



28 October 2021

South32 Limited
(Incorporated in Australia under the *Corporations Act 2001* (Cth))
(ACN 093 732 597)
ASX / LSE / JSE Share Code: S32 ADR: SOUHY
ISIN: AU000000S320
south32.net

2021 ANNUAL GENERAL MEETING SPEECHES

South32 Limited (ASX, LSE, JSE: S32; ADR: SOUHY) (South32), in accordance with ASX Listing Rule 3.13, today releases the addresses to shareholders to be given by the Chair and Chief Executive Officer at South32 Limited's virtual Annual General Meeting.

A webcast of the event will be available to view live via the following link (<https://web.lumiagm.com/339085528>). A recording of the session will be made available on the South32 website following its completion.

About us

South32 is a globally diversified mining and metals company. Our purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come. We are trusted by our owners and partners to realise the potential of their resources. We produce bauxite, alumina, aluminium, metallurgical coal, manganese, nickel, silver, lead and zinc at our operations in Australia, Southern Africa and South America. With a focus on growing our base metals exposure, we also have two development options in North America and several partnerships with junior explorers around the world.

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Further information on South32 can be found at www.south32.net.

Approved for release by Graham Kerr, Chief Executive Officer
JSE Sponsor: UBS South Africa (Pty) Ltd
28 October 2021

SOUTH32 LIMITED
2021 Annual General Meeting
28 October 2021

**Speeches by Karen Wood, Chair and
Graham Kerr, Chief Executive Officer**

Karen Wood, Chair

When we met virtually at our Annual General Meeting last year I didn't expect to again be reporting on the impact of the pandemic - on our people and communities around the world. That impact has been immense. We have lost colleagues, some of our people have lost family members and for many, life will not be the same again.

Your Board pays tribute to the many who have stepped up to keep our operations running and running safely despite the enormity of the challenge. We are indebted to you and also to your families for their support of your work.

Sadly, I must again report a fatality during the year with the death of Mr Petros Sibeko in May. Mr Sibeko was working as a contractor at the Klipspruit Extension Project at South Africa Energy Coal and was fatally injured while operating a mobile elevated platform.

The investigation into the cause of the accident and the learnings we can use to improve our use of these platforms has been reviewed by the Board and shared across the Company, along with the new owners of South Africa Energy Coal. We express our deepest sympathies to Mr Sibeko's widow and his four children.

This past year has been a transformative one for South32. We have made substantial progress in reshaping our portfolio, we have set ourselves a new carbon emission reduction target and further defined the way in which we intend to achieve our emission reduction plans.

Our operations have also performed well, achieving a number of production records which, combined with improving commodity prices, has enabled Graham and his team to maintain South32's strong financial position and deliver consistent returns to all shareholders.

As outlined in our Full Year Results, the Company delivered underlying earnings before interest, tax, depreciation and amortisation of US\$1.56 billion and free cash flow of US\$825 million. During the year we recognised an impairment charge of US\$728 million, or US\$510 million after tax, in relation to Illawarra Metallurgical Coal. We also recognised a loss on the sale of South Africa Energy Coal of US\$159 million. As a result, the Group's statutory profit after tax declined by US\$130 million to a loss of US\$195 million.

Reflecting our financial performance and disciplined approach to capital management, we ended the year with a net cash balance of US\$406 million and returned US\$670 million to our shareholders during the year. This included US\$439 million as part of our ongoing capital management program, with US\$346 million allocated to our on-market share buy-back and US\$93 million returned in the form of a special dividend. We will continue to take a flexible approach to the remainder of our capital management program.

Since the formation of South32, we've been committed to the reshaping of our portfolio with a bias to base metals. These are the materials that will be increasingly in demand in a low-carbon world, including for the development of renewable energy infrastructure, generation and storage.

During the year we completed the divestment of South Africa Energy Coal; a pivotal step in that re-shaping. We are pleased to have delivered this outcome, not only for our business but for the people whose livelihoods depend on this business. We also divested the TEMCO manganese alloy smelter in Tasmania, Australia, and put the Metalloys manganese alloy smelter in South Africa on care and maintenance.

Consistent with our strategy we have taken two recent and significant steps to increase our exposure to the commodities required in a low-carbon world. Last month we exercised our pre-emptive rights to acquire an additional interest in Mozal Aluminium, our hydro powered smelter in Mozambique. And just this month, we announced that we have entered into conditional agreements with Sumitomo to acquire its 45 per cent interest in Sierra Gorda: a long life, open-pit copper mine in the Antofagasta copper region in Chile.

This acquisition provides immediate exposure to copper, a critical metal in the decarbonisation of the world's energy networks and one that has strong long-term market fundamentals. It is expected the transaction will immediately

lift Group margins and earnings, supporting future shareholder returns while retaining strength and flexibility in our Balance Sheet.

Our approach to climate change has been an area of focus for the Board as part of its oversight of material sustainability issues. It is also an area of significant interest for many of our stakeholders and of course, the broader community. I am pleased to say that we achieved our first short-term Scope 1 carbon emissions reduction target, keeping our FY21 emissions below our 2015 baseline.

In May, we set a new medium-term target to halve our Scope 1 and Scope 2 carbon emissions by 2035, compared to our FY21 baseline. We maintain our longer-term target to achieve net zero carbon emissions by 2050, in line with the Paris agreement.

Our plans to decarbonise our business include securing renewable energy, designing our growth projects to be carbon neutral and supporting and investing in the development of low-carbon technology. This is both ambitious – which, of course, is necessary to achieve our net zero goal – and realistic, recognising that there is no definitive ‘best pathway’ to net zero and some of the innovations we will need are not yet fully developed.

We will continue to work with others, including other organisations across our industry, to develop solutions that enable us to achieve our goals. I am encouraged by the leadership position taken by many in our industry and the demonstrable cooperation that will continue to be necessary for us all to play our part in this critical work.

The Board views our commitment to decarbonisation as fundamental to the future of South32, as do so many of our owners. To reflect its importance, we have modified the executive long-term incentive plan to include performance against our climate change targets, with ten per cent of the awards to be linked to our progress.

We have reassessed our portfolio’s resilience to climate change this year, using a scenario in which temperature increases are assumed to be limited to one and a half degrees Celsius above pre-industrial levels. In this scenario, most of our commodities show growth.

As we deliver on our commitments to meet our emission reduction targets, we acknowledge that the industry associations to which we belong, play an important role in advocacy in respect of climate change. In our view, participation in industry associations is an important avenue to engage and influence matters affecting the Company. Membership offers opportunities to understand, learn and contribute to industry best practice.

Industry associations are by nature representative of similar member interests, but often from varied backgrounds and perspectives, so consensus on all issues is often not possible. We believe healthy debate and discussion can lead to better outcomes. We acknowledge that, at times, industry associations advocate on specific issues not aligned with our position. Where a material misalignment exists, we follow a process with the aim of seeking alignment. If that misalignment is material and we believe it outweighs the benefits of belonging, we will terminate our membership.

In line with our Purpose, we work to develop natural resources in a way that benefits our stakeholders. Trust and transparency are essential to the way we operate, and we work closely with all our stakeholders, considering different perspectives, and working together to create shared value.

In FY21, we invested US\$22.2 million in our communities on projects in education and leadership, good health and social wellbeing, economic participation, and natural resource resilience. And we made solid progress in several areas of our Innovate Reconciliation Action Plan, including procurement, engagement and training.

During the year, we completed a review of our work on cultural heritage in Australia. The review has informed our approach to cultural heritage of Aboriginal and Torres Strait Islanders and led to the development of a set of principles to guide our engagements. Some areas were identified as requiring improvement and we will continue to focus on those. Similar reviews are planned this year for other jurisdictions where we operate.

As you would expect, the COVID-19 pandemic is continuing to disrupt the Board’s practice of regularly visiting our operations and offices around the world. We see these visits as vital to gaining insights into the daily experiences of our people and local communities. They give us the opportunity to test our workplace culture and to better understand the challenges our teams face. We’ve worked hard during the year to stay connected by using virtual sessions, but they cannot replace the on-ground exposure that is so important to our work.

We’re committed to providing a safe and inclusive workplace at South32. One that does not tolerate harassment of any kind and one that is founded on the value of diversity. While our gender diversity targets at a senior level have been met, we still have work to do on the representation of women in our operations.

We know that a workplace where difference is valued and celebrated; where the countries and communities where we operate are fully represented; and where our people feel engaged and empowered - is a workplace of which we can all be proud. The Board is actively engaged in how Graham and his team are striving to meet these aspirations.

In conclusion, let me say that we are well positioned to continue delivering on our strategy - focused on optimising the performance of our operations, unlocking their potential and identifying new opportunities to create value for our stakeholders.

Graham and his team will continue to focus on running our business well, creating sustainable, long-term value, while prioritising the safety and wellbeing of our people, our operations and our communities.

Our capital allocation priorities remain unchanged and we will continue to pursue growth opportunities that can compete for excess capital. The world in which we operate is ever changing and requires us all to effectively respond as challenges arise.

We do so at South32, with our work guided by our Purpose - to make a difference by developing natural resources, improving people's lives now and for generations to come. To be trusted by you, our owners, and by our partners to realise the potential of your resources. We thank you for your support in this endeavour.

Before passing to Graham, I want to recognise his superb leadership through this difficult year and to again call out the remarkable achievement of our teams around the world to keep our operations running with the safety of our people and communities at the forefront. On behalf of the Board I thank them – one and all.

I will now hand over to Graham.

Graham Kerr, Chief Executive Officer

Thank you, Karen.

Good afternoon everyone and thank you for joining us for South32's 2021 Annual General Meeting. It's great to speak with you today, albeit virtually, to reflect on a strong year for South32, discuss the challenges we have overcome and our plans for the future.

As Karen mentioned, we were deeply saddened by the death of our colleague, Petros Sibeko, following an incident involving the use of an Elevated Work Platform in May this year. Nothing is more important to us than safety and it is devastating that Mr Sibeko did not return home to his family at the end of his shift. Our thoughts remain with his family, friends and colleagues. The investigation into Mr Sibeko's death has been completed and the outcomes shared across our business and with the new owners of South Africa Energy Coal, so that a similar event does not happen again.

In FY20, we changed our reporting practices to disclose fatalities for contractor activities associated with our operations that take place in locations where we do not have control. Sadly, one person from a contracting company appointed by Cerro Matoso was fatally injured while carrying out work to pave the public road between the municipality of Planeta Rica and our Queresas and Porvenir project. We offered our support to the contractor company following the incident.

We will never be truly successful until we eliminate fatalities and significant incidents. Our teams have been working hard to improve our safety performance, with four of our operations recording their lowest Total Recordable Injury Frequency to date during FY21.

We also had a reduction in recordable injuries for the period, but our TRIF increased by two per cent and we did not meet our target. We are focused on improving our safety systems as well as influencing the organisations we work with to improve safety outcomes, so that everyone goes home safe and well at the end of their shift.

Our people and communities continued to face the many challenges brought about by COVID-19. We are deeply saddened by the number of colleagues we have lost and I would like to express my sympathies to all those who have lost loved ones to COVID-19.

Our response to the pandemic is focused on three areas – keeping our people safe and well, maintaining safe and reliable operations and supporting our communities.

We continue to uphold the necessary controls to protect our people, our operations and communities. We have supported government vaccination programs by procuring vaccines for our people, our contractors and our communities in Colombia and Mozambique and at our GEMCO operation in the Northern Territory, Australia.

We invested an additional US\$2.5 million in our COVID-19 Community Investment Fund during the 2021 financial year - taking the total invested since the start of the pandemic to US\$7.6 million. Our contributions have supported local health clinics with medical equipment and improved water supply, mobile classrooms for schools, relief for small businesses, essential supplies and improved access to water for families.

The value of industry association memberships was never more apparent than during the emergence of COVID-19. Industry associations in our respective jurisdictions acted as the interface between government and industry to assist in developing response plans, sharing timely information and facilitating agreements to allow operations to continue under agreed protocols.

Our operations continue to perform well and we had several production highlights in FY21, including records at Brazil Alumina, Australia Manganese and Worsley Alumina, where the refinery finished the year above nameplate capacity. Volumes improved by 21 per cent at South Africa Manganese, following its recovery from COVID-19 related disruptions in the prior year.

Our production performance, coupled with a continued improvement in commodity prices, has enabled us to maintain our strong balance sheet and continue to deliver consistent returns to our shareholders through our dividend payments and a further extension of our capital management program.

As Karen has outlined, during the year we made substantial progress reshaping our portfolio, completing the divestments of South Africa Energy Coal, the TEMCO manganese alloy smelter, and a portfolio of non-core precious metals royalties.

The divestments of South Africa Energy Coal and TEMCO have simplified our business, reduced capital intensity and lowered our cost base by approximately 20 per cent, positioning us to improve margins through the cycle.

We were pleased to announce our plans to acquire a 45 per cent interest in the Sierra Gorda copper mine in Chile recently and to exercise our pre-emptive rights to increase our existing shareholding in Mozal Aluminium. These are significant milestones as we actively reshape our portfolio for a low-carbon world.

The Sierra Gorda transaction expands our presence in the Americas and provides exposure to a long-life copper asset with a large resource base. Operating performance has progressively improved since production began in 2015, and the operation is expected to exceed 200,000 tonnes of copper equivalent production in 2021.

We also have a number of high-quality growth options and exploration partnerships designed to enhance our commodity exposure for a low-carbon future.

At Hermosa, following work on the prefeasibility study through the year, we released an updated Mineral Resource estimate for Taylor, which confirms the potential for a long-life zinc-lead-silver project, with study work confirming a preference for a dual shaft development that prioritises early access to higher grade ore. We expect to report the outcomes of the Taylor pre-feasibility study around the end of the calendar year.

We are making good progress with our scoping study for the Clark Deposit at Hermosa, where preliminary outcomes indicate a technically viable flowsheet to produce battery grade manganese.

The Ambler Metals joint venture in Alaska, where we have a 50 per cent shareholding, is progressing a pre-feasibility study for the high-grade Arctic copper and zinc deposit.

In addition, we are building our pipeline of opportunities by investing through the drill bit. We have more than 20 greenfield exploration partnerships and projects targeting base metals in the Americas, Australia and Europe.

Following the New South Wales Independent Planning Commission refusal of our application for the Dendrobium Next Domain project at Illawarra Metallurgical Coal in February we continue to assess options for the project, including a revised mine plan. We expect to be able to provide a further update around the end of the 2021 calendar year.

As Karen mentioned, we have set a medium-term target to halve our operational carbon emissions by 2035 against our FY21 baseline. Our decarbonisation plans are focused on the operations which accounted for approximately 90 per cent of our Scope 1 and 2 emissions in FY21 – Worsley Alumina, Illawarra Metallurgical Coal and our aluminium smelters.

At these operations we are undertaking short-term emissions reduction activities focused on process and energy efficiency projects, as well as studying the transition to lower carbon energy sources over the medium term.

At Worsley Alumina, our efficiency projects to reduce energy and water consumption are progressing through study phases. Mud-washing, the most advanced of our projects, is in pre-feasibility study which is on-track for completion in FY22. We have successfully used biomass in place of energy coal in the multi-fuel co-generation facility since 2018 and further studies of low-carbon energy sources are underway.

We are deploying AP3XLE energy efficiency technology at Mozal Aluminium and we are conducting a trial for its use at Hillside Aluminium.

Our pre-feasibility study for the Taylor Deposit at Hermosa incorporates low-carbon design initiatives.

Wherever we operate, we proudly support our local communities and during the 2021 financial year, we invested US\$22.2 million in community initiatives and activities. We partner with local organisations and governments to invest where it is needed most, and our community investment focuses on initiatives that enhance education and community leadership, good health and social wellbeing, economic participation, and natural resource resilience.

We also increased our procurement from Aboriginal and Torres Strait Islander businesses by 18 per cent in FY21, exceeding the target that we set out in our Reconciliation Action Plan, launched in September 2020.

In May 2021, we partnered with the Australian Indigenous Leadership Centre and Anindilyakwa Land Council, to launch a program designed to enable and empower young people on Groote Eylandt, where GEMCO is located. The Anindilyakwa Future Leaders Program was developed in collaboration with Traditional Owners and is focused on developing leadership capability and governance skills – two areas that will enable this community to thrive long into the future.

To conclude, it has been a challenging year for South32, for many of our people and our communities. I'm proud of the way our people have responded, demonstrated great resilience and innovated throughout the COVID-19 pandemic. I am also grateful for the way our people and communities around the world have united and worked through this difficult period.

We have a strong foundation to continue to build our business. Our operations are performing well, we have a strong balance sheet, high quality growth options in attractive commodities and a plan to decarbonise our business.

Once again, thank you for joining us today and for your ongoing support.

I'll now hand back to our Chair.

The Chair then conducted the formal items of business.

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