</p> <ul style="list-style-type: none"> <li>70% relative total shareholder return (TSR)</li> <li>30% balance scorecard which consists of several financial and ESG measures being:               <ul style="list-style-type: none"> <li>attributable free cash flow</li> <li>financial provision provided for rehabilitation and mine closure</li> <li>safety total recordable case frequency rate</li> <li>attributable return on capital employed</li> <li>level 3 to 5 environmental incidents and</li> <li>PM<sub>10</sub> dust control</li> </ul> </li> </ul> <p>The relative TSR is further split into a 35% weighted JSE/FTSE mining index (this index is compiled by the FTSE but consists of JSE mining companies only) and 35% global iron ore peer group</p> <p>The threshold and stretched targets for the 2019 LTIP award as approved by the Remco is presented in the accompanying <b>Table C</b></p>
Eligible participants	Executive directors, prescribed officers, senior and middle management employees		Executive directors, prescribed officers, senior and middle management employees		Prescribed officers and qualifying senior managers (general management level employees)
Company limits on equity awards	n/a		n/a	<p>The aggregate limit for the DBA and LTIP is 5% of the issued share capital. Shares are purchased in the market and not issued for the purpose of settlement of the DBA and LTIP</p> <p>The current level of outstanding shares is equal to 0.24% of total issued share capital</p>	

**Table B – remuneration framework composition** *continued*

	FIXED REMUNERATION		VARIABLE REMUNERATION		
	TOTAL GUARANTEED PAY (TGP)		SHORT TERM INCENTIVES		LONG TERM INCENTIVES
	BASE SALARY	STANDARD BENEFITS	ANNUAL PERFORMANCE BONUS	DEFERRED BONUS ARRANGEMENT (DBA)	FORFEITABLE SHARE PLAN (FSP)
Policy changes in 2019	n/a		 Please refer to the Kumba 2019 changes to our performance management approach and supporting performance incentive underpin on page 21 to 24		 Please refer to the Kumba 2019 changes to our performance management approach and supporting performance incentive underpin on page 21 to 24

**Table C – 2019 LTIP award performance conditions, targets and vesting schedule**

PERFORMANCE INDICATOR	% OF ALLOCATION SUBJECT TO INDICATOR	PERFORMANCE INDICATOR	% OF ALLOCATION SUBJECT TO INDICATOR	BELOW THRESHOLD TARGET	THRESHOLD TARGET	STRETCH TARGET
Total shareholder return (TSR) achieved	70%	Global iron ore comparator group	50%	Below median TSR	Median TSR	Upper quartile TSR ranking
		Vesting schedule		0%	25%	100%
		JSE/FTSE mining index	50%	Below the performance index	Performance at the index	Performance at the index + 9%
		Vesting schedule		0%	25%	100%
Balance scorecard	30%	Attributable free cash flow	33.33%	>100%	100%	143.7%
		Vesting schedule		0%	25%	100%
		Financial provision for the rehabilitation and mine closure of operations	10%	n/a	100%	n/a
		Vesting schedule		n/a	100%	n/a
		Return on capital employed (ROCE)	33.33%	<24.4%	24.4%	33.9%
		Vesting schedule		0%	25%	100%
		Total recordable case frequency rate (TRCFR)	6.67%	>100%	100%	95%
		Vesting schedule		0%	25%	100%
		Level 4 and 5 environmental incidents	10%	> 0	0	n/a
		Level 3, 4 and 5 environmental incidents		n/a	n/a	0
		Vesting schedule		0%	25%	100%
		PM <sub>10</sub> dust daily exceedances per annum	6.67%	> 4	4	3
		Vesting schedule		0%	25%	100%

# ANNEXURE 2: REMUNERATION REPORT CONTINUED

## CHANGES TO THE EXECUTIVE DIRECTORS' REMUNERATION POLICY FOR 2020

The current executive directors' remuneration policy continues to be effective. However, some revisions are required to further align with our horizon strategic priorities and investor expectations. Proposed changes are as follows:

### Impact of share price volatility on LTIP award values

For LTIP awards made in 2020 onwards, the Committee proposes to replace the existing cap on vesting value (200% for the Chief Executive Officer as of 2018) with a reduction to the size of award at grant if Kumba's share price declines by 25% or more between consecutive award dates. The operation of the cap creates potential misalignment with shareholders as it penalises (and disincentivises) strong performance post grant rather than addressing the original share price decline. The new mechanism is more appropriate going forward as it brings Kumba in to line with market practice and removes the risk of misalignment. This new

approach better limits the dilutive impact of a share price fall, is more motivational and closely aligns the interests of executives and shareholders.

### Rebalancing the performance measures for LTIP awards

A proposed revision of the policy on LTIP performance measures will allow greater flexibility around measure selection for future award cycles. This revision is intended to ensure that the LTIP awards made during the life of the policy can be structured to remain closely aligned with Kumba's strategic priorities for the relevant three-year period. For awards to be made in 2020, the Committee is proposing a scorecard comprising the same measures as used for 2019 awards, but reducing the weighting on relative TSR from 70% to 50% and up-weighting our balanced scorecard of strategic KPIs. This allows for a greater focus on ESG metrics and will provide a better balance between internal and external, as well as absolute and relative performance.

The performance measures and targets for the 2020 LTIP is detailed in the following table:

**Table D: Kumba LTIP performance measures overview**

Current policy measure	Current policy weighting	2019 measure	2019 measure weighting	Proposed 2020 measures	Proposed 2020 weighting
Relative total shareholder return	70%	TSR – Global iron ore peer group	35%	50%	TSR – Global iron ore peer group
		TSR – JSE/FTSE mining index	35%		TSR – JSE/FTSE mining index
Balanced scorecard of metrics	30%	Attributable free cash flow	10%	50%	To be determined
		Rehabilitation and mine closure	3%		
		ROCE	10%		
		Safety – total recordable case frequency rate (TRCFR)	2%		
		Level 3, 4 and 5 environmental incidents	3%		
		PM <sub>10</sub> Dust control	2%		

### Rebalancing the performance measures in the annual bonus

The Committee is also proposing to introduce greater flexibility in the policy around measure selection for the annual bonus for the Chief Executive. Going forward, it is proposed that a minimum of 50% of the bonus opportunity will be linked to financial performance; a minimum weighting of 15% will be linked to safety, health and environment (SHE) and individual objectives will be weighted no higher than 20%. The balance of the bonus opportunity will be linked to measures based on the Company's strategic priorities.

The Committee will retain discretion to select the most appropriate measures and weightings each year, subject to the parameters above, to ensure continued alignment with strategic priorities and business needs as these evolve over the life of the policy.

The performance key result areas for the 2020 annual bonus (and their respective weightings) are reflected in the following table for the Chief Executive Officer.



**Table E: 2020 performance scorecard key result areas for the Chief Executive**

Chief Executive performance scorecard Key result area	Key result area weighting for 2019	Key result area weighting proposed for 2020
Anglo American plc financial objectives	70% business results	20%
Kumba Iron Ore financial objectives		30%
Safety objectives		20%
Strategic objectives	30% critical tasks	20%
Individual performance objectives		10%

The introduction of specific strategic objectives aligns bonus outcomes to the delivery of the P101 and FutureSmart Mining™ productivity improvement programmes, the latter including progress towards our sustainable mining plan targets, all fundamental to long term value creation for our shareholders.

#### Promoting long term executive share ownership

Aligned with the Anglo American group, and based on investor feedback, the Committee has opted to incorporate an in-post

shareholding requirement for the Kumba Chief Executive. Taking a holistic approach to share ownership requirements, the Committee will decrease the annual bonus deferral (deferred bonus arrangement) percentage and time horizon to bring it into line with market practice. The bonus deferral will be decreased to 50% of the total bonus and this is deferred over two and three years. An in-post shareholding guideline of 200% of salary for the Chief Executive will be introduced. No post-exit shareholding requirements are currently being contemplated.

The policy changes are summarised as per the following table:

**Table F: Changes to long term executive share ownership**

Policy element	Current policy	2020 policy onward
Bonus deferral (deferred bonus arrangement)	60% of bonus earned Deferred shares vest: • 40% over three years • 20% over five years	50% of bonus earned Deferred shares vest: • 17% over two years • 33% over three years
In-post share ownership guideline	None	Chief Executive: 2 x salary
Post-employment share ownership requirement	None	None

#### CHANGES TO THE STI AND DBA UNDER REVIEW FOR IMPLEMENTATION IN THE 2020 PERFORMANCE YEAR

The current practice in Kumba is to pay 40% of the annual short term incentive (STI) as a cash payment and to defer the remaining 60% in shares for three years under the deferred bonus arrangement (DBA) for the executive directors, prescribed officers and senior management (Band 5 and above employees). In line with the policy change for executive directors, it is proposed that the bonus deferral arrangements for Band 5 and above employees are brought in line.

#### Executive directors and prescribed officers' contracts of employment

Executive directors and prescribed officers are not employed on fixed-term contracts but have standard employment contracts with notice periods of up to six months. The Chief Executive's contract

has a restraint of trade provision for a period of 12 months after the termination of his employment. There are no additional payments for any of the restraint obligations as the Chief Executive's remuneration is deemed fair and reasonable compensation inclusive of the restraint obligations.

There is no restraint of trade provisions applicable to the Chief Financial Officer and prescribed officers. No restraint payments have been made during this year. There are no change of control provisions or any provisions relating to payment on termination of employment.

#### Appointments of executive directors' and prescribed officers

Appointments are subject to approval by the Board and are governed by the business integrity policy.

## ANNEXURE 2: REMUNERATION REPORT CONTINUED

### NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors do not have employment contracts with the Company or participate in any of the Company's incentive plans. Non-executive directors are subject to retirement by rotation and re-election by shareholders in accordance with the Memorandum of Incorporation of the Company.

Recommendations on the level of fees payable to non-executive directors, are made by Remco and are approved by the shareholders. Non-executive directors' remuneration is determined through the benchmarking of market data, based on a survey of a representative comparator group of JSE-listed companies, as conducted by an independent external service provider. Fees are not dependent on meeting attendance. There are no other supplementary fees payable.

Annual fees payable to non-executive directors were approved by shareholders at the AGM on 10 May 2019. The fees are as follows:

#### 2019 fees per annum (Rand)

Capacity	Chairperson	Member
Board of Directors	<b>1,507,433</b>	<b>249,233</b>
Lead independent director	<b>1,166,000</b>	<b>n/a</b>
Audit Committee	<b>332,644</b>	<b>165,446</b>
Risk and Opportunities Committee	<b>332,644</b>	<b>165,446</b>
Social, Ethics and Transformation Committee	<b>332,644</b>	<b>165,446</b>
Human Resources and Remuneration Committee	<b>332,644</b>	<b>165,446</b>
Nominations and Governance Committee	<b>n/a*</b>	<b>165,446</b>

\* The Nominations and Governance Committee is chaired by the Chairperson of the Board and there are no additional fees paid for this responsibility.

## **GUARANTEED PAY ADJUSTMENTS**

### **Average rate of increase for 2019**

An inflation adjustment mandate of 6% on the cost to company (CTC – base salary plus employer retirement fund contribution) was approved by the Remco for the non-bargaining category employees, in line with our mining peers and national benchmarks conducted, supported by an external, third-party service provider. The approved mandate was further differentiated based on individual performance ranging from a 0% adjustment for non-performing employees to 6% for full to exceptional performing employees during the prior performance year (2018). An additional discretionary 1% mandate was approved to address individuals notably below the market median, taking cognisance of their performance (performance rating of 3 and above) during the prior two performance years.

The total reward (TR) remuneration of the executive directors are benchmarked against a comparator peer group of JSE listed companies of similar size and nature of operations and undertaken by a third-party, external service provider. The criteria utilised in the determination of an appropriate peer group were total assets under control, annual turnover, number of employees, EBITDA and market capitalisation.

A total salary adjustment mandate for the Chief Executive, for 2019, was effected as a 6% increase based on the annual inflation adjustment applied to exceptional performing employees and which was effective 1 January 2019.

An annual salary benchmarking review, conducted by a third-party external service provider, at the request of the Committee was completed in November 2018. Specific consideration was given to the total reward package of the Chief Financial Officer, compared to his mining industry comparator peer group. The Committee, based on the benchmarking guidance, decided to align the remuneration package of the Chief Financial Officer to the median of his comparator peer group. A two-tiered salary market adjustment over a two-year period was approved for the Chief Financial Officer, with a salary market adjustment increment of 11.1% effective as of 1 July 2019. This was a market adjustment over and above the inflation adjustment for 2019.

In 2017, a multi-year collective bargaining agreement was concluded between Kumba and the representative trade unions, for the period 1 July 2017 to 30 June 2020. Our three recognised trade unions, being the National Union of Mineworkers (NUM), Solidarity and the Association of Mineworkers and Construction Union (AMCU), together with management, concluded the agreement which regulates the annual adjustment percentage. A multi-year wage agreement ranging between a 10% increase on

the lowest level and 7% on the highest level of the bargaining category, effective from 1 July 2017 until 30 June 2020 was agreed and signed on 12 September 2017, with 2019 being the third year of implementation of this agreement.

## **ANNUAL PERFORMANCE INCENTIVE OUTCOMES – LINKED TO UNDERLYING PERFORMANCE (BUSINESS RESULTS AND CRITICAL TASKS)**

### **Safety performance**

Safety is Kumba's core value and we have maintained our fatality-free track record since May 2016. This is a significant accomplishment demonstrating what can be achieved when there is total commitment to safety. The power of having the right safety leadership, mindset, staff commitment, processes and support cannot be underestimated. Our elimination of fatalities (EoF) framework which prioritises leadership; risk and change management; and continuous learning; supported by technology, ensures that safety is always top of mind at Kumba. During 2019, we launched our “I-care” buddy campaign which encourages employee accountability for their personal safety and that of their colleagues. This collaborative approach is driving our response to section 23 safety stoppages for unsafe work practices and working conditions. This year, 402 section 23 and 172 internal safety stoppages took place reflecting that safety is our first priority. While our total recordable case frequency rate increased to 2.06 (2018: 1.80), our lost-time injury frequency rate improved to 0.69 (2018: 0.92), reflecting the decrease in severity of incidents. Our high-potential incidents – a leading safety indicator, increased to 12 (2018: 7). This is a concern for us and we have implemented high-risk work verification and increased management oversight to reduce these incidences.

### **Production performance**

Operationally, 2019 was a challenging year from a mining and plant perspective. Sishen experienced unscheduled maintenance at both the mine and the plant, while the dense media separation (DMS) plant at Kolomela was closed for an infrastructure upgrade. Notwithstanding these issues, total tonnes mined increased by 2% to 297.9 Mt while total production volumes decreased by 2% to 42.4 Mt (2017: 43.1 Mt). Production ended the year within the revised market guidance of 42 to 43 Mt, reflecting a good recovery at Sishen and a ramp-up in production at Kolomela following the restarting of the DMS plant in the fourth quarter. Total sales volumes of 42.2 Mt (2018: 43.3 Mt) were also within the revised market guidance of 41.5 to 42.5 Mt. The 2.4% decrease from 2018 was driven by lower domestic sales due to ArcelorMittal SA's decision to wind down operations at its Saldanha Steel plant, while export sales volumes were maintained at similar levels to 2018 due to port constraints.

## ANNEXURE 2: REMUNERATION REPORT CONTINUED

Our strategy of leveraging our endowment in the Northern Cape is unchanged. We continue to target a 20-year life of asset by 2022 through efficiency and optimisation, our ultra high dense media separation (UHDMS) project, and our Northern Cape exploration programme.

### Cost containment

With increased cost pressure due to operational challenges experienced this year, our margin enhancement strategy proved its worth in offsetting the cost headwinds. A higher average realised iron ore price was achieved which provided a strong revenue basis, which more than compensated for the 2% decrease in total sales volumes due to lower domestic off-take. Our cost savings programme successfully delivered R920 million of savings, R220 million above market guidance of R700 million. This brings the run-rate from our programme to R1.9 billion and within close range of our total savings target of R2.6 billion, which we originally expected to achieve only by the end of 2022. The savings were realised through operational efficiency improvements, variable cost optimisation across the value chain and overhead cost reductions. The savings benefited the cost of production by R15/tonne and R13/tonne at Sishen and Kolomela, respectively.

### Business and operating model

We continue to implement the Anglo Operating Model throughout our business. This is the foundation for shifting the benchmark efficiency to best-in-class industry benchmark, as part of driving our operations to full potential. In 2019, our overall operational efficiency increased to 68% (2018: 65%) of benchmark, with our performance primarily being affected by the availability of the 4100 shovel fleet at Sishen and 996 shovel fleet at Kolomela. We continue to drive our efficiency improvement projects and we have seen some good results in truck direct operating hours (DOH) and shovel tempo.

### Financial performance

Kumba successfully delivered an EBITDA margin of 52%, up from 45% in the prior period. A strong market coupled with continued excellence from our marketing and integrated sales and operations team contributed to a 35% increase in the average realised FOB iron ore price of US\$97/tonne (2018: US\$72/tonne). Further margin benefits came from a 9% depreciation in the local currency and cost savings of R920 million, aided by an improved operational efficiency of 68% of benchmark. These margin benefits were instrumental in containing the break even price at US\$45/tonne (2018: US\$41/tonne) in the face of cost pressure. The break even price was impacted by higher maintenance costs, lower production volumes and higher work-in-progress (WIP) utilisation, arising from this year's operational challenges. This was over and above higher royalty charges, and ongoing increases in mining inflation and escalation.

Kumba ended the year with a net cash position of R12.3 billion (net of R0.5 billion lease liability). Cash flow generated from operations increased by 84% to R34.7 billion (2018: R18.9 billion) due to higher EBITDA and lower working capital requirements. Reduced working capital largely related to lower receivables with the collection period improving to 14 days and higher payables due to provisions and accruals. This was partially offset by higher inventory as finished stock increased to 6.4 Mt (2018: 5.3 Mt).

Since embarking on our margin enhancement strategy Kumba's ROCE has improved from 49% in 2018 to 83% in 2019, reflecting favourable market conditions and continued success of our value over volume strategy.

### 2019 PERFORMANCE SCORECARD FOR THE EXECUTIVE DIRECTORS – PERFORMANCE AGAINST TARGETS

Aligned with the Anglo American **Team+** performance management approach during 2019, the Chief Financial Officer and prescribed officers were assessed against the business unit performance scorecard, set forth for Kumba. The Chief Executive Officer was assessed against his personal scorecard, aligned with the Kumba business unit performance scorecard.

The business unit performance scorecard comprises two key result areas, being:

- **Business results** – These are the key output metrics (financial performance, productivity achieved, cost containment, safety and sustainability for the performance year) which comprises 70% of the short term incentive potential;
- **Critical tasks** – These being the programmes and initiatives that the business unit must deliver during the performance year in order to be successful in the transformation of the business and comprises 30% of the short term incentive potential.

The 2019 **Team+** performance scorecard was reviewed and assessed under the following principles:

- **Business results** – The Kumba scorecard was reviewed and assessed by the Anglo American Corporate Committee and ratified by the Anglo American Group Management Committee. The final scoring was communicated to the Kumba Remco for final review, consideration and approval.
- **Critical tasks** – The adjudication of the critical tasks segment of the Kumba scorecard is comparable to the business results segment, but as the critical tasks key result area objectives are linked to the individual objectives of the Chief Executive, this section of the scorecard is assessed independently for the Kumba Chief Executive by the Chairperson of the Kumba Board and the Anglo American Chief Executive of Bulk Commodities and Other Minerals, prior to final review, consideration and ratification by the Kumba Remco as per their mandate from the Board.

## 2019 PERFORMANCE SCORECARD FOR THE EXECUTIVE DIRECTORS – PERFORMANCE AGAINST TARGETS

Business results team objectives	Weighting 70%	Below threshold	Between threshold and target	Between target and stretch	Stretch and beyond
<b>Anglo American plc group financial objectives</b>	15.0%				
EPS Anglo American group			✓		
Attributable free cash flow					✓
<b>Kumba financial objectives</b>	18.0%				
EBITDA			✓		
Operating free cash flow			✓		
ROCE					✓
<b>Kumba production objectives</b>	12.5%				
Saleable production			✓		
<b>Kumba unit cost objectives</b>	12.5%				
C1 unit cost			✓		
<b>Kumba safety, health and environmental objectives</b>	12.0%				
Fatal risk control strategies implemented					✓
Total recordable case frequency rate (TRCFR)					✓
Level 3 to 5 environmental incidents					✓
HIV management (testing, counselling and treatment)					✓
	Weighting 30%	Did not achieve objective/s	Partially achieved objective/s	Achieved objective/s	Exceeded objective/s
<b>Kumba value chain margin improvement</b>	7.5%				✓
<b>Kumba mining productivity improvement (P101)</b>	7.5%		✓		
<b>Kumba plant productivity improvement (P101)</b>	7.5%		✓		
<b>Rail contract performance</b>	7.5%				✓

Kumba, under the strategic direction and leadership of the Chief Executive, had a sterling performance year across all of its operational key result areas with the following synopsis across the respective performance areas:

**Financial indicators** – Against challenging operational conditions, Kumba marked another year of strong financial performance with EBITDA up by 62% to R33.4 billion. Kumba's EBITDA margin increased to 52% and cash flow from operations is up by 79% to R34.7 billion.

**Production indicators** – Met the threshold target on combined production (Sishen and Kolomela).

**Safety** – Safety remains a core value. There is continuous efforts towards embedding the elimination of fatalities (EOF) framework which ensures that we maintain our fatality-free track record of close to four years. While our total recordable case frequency rate increased to 2.06 (2018: 1.80), our lost-time injury frequency rate improved to 0.69 (2018: 0.92), reflecting the decrease in severity of incidents. Our high-potential incidents – a leading safety indicator, increased to 12 (2018: 7). This a concern for us and we have implemented high-risk work verification and increased management oversight to reduce these incidences.



## ANNEXURE 2: REMUNERATION REPORT CONTINUED

**Business development** – Given the reliability challenges faced this year, we have revised our asset management strategy and tactics. We have brought forward some scheduled maintenance and stay-in-business (SIB) projects in order to improve the performance of our key equipment and plant. Although completion of these projects is only expected at the end of 2020, to date we have already seen improvements in shovel availability and plant reliability. Sishen's production was well within the revised 2019 guidance of 29 to 30 Mt and waste above the 2019 guidance of 170 Mt to 180 Mt.

From an efficiency perspective, the overall Sishen owner fleet efficiency increased to 65% in 2018 to 68%. While availability of the 4100 shovels was challenging, the 2800 shovel fleet continued to perform well throughout the year, with the overall equipment efficiency achieved already exceeding expected benchmark performance for 2023.

Total tonnes mined at Kolomela increased by 10% to 79.1 Mt (2018: 72.0 Mt), with waste stripping increasing to 63.2 Mt (2018: 56.0 Mt). This was achieved on the back of improved owner fleet efficiency which increased to 67% (2018: 66%). The main contributors to this improvement was the temporary benefit of shorter cycle times to exploit an in-pit dumping opportunity in the main Leeuwfontein pit and the uplift in truck DOH from 14.5 to 16.1 hours following the implementation of a revised shift system.

A significant improvement in rail performance was seen in 2019 with iron ore railed to port increasing by 3.4% to 42 Mt from 40.6 Mt in the comparative period. The improved working relationship and collaboration with Transnet has been fundamental to the improvement in rail performance this year and we are continuing to build on the success achieved. The focus at the mines this year was on optimising the loading of the trains and reducing variability of the loads, as well as improving turnaround times at our load out stations at the mines, has helped to improve reliability and stability in the system and increased the rate at which ore is railed to port.

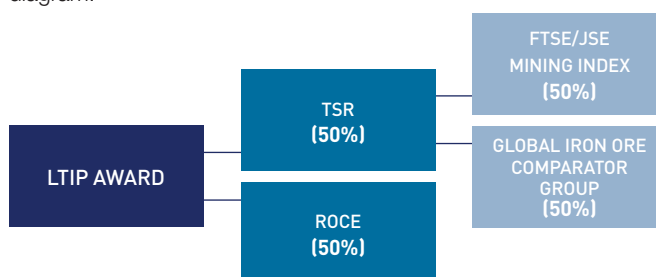
Despite severe weather disruptions and repairs to a stacker reclaimers at Saldanha port in June 2019, as well as the refurbishment of the second ship loader in the second half of 2019, the total volume shipped for the period was similar at 40 Mt (2018: 39.9 Mt).

**Full potential transformation – Tswelelopele** – Through our Tswelelopele strategy programme a strong, sustainable performance platform has been built. Tswelelopele encompasses strategic imperatives stretching from safety performance, extending the life of our Northern Cape operations to 20 years and beyond, moving to the first cost quartile by unlocking US\$10/tonne margin and becoming the employer of choice.

The Tswelelopele programme further underpins the Anglo American targets over the next five years (2019 to 2023). Looking ahead to the next three to five years, we expect a further step change in financial performance from the delivery of our P101 asset performance initiative and are expected to define a new and sustainable future for our industry and our stakeholders, as well as delivering our continued focus on improving safety, reducing environmental impact and supporting thriving host communities.

### LTIP VESTING OUTCOMES AND AWARDS FOR THE EXECUTIVE DIRECTORS

During 2017, conditional shares were awarded to the executive directors in terms of the rules of the LTIP. The LTIP performance measures comprise 70% total shareholder return (TSR) and 50% return on capital employed (ROCE). The breakdown and weighting of the performance measures are depicted in the following diagram:



The performance conditions have been calculated based on targeted against actual performance during 2019, with reference to the base year (2016) parameters. The ROCE threshold target was based on an iron ore price assumption of US\$46.68/tonne and exchange rate of ZAR14.50/US\$. During 2019, actual attributable ROCE performance was recorded as above the extended (stretch) target. In terms of the relative TSR measure, Kumba performed above the upper quartile compared to the global iron ore comparator group as well as the FTSE/JSE mining index stretch target.

## 2019 ACTUAL ROCE ACHIEVEMENT AGAINST TARGETS – APPLICABLE TO 50% OF CONDITIONAL SHARES

### Achievement against ROCE targets

Performance indicator	% of LTIP vesting	ROCE target	ROCE achieved
Return on capital employed (ROCE) achieved	11%	31%	76.2%
Vesting schedule	30%	100%	

As a result of the 2019 actual ROCE performance being above the extended (stretch) target of 31%, all conditional shares subject to this performance condition will vest in 2020.

### Total shareholder return performance and vesting conditions

Of the conditional shares that are subject to the total shareholder return (TSR) performance condition that will vest, 50% is determined by assessing the Company's relative performance to a global iron ore comparator group in terms of TSR. The approved peer group for the period was determined as:

- Companhia Siderúrgica Nacional
- EVRAZ PLC

- Ferrexpo Plc
- Fortescue Metals Group Ltd
- Hengshi Mining Investments (Aowei) Limited
- Honbridge Holdings Limited
- IRC Limited
- NMDC Limited
- Shougang Hierro Peru Saa
- Vale S.A.

### TSR and vesting conditions – applicable to 50% of conditional shares:

TSR measure	Weighting	Target	TSR performance	Vesting percentage
Global iron ore peer group	50%	Threshold	Below the median	0%
			Median TSR of the peer group	30%
			Upper quartile TSR of the peer group	100%
JSE/FTSE index	50%	Threshold	Below the performance index	0%
			Performance at the index	30%
			Performance at the index + 9%	100%

The percentage of the conditional shares that are subject to the TSR performance condition that will vest is determined by assessing the Company's relative performance to a global iron ore comparator group in terms of TSR. Kumba ranked above the upper quartile of the above comparator group. To this end, 100% of this portion will vest.

Kumba's TSR of 48.92% lies above the JSE/FTSE mining index stretch target of 26.57%. As a result, 100% of this portion will vest.

### Overall LTIP vesting based on the combined attributable ROCE and relative TSR performance conditions

The overall vesting of the 2016 LTIP conditional share award based on both the attributable ROCE (50%) and the relative TSR (50%) performance measures for 2019 is 100%.

# ANNEXURE 2: REMUNERATION REPORT CONTINUED

## 2019 SINGLE FIGURE REMUNERATION

R'000	Guaranteed pay and benefits			Additional payments		Short term incentive	Long term incentive			Total emoluments
	Base salary	Benefits	Total guaranteed pay	Circumstantial payments	Dividend equivalent	Cash bonus (paid March 2020)	DBA	LTIP	Total long-term incentive	2019
<b>Executive directors</b>	4			5		6	7	8		
TM Mkhwanazi <sup>9</sup>	8,275	265	8,540	2,788	—	5,308	7,962	17,650	25,612	42,248
BA Mazarura <sup>9</sup>	4,431	265	4,696	—	—	1,777	2,488	6,252	8,740	15,213
<b>Sub-total</b>	<b>12,706</b>	<b>530</b>	<b>13,236</b>	<b>2,788</b>	<b>—</b>	<b>7,085</b>	<b>10,450</b>	<b>23,902</b>	<b>34,352</b>	<b>57,461</b>
<b>Prescribed officers</b>										
PJP Fourie	2,594	376	2,970	681	—	882	1,235	—	1,235	5,768
SA Martin <sup>2</sup>	2,756	265	3,021	74	—	897	1,256	1,885	3,141	7,133
GM Mc Gavigan	3,081	267	3,348	761	—	996	1,394	—	1,394	6,499
Y Mfolo	2,557	264	2,821	546	—	837	1,172	—	1,172	5,376
TS Smit <sup>3</sup>	6,912	1,311	8,223	3,716	1,732	3,243	4,541	6,948	11,489	28,403
D Strange <sup>10</sup>	6,921	986	7,907	240	—	2,369	—	—	—	10,516
SV Tyobeka	3,079	264	3,343	649	—	994	1,392	—	1,392	6,378
CD Appollis <sup>1</sup>	1,140	169	1,309	109	—	—	—	—	—	1,418
<b>Sub-total</b>	<b>29,040</b>	<b>3,902</b>	<b>32,942</b>	<b>6,776</b>	<b>1,732</b>	<b>10,218</b>	<b>10,990</b>	<b>8,833</b>	<b>19,823</b>	<b>71,491</b>
<b>Total</b>	<b>41,746</b>	<b>4,432</b>	<b>46,178</b>	<b>9,564</b>	<b>1,732</b>	<b>17,303</b>	<b>21,440</b>	<b>32,735</b>	<b>54,175</b>	<b>128,952</b>

Notes:

<sup>1</sup> Resigned 31 July 2019.<sup>2</sup> LTIP value includes the vesting value calculated at R409.88 of Anglo American shares previously awarded when employed by Anglo American Coal SA.<sup>3</sup> Employed by Anglo American Marketing Limited (Singapore branch) and emoluments are paid in Singapore Dollars and Pound Sterling. The DBA and LTIP shares awarded is settled in Anglo American plc shares. Included in circumstantial payments are cost of living related allowances. The dividend equivalent is related to Anglo American plc shares.<sup>4</sup> Benefits include employer contribution to retirement fund and medical aid.<sup>5</sup> Includes long service leave, cash in lieu of share awards, housing allowance, leave encashment and retention bonus payment.<sup>6</sup> Cash bonus is based on 2019 performance – paid in March 2020.<sup>7</sup> Face value of DBA shares awarded in March 2020 based on the 2019 bonus value.<sup>8</sup> No FSP shares were awarded in 2019 – awards were replaced by LTIP awards as reflected in the unvested awards and cash flow table.<sup>9</sup> Value of LTIP shares awarded in 2017 with a performance period ending 31 December 2019, based on a 100% achievement of performance conditions and a three-day VWAP on 31 December 2019 of R403.45.<sup>10</sup> Recognised as prescribed officer in 2019. Emoluments (with the exception of housing and employer medical aid subsidy), are paid in Australian Dollar and is reflected in Rand.

## 2018 SINGLE FIGURE REMUNERATION

R'000	Guaranteed pay and benefits			Additional payments	Short term incentive	Long term incentive				Total emoluments
	Base salary	Benefits	Total guaranteed pay	Circumstantial payments	Cash bonus (paid March 2019)	DBA	FSP	LTIP	Total long-term incentive	2018
<b>Executive directors</b>										
TM Mkhwanazi <sup>2,10</sup>	7,936	306	8,242	2,898	6,230	9,345	—	16,934	26,279	43,649
BA Mazarura	3,700	266	3,966	35	1,534	2,147	—	—	2,147	7,682
NB Mbazima <sup>2</sup>	—	—	—	—	—	—	—	86,954	86,954	86,954
FT Kotzee <sup>1,2</sup>	—	—	—	—	—	—	—	26,287	26,287	26,287
<b>Sub-total</b>	<b>11,636</b>	<b>572</b>	<b>12,208</b>	<b>2,933</b>	<b>7,764</b>	<b>11,492</b>	<b>—</b>	<b>130,175</b>	<b>141,667</b>	<b>164,572</b>
<b>Prescribed officers</b>										
PJP Fourie <sup>10</sup>	2,447	354	2,801	678	899	1,258	760	4,140	6,158	10,536
SA Martin <sup>3</sup>	1,286	139	1,425	—	562	787	—	—	787	2,774
GM Mc Gavigan	2,892	266	3,158	838	1,093	1,530	858	—	2,388	7,477
Y Mfolo	2,383	277	2,660	599	853	1,194	721	—	1,915	6,027
TS Smit <sup>4</sup>	5,844	1,093	6,937	3,727	3,605	5,047	—	15,381	20,428	34,697
SV Tyobeka	2,887	266	3,153	726	1,091	1,528	857	—	2,385	7,355
CD Appollis	1,844	272	2,116	4	469	656	—	—	656	3,245
<b>Sub-total</b>	<b>19,583</b>	<b>2,667</b>	<b>22,250</b>	<b>6,572</b>	<b>8,572</b>	<b>12,000</b>	<b>3,196</b>	<b>19,521</b>	<b>34,717</b>	<b>72,111</b>
<b>Total</b>	<b>31,219</b>	<b>3,239</b>	<b>34,458</b>	<b>9,505</b>	<b>16,336</b>	<b>23,492</b>	<b>3,196</b>	<b>149,696</b>	<b>176,384</b>	<b>236,683</b>

Notes:

<sup>1</sup> Resigned 11 May 2017. LTIP value refers to award retained in terms of separation agreement.

<sup>2</sup> Value of LTIP shares awarded in 2016 with a performance period ending 31 December 2018 based on a 100% achievement of performance conditions and a three-day VWAP on 31 December 2018 of R276.94.

<sup>3</sup> Emoluments are from 1 July 2018. Cash bonus includes a pro-rated bonus earned at Anglo Coal SA.

<sup>4</sup> Employed by Anglo American Marketing Limited (Singapore branch) and emoluments are paid in Singapore Dollar and Pound Sterling. The DBA and LTIP shares awarded is settled in Anglo American plc shares. Included in circumstantial payments are cost of living related allowances as well as dividend equivalent related to the Anglo American plc shares.

<sup>5</sup> Benefits include employer contribution to retirement fund and medical aid.

<sup>6</sup> Includes cash in lieu of dividends, leave encashment and retention bonus payment.

<sup>7</sup> Cash bonus is based on 2018 performance – paid in March 2019.

<sup>8</sup> Face value of DBA shares awarded in March 2019 based on the 2018 bonus value.

<sup>9</sup> Face value of FSP shares awarded in 2018.

<sup>10</sup> LTIP value includes the vesting value calculated at R367.53 of Anglo American shares previous awarded when employed by Anglo American Coal SA.

# ANNEXURE 2: REMUNERATION REPORT CONTINUED

## 2019 SINGLE FIGURE REMUNERATION

R'000	Fees		Total emoluments
	Directors' fees	Committee fees	2019
<b>Non-executive directors</b>			
MS Bomela	188	325	513
N Dlamini	182	162	344
S French	245	164	409
MSV Gantsho	1,479	—	1,479
TP Goodlace	1,144	—	1,144
MA Jenkins <sup>2</sup>	42	55	97
NB Langa-Royds	245	589	834
DD Mokgatle <sup>1</sup>	99	395	494
SS Ntsaluba	245	645	890
S Pearce <sup>3</sup>	99	66	165
BP Sonjica	251	487	738
D Wanblad <sup>4</sup>	145	124	269
<b>Total</b>	<b>4,364</b>	<b>3,012</b>	<b>7,376</b>

Notes:

<sup>1</sup> Retired 10 May 2019.<sup>2</sup> Appointed 1 November 2019.<sup>3</sup> Resigned 31 May 2019.<sup>4</sup> Appointed 31 May 2019.

## 2018 SINGLE FIGURE REMUNERATION

R'000	Fees		Total emoluments
	Directors' fees	Committee fees	2018
<b>Non-executive directors</b>			
MS Bomela	231	393	624
N Dlamini	231	153	384
S French	231	153	384
MSV Gantsho	1,389	—	1,389
TP Goodlace	643	422	1,065
NB Langa-Royds	250	530	780
DD Mokgatle	231	1,016	1,247
AJ Morgan <sup>1</sup>	94	424	518
SS Ntsaluba	231	665	896
S Pearce	231	153	384
BP Sonjica	231	495	726
<b>Total</b>	<b>3,993</b>	<b>4,404</b>	<b>8,397</b>

Note:

<sup>1</sup> Resigned 11 May 2018.

## UNVESTED AWARDS AND CASH FLOW

The interests of the executive directors and of prescribed officers in shares of the Company granted in terms of the various long term incentive schemes are shown below.

Number of shares										
2019	Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2019	Granted during 2019	Forfeited during 2019	Vesting during 2019	Closing balance on 31 December 2019	Value of receipts R'000	Estimated fair value on 31 December 2019 R'000
<b>Executive directors</b>									2	3
TM Mkhwanazi	DBA	1 March 2017	1 March 2020	5,205				5,205	242	2,100
	DBA	1 March 2017	1 March 2022	2,082				2,082	97	840
	DBA	1 June 2017	1 March 2020	5,171				5,171	241	2,086
	DBA	1 June 2017	1 March 2022	2,585				2,585	120	1,043
	DBA	9 April 2018	1 March 2012	12,575				12,575	585	5,073
	DBA	9 April 2018	1 March 2023	6,288				6,288	293	2,537
	DBA	1 March 2019	1 March 2022	—	16,357			16,357	761	6,599
	DBA	1 March 2019	1 March 2025	—	8,179			8,179	380	3,300
	LTIP	15 September 2016	1 March 2019	23,774			23,774	—	8,996	—
	LTIP	1 June 2017	1 March 2020	43,748				43,748	—	17,650
	LTIP	1 June 2018	1 March 2021	30,184				30,184	—	5,366
	LTIP	31 May 2019	1 March 2022	—	24,776			24,776	—	8,477
<b>Sub-total</b>				131,612	49,312	—	23,774	157,150	11,715	55,071
BA Mazarura	DBA	9 April 2018	1 March 2021	1,617				1,617	75	652
	DBA	1 March 2019	1 March 2022	—	5,637			5,637	262	2,274
	LTIP	1 September 2017	1 March 2020	15,496				15,496	—	6,252
	LTIP	1 June 2018	1 March 2021	9,798				9,798	—	1,742
	LTIP	31 May 2019	1 March 2022	—	9,048			9,048	—	3,096
<b>Sub-total</b>				26,911	14,685	—	—	41,596	337	14,016
NB Mbazima <sup>4</sup>	DBA	1 March 2015	1 March 2018	—				—	—	—
	DBA <sup>1</sup>	1 March 2015	1 March 2020	7,772			7,772	—	3,921	—
	DBA	1 April 2016	1 March 2019	95,684			95,684	—	36,206	—
	DBA <sup>1</sup>	1 April 2016	1 March 2021	47,836			47,836	—	24,132	—
	LTIP	1 March 2015	1 March 2018	—				—	—	—
	LTIP	1 April 2016	1 March 2019	313,980			313,980	—	118,807	—
<b>Sub-total</b>				465,272	—	—	465,272	—	183,066	—
FT Kotzee <sup>4</sup>	LTIP	1 April 2016	1 March 2019	94,918			94,918	—	35,916	—
<b>Sub-total</b>				94,918	—	—	94,918	—	35,916	—

Notes:

<sup>1</sup> Share vesting accelerated as per scheme rules as a result of retirement from the Anglo American group of companies on 30 June 2019.

<sup>2</sup> Includes dividend payments received on 18 March 2019 and 19 August 2019 as well as face value of share vesting during 2019.

<sup>3</sup> Sum total of the estimated fair value of unvested DBA and FSP shares, 2017 LTIP award (estimated vesting of 100%), 2018 LTIP award (estimated vesting of 47%) and 2019 LTIP award (estimated vesting of 95%). The value is based on a three-day VWAP on 31 December 2019 of R403.45. Anticipated dividend equivalent based on the estimated LTIP vesting is also included.

<sup>4</sup> Awards were made during tenure as executive directors and awards were retained in terms of separation agreement.



# ANNEXURE 2: REMUNERATION REPORT CONTINUED

				Number of shares						
2019	Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2019	Granted during 2019	Forfeited during 2019	Vesting during 2019	Closing balance on 31 December 2019	Value of receipts R'000	Estimated fair value on 31 December 2019 R'000
Prescribed officers									1	2
PJP Fourie	DBA	9 April 2018	1 March 2021	3,246				3,246	151	1,310
	DBA	1 March 2019	1 March 2022	—	3,303			3,303	154	1,333
	FSP	1 May 2017	1 May 2020	5,281				5,281	246	2,131
	FSP	9 April 2018	1 March 2021	2,773				2,773	129	1,119
	LTIP	31 May 2019	1 March 2022	—	4,552			4,552	—	1,690
Sub-total				11,300	7,855	—	—	19,155	680	7,583
SA Martin	DBA	1 March 2019	1 March 2022	—	2,066			2,066	96	834
	LTIP	31 May 2019	1 March 2022	—	4,632			4,632	—	1,720
Sub-total				—	6,698			6,698	96	2,554
GM Mc Gavigan	DBA	1 March 2015	1 March 2018	—				—	—	—
	DBA	1 April 2016	1 March 2019	21,607			21,607	—	8,176	—
	DBA	1 March 2017	1 March 2020	3,712				3,712	173	1,498
	DBA	9 April 2018	1 March 2021	5,128				5,128	239	2,069
	DBA	1 March 2019	1 March 2022	—	4,018			4,018	187	1,621
	FSP	1 March 2015	1 March 2018	—				—	—	—
	FSP	1 April 2016	1 March 2019	15,769			15,769	—	5,967	—
	FSP	1 March 2017	1 March 2020	5,091				5,091	237	2,054
	FSP	9 April 2018	1 March 2021	3,131				3,131	146	1,263
	LTIP	31 May 2019	1 March 2022	—	5,142			5,142	—	1,910
Sub-total				54,438	9,160	—	37,376	26,222	15,125	10,415
Y Mfelo	DBA	1 March 2015	1 March 2018	—				—	—	—
	DBA	1 April 2016	1 March 2019	22,263			22,263	—	8,424	—
	DBA	1 March 2017	1 March 2020	5,352				5,352	249	2,159
	DBA	9 April 2018	1 March 2021	3,518				3,518	164	1,419
	DBA	1 March 2019	1 March 2022	—	3,135			3,135	146	1,265
	FSP	1 March 2015	1 March 2018	—				—	—	—
	FSP	1 April 2016	1 March 2019	19,496			19,496	—	7,377	—
	FSP	1 March 2017	1 March 2020	4,266				4,266	198	1,721
	FSP	9 April 2018	1 March 2021	2,631				2,631	122	1,061
	LTIP	31 May 2019	1 March 2022	—	4,320			4,320	—	1,604
Sub-total				57,526	7,455	—	41,759	23,222	16,680	9,229
SV Tyobeka	DBA	1 March 2015	1 March 2018	—				—	—	—
	DBA	1 April 2016	1 March 2019	25,528			25,528	—	9,660	—
	DBA	1 March 2017	1 March 2020	6,200				6,200	288	2,501
	DBA	9 April 2018	1 March 2021	4,850				4,850	226	1,957
	DBA	1 March 2019	1 March 2022	—	4,011			4,011	187	1,618
	FSP	1 March 2015	1 March 2018	—				—	—	—
	FSP	1 April 2016	1 March 2019	20,959			20,959	—	7,931	—
	FSP	1 March 2017	1 March 2020	4,616				4,616	215	1,862
	FSP	9 April 2018	1 March 2021	3,126				3,126	145	1,261
	LTIP	31 May 2019	1 March 2022	—	5,134			5,134	—	1,907
Sub-total				65,279	9,145	—	46,487	27,937	18,652	11,106
CD Appollis <sup>3</sup>	DBA	9 April 2018	1 March 2021	182		182		—	3	—
	DBA	1 March 2019	1 March 2022	—	1,723	1,723		—	27	—
Sub-total				182	1,723	1,905	—	—	30	—
Total				907,438	106,033	1,905	709,586	301,980	282,297	109,974

Notes:

<sup>1</sup> Includes dividend payments received on 18 March 2019 and 19 August 2019 as well as face value of share vesting during 2019.<sup>2</sup> Sum total of the estimated fair value of unvested DBA and FSP shares, 2017 LTIP award (estimated vesting of 100%), 2018 LTIP award (estimated vesting of 47%) and 2019 LTIP award (estimated vesting of 95%). The value is based on a three-day VWAP on 31 December 2019 of R403.45. Anticipated dividend equivalent based on the estimated LTIP vesting is also included.<sup>3</sup> Unvested share awards forfeited as a result of resignation on 31 July 2019.

## UNVESTED AWARDS AND CASH FLOW

				Number of shares						Estimated fair value on 31 December 2018 R'000
2018	Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2018	Granted during 2018	Forfeited during 2018	Vesting during 2018	Closing balance on 31 December 2018	Value of receipts R'000	
Executive directors									3	4
TM Mkhwanazi	DBA	1 March 2017	1 March 2020	5,205				5,205	154	1,441
	DBA	1 March 2017	1 March 2022	2,082				2,082	61	577
	DBA	1 June 2017	1 March 2020	5,171				5,171	153	1,432
	DBA	1 June 2017	1 March 2022	2,585				2,585	76	716
	DBA	9 April 2018	1 March 2012		12,575			12,575	182	3,483
	DBA	9 April 2018	1 March 2023		6,288			6,288	91	1,741
	LTIP	15 September 2016	1 March 2019	23,774	—			23,774	—	6,584
	LTIP	1 June 2017	1 March 2020	43,748				43,748	—	6,962
	LTIP	1 June 2018	1 March 2021		30,184			30,184	—	3,525
Sub-total				82,565	49,047	—	—	131,612	717	26,461
BA Mazarura	DBA	9 April 2018	1 March 2021	—	1,617			1,617	23	448
	LTIP	1 September 2017	1 March 2020	15,496				15,496	—	2,466
	LTIP	1 June 2018	1 March 2021	—	9,798			9,798	—	1,144
Sub-total				15,496	11,415	—	—	26,911	23	4,058
NB Mbazima <sup>5</sup>	DBA <sup>2</sup>	1 March 2015	1 March 2018	15,543	—	—	15,543	—	4,585	—
	DBA	1 March 2015	1 March 2020	7,772	—	—		7,772	229	2,152
	DBA	1 April 2016	1 March 2019	143,520	—	—		143,520	4,235	39,746
	LTIP <sup>1, 2</sup>	1 March 2015	1 March 2018	54,409	—	6,782	47,627	—	13,337	—
	LTIP	1 April 2016	1 March 2019	313,980	—	—		313,980	—	86,954
Sub-total				535,224	—	6,782	63,170	465,272	22,386	128,852
FT Kotzee <sup>5</sup>	LTIP <sup>1</sup>	1 March 2015	1 March 2018	16,819		2,096	14,723	—	5,139	—
	LTIP	1 April 2016	1 March 2019	94,918				94,918	—	26,287
Sub-total				111,737	—	2,096	14,723	94,918	5,139	26,287

### Notes:

<sup>1</sup> Shares forfeited are due to performance conditions of the 2015 award not fully being met.

<sup>2</sup> Share vesting delayed to 9 April 2018 due to employee being subject to an embargo.

<sup>3</sup> Includes dividend payments received on 12 March 2018 and 20 August 2018 as well as face value of share vestings during 2018.

<sup>4</sup> Sum total of the estimated fair value of unvested DBA and FSP shares, 2016 LTIP award (estimated vesting of 100%), 2017 LTIP award (estimated vesting of 65%) and 2018 LTIP award (estimated vesting of 53%). The value is based on a three-day VWAP on 31 December 2018 of R276.94.

<sup>5</sup> Awards were made during tenure as executive directors and awards were retained in terms of separation agreement.

# ANNEXURE 2: REMUNERATION REPORT CONTINUED

				Number of shares						
2018	Scheme	Award date	Earliest date of vesting	Opening balance on 1 January 2018	Granted during 2018	Forfeited during 2018	Vesting during 2018	Closing balance on 31 December 2018	Value of receipts R'000	Estimated fair value on 31 December 2018 R'000
Prescribed officers									2	3
PJP Fourie	DBA	9 April 2018	1 March 2021	—	3,246			3,246	47	899
	FSP	1 May 2017	1 May 2020	5,281				5,281	156	1,463
	FSP	9 April 2018	1 March 2021	—	2,773			2,773	40	768
Sub-total				5,281	6,019	—	—	11,300	243	3,130
GM Mc Gavigan	DBA <sup>1</sup>	1 March 2015	1 March 2018	4,557			4,557	—	1,344	—
	DBA	1 April 2016	1 March 2019	21,607				21,607	638	5,984
	DBA	1 March 2017	1 March 2020	3,712				3,712	110	1,028
	DBA	9 April 2018	1 March 2021	—	5,128			5,128	74	1,420
	FSP <sup>1</sup>	1 March 2015	1 March 2018	2,921			2,921	—	862	—
	FSP	1 April 2016	1 March 2019	15,769				15,769	465	4,367
	FSP	1 March 2017	1 March 2020	5,091				5,091	150	1,410
	FSP	9 April 2018	1 March 2021	—	3,131			3,131	45	867
Sub-total				53,657	8,259	—	7,478	54,438	3,688	15,076
Y Mfelo	DBA <sup>1</sup>	1 March 2015	1 March 2018	3,792			3,792	—	1,119	—
	DBA	1 April 2016	1 March 2019	22,263				22,263	657	6,166
	DBA	1 March 2017	1 March 2020	5,352				5,352	158	1,482
	DBA	9 April 2018	1 March 2021	—	3,518			3,518	51	974
	FSP <sup>1</sup>	1 March 2015	1 March 2018	3,628			3,628	—	1,070	—
	FSP	1 April 2016	1 March 2019	19,496				19,496	575	5,399
	FSP	1 March 2017	1 March 2020	4,266				4,266	126	1,181
	FSP	9 April 2018	1 March 2021	—	2,631			2,631	38	729
Sub-total				58,797	6,149	—	7,420	57,526	3,794	15,931
SV Tyobeka	DBA <sup>1</sup>	1 March 2015	1 March 2018	4,756			4,756	—	1,403	—
	DBA	1 April 2016	1 March 2019	25,528				25,528	753	7,070
	DBA	1 March 2017	1 March 2020	6,200				6,200	183	1,717
	DBA	9 April 2018	1 March 2021	—	4,850			4,850	70	1,343
	FSP <sup>1</sup>	1 March 2015	1 March 2018	3,911			3,911	—	1,154	—
	FSP	1 April 2016	1 March 2019	20,959				20,959	619	5,804
	FSP	1 March 2017	1 March 2020	4,616				4,616	136	1,278
	FSP	9 April 2018	1 March 2021	—	3,126			3,126	45	866
Sub-total				65,970	7,976	—	8,667	65,279	4,363	18,078
CD Appollis	DBA	9 April 2018	1 March 2021		182			182	3	50
Sub-total				—	182	—	—	182	3	50
Total				928,727	89,047	8,878	101,458	907,438	40,356	237,923

Notes:

<sup>1</sup> Share vesting delayed to 9 April 2018 due to employee being subject to an embargo.<sup>2</sup> Includes dividend payments received on 12 March 2018 and 20 August 2018 as well as face value of share vesting during 2018.<sup>3</sup> Sum total of the estimated fair value of unvested DBA and FSP shares, 2016 LTIP award (estimated vesting of 100%), 2017 LTIP award (estimated vesting of 65%) and 2018 LTIP award (estimated vesting of 53%). The value is based on a three-day VWAP on 31 December 2018 of R276.94.

## DIRECTORS' BENEFICIAL INTEREST IN KUMBA

The aggregate beneficial interest in Kumba at 31 December 2019 of the directors of the Company and their immediate families (none of whom has a holding greater than 1%) in the issued shares of the Company are detailed below. There have been no material changes to the shareholding since 2019 and the date of approval of the annual financial statements.

Capacity and name	2019			2018		
	Number of shares	Long term incentive scheme shares	Total beneficial interest	Number of shares	Long term incentive scheme shares	Total beneficial interest
<b>Executive directors<sup>1</sup></b>						
TM Mkhwanazi <sup>2</sup>	11,826	157,150	168,976	—	131,612	131,612
BA Mazarura <sup>2</sup>	—	41,596	41,596	—	26,911	26,911
NB Mbazima <sup>2</sup>	—	—	—	—	465,272	465,272
F Kotzee <sup>2</sup>	—	—	—	—	94,918	94,918
<b>Sub-total</b>	<b>11,826</b>	<b>198,746</b>	<b>210,572</b>	<b>—</b>	<b>718,713</b>	<b>718,713</b>
<b>Non-executive directors</b>						
DD Mokgatle <sup>3</sup>	428	—	428	428	—	428
SS Ntsaluba	500	—	500	—	—	—
<b>Sub-total</b>	<b>928</b>	<b>—</b>	<b>928</b>	<b>428</b>	<b>—</b>	<b>428</b>
<b>Total</b>	<b>12,754</b>	<b>198,746</b>	<b>211,500</b>	<b>428</b>	<b>718,713</b>	<b>719,141</b>

Notes:

<sup>1</sup> Direct interest held by executive directors.

<sup>2</sup> Granted under the rules of the bonus share plan, bonus and retention share plan and performance share plan and disclosed in the tables above.

<sup>3</sup> Resigned as non-executive directors on 10 May 2019. Total indirect interest held by spouse.

# ANNEXURE 3

## MAJOR SHAREHOLDERS

SHAREHOLDER	Location	Holdings as at 20 December 2019	% ISC
Anglo South Africa (Johannesburg)	Johannesburg	224,535,915	69.71
Industrial Development Corporation (Johannesburg)	Johannesburg	41,498,615	12.88
Public Investment Corporation (Pretoria)	Pretoria	4,501,699	1.40
BlackRock Investment Mgt – Index (San Francisco)	San Francisco	2,670,644	0.83
Acadian Asset Mgt (Boston)	Boston	2,451,714	0.76
Robeco Asset Mgt (Rotterdam)	Rotterdam	2,257,860	0.70
GMO (Boston)	Boston	2,237,049	0.69
Fairtree Capital (Cape Town)	Cape Town	1,971,490	0.61
Vanguard Group (Philadelphia)	Philadelphia	1,896,327	0.59
State Street Global Advisors (Boston)	Boston	1,659,350	0.52
<b>Total</b>		<b>285,680,663</b>	<b>88.70</b>

## NO MATERIAL CHANGES

Other than the facts and developments reported in the annual financial statements 2019 which are available on the Company's website at [www.angloamericankumba.com](http://www.angloamericankumba.com), there have been no material changes in the financial or trading position of the Company and its subsidiaries since the signature date of the annual financial statements for 2019, being 18 February 2020.

## ISSUED SHARE CAPITAL OF THE COMPANY

The issued share capital of the Company is 322,085,974 ordinary shares.

## AUTHORISED SHARE CAPITAL OF THE COMPANY

The authorised share capital of the Company is 500,000,000 ordinary shares.

# ADMINISTRATION

## **COMPANY REGISTRATION NUMBER**

2005/015852/06  
JSE share code: KIO  
ISIN: ZAE000085346  
Legal entity number (LEI): 3789006C753402643048

## **COMPANY SECRETARY AND REGISTERED OFFICE**

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Centurion Gate, Building 2B, 124 Akkerboom Road  
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## **AUDITOR**

Deloitte & Touche Chartered Accountants (SA)  
Registered Auditors  
5 Magwa Crescent, Waterfall City  
Midrand, 2090, South Africa  
Private Bag X46, Gallo Manor, 2052  
www2.deloitte.com/za

## **ASSURANCE PROVIDERS**

PricewaterhouseCoopers Registered Auditors  
4 Lisbon Lane  
Waterfall City, 2090, South Africa  
Private Bag X36, Sunninghill, 2157  
Tel: +27 (0) 11 797 4000  
Fax: +27 (0) 11 797 5800  
www.pwc.co.za

## **SPONSOR**

RAND MERCHANT BANK  
(A division of FirstRand Bank Limited)  
Registration number: 1929/001225/06  
1 Merchant Place, corner Rivonia Road and Fredman Drive  
Sandton, 2146, South Africa  
PO Box 786273, Sandton, 2146  
www.rmb.co.za

## **UNITED STATES ADR DEPOSITORY**

BNY Mellon  
Depositary Receipts Division,  
101 Barclay Street, 22nd Floor New York, New York, 10286  
Tel: +1 (0) 212 815 2732  
Fax: +1 (0) 212 571 3050/1/2  
www.adrbny.com

## **TRANSFER SECRETARIES**

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue  
Rosebank, 2196, South Africa  
Private Bag X9000, Saxonwold, 2132  
www.computershare.com

## **INVESTOR RELATIONS**

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