

South32 delivers strongest earnings since FY22

Company/ASX Code	South32 Ltd (ASX: S32)
AGM time and date	12:00pm on Thursday, 15 October 2026
Location	Perth Convention and Exhibition Centre
Registry	Computershare
Type of meeting	Hybrid (with real-time online participation)
Monitor	John Campbell assisted by Lynne Emmerton
Pre-AGM Meeting	Yes, with chair and chair of remuneration committee

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

1. How we intend to vote

No.	Resolution description	
2(a)	Re-election of director – Dr Xiaoling Liu	For
2(b)	Re-election of director – Mr Carlos Mesquita	For
2(c)	Re-election of director – Ms Jane Nelson	For
3(a)	Election of director – Mr Geoff Healy	For
3(b)	Election of director – Ms Sinead Kaufman	For
4	Adoption of Remuneration Report	For
5	Grant of awards to Executive Director	For
6	Renewal of Proportional Takeover Provisions	For
7	Approval of the Proposed Disposal of the sale business to Alcoa and its applicable Related Bodies Corporate	ASA will collect and vote directed proxies but will not vote any open proxies
8	Conditional Board Spill Resolution	Against

The financial statements for South32 are stated in US Dollars and all amounts in these voting intentions are also stated in US dollars unless otherwise indicated.

2. Summary of Issues

- **Management:** It has been a year of major change in the management of the company with a new chair and a new CEO (see below for details).
- **Remuneration:** South32 received a first strike (32.58% against) at the 2025 AGM. Reported concerns were the increase in (then) CEO's fixed annual remuneration, perceived misalignment between STI outcomes and company performance, lack of clarity in the Business Scorecard component of the STI, and the qualitative component of the LTI.
- **Approval of the Alcoa transaction:** Shareholders will vote on the proposed divestment of "aluminium value chain" assets to Alcoa – Worsley Alumina (86%), Hillside Aluminium (100%), the MRN Bauxite Mine (33%), the Alumar Alumina Refinery (36%) and the Alumar Aluminium Smelter (40%). Mozal Aluminium, on care and maintenance, is excluded. The consideration for the sale is valued at up to \$5.6 billion (\$3.1bn cash, ~\$1.0bn Alcoa scrip, up to \$750m contingent consideration, ~\$750m net debt/lease liabilities assumed) with the value of the Alcoa scrip and contingent consideration to be assessed at settlement, which is expected to complete in the first half of 2027. The sale will also result in rehabilitation requirements for these assets being transferred to Alcoa, releasing provisions of \$1.1bn, as will concerns arising over significant level of greenhouse gas emissions from these operations, the clearing of native forests for bauxite mining and the ongoing management of operational tailings. South32's rationale for the divestment is to position their portfolio more strategically in upstream base metals (primarily copper, silver, lead, zinc and manganese) with risk spread across Tier 1 mining jurisdictions. Forecast profit from the divestment has not been disclosed on account of uncertainty over the value to be attributed to Alcoa shares and contingent consideration. South32 is considering opportunities for distributing more of the proceeds of sale beyond the agreed 50% in-specie distribution of the Alcoa shares received in part consideration. Refer to Item 7.

3. Matters Considered

Accounts and reports

Financial performance (US dollars unless otherwise stated)

(As at FYE)	2026	2025	2024	2023	2022
NPAT (\$m)	1087	213	-203	-173	2669
UPAT (\$m)	1032	666	380	916	2602
Share price at y/end (AU\$)	3.90	2.91	3.66	3.76	3.94
Dividend (cents)	6.5	6.5	3.6	21.9	14.2
Simple TSR (%)	37.27%	-17.80%	-1.70%	3.70%	47.10%
EPS (cents)	24.2	4.7	-4.5	-3.8	57.4
CEO total remuneration, actual (AU\$m)	5.764	5.065	7.934	3.377	4.287

To calculate the simple TSR, dividends paid during FY26 of US 6.5 cents have been converted to 9.45 cents in Australian currency.

South32 is a diversified miner:

Segment	Component	Underlying EBIT US\$m		
Continuing operations:		FY26	FY25	FY24
Copper	Sierra Gorda, Chile (45%)	561	318	143
Lead/Silver/ Zinc	Cannington, Australia (100%)	364	204	206
	Hermosa, USA (100%)	-46	-45	-28
Manganese	GEMCO, Australia (60%)	143	-125	61
	South African manganese (54.6%)	2	24	45
Alumina	Worsley, Australia (86%)	5	619	131
	Alumar/Mineracao Rio de Norte, Brazil (36% & 33%)	-27	226	-11
Aluminium	Hillside, South Africa (100%)	581	85	130
	Mozal, Mozambique (63.7%)	182	55	-30
	Brazil Aluminium (40%)	20	-97	-121
Group unallocated items & inter-segment eliminations		-79	-161	-130
Discontinued operations:				
Nickel	Cerro Matoso, Colombia (99.9%)	11	58	49
Coal	Illawarra Metallurgical Coal	0	50	441
Underlying EBIT		1,717	1,211	886

There were strong improvements in commodity prices for copper, zinc, silver and aluminium in FY26, which resulted in much improved results for Sierra Gorda, Cannington and Hillside. By contrast, the alumina operations recorded poorer results due to a

significant drop in the price for that commodity during the year which benefitted the aluminium smelters. GEMCO started to return to its level of production prior to FY25 cyclone damage, and the Mozal aluminium smelter benefitted from the improved commodity prices and reduced alumina input costs until its suspension in March.

After investing a further \$711m in Hermosa development, free cash flow increased to \$610m and net cash at balance date was \$283m, after returning \$327m to shareholders during the year. The proposed sale of the aluminium chain assets (Worsley, Brazil Alumina, MRN, Hillside and Brazil Aluminium) is conditional on approvals of relevant authorities in several jurisdictions and is uncertain until these pre-conditions have been met. South32 maintains control of the aluminium chain operations until settlement, and, as a result, the FY26 financials report income from the aluminium chain assets as ongoing operations despite the sale being on the basis that profits, cash flow, risks and rewards will vest in Alcoa with effect from 1 April 2026 if the sale proceeds. This will place primary reliance for future earnings on Cannington, Sierra Gorda and to a lesser extent on manganese operations until Hermosa reaches profitable levels at some stage after production starting in H2 FY28 and/or nameplate production being achieved in FY31. Accordingly, the reliability of underlying results as an indicator of future performance needs to be regarded with more than normal caution.

That said, South32 anticipates production growth from Sierra Gorda, where significant exploration results have included a drill hole with 830m of 0.76% copper equivalent and following joint venture approval of the fourth grinding line project. South32 has announced a 28% increase in Cannington's underground Ore Reserve, extending the reserve life by approximately two years to FY33, and efforts are being made at both GEMCO and South African manganese mines to improve efficiency and profitability now that recovery from cyclone damage at GEMCO has been completed. Exploration results on the Ambler project in Alaska and at Hermosa provide incentive for further work to evaluate viability, so there will be considerable competition for capital allocation of cash resources arising from the proposed Alcoa sale if these projects proceed.

There may be a lean time for operating profits if the sale proceeds and during the completion of current projects and the commissioning of new ones. South32's profile will change from the shadow of BHP's spin-off to a mining company with a focus on growth, requiring capital investment and potentially a revised dividend policy.

Governance and culture

- **Board independence:** The CEO is the sole non-independent director, alongside nine independent directors.
- **Director tenure:** Wayne Osborn has served since 2015 (11 years); he is still classified as independent. The Board's annual independence review and skills matrix process provide some mitigating oversight.
- **Board committees:** The Nomination and Governance Committee, Remuneration Committee, Risk and Audit Committee and Sustainability Committee are chaired by independent non-executive directors.
- **Gender diversity:** The Board comprises 50% women and 50% men.

- **Auditor independence:** No non-audit services were provided by the external auditor (KPMG) during FY26. Other services provided by KPMG relate to reporting on sustainability disclosures.
- **Whistleblowing and integrity:** The Code of Business Conduct and Speak Up Policy provide an independently operated EthicsPoint hotline, with oversight by the Business Conduct Committee and twice-yearly reporting to the Risk and Audit Committee.
- **Board evaluation:** An internally coordinated Board evaluation was conducted for the second consecutive year, drawing on 2024's external review and the 2025 internal evaluation findings.
- **Remuneration review:** A remuneration consultant is to be engaged in FY27. No external remuneration advice was reported in response to the first strike.

Key events

- **Alcoa transaction:** Refer to Resolution 7.
- **Divestment completed:** South32 completed the sale of the Cerro Matoso ferronickel operation in Colombia for a royalty interest with assumption of rehabilitation obligations in December 2025.
- **Operational curtailment:** Mozal Aluminium (Mozambique) was placed on care and maintenance in March 2026 due to an inability to secure sufficient and affordable electricity supply beyond March 2026.
- **Growth milestone:** In July 2026, the Sierra Gorda joint venture approved execution of a fourth grinding line, expected to increase copper equivalent production by approximately 30% from FY31.
- **Project cost and schedule revision:** Completion expectations for the Hermosa shaft sinking for the Taylor mine and for total growth capital expenditure were revised negatively due to contractor performance and productivity challenges, together with inflation of input costs.

Key board or senior management changes

- **Karen Wood AM** retired as Chair and director on 1st March 2026, after almost nine years (Chair since April 2019); succeeded by **Stephen Pearce** (independent non-executive director since 1 February 2025, Chair from 1 March 2026, also Chair of the Nomination and Governance Committee).
- **Graham Kerr** stepped down as CEO and Managing Director on 30 June 2026, after leading South32 since its 2015 demerger from BHP; he continues as a Strategic Advisor supporting the Alcoa transaction (with no FY27 LTI).
- **Matt Daley** joined as Deputy CEO on 2 February 2026 and became CEO and Managing Director on 1 July 2026, on a A\$2 million base salary plus superannuation and other disclosed commencement benefits.
- **Frank Cooper AO and Dr Ntombifuthi (Futhi) Mtoba**, founding directors since 7 May 2015, retired at the 2025 AGM (23 October 2025). Two new NEDs were appointed during the year and are standing for election at the AGM – see Item 3.

Sustainability/ESG

- **Regulatory disclosure:** There was no reported non-compliance resulting in a significant fine, sanction or prosecution during FY26, and no environmental events with a major impact.
- **Emissions:** FY26 operational emissions were 1.0% lower than FY25, but 17.1% above the FY21 baseline, the increase primarily due to drought conditions in Southern Africa

reducing hydroelectricity availability and increased reliance on coal-fired Eskom electricity. South32's target is to halve net operational emissions by FY35 from FY21 levels. The proposed Alcoa divestment is expected to remove a substantial share of South32's aluminium-related emissions footprint.

- **Shareholder-endorsed transition plan:** A non-binding advisory resolution on the Climate Change Action Plan 2025 received 90% shareholder support at the October 2025 AGM.
- **Safety performance:** One fatality during FY26 led to extensive investigation and a proposed reduction in executive STI. The lagging Total Recordable Injury Frequency improved to 3.4 (FY25: 3.7), and the leading Significant Hazard Frequency indicator rose to 245 (FY25: 196), attributed to improved hazard awareness and positive reporting culture.

4. Rationale for Voting Intentions

Item 1: Financial Report, Directors' Report, Sustainability Report and Auditor's Report (vote not required)

Item 2a: Re-election of Dr Xiaoling Liu as a Director of the Company (for)

Seeking a third and final three-year term. Technical, smelting/processing and sustainability expertise directly relevant to South32's alumina and manganese operations and low-carbon transition. Valuable contribution as chair of the Sustainability Committee.

Item 2b: Re-election of Mr Carlos Mesquita as a Director of the Company (for)

Appointed in May 2023. Operational experience in Latin American base metals and aluminium, directly relevant to Sierra Gorda, Cannington and the broader Americas portfolio that will anchor South32 if the Alcoa transaction proceeds.

Item 2c: Re-election of Ms Jane Nelson as a Director of the Company (for)

Appointed in May 2023. Globally recognised sustainability, human rights and stakeholder-engagement expertise, aligned with South32's safety mandate, community engagement obligations and climate transition plan.

Item 3a: Election of Mr Geoff Healy as a Director of the Company (for)

Appointed in December 2025. Extensive legal, governance, risk, external affairs and reputational crisis-management expertise; his skills are relevant to the Alcoa transaction, the regulatory environment, and heightened ESG/regulatory scrutiny facing the sector.

Item 3b: Election of Ms Sinead Kaufman as a Director of the Company (for)

Appointed in April 2026. Large-scale operational expertise in commodities including copper, plus experience leading major divestment and transformation programs.

Item 4: Adoption of Remuneration Report (for)

During FY26, Graham Kerr remained chief executive for the full year and Matt Daley was appointed with effect from 2 February 2026 as his nominated replacement, formally becoming CEO on 1 July 2026. Vanessa Torres (previously Chief Operating Officer Australia) ceased as Executive KMP on 9 February 2026. Remuneration of executive key

management personnel cost S32 AUD 23.6m in FY26 (FY25 – AUD 13.7m) by the statutory measure on page 170 of the Annual Report.

By comparison, ‘take-home pay’ for the nominated executives per page 159 was AU\$16.1m (FY25 AU\$11.3m). With similar levels of STI earned and LTI vesting in the two years, the increase in take-home pay was mainly attributable to the addition of Mr Daley and particularly the inclusion of his sign-on benefits approved at last year’s AGM, which added in excess of AU\$2.0m to the total. The next two years’ executive payroll will bear the cost of allocating Mr Daley 1,242,857 service rights in August 2027 and 240,000 service rights in August 2028 in addition to his fixed salary, short-term bonus and long-term incentive as per the structure set out in the appendix, and as approved at last year’s AGM.

The structure of South32’s remuneration is conventional and described Appendix 1. Whilst Mr Daley’s sign-on benefits are significant and difficult to align with our current guidelines, they were disclosed to shareholders in last year’s notice of meeting for the 2025 AGM and were verified by South32 to compensate him for benefits forfeited from his previous position. Our concerns with the structure and management of remuneration are relatively minor and are also set out in Appendix 1, so we support the report. The FY25 Remuneration Report received a strike at last year’s AGM (32% Against). South32’s response to the strike is detailed on page 153 of the FY26 Annual Report. The ASA notes this response, and we are advised that South32’s remuneration framework will be revised for FY28 onwards guided by remuneration consultants’ advice to reflect the likely changed nature of the company’s operations following the sale of aluminium chain assets.

Item 5: Grant of Awards to Executive Director (for)

The resolution seeks to approve granting Mr Daley the share rights with a face value of AU\$0.443m (FY25 for G Kerr - \$1.202m) for the equity component of his FY26 short-term incentive and 980,392 (FY25 for G Kerr – 1,512,027) share rights with respect to the FY27 LTI which had a face value on 1 July 2026 of AU\$4.0m (last year for G Kerr AU\$4.4m), being his maximum opportunity for long-term incentive. If approved by shareholders, the number of STI share rights will be determined by the average price of South32 shares for the relevant period in December 2026. The awards are in accordance with the remuneration structure set out in the remuneration report.

There is no performance hurdle for the deferred STI share rights which 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 FY28 (i.e. in August 2028). The STI rights carry dividend equivalent entitlement such that Mr Daley will receive a cash payment reflecting the dividends he would have received had the rights been issued as shares for the period between the deferred STI award grant date and the vesting date.

Vesting of the LTI rights will be determined at the time of the release of the Company’s full-year results for FY30 (i.e. in August 2030). The LTI rights will only vest to the extent performance conditions have been satisfied as to 80% being TSR vs two comparator indices, and 20% being a strategic measure (portfolio management and climate change). The LTI rights do not carry any dividend equivalent entitlement.

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

Item 6: Renewal of Proportional Takeover Provisions (for)

South32 is renewing its constitutional provisions that prevent a predator bidding only for a proportion of a shareholders' interest. The ASA prefers full takeovers so that shareholders are not left with a controlling shareholder, and we support this resolution.

Item 7: Approval of the Proposed Disposal of the sale business to Alcoa and its applicable Related Bodies Corporate (directed voting only)

The transaction explanatory memorandum lists the reasons why directors recommend that shareholders vote to approve the sale of Worsley, Hillside and Brazilian aluminium chain assets to Alcoa. These reasons can be summarised as follows:

1. The sale will realise substantial value for these assets, and there will be synergistic savings for the group. The consideration is assessed as being up to US\$5.6bn and comprises \$3.1bn cash, approximately 17 million Alcoa shares which were determined on the basis they were worth \$1bn at the time of negotiation, the assumption by Alcoa of liabilities of \$750m. There is also contingent consideration of up to \$750m if prices of aluminium and alumina achieve certain levels, and the assumption by Alcoa of rehabilitation liabilities for which South32 has provided \$1.1bn
2. After the sale, South32's profile will change to a group specialising in base metals – copper, zinc, silver, lead and manganese – described as a streamlined portfolio. It will shed the high-energy processes of refining bauxite to produce alumina and aluminium with attendant concerns over emissions and their impact on climate change. Instead, its products will be targeted at providing the minerals and metals critical to the world's energy transition.
3. South32 expects to achieve annual savings of US\$125m in overheads after the transitional assistance period following sale is completed.
4. The sale will strengthen South32's balance sheet, providing additional flexibility to allocate capital into both growth projects and shareholder returns. If further exploration and evaluation of prospects at Sierra Gorda, Hermosa and Ambler confirm their viability, significant investment will be required to exploit these resources. The proposed sale will provide some of this capital. An in-specie dividend of at least 50% of the consideration shares in Alcoa is intended.
5. To the extent that South32 and its shareholders retain the shares in Alcoa to be received as part of the consideration, and to the extent of the contingent consideration referencing improvements in future prices of alumina and aluminium, benefit will accrue to shareholders from future demand for the product and from synergies in WA alumina operations which Alcoa is expecting to achieve.

The transaction explanatory memorandum includes an independent expert's report from Grant Samuel concluding that the transaction is both fair and reasonable, and therefore in the best interests of South32 shareholders, provided that Alcoa shares do not fall in value below US\$31.00 per share and in the absence of a superior bid for the assets occurring prior to completion. We recommend that shareholders read the expert's report.

Shareholders should review the risks outlined in the South32 Notice of Meeting which we summarise as relevant to Australian retail shareholders as follows:

1. South32 continues to report profits and losses from the aluminium chain assets, although the sale is proposed on the basis that the profits for the period from 1 April 2026 until completion (expected in the first half of 2027) will vest in Alcoa. These profits and losses will give rise to movements in assets such as cash, inventory, debtors and creditors, and the profit on disposal to Alcoa will be affected by the quantum of these assets because the consideration is fixed. Whilst fixed, the consideration is also uncertain, as it depends in part on the value of Alcoa shares at settlement. To some extent South32 is to be compensated only by interest at 5% of the cash component of the consideration after the transaction is approved by shareholders. The EBIT contribution of the aluminium chain assets for the past two financial years was US\$1.4bn or 48% of group EBIT and was equivalent to an interest rate of 22.8% pa on the US\$3.1bn cash consideration. The expected synergies and commodity price movements providing contingent consideration may not occur.
2. The extent of conditional consideration is only 22.5% of the benefit of improved commodity prices related to the production expected of the aluminium chain assets. Over the previous 10 years, the aluminium chain assets being sold have contributed to approximately one-third of the group's total earnings before interest and tax. Their contribution has varied from 69% to 5% depending on the strengths and weaknesses of the prices of various commodities produced by South32. The sale of these assets exposes South32 to price variations in a smaller number of commodities and hence will make future earnings potentially more volatile.
3. Alcoa shares may fall below the expert's assessment of the point at which the offer ceases to be fair – i.e. US\$31.00 per share – and any fall below the assessed value of these shares at the time of negotiation (US\$50.00 per share) will reduce the value of the consideration received. Alcoa shares were trading at US\$46.00 at the time of writing.
4. Shareholders are to receive an in-specie distribution of Alcoa shares, but the value of that distribution is uncertain. South32 is obliged under the terms of the transaction to distribute at least 50% of the consideration shares and has determined that the minimum distribution per shareholder will be 12 Alcoa shares, with the Alcoa shares not distributed as a result being sold by a nominated broker with the proceeds distributed to the ineligible shareholders. If South32 distributes the minimum 50% of the consideration shares, shareholders with fewer than approximately 7100 shares will be ineligible to receive the minimum allocation, and, if South32 distributes all of the consideration shares, shareholders with fewer than approximately 3550 shares will be ineligible to receive the minimum allocation. These shareholders will then receive the net proceeds of sale – if the net proceeds of sale were US\$50 per share, this would amount to approximately US\$0.11 per share; this amount will change with the price of Alcoa shares at the time of distribution, which is expected to be sometime after 30 June 2027. The amount and nature of the distribution is therefore uncertain.
5. For all shareholders, whether receiving Alcoa shares, or Alcoa CDIs for Australian residents, or cash in the in-specie distribution, there will be taxation implications, depending on their country of residence. Australian shareholders will receive the

distribution as a franked dividend which will reduce any tax otherwise payable, but this is not applicable to non-resident shareholders.

6. For Australian shareholders receiving Alcoa shares in-specie distribution, the shares will be in the form of CDIs (CHESS depository interests) which are quoted on the ASX but are not direct shares in Alcoa. The scrip is held by a trustee on behalf of CDI holders, and the trustee is the entity holding the right to vote at member meetings and otherwise exercise shareholder rights. Alcoa is an American corporation and as such is subject to US laws and corporate governance requirements. The lack of representation and of protections afforded by Australian laws and regulations is a disadvantage of the proposed transaction for those receiving the Alcoa shares.
7. For Australian shareholders receiving Alcoa shares in-specie distribution, future dividends from Alcoa will be unfranked. American companies in general pay a smaller percentage of free cash flow in dividends than do Australian companies.

ASA will vote proxies only in accordance with shareholders' voting directions. ASA does not intend to express a view as to whether shareholders should vote in favour of, or against, the proposed sale transaction. ASA recommends that each shareholder should make their own enquiries based on available information and financial advice particularly in relation to tax consequences.

All undirected proxies will flow to the chair, who intends to vote in favour of the resolution. Shareholders wanting to vote on this resolution need to direct their vote by marking the proxy as either 'for' or 'against' the resolution.

Resolution 8: Conditional Board Spill Meeting Resolution (Against)

Directors have several duties, only one of which is to determine executive remuneration. Whilst shareholders may disapprove of the remuneration report, dissolving the board and holding a spill meeting is highly disruptive of the management of the company and would be particularly inappropriate in the context of the proposed sale transaction with Alcoa. The ASA will not support the spill motion.

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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 FY23 LTI was only partly vested in FY26.

CEO rem. Framework for FY26	Target \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.200	32.0%	2.200	23.0%
STI - Cash	1.1687	17.0%	1.722	18.0%
STI - Equity	1.1687	17.0%	1.722	18.0%
LTI	2.3375	34.0%	3.922	41.0%
Total	6.875	100.0%	9.566	100.0%

The amounts in the table above are the amounts applicable to Graham Kerr during FY26 that are envisaged in the design of the remuneration plan.

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 little change to the plan for FY26.

Fixed remuneration was increased for Mr Kerr in FY26 from \$2.04m to \$2.20m in part to create a differential to his nominated successor Mr Daley, whose negotiated starting salary was \$2.0m. Whilst Mr Kerr's fixed remuneration 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 and Mr Daley's packages seem 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 divests aluminium chain segments but seems fair enough for now. Other executive KMP salaries were not increased for FY26, with the exception of the CFO Ms Sandy Sibenaler whose salary was increased by 4%.

For the short-term incentive, executives were assessed as having performed above target safety and culture hurdles, scoring 30.2% vs target 25%. For environmental and social

hurdles, they scored 11.1% vs target 10%. They were assessed at 64% vs target 57.5% for financial measures and 2.7% out of 7.5% for major project delivery, giving them a scorecard score of 108% of target (FY25 – 100.8%). Financial measures use a form of underlying earnings as the basis of calculation, applying budget commodity prices and exchange rates to actual outcomes to exclude the non-controllable effect of these factors from the calculation which also excludes impairments. The remuneration plan allows for a board modifier to adjust the amount of short-term incentive to reflect overall business outcomes. For FY26, the board decided that a negative modifier of 20% for the then CEO and Mr Daley, and 10% for the CFO and COO South Africa and Colombia, should be applied to the Business Scorecard component of the STI entitlement primarily as a result of the fatality at Worsley. A personal performance rating of 100 to 130% was applied (see page 164). The overall outcome was that the total STI awarded to Executive KMP was A\$6.33m (FY25 – A\$5.63m).

We would prefer to see that, because adjusted underlying earnings are used as the hurdle for short-term incentives, there be more disclosure of the information reconciling that result with disclosed EBITDA/EBIT and a comparison with the equivalent measure used for the prior year. Whilst there is more transparency in this respect than in FY25, we would prefer to see it improved in future.

For the long-term incentive to vest in full in FY25, the company's TSR for the four-year period 1 July 2022 to 30 June 2026 was to outperform the two TSR indices, one being the chosen group of international mining companies and the other being the international MSCI index of large companies. The result on page 164 of the Annual Report shows that South32's TSR of 12.7% for the 4 years was well short of the vesting threshold of both indices, with the result that 80% of the award lapsed. The board assessed management performance as being 9 out of 10 for portfolio management and 6.5 out of 10 for climate change management, resulting in 15.5% out of the 20% award allocated to these goals. Of the total LTI rights, which would have been worth A\$6.44m if vested in full, 229,561 shares were awarded to executive KMP, valued at \$0.895m.

The cost of non-executive director remuneration increased from \$2.85m to \$2.95m, after increases in fees paid to committee chairs and members. Travel and other allowance costs for non-executives were reduced from \$330k to \$310k.

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

- 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.

Voting advice and financial services disclaimer

This document contains information and, where expressly stated, ASA's views concerning the exercise of voting rights attaching to shares in South32 Limited.

Any recommendation by ASA concerning how shareholders should vote on a resolution is intended solely to assist shareholders in deciding how to exercise their voting rights at the relevant meeting. It is not a recommendation to acquire, hold or dispose of South32 shares or any other financial product, and it should not be relied upon for any such purpose.

ASA does not take into account any individual shareholder's investment objectives, financial situation or needs. Shareholders should make their own decision as to how to vote, having regard to their individual circumstances and the information contained in the company's notice of meeting, explanatory memorandum and other relevant company disclosures. Shareholders should obtain independent financial, legal and tax advice where appropriate.

In relation to resolutions involving a transaction under which securities in another company may be received as consideration, including Item 7, any discussion of those securities is provided solely as information relevant to the shareholder's consideration of the relevant voting resolution. ASA is not providing advice as to whether a shareholder should acquire, hold or dispose of those securities.

ASA's voting recommendations are based on its assessment of the matters relevant to the exercise of shareholders' voting rights and are not personal recommendations to individual shareholders.