

South32 Limited 2023 AGM report

ASX code	S32
Meeting date	Thursday, 26 October 2023
Type of meeting	Hybrid
Monitor	John Campbell
Pre AGM-meeting	With Chair Karen Wood and director Wayne Osborn

Meeting Statistics

Number of holdings represented by ASA	729
Number of shares represented by ASA	7,282,498
Value of shares represented by ASA	\$23.6m
Total number attending meeting	505 attendees (including online)
Market capitalisation	\$14.7 billion
ASA open proxies voted	ASA voted in favour of all resolutions except those relating to remuneration

The addresses by the Chair, Karen Wood, and MD/CEO, Graham Kerr, updated information from the annual report without any major new disclosures. Each of the four directors standing for election or re-election spoke to their qualifications for the role and this included two directors appointed in May 2023, Carlos Mesquita, a Chilean resident, and Jane Nelson who is a Boston resident. In many respects, it would be hard to find a more diversified board.

We asked the Chair and the auditor about the impairment of the Hermosa project, which impacted FY2023 results to the extent of US\$1.3 billion. The impairment was triggered by the need to assess separately the three segments being the Taylor zinc/lead deposit, the Clark manganese deposit, and areas within the Hermosa project boundary prospective for base metals with some significant recent drilling results for copper. The results of the feasibility study for the Taylor deposit are expected to be released at or before the half-year report early in 2024.

The blame for the impairment was attributed to the 2-year delay in exploration caused by COVID-19, significant unanticipated dewatering costs of US\$365m, and general cost inflation. We also think that South32 paid too much for the project, but this was denied with the CEO stating that if the opportunity arose today, he would still want to buy it. In answer to our question as to why he was not requested to resign over the cost borne by the company, the Chair told us the blame was not attributable to management for the identified causes of the impairment.

All resolutions were carried – with against votes for the remuneration report of 4.49% and allocation of share rights to the CEO of 1.91% and very small numbers of votes against other resolutions. We voted against both the remuneration report and the rights allocation stating that

we thought there should be a threshold based on an increase in net profit before hurdles relating to underlying financial results were evaluated.

There were a lot of other questions, such as why the company supported the Voice 'Yes' campaign (no financial contribution made), the fall in share price in 2023 (falls in the commodity prices, particularly aluminium and one quarter of poor production results), the company's search for a lithium project (none yet that meet the investment criteria), a class action against a number of companies (including South32 for allegedly causing lung damage from South African coal mines), and barriers in the constitution to the nomination of external director candidates.

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