AUSTRALIAN SHAREHOLDERS' ASSOCIATION

Australian Shareholders' Association
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Tenth anniversary marked by announcement of change of CEO

Company/ASX Code	South32 Limited (ASX: S32)
AGM time and date	12 noon AWST, 23 October 2025
Location	Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, WA
Registry	Computershare
Type of meeting	Hybrid – online at https://meetnow.global/S32AGM2025
Monitor	John Campbell & Alan Dickson
Pre-AGM Meeting	1 October with chair Karen Wood AM & NED Wayne Osborn

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

All amounts in this voting intention are stated in **US dollars** (South32's functional currency) unless stated to the contrary.

1. How we intend to vote

No.	Resolution description	
2	Director elections (a) Mr Stephen Pearce (b) Ms Mandlesilo (Mandla) Msimang	 For For
3	Adoption of the FY25 Remuneration Report	For
4	Grant of equity awards being STI & LTI rights to the Chief Executive Officer	For
5	Grant of commencement equity awards to the incoming deputy CEO Matthew Daley	For
6	Approval of climate change action plan 2025	For

Summary of Issues and Voting Intentions for AGM

- The board has appointed Mr Matthew Daley, currently an executive of Anglo-American plc as Deputy CEO with the aim that Graham Kerr steps down from the CEO role later in calendar year 2026. In addition to concern at the high level of the remuneration package for Mr Daley, we will ask why it was considered desirable to refresh the leadership at a time when Mr Kerr faced a major task in bringing in a new mine at Hermosa.
- The group's major challenge is to bring the Hermosa zinc-lead-silver project in Arizona to profitable production which is scheduled to occur in the second half of the 2027 financial year. By that stage Hermosa will have cost approximately $5bn if completed on budget but $1.3bn of that was written off to profit and loss in FY23 as

an impairment expense. There are other options at Hermosa including manganese and copper prospects.

- South32 has been unable to reach agreement with the Government of Mozambique and South Africa's state-owned electricity provider Eskom on future electricity prices after the current agreement expires in March 2026 and accordingly is taking steps to minimise operating and capital costs ahead of a shut-down to occur if no agreement can be reached. An impairment charge of $372m after tax was made to reflect this position.

3. Matters Considered

Accounts and reports

Financial performance

(As at FYE)	2025	2024	2023	2022	2021
NPAT ($m)	213	-203	-173	2669	-195
UPAT ($m)	666	380	916	2602	489
Share price (A$)	2.91	3.66	3.76	3.94	2.93
Dividend (cents)	6.5	3.6	21.9	14.2	2.4
Simple TSR (%)	-17.8%	-1.70%	3.70%	47.10%	48.10%
EPS (cents)	4.7	-4.5	-3.8	57.4	-4.1
CEO total remuneration, actual (A$m)	5.065	7.935	3.377	4.287	3.6

Simple TSR is calculated by dividing the change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year. The dividend is converted to 10 Australian cents for this purpose.

South32 is a diversified miner:

Segment	Component	Underlying EBIT US$m	
Continuing operations:		FY25	FY24
Alumina	Worsley, Australia (86%)	619	131
	Alumar/Mineracao Rio de Norte, Brazil (36 & 33%)	226	-11
Aluminium	Hillside, South Africa (100%)	85	130
	Mozal, Mozambique (63.7%)	55	-30
	Brazil Aluminium (40%)	-97	-121
Copper	Sierra Gorda, Chile (45%)	318	143
Lead/Silver/Zinc	Cannington, Australia (100%)	204	206
	Hermosa (Clark in development), USA (100%)	-45	-28
Manganese	Groote Eyland Mining Co, Australia (60%)	-125	61

	South African manganese (54.6%)	24	45
Group unallocated items & inter-segment eliminations		-161	-130
Discontinued operations:			
Nickel	Cerro Matoso, Columbia (99.9%)	58	49
Coal	Illawarra Metallurgical Coal	50	441
Underlying EBIT		1,211	886

The amounts in respect of finance costs, income tax and other adjustments to arrive at UPAT and NPAT as shown in the financial performance summary are set out in the annual report on page 80. Adjustments between underlying earnings and net profit after tax totalled $453m of which impairment charges with respect to Mozal Aluminium $372m and Cerro Matoso $118m were the major items. In FY24, the major adjustments were impairment charges for Worsley Alumina of $388m and Cerro Matoso of $248m.

Worsley's EBIT result improved mainly through improved alumina prices partially offset by higher raw material and maintenance costs and throughput was well below nameplate capacity of 4.6m tonnes (100% basis). Conversion of its boilers from coal to gas together with other planned emission-saving measures are expected to enable the refinery to keep within Safeguard Mechanism emission limits whilst the supply of bauxite is improving after mining of the newly approved areas has commenced. However, the higher alumina prices dampened the aluminium refineries' results.

The Sierra Gorda open pit copper mine produced a low-grade ore which averaged 0.42% copper (FY24 – 0.36%), but also includes molybdenum, gold and silver. The non-operated operation contributed an improved result due to due to higher sales volumes, improved metals prices and lower labour costs.

South32 has a zinc-lead-silver mine and processing plant at Cannington, Qld and an advanced development project at Hermosa, Arizona, both wholly owned and operated. Ore produced at Cannington continued the trend of being of lower grade than in the prior year, but underlying EBIT remained similar due to better commodity prices. The Hermosa development contributed an EBIT loss with capex being $517m (FY24 - $372m) to advance the project. Further capex in FY26 is expected to be $750m.

South32 has two manganese operations, the 60%-owned and operated subsidiary Groote Eylandt Mining Co in NT and a 54.6% interest in Hotazel Manganese Mines in South Africa. Groote Eylandt was struck by a severe cyclone in March 2024 which flooded its mines and damaged other infrastructure significantly such that product shipments only recommenced in the final quarter of FY25. In addition to the underlying EBIT loss of $125m shown above, it also recorded a further $133m of idle capacity and remediation costs which, offset by insurance recoveries of $210m, were treated as an adjustment to profits (similar to an impairment) in consequence of the cyclone damage.

In FY21, South32 disposed of its South African energy coal assets and in FY24, it negotiated to sell its Illawarra Metallurgical coal assets to GM3, the sale being concluded in the first quarter of FY25. As a result, Illawarra Coal contributed underlying EBIT of $50m in FY25 compared to $441m in FY24.

The nickel industry has undergone a major structural change in recent years mainly as a result of cheaper production from Indonesian mines. Realised nickel prices for the operation averaged $5.99/lb in FY25 compared to $6.17/lb last year. The strategic review of the Cerro Matoso operation announced in 2024 led to a decision to divest this operation and its sale for a nominal cash consideration and future cash payments (contingent on production, prices and permitting milestones) was announced in July 2025. The segment is classified as a discontinued operation in the financial statements. An impairment of $248m was made in FY24 to reflect the impact of structural changes in the nickel market and a further impairment of $118m was required in FY25 as a result of its sale.

Reflecting stronger operating results and higher commodity prices, cash flow from operations increased by US$156M to US$1,433M in FY25. Cash flows for investing activities, including capital expenditure, were largely offset by proceeds from the sale of Illawarra Metallurgical Coal. Financing activities which included US$350M returned to shareholders amounted to $405m and resulted in net cash rising from US$842M to US$1,757M. Overall, a more encouraging year from a shareholder perspective.

The impact of impairments and restructuring on past results has been significant. FY23's result was a loss after an impairment of $1300m for the Hermosa Project, FY24's result was a loss after impairing Worsley Alumina and Cerra Matoso for $636m, and FY25 resulted in a profit after a further impairment of Cerra Matoso of $118m and of Mozal Aluminium of $372m. Disposal of South African Energy Coal (2021) and Illawarra Metallurgical Coal (2024) were both at a loss to the group. Return on invested capital at 8.7% is close to double FY24's 4.8%.

As against the impairments recorded in prior years, South32 decided not to reverse part or all of the Worsley FY24 impairment ($388m) contrary to what we had expected. The reasons given for the impairment were the uncertainty created by the delayed approval for extension of its bauxite mining plans which came through in FY25, albeit with conditions which impose constraints reducing the expected level of bauxite available from the extended areas. Nevertheless, large elements of the uncertainty were removed in FY25, so we believe at least partial release of the impairment expense was supportable. The impairment-reduced cost base of Worsley assets will improve future results as they will not be encumbered by depreciation and amortisation of the impaired assets, but we are pleased to see that the remuneration consequences in terms of short-term bonus calculation have been annulled by the change to measuring performance against EBITDA rather than ROIC.

Whilst not such a disappointing year from a shareholder perspective as FY24 and FY23, we see that the board decided to pay interim and final dividends totalling US6.5cps (FY24 3.6c) equivalent to 10 Australian cents costing $271m. Whilst dividends were paid in accordance with South32's capital management policy of returning 40% of free cash flow after allowing for necessary capital expenditure, they were not fully supported by FY25 profits.

Governance and culture

We congratulate the chair, Karen Wood, on being awarded a Member of the Order of Australia in 2025 for services to the mining industry. The award reflects the care and attention South32 pays to governance and culture involving safety, sustainability, inclusion and risk management. Mining and processing bulk materials involves many risks and South32's record in minimising incidence of accidents and damage is commendable. Despite the unfortunate death of a contractor employee at Cerro Matoso during FY25, we have no significant concerns on governance and culture.

Key events

- In December 2024, the WA Government approved the Worsley Development Project, and this approval was followed two months later by federal approval. South32 reported that the conditions were a positive outcome and represented an improved position compared to the Western Australian Environmental Protection Authority's assessment report published in July 2024 on which the impairment of $388m in FY24 was based.
- South32's Mozal Aluminium refinery has been in the news twice in FY25 – firstly on account of a shut-down whilst political unrest in Mozambique threatened staff safety and the supply of raw materials to the smelter, and secondly more recently when it was announced that the refinery will be placed on care and maintenance in March 2026 unless sufficient and affordable electricity can be secured. This has led to an impairment in FY25 of $372m.
- After announcing that the expected return from improvements needed to make it more profitable did not support the investment required, South32announced the disposal of the Cerro Matoso nickel mine and refinery in Colombia in July 2025 for nominal consideration on sale and $100m of trailing consideration based on future production, price and permitting milestones. This also led to an impairment of $118m in FY25 following a similar impairment of $248m in FY24.
- It was announced in May that the CEO Graham Kerr would step down during FY26 and be replaced by an incoming executive Matthew Daley. Graham Kerr has been South32's CEO since its demerger from BHP in 2015 and his successor's remuneration package is the subject of a shareholder resolution – see below.

Key board or senior management changes

In addition to the forthcoming change of CEO, two inaugural directors are stepping down at the AGM in October. Frank Cooper AO has been chair of the audit and risk committee for 10 years and Futhi Mtoba has also been South32's board representative from South Africa for that period. They are being replaced by Mandlesilo (Mandla) Msimang and Stephen Pearce whose elections are to be voted on at the AGM. Sharon Warburton will succeed Frank Cooper as chair of the audit & risk committee. There were no other changes to key management personnel (KMP) in FY25 and the change to the lead team was minor.

Sustainability/ESG

Shareholders are being asked to approve the second edition of South32's Climate Change Action Plan at the AGM and a separate booklet has been published containing its proposals (see below as to our voting intentions). The carbon footprint improved in FY25 by reduced emissions from 23.4m to 20.7m tonnes of CO_2 equivalent in scope 1 & 2, and markedly from 137.6m to 22.7m in scope 3 after the disposal of Illawarra Metallurgical Coal. Emission levels in the aluminium value chain represent more than half of the group's total scope 1 & 2 emissions due to the use of coal to generate significant electricity inputs. South32 is working with Eskom in South Africa to secure large-scale, reliable and affordable low-carbon electricity and is active in looking for technological breakthroughs to meet the net-zero by 2050 goal. As regards sustainability and ESG more generally, rehabilitation work has continued at a significant level and workforce injury rates showed an improvement on FY24 despite the unfortunate death of a contractor in Colombia.

4. Rationale for Voting Intentions

Resolution 1 To receive and consider the annual report – no vote required

Refer comments above. As a further comment on what the already long annual report does NOT contain, we would like to see a five-year financial summary, comprehensively covering all financial and remuneration measures. We note the difficulty of compressing South32's diverse activities and segment changes into a meaningful financial summary.

Resolution 2(a) Election of Mr Stephen Pearce as a Director of the Company (for)

Mr Pearce is a chartered accountant and a past CFO and executive director of Anglo-American plc and Fortescue Metals and a CFO at Alinta Energy. He is currently a non-executive director of Ampol.

Resolution 2(b) Election of Ms Mandlesilo (Mandla) Msimang as a Director of the Company (for)

Ms Msimang is an executive with more 20 years of information and communications technology experience. Her professional area of expertise is regulation, with a focus on economic and infrastructure regulation, public policy, universal service and access, competition policy, and broadband policy and funding. Ms Msimang is also a Non-Executive Director at Telkom SA Limited and serves on the International Advisory Board of the University of Johannesburg Business School, and the Board of Research ICT Africa.

Resolution 3 Adoption of the remuneration report (for)

Remuneration of executive key management personnel cost South32 $A13.7m in FY25 (FY24 -$A12.1m for the same KMP) by the statutory measure set out on page 161 of the AR. By comparison, 'take-home pay' for the nominated executives per page 143 was $A11.3m (FY24 $A15.1m for the same KMP). The decrease in take-home pay was mainly because a larger proportion of the FY21 LTI vested in FY24, including Graham Kerr's FY21 LTI stated at $A3.3M (shares being stated at value at grant date), whereas a lesser proportion of the FY22 LTI vested in FY25 (Graham Kerr's was A$0.6m).

The structure of South32's remuneration is conventional and described in the appendix. Our concerns with the structure and management of remuneration are relatively minor and are also set out in the appendix, so we are inclined this year to support the report.

Resolution 4 Grant of awards to Executive Director (for)

The resolution seeks to approve granting Mr Kerr share rights with a face value of A$1.202m (FY24 A$1.306m) for the equity component of his FY25 short term incentive and 1,512,027 (FY24 – 1,128,065) share rights with respect to the FY26 LTI which had a face value on 1 July 2025 of A$4.40m (last year A$4.14m), being his maximum opportunity for long-term incentive. If approved by shareholders, the STI share rights will be granted as determined by the average face value of South32 shares for the relevant period in December 2025. The awards are in accordance with the remuneration structure set out in the remuneration report.

It is expected that Mr Kerr will transition from his role as CEO during the second half of 2026 and the awards are being made on the assumption that he remains in office until 30 June 2026. The structure of South32's executive remuneration will determine the extent to which rights will continue in force or lapse on his resignation.

There is no performance hurdle for the deferred STI share rights, will vest at the end of the two-year deferral period, subject to service, dealing and forfeiture conditions. Vesting of the STI rights is expected to occur following the release of the Company's full year results for FY27 (i.e. in August 2027). Vesting of the LTI rights will be determined at the time of the release of the Company's full year results for FY29 (i.e. in August 2029). The LTI rights will only vest to the extent performance conditions have been satisfied as to 80% being TSR vs two comparator indices' constituents, and 20 per cent of Mr Kerr's FY26 LTI award will be assessed against a Strategic Measure that encompasses two interrelated, equally weighted elements - portfolio management and climate change. The rights will vest based on South32's achievement of an adequate TSR as specified for the two indices' constituent companies and performance at least meeting targets on portfolio management and climate change.

We do not object to the principles by which these awards have been determined and will vote in favour of the resolution.

Resolution 5 Grant of Commencement Awards to incoming Deputy CEO - Matthew Daley (for)

It was announced in May 2025 that Matthew Daley would join South32 as Deputy CEO in February 2026. He is currently employed as the Technical and Operations Director and a member of the executive leadership team at Anglo American plc. The announcement of Mr Daley's appointment stated that he is eligible for commencement benefits to compensate for benefits forfeited due to the cessation of that employment (to the extent those benefits are actually forfeited), comprising:

- a cash payment of A$2,000,000, payable on commencement,
- an allocation of 'sign-on' shares allocated on commencement (285,714 shares),
- allocation of service-based rights that vest based on continued service through to August 2027 (1,242,857 rights) and August 2028 (240,000 rights), and
- allocation of performance rights that will be subject to the same vesting conditions as the FY25 LTI (857,143 rights) and FY26 LTI (857,143 rights).

The commencement benefits to be provided in equity are conditional on shareholder approval. The number of rights allocated was determined using a price of A$3.50 for each South32 share being the approximate market value at the time the offer was made to Mr Daley.

Mr Daley's commencement benefits will immediately lapse or become repayable to South32 (as applicable) if he gives notice of resignation within 12 months of commencing his employment or if he is summarily dismissed by South32.

Resolution 6 Climate Change Action Plan 2025 (for)

An inaugural Climate Change Action Plan (CCAP) was put to a non-binding advisory vote at South32's 2022 AGM, receiving strong shareholder support with 89.6% of votes cast in favour. The updated CCAP 2025 focuses on further strengthening the company's ability to anticipate, mitigate and adapt to climate-related risks and opportunities. The Plan is available as a separate document in the annual reporting package.

CCAP 2025 reaffirms South32's target to halve net operational emissions by FY35 (from FY21 levels) and its goal to achieve net zero emissions by 2050. Beyond delivering on these commitments, South32 is focused on reducing its emissions to mitigate transition risk, protect value and support continued portfolio resilience.

‘Target’ is defined as an intended outcome in relation to which South32 has identified one or more pathways for delivery of that outcome, subject to certain assumptions or conditions. ‘Goal’ is defined as an aspiration to deliver an outcome for which it has not identified a pathway for delivery, but for which efforts will be pursued towards achieving that outcome, subject to certain assumptions or conditions.

We intend to vote our proxies in favour of the resolution to approve the Plan. We have been assured by South32 that the expenditure on managing climate change is necessary in order to preserve the sustainability of company operations and to protect future earnings from the deleterious effects of a change in climatic conditions.

Appendix 1
Remuneration framework detail

The remuneration report is stated in Australian currency and all amounts below are AUD.

The amounts in the table below are the amounts that are envisaged in the design of the remuneration plan. Target remuneration is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Maximum opportunity is the capped amount (based on share price at date of grant) which would be earned if all targets were well-exceeded. In the event, only part of the STI was approved and the FY22 LTI was only partly vested in FY25.

CEO rem. Framework for FY25	Target $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	2.070	29.4%	2.070	20.8%
STI - Cash	1.242	17.6%	1.863	18.8%
STI - Equity	1.242	17.6%	1.863	18.8%
LTI	2.484	35.3%	4.140	41.7%
Total	7.038	100.0%	9.936	100.0%

Whilst long, the remuneration report is to be commended for its clarity and layout, making it comparatively easy for the reader to assess the nature and fairness of the remuneration structure. The structure of executive remuneration follows well-established precedent of a fixed salary, short-term incentive split between cash and deferred equity on a 50/50 basis, and a long-term incentive on a 4-year appraisal period. There has been no change to the plan for FY25.

Fixed remuneration was increased for both FY25 (generally 4-6%). Whilst Mr Kerr's fixed remuneration at $2.07m is at the top of the range for WA-based companies, this must be gauged against other large mining companies and reflects Mr Kerr's length of service in the role. Based on the information in the annual report and the fixed remuneration of BHP and Rio Tinto CEO's, Mr Kerr's package seems reasonable. South32 is a global mining company with high-risk operations with respect to both employees and neighbouring communities, and with its terms of trade basically out of management's control because of their reliance on commodity prices and currency exchange rates. This will need reassessment if South32 continues to sell off segments but seems fair enough for now. Executive KMP salaries have increased by between 10 and 12.5% for FY26; this is mainly due to a change in superannuation for high-earning people who were capped at $30k under previous arrangements but companies are now liable for the full 14% super contribution in Australia. In addition, Mr Kerr's salary has been increased from 1 September to A$2.2m from A$2.04m (ex super) to maintain relativity with Mr Daley's salary.

Total executive KMP remuneration on the accounting standards basis (ie accruing equity awards at fair value over their duration between grant and vesting) was A$13.75m (FY24 - A$12.08m). There were no significant changes to the terms of executive remuneration apart from fixed pay increases and performance-related changes to variable pay. The cost of non-executive director remuneration increased from $A2.72m to $A2.95m, after increases in board fees from A$195k to A$202.75k and in the chair's fees from A$595.25k to A$610k. Travel and other allowance costs for non-executives increased from $290k to $350k.

For the short-term incentive, executives were assessed as having performed above target safety and culture and environmental and social; together they scored 45.5% ex target of 35%. They were assessed at 48.5% out of 57.5% for financial measures and 6.8% out of 7.5% for strategic delivery, giving them a scorecard score of 100.8% of target. Financial measures use a form of underlying earnings as the basis of calculation, applying budget commodity prices and exchange rates to actual outcomes to address the non-controllable effect of these factors from the calculation which also excludes impairments such as those for Mozal and Cerro Matoso this year and for Worsley, Cerro Matoso and Hermosa in previous years. The remuneration plan allows for a board modifier to adjust the amount of short-term incentive to reflect overall business outcomes. For FY25, the board decided that a negative modifier of 20% for the CEO, 10% for the COO South Africa and Colombia and 5% for other executive KMP should be applied to reduce the STI entitlement was appropriate as a result of the fatality at Cero Matoso. Other factors significantly affecting the results were outside management's control. A personal performance rating of 100 to 120% was applied (CEO's rating was 120%). The overall outcome was that the total STI awarded to Executive KMP was A$5.63m (FY24 – A$5.642m).

We believe that if underlying earnings are used as the hurdle for short-term incentives, there should be a threshold hurdle of an increase in statutory profit after tax (NPAT) before executives qualify for STIs. This is absent from South32's remuneration structure but would not have been a factor in this year's calculations.

For the long-term incentives eligible to vest in full in FY25, the company's TSR for the four-year period 1 July 2021 to 30 June 2025 was to outperform the two TSR indices and to achieve any vesting, the TSR must equal or exceed the TSR of two comparator groups, one being the chosen group of international mining companies and the other being the international MSCI index of large companies. The result on page 149 of the AR shows that South32's TSR of 19.6% for the 4 years was 45% of the vesting threshold of the global mining company index (53.3% of the award) and was well short of the MSCI index (26.7% of the award) with the result that 80% of the award lapsed. The board assessed management performance as being 8 out of 10 for portfolio management and 7 out of 10 for climate change management, resulting in 15% of the 20% award allocated to these goals. Of the total LTI rights which would have been worth A$5.91m if vested in full, 334,000 shares were awarded to executive KMP valued at A$0.971m.

We have two other concerns over the remuneration structure of a relatively minor nature as follows:

- the lack of a second hurdle to TSR in the financial yardsticks for the LTI incentive – we prefer to see a second absolute hurdle such as growth in earnings per share;
- travel allowances paid to non-executive directors which we still view as inappropriate. We are cognisant that both BHP and Rio Tinto have similar methods of compensating their non-executive directors for board travel and that there are significant calls upon their time involved in meeting their obligations.