

CORPORATE GOVERNANCE REVIEW

OUR APPROACH TO CORPORATE GOVERNANCE

The board of directors understands the responsibility it has to lead the company effectively, ethically and transparently, and focuses on steering the company in the right direction through a combination of strategy, effective leadership and sound corporate governance. Our board of directors remains committed to adhering to the highest standards of corporate governance, including King III, the Companies Act, the JSE Listings Requirements and other applicable regulations. However, governance at Kumba is about more than compliance.

In 2013 Kumba completed the implementation of the framework, processes and controls needed for full compliance with the recommendations in Chapters 1 and 6 of King III. The programme was developed and partially completed in 2011 and 2012, and embraced the management of ethics as well as legislative and regulatory compliance. The board is confident that the Anglo American Group Business Integrity Policy and Performance Standards endorsed by Kumba (available on the company's website at www.angloamericankumba.com/au_corpgov.php) are sufficiently robust to sustain our ethical principles and that adequate processes are built into the assurance system to manage and ensure group-wide compliance with these principles. The board is satisfied that the group complies fully with the principles and recommendations of King III. The company utilises the governance assessment instrument developed by the Institute of Directors in Southern Africa (IoDSA) to assess its application of the King III principles and a detailed report on the status of application is available on the company's website at www.angloamericankumba.com/au_corpgov.php.

As indicated in the 2012 Integrated Report, the board reviewed a number of areas within the group's corporate governance processes following implementation of the Companies Act on 1 May 2011. The review was concluded with the adoption of the memorandum of incorporation (Moi) by the shareholders at a general meeting held on 18 January 2013. The memoranda of incorporation for all South African subsidiaries in the group were adopted by relevant shareholders during 2013 in compliance with the Companies Act.

The annual compliance certificate confirming the company's compliance with the JSE Listings Requirements was completed and submitted to the JSE in January 2014.

KUMBA GOVERNANCE STRUCTURE

Governance at Kumba is structured to take into account the fact that its main operating subsidiary, SIOC, has a shareholding structure that reflects the empowerment requirements of the Mining Charter and of the MPRDA. As a means of ensuring the requirements of Kumba's and SIOC's disparate stakeholders are best served, the two entities are legally separate and have fully operational but separate boards with clearly defined responsibilities and authorities.

To achieve this, the two entities are regulated in terms of applicable legislation, best practice corporate governance codes and the Kumba Delegation of Authority Framework (DAF). The DAF specifies the authority parameters of each of the two boards to ensure that decisions are made by the appropriate board. The DAF also serves as the governance framework between Anglo American plc and Kumba. The SIOC board comprises non-executive directors drawn from the entity's minority shareholders, executive directors drawn from Exco, and an independent non-executive director.

SIOC's board has full authority over matters pertaining to SIOC. It may, however, take into account recommendations and suggestions from SIOC's shareholders, including its majority shareholder, Kumba. In its governance of SIOC's operations, the SIOC board is supported by Kumba's board committees and feedback on deliberations of board committees' meetings is provided at each SIOC board meeting.

GOVERNANCE IN ACTION: AN EXPLANATION

Throughout this report there have been examples of governance in action. These highlight key activities of the board and its committees during the year. We link corporate governance to value creation by highlighting the impact of governance decisions on the business and sustainable benefits for all stakeholders.



THE BOARD

Role of the board

The board's mandate is to provide the strategic direction needed to ensure that the company delivers sustainable value to all stakeholders. The directors combine their leadership, judgment and enterprise to determine the group's strategies and direction and do this with personal integrity. They have overall responsibility for identifying and overseeing the management of key risks as well as for setting KPIs and managing performance against agreed targets. Further information on the composition and activities of the board during the year under review is on pages 120 and 123.

Board charter

The Kumba board charter is the overarching policy document that defines the board's powers and operational parameters. It also provides for delegation of operational responsibilities to management and the board committees. The board charter was comprehensively reviewed, updated and approved by the board in November 2013 so as to incorporate the provisions of King III, the Companies Act, as well as to align it with the company's Mol.

Additions and revisions to the charter in 2013 included provisions on appointing a successor to the chairman. The successor will be elected by the board from its own members either temporarily or permanently as determined by the board. The charter also includes a clear policy on the division of responsibilities in order to confirm there is an appropriate balance of power in the board, the reporting lines and key responsibilities of the chairman of the board, the lead independent director, and the CEO.

Fundamentally, the Kumba board charter encompasses the following:

- Regulation of the board's operating parameters
- Specification of individual directors' responsibilities
- The requirement that directors adhere to and comply with Kumba's Mol

The charter also addresses governance and other key issues which are the board's specific preserve. A copy of the Kumba board charter is available on the company's website at www.angloamericankumba.com/au_corpgov.php.

Appointment of directors

A formal and transparent procedure exists for the appointment of directors to the board and is a matter for the board as a whole. Responsibility for recommending board appointments and directors' appraisals rests with the human resources remuneration and nomination committee (Remco). The choice of directors is guided by individual skills and competencies, as well as the contribution they will make to Kumba's achievement of its corporate, environmental and social objectives. The board is composed so as to deliver an appropriate mix of technical, financial, business and governance expertise.

On joining the board, all directors take part in an induction programme to ensure they are apprised of their governance and fiduciary responsibilities and to gain an understanding of the business.

Changes to the board during the year

Kumba has a formal and transparent procedure for appointing board members, and this was followed with the appointment of a new non-executive director during the year under review. Appointment of new directors is the responsibility of the board as a whole, upon recommendation of the candidate to the board by Remco. Recommendation follows a careful appraisal of the candidate's skills and experience and takes into account an appointee's contribution to the board's diversity.

There were two changes to the board in 2013. David Weston, who was appointed as a non-executive director in February 2010, resigned from the Kumba board on 30 September 2013, coinciding with his retirement from Anglo American plc.

Tony O'Neill was appointed to the Kumba board as a non-executive director on 30 September 2013 and brings with him technical expertise with more than 35 years experience in the mining industry.

GOVERNANCE IN ACTION

The appointment of directors to the board is a matter for the board as a whole. Tony O'Neill was appointed as a director in September 2013 upon recommendation by Remco. For further information on Tony O'Neill see page 115 of this report.

Non-executive directors' fees

In principle independent directors' fees may be increased annually, however, in 2013 no increases were awarded to the independent directors as their fees were considered to be in line with the market. Increases are guided by the market, taking into account benchmarking against the remuneration of non-executives in peer-group companies. Remuneration is paid to the non-executive directors following approval by shareholders in terms of the Companies Act. Shareholders will be requested to approve an increase of 6% based on the 2014 projected consumer price index. For further details refer to special resolution number 2 in the notice of the annual general meeting (AGM) on page 144.

Conflict of interests

Kumba's comprehensive and defined policies governing conflict of interests are designed to help directors identify such potential conflicts and provide mechanisms and procedures to be adopted when or if such conflicts arise. These include such issues as a director recusing him/herself from meetings at which the board considers matters that might give rise to such a conflict. The policies are structured to comply with the requirements of the Companies Act as well as with JSE Listings Requirements. Directors are required to consider whether situations might arise that could create the perception of a conflict of interest and to recommend the appropriate action to allay such perceptions.

Comprehensive registers are maintained of individual directors' interests in and outside the company and these are updated and signed by the directors and noted by the board at each board meeting.

BOARD COMPOSITION

DIRECTOR	DESIGNATION	APPOINTMENT DATE
Allen Morgan	Independent non-executive director (lead independent director)	9 February 2006
Buyelwa Sonjica	Independent non-executive director	1 June 2012
Dolly Mokgatle	Independent non-executive director	7 March 2006
Fani Titi	Independent non-executive director (Chairman)	1 October 2012
Frikkie Kotzee	Executive director (Chief financial officer)	1 June 2012
Gert Gouws	Non-executive director	9 February 2006
Khanyisile Kweyama	Non-executive director	15 October 2012
Litha Nyhonyha	Independent non-executive director	14 June 2011
Norman Mbazima	Executive director (CEO)	1 September 2012
Tony O'Neill	Non-executive director	30 September 2013
Zarina Bassa	Independent non-executive director	2 December 2008

Demographics

Independent non-executive chairman	1		
Executive directors	2		
Non-executive directors	9		
Independent non-executive directors	6		
HDSAs	6		Women 4
Non-HDSAs	5		Men 7

Directors' independence

Relevant non-executive directors are robustly reviewed on appointment to ensure they are truly independent. In terms of Principle 2.18 of King III, independent, non-executive directors may serve for nine years. At the end of this nine-year period they will be subject to an evaluation to ascertain that they remain independent. During 2013 the board approved structures recommended by Remco to ensure that independent directors' independence is evaluated in terms of the nine-year rule. The first evaluation is set to take place in 2015 to evaluate directors appointed to the board in 2006.

Responsibilities of the chairman and CEO

The responsibilities of the chairman and CEO are clearly defined and separated as set out in the board charter. While the board may delegate authority to the CEO in terms of the board charter, the separation of responsibilities is designed to ensure that no single person or group can have unrestricted powers and that appropriate balances of power and authority exist on the board.

The chairman is responsible for leading the board and for ensuring the integrity and effectiveness of the board and its committees. In contrast, the CEO is responsible for the efficient management and running of the company's business in terms of strategies and targets approved by the board.

Rotation and election of directors

In accordance with the company's MoI and the terms of the Companies Act, at least one third of directors shall retire from the board each year. They may, however, offer themselves for re-election at the appropriate AGM. In 2013 Zarina Bassa, Dolly Mokgatle and Allen Morgan retired and were re-elected at the AGM. In 2014, Gert Gouws, Khanyisile Kweyama and Litha Nyhonyha will retire and offer themselves for re-election. Tony O'Neill who was appointed to the board on 30 September 2013 will offer himself for election by shareholders at the 2014 AGM on 9 May 2014. Brief biographies of all directors outlining their qualifications and skills are included on pages 114 to 115.

Directors' induction and development programme

On joining the board, all directors participate in a formal induction programme. All new directors are required to participate in the programme and, in discussion with the board chairman, tailor the programme to their specific needs.

At the very minimum induction procedures include:

- an overview of the company's operations
- face-to-face discussions with executives and operational management
- site visits to all operations and major facilities
- training in corporate governance as well as in statutory and common law aspects of directors' responsibilities
- complete briefings of the director's responsibilities in terms of JSE Listings Requirements
- committee-specific information for any director joining a board committee

Regular training is provided to ensure directors are kept up to date on regulatory or governance changes that might affect the company. During the year under review, two board governance sessions were held in May and October. At the session held in May matters relating to the Companies Act, King III principles, JSE Listings Requirements and practical implications of board policies were covered. Representatives from the IoDSA also attended the session to provide detail on director development programmes it offers. The board held its annual strategy workshop at the end of May 2013. For more information on the company's strategy refer to pages 16 to 19.

The annual board risk workshop was held on 1 August 2013 at which the board reviewed the global and domestic risk environment, re-evaluated the company's strategic risks; impact and probability of risks identified, including controls and mitigating actions in place; and the application of risk and tolerance levels and risk appetite. For further information on the company's risk and opportunities refer to pages 20 to 28.

At the session held in October 2013, the technical team, headed by Billy Mawasha, took the board through the geological and mining processes of converting exploration results to mineral resources and ore reserves incorporating the principles of the SAMREC Code. The company's Ore Reserves and Mineral Resources Statement is on page 88. The board also considered the 2013 integrated reporting process including material issues and key messages at this session.

Board and committee performance evaluations

Each year the board performs an assessment of its own performance and of the appropriateness and effectiveness of its procedures and processes. In addition, an external assessment is performed every three years which includes personal interviews with individual directors. Issues that might be addressed to improve the board's performance are reported to the board. As part of the follow-up, the chairman holds personal discussions with individual directors on issues raised in the assessments. An internal assessment of the board and its committees was conducted during the year under review. To ensure a complete process, the board assessment questionnaire was improved and individual committee assessment questionnaires were designed for each board committee.

The results of the assessment process highlighted the need for the board to further expand its scope of review of the company's strategic objectives by enhancing regulatory, commercial and technical knowledge. These have been included as part of the focus areas for the board.

Mechanisms for shareholder communication with the board

The principal mechanisms for shareholders to communicate with the board are directly at the AGM or indirectly by means of AGM proxy forms, as well as at investor meetings and briefings to analysts. The chairman has periodic formal meetings with the CEO of Anglo American plc, Kumba's majority shareholder, to discuss matters of mutual interest. He reports to the board on the content and outcomes of each meeting. In April 2013, ahead of the AGM which was held on 10 May 2013, our chairman and the chairmen of each board committee engaged with some of our major shareholders, the IDC, Blackrock Investment Management and JP Morgan Asset Management, to address any governance matters ahead of the company's AGM.

Apart from these meetings and briefings at which shareholders can raise issues with the company's representatives, Kumba communicates with its shareholders by means of its annual, integrated and interim reports, press announcements, circulars and announcements through the Stock Exchange News Service (SENS).

For further information see the Stakeholder engagement section on pages 30 to 35 of this report.

BOARD COMMITTEES

The board has established four standing committees through which it executes some of its duties namely the audit committee, risk committee, social and ethics committee, and Remco. The composition of each committee is determined by the board. Each committee is chaired by an independent non-executive director and has terms of reference in place which were reviewed during 2013 and are available on the company's website at www.angloamericankumba.com/au_corpgov.php. The respective chairmen of the committees report back to the board on deliberations of the committees and the minutes of the meetings are made available to both the SIOC and Kumba boards.

Information on the activities of the board and its committees during the year under review including meeting attendance, is outlined below and on page 123.

Board attendance during 2013

Director	08 Feb 2013 [^]	13 Mar 2013 [^]	02 May 2013 ⁺	16 May 2013 ^{^^}	[#] 30-31 May 2013	19 Jul 2013 [^]	01 Aug 2013 ^{**}	25 Sep 2013 [*]	11 Oct 2013 [*]	24 Oct 2013 ⁺	27 Nov 2013 [^]	No of Meetings: 11
F Titi (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
ZBM Bassa	✓	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	10/11
GS Gouws	✓	A	A	✓	✓	✓	✓	✓	✓	A	✓	8/11
FT Kotzee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
KT Kweyama	✓	✓	✓	✓	✓	✓	A	A	A	✓	✓	8/11
NB Mbazima	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/11
DD Mokgatle	✓	✓	✓	✓	✓	✓	✓	A	✓	✓	✓	10/11
AJ Morgan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
LM Nyhonyha	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	✓	10/11
AM O'Neill	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	A	A	✓	1/3
BP Sonjica	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
DM Weston	✓	A	A	A	A	✓	A	A	n/a	n/a	n/a	2/8

✓ indicates attendance

A indicates absence with an apology

n/a indicates individual was not a director of the company at date of meeting

[#] annual board strategy workshop

^{**} annual board risk workshop

[^] scheduled board meetings

^{^^} original scheduled date of board meeting was changed

^{*} special board meetings called on short notice

⁺ board governance workshops

01 The board, together with Thabazimbi mine management, on a site visit to Thabazimbi mine.



Board activities in 2013

Recurring matters:

The board considered the following on a quarterly basis:

- CEO's report on financial, operational and strategic matters
- Management reports on safety, health and environment, business performance, integrated risk management, marketing, legal and compliance matters and investor relations activities
- The company's liquidity and solvency analysis, working capital pack, compliance with debt covenants and going concern assessment
- Declarations of interests, feedback on deliberations of board committees' meetings, minutes of previous board meetings and matters arising

Other activities during 1Q2013:

- A shareholders' general meeting was held on 18 January 2013 to approve the company's new Mol
- The board approved completion and submission of the annual JSE compliance certificate for 2012
- The board approved the 2012 final dividend, annual financial statements, 2012 integrated reporting suite, revised HIV/AIDS and compliance policies

Other activities during 2Q2013:

- The board held a governance workshop covering matters relating to the Companies Act, JSE Listings Requirements, practical implications of board policies and loDSA director development programmes
- The board conducted a site visit to Thabazimbi mine and debated the mine's strategy
- The board held its annual board strategy workshop at which the board considered and revised the company's strategy. Further information on the company's strategy is on page 16
- The board held engagements with major shareholders namely IDC, PIC, Blackrock Investment Management and JP Morgan Asset Management in April 2013 to discuss matters of governance and the notice of the AGM
- The AGM was held on 10 May 2013 and the shareholders approved all the resolutions that were presented

Other activities during 3Q2013:

- The board approved the 2013 interim dividend and the interim financial results for the period ended 30 June 2013

- The board held its annual board risk workshop at which the board reviewed the global and domestic risk environment, re-evaluated the company's strategic risks, impact and probability of risks identified including controls and mitigating actions in place, and the application of risk and tolerance levels and risk appetite
- The board held a special meeting to discuss the update on the status of the negotiations with ArcelorMittal SA regarding the supply agreement

Other activities during 4Q2013:

- The board held a governance workshop covering matters relating to the company's resources and reserves and the 2013 integrated report. The company's Ore Reserves and Mineral Resources Statement is on page 88
- The board appointed Tony O'Neill to the board and accepted the resignation of David Weston on 30 September 2013
- The board considered and approved the revised DAF, formal board induction and development programme, revised board charter, revised committees' terms of reference and other revised board policies including access to professional advice policy, conflict of interests policy, disclosure of information policy and trading in company securities policy
- The chairman of the board and the audit committee chairman visited the company's key customer's in Seoul and the company's Singapore offices as part of the board's stakeholder engagement activities. The visit to the Singapore office included an audit and risk session to review business processes and controls in the marketing and shipping operations
- The board approved the conclusion of the supply agreement with ArcelorMittal SA. Further information is included under Legal matters on page 86
- The board approved the Dingleton relocation project investment proposal. Further information on this project is on page 73
- The board considered and approved the 2014 to 2016 budget
- The board conducted an assessment of the chairman's performance as part of the internal assessment of the board and its committees. Further information on the 2013 board and committees assessment is included on page 121
- The board approved the trading statement analysis and related SENS announcement

Audit committee

The audit committee has an independent role from management with accountability to the shareholders and to the board. The committee is also the audit committee for SIOC in accordance with Section 94(2) of the Companies Act. The audit committee comprises four independent non-executive directors who possess the relevant qualifications and experience as determined by the board. The committee has terms of reference in place outlining its purpose and responsibilities, which include:

- To review the principles, policies and practices adopted in the preparation of the financial statements of the company and to ensure that the interim and annual financial statements of the group and any other formal announcements relating to the group's financial performance comply with all statutory and stock exchange requirements.
- To review the work of the group's external auditors and the internal auditors to ensure the adequacy and effectiveness of the group's financial, operating, compliance and risk management controls
- To review the management of risk and the monitoring of compliance effectiveness within the group, in conjunction with the risk committee
- To perform all the functions required by section 94(7) of the Companies Act

The audit committee report is on page 136, which also elaborates on the 2013 activities of the committee.

Composition and attendance during 2013

Member	5 Feb 2013	27 Feb 2013	7 May 2013	16 Jul 2013	5 Nov 2013
ZBM Bassa (Chairman)	✓	✓	✓	✓	✓
DD Mokgatle	✓	✓	✓	✓	✓
AJ Morgan	✓	✓	✓	✓	✓
LM Nyhonyha	✓	✓	✓	✓	✓

✓ indicates attendance

Activities during the year

Recurring matters:

The committee considered the following matters on a quarterly basis:

- Management reports on business performance, taxation, significant accounting matters, internal audit findings, legal updates, ethics committee report, and investments in subsidiaries, associates and joint ventures
- External and internal audit reports
- Recommendations to the board for approval of the group and company's liquidity and solvency analyses, funding strategies, compliance with debt covenants and going concern assessments

Other activities during 2013:

- The committee reviewed and signed off the 2012 integrated reporting suite including the assurance, corporate governance and compliance statements and the company's combined assurance framework
- The committee considered and recommended to the board for approval the interim and annual financial statements, interim and final dividends, the 2014 to 2016 budget review, the revised DAF and the revised committee's terms of reference
- The committee recommended the re-appointment of external auditors to shareholders at the AGM held on 10 May 2013

Risk committee

Through the risk committee the board demonstrates leadership in guiding the efforts aimed at meeting risk management expectations and requirements. The risk committee comprises all the members of the audit committee and two additional non-executive directors. The committee met three times during the year under review and facilitated the annual board risk workshop. In addition to committee members, the CEO, chief financial officer, head of internal audit, head of information management, and risk and compliance managers attend meetings of the committee. The committee has terms of reference in place outlining its purpose and responsibilities, which include:

- To ensure the effectiveness, quality, integrity and reliability of the group's risk management processes
- To monitor, develop, and communicate the processes for managing risks across the group and implement an effective policy and plan for risk management
- To ensure the disclosure regarding risk is comprehensive, timely and relevant

Refer to page 20 for information on how the company manages its risks and opportunities.

Composition and attendance during 2013

Member	5 Feb 2013	27 Feb 2013	7 May 2013	5 Nov 2013
LM Nyhonyha (Chairman)	✓	✓	✓	✓
ZBM Bassa	✓	✓	✓	✓
GS Gouws	✓	✓	✓	✓
DD Mokgatle	✓	✓	✓	✓
AJ Morgan	✓	✓	✓	✓
BP Sonjica	✓	✓	✓	✓

✓ indicates attendance

Activities during the year

Recurring matters:

The committee considered the following on a quarterly basis:

- Management reports on integrated risk management, risk-tolerance levels, information management and information technology governance, regulatory compliance and legal matters

Other activities during 2013:

- The committee facilitated the annual board risk workshop at which the board reviewed the global and domestic risk environment, re-evaluated the company's strategic risks, impact and probability of risks identified including controls and mitigating actions in place, and the application of risk and tolerance levels and risk appetite
- The committee monitored the changes to the company's risks, ranking levels and emerging risks
- The committee considered and approved the committee's annual work plan and the risk management plan
- The committee considered and recommended to the board for approval of the counter-party risk policy, compliance policy and committee's terms of reference
- The committee reviewed the company's combined assurance framework with the audit committee

Social and ethics committee

The social and ethics committee is constituted as a statutory committee in terms of the Companies Act and as approved by the board. The committee comprises three independent non-executive directors. The committee met three times during the year under review and, in addition to committee members, the CEO, executive heads of safety, health and environment, public affairs and HR attend the committee meetings. The committee has terms of reference in place outlining its purpose and responsibilities, which include:

- To perform the functions described in Regulation 43(5) of the Companies Regulations 2011 in respect of the company and the group
- To recommend to the board key policies and guidelines for the management of safety, sustainable development, health, environmental, social and ethics issues in the company and the group
- To recommend to the board policies and guidelines for matters relating to safety, sustainable development, health, environmental, social and ethics issues
- To review reports on the policies and performance of the group, the company and its divisions and the group and the progressive implementation of its safety, sustainable development, health, environmental, social and ethics policies
- To review key indicators on accidents and incidents and, where appropriate, ensure that such information is communicated to other companies managed by or associated with the company
- To recommend to the board the adoption of substantive national and international regulatory and technical developments in the fields of safety, sustainable development, health, environmental, social and ethics issues management
- To encourage participation, co-operation and consultation on safety, sustainable development, health, environmental, social and ethics issues, matters of governments, national and international organisations, super-national authorities, other companies and other associations
- To receive reports from the audit committee on material issues regarding the monitoring of ethics and ethical performance of the company
- To receive reports from management relating to labour and employment matters

The social and ethics committee's report, namely the Sustainable Development Report 2013, is available on the company's website www.angloamericankumba.com/investor_fin_reports.php.

Composition and attendance during 2013

Member	01 Feb 2013	27 Feb 2013	13 May 2013	06 Nov 2013
DD Mokgatle (Chairman)	✓	✓	✓	✓
KT Kweyama	A	✓	A	n/a
AJ Morgan	✓	✓	✓	✓
BP Sonjica	✓	✓	✓	✓

✓ indicates attendance

A indicates absence with an apology

n/a indicates individual was not a member of the committee at date of meeting

Activities during the year

Recurring matters:

The committee considered the following on a quarterly basis:

- Management reports on safety, health and environment, stakeholder engagement and community development and transformation
- Update on the Dingleton relocation project

Other activities during 2013:

- The committee visited the Batho Pele mobile clinics when they were stationed in the Kagung village in Ga-Segonyana municipality, Northern Cape and interacted with the community
- The committee reviewed and signed off the 2012 Sustainable Development Report
- The committee reviewed the revised terms of reference and recommended them to the board for approval
- The committee considered the company's preferential and BEE-procurement process, the stakeholder engagement strategy and the revised HIV/AIDS policy

Human resources, remuneration and nomination committee (Remco)

Remco comprises three non-executive directors and its mandate includes dealing with board governance matters. The committee met four times during the year under review and, in addition to committee members, the CEO, the executive head of HR and the Anglo American plc head of reward attend the committee meetings. The committee has terms of reference in place outlining its purpose and responsibilities, which include:

- To make recommendations on the remuneration policies and practices for the executive directors, senior management and the company and its subsidiaries in general
- To make recommendations on the composition of the board and board committees and ensure that the board of directors consists of individuals who are equipped to fulfil the role of director of the company
- To assist the board in its responsibility for decisions and/or recommendations in respect of HR and remuneration matters
- To review all board-related governance processes, structures, policies and related matters from time to time and recommend changes thereto as deemed necessary for board approval
- To review the director induction and development programme and monitor the induction process as and when required

The remuneration report for the year under review is on page 129.

Composition and attendance during 2013

Member	5 Feb 2013	27 Feb 2013	7 May 2013	5 Nov 2013
AJ Morgan (Chairman)	✓	✓	✓	✓
GS Gouws	✓	✓	✓	✓
F Titi	✓	✓	✓	✓
KT Kweyama	A	n/a	n/a	n/a

✓ indicates attendance

A indicates absence with an apology

n/a indicates individual was not a member of the committee at date of meeting

Activities during the year

Recurring matters:

The committee considered the following on a quarterly basis:

- Management reports on HR, transformation, employment equity, and senior management appointments and movements

Other activities during 2013:

- The committee reviewed and approved the 2013 performance contracts for the CEO, chief financial officer and prescribed officers
- The committee approved a consolidated reward philosophy and structure for fixed-term contract employees in order to provide a framework to attract and retain project-based skills
- The committee reviewed and approved the executive and senior management talent pool to define appropriate succession plans to ensure sustainable operations
- The committee approved retention arrangements for scarce and critical skills
- The committee approved the 2012 performance assessments and performance incentive payments, bonus share plan (BSP) awards and long-term incentive plan (LTIP) awards for the CEO, management and total workforce

- The committee considered the appointment of the executive head of operations and the new executive head of technical services
- The committee reviewed the remuneration report for inclusion in the 2012 Annual Financial Statements and 2012 Integrated Report
- The committee approved changes to performance incentive structures for entry-level management, as well as adjustments to performance incentive drivers for Sishen mine
- The committee considered the 2014 non-executive directors' fees for recommendation to the shareholders as included in the notice of the AGM on page 148
- The committee recommended to the board the appointment of Tony O'Neill as a director of the company
- The committee reviewed board policies, board charter and committees' terms of reference and recommended these to the board for approval
- The committee reviewed the 2013 board and committees' assessment process
- The committee conducted the annual evaluation of the company secretary on behalf of the board

COMPANY SECRETARY

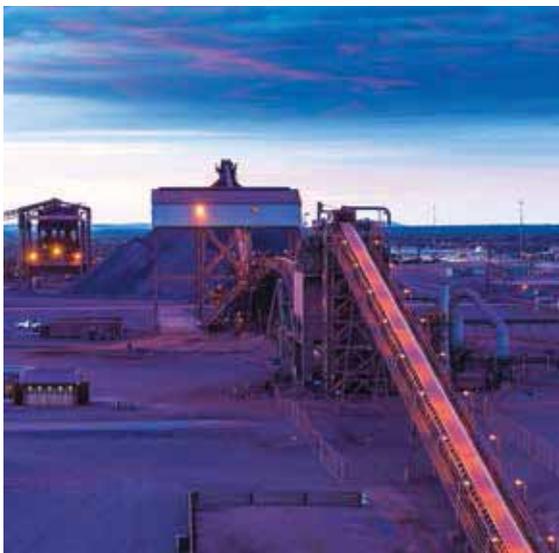
The company secretary is responsible for ensuring the availability of all information needed by the directors for the performance of their duties. This includes papers and documents needed for board meetings as well as public announcements or shareholder communications having a bearing on Kumba and its operations. The company secretary is available to the directors, at all times, to provide assistance, guidance or advice in line with King III and the JSE Listings Requirements. Though the company secretary attends board meetings in an advisory capacity he is not a member of the board of directors, which ensures an arms length relationship with the board and independence. The company secretary is responsible for ensuring that board and company proceedings and affairs are carried out in compliance with current legal and regulatory requirements.

In terms of Section 3.84(i) of the JSE Listings Requirements an annual assessment of the company secretary must be conducted, and this process was formalised by the board in 2013.

The evaluation of the company secretary's performance was conducted on behalf of the board by Remco in November 2013. The King III evaluation questionnaire developed by the IoDSA, as well as specific deliverables that were agreed by each committee chairman and the company secretary at the beginning of the year with respect to board committees, were used in the assessment process. The board is confident that the company secretary has the necessary skills, qualifications and experience to perform his duties proficiently.

Biographical details of the company secretary, Vusani Malie, who served during the year under review, are available on page 117 of this report. Vusani Malie resigned with effect from 1 March 2014 and Kevin Lester, head of legal at Anglo American South Africa, was appointed as acting company secretary.

01 The production train at Kolomela mine is highlighted by a dramatic Kalahari sunset. The mine is planned to produce 10Mtpa for the remainder of its life, which is an increase of 1Mt on the original design capacity.



DEALING IN SECURITIES

In alignment with JSE Listings Requirements, Kumba has a defined policy of conduct for directors and employees dealing in the company's securities. The policy was reviewed and approved by the board during the year under review to align with the Financial Markets Act No 19 of 2012 that replaced the Securities Services Act, 2004 with effect from 3 June 2013. In terms of this policy and listings rules, directors and employees are required to obtain prior approval and, furthermore, directors publicly disclose any dealings in the company's securities by themselves or their associates.

The JSE Listings Requirements define closed periods, generally around major results announcements, during which directors, executives and designated employees may not trade in the company's shares. The prohibition applies equally to the individuals' associates. At the start of a closed period directors and employees subject to the policy are formally advised of the start and duration the closed period.

THE EXECUTIVE COMMITTEE

Exco comprises the individuals most closely involved in the company's operations including:

- the CEO (chairman of Exco)
- the chief financial officer
- executive heads
- company secretary

Its responsibilities are subject to the provisions of the DAF and include:

- executing corporate strategy, as approved by the board of directors
- prioritising capital expenditure allocations
- allocating key technical and human resources
- establishing and overseeing best management practices
- making senior managerial appointments
- overseeing managerial performance

All members of Exco have also been identified as prescribed officers of the company in terms of the Companies Act.