



27 October 2022

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

**SOUTH32 LIMITED
2022 ANNUAL GENERAL MEETING
27 OCTOBER 2022
CHAIR AND CEO ADDRESSES**

South32 Limited (ASX / LSE / JSE: S32; ADR: SOUHY) (South32), in accordance with ASX Listing Rule 3.13.3, today releases the addresses to shareholders to be given by the Chair and the Chief Executive Officer at South32's hybrid Annual General Meeting.

A webcast of the event will be available to view live via the following link (<https://meetnow.global/S32AGM2022>). 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 commodities including bauxite, alumina, aluminium, copper, silver, lead, zinc, nickel, metallurgical coal and manganese from 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 to the market by Graham Kerr, Chief Executive Officer
JSE Sponsor: The Standard Bank of South Africa Limited
27 October 2022

SOUTH32 LIMITED
2022 Annual General Meeting
27 October 2022

Addresses by Karen Wood, Chair and
Graham Kerr, Chief Executive Officer

The Chair acknowledged the Whadjuk people of the Noongar nation, introduced the Non-Executive Directors and noted the attendance of the auditor, and the returning officer for the meeting and scrutineer of the vote. The Company Secretary discussed the meeting procedures including the management of questions and voting.

Karen Wood, Chair

It is a pleasure to be back in Perth for this meeting.

I am conscious that we have people joining us online from around the country and the world and I thank you for making the effort to participate.

While we achieved a lot during the last financial year, we cannot overlook the fact that during this last year we lost one of our contractors who was working at our Wessels Mine in South Africa. Mr Desmin Mienies was fatally injured in November last year while performing electrical work on site.

On behalf of the Board, I express my deepest sympathies to Mr Mienies' family, friends and colleagues.

The Board has reviewed the findings of the investigation following Mr Mienies' death and been briefed on the steps taken to prevent a similar incident occurring in the future.

Improving our safety performance is an ongoing focus for the Board, our Lead Team and entire business.

Graham will speak to some of the work we have underway to achieve this important goal.

To meet our commitment that each one of our colleagues goes home safe and well at the end of every shift, we are also focused on supporting our people to feel included and respected at work.

We strive to ensure that any work for South32 is undertaken in a way that is consistent with our values and Code of Business Conduct. As you would expect, we have learned what we can from recent reports into workplace misconduct and sexual harassment in our industry.

These learnings have guided us as we identify and respond to the risk factors for harassment, just as we do for other safety risks.

At the heart of our work is a commitment to foster a culture where our people feel safe to speak up when they are the victim of, or a witness to, an incident of misconduct, whatever form it takes. The Board, working with the Lead Team, sets the direction and tone for workplace culture.

We are working to embed inclusion and diversity into everything we do, through the implementation of our Inclusion and Diversity Action Plan.

A critical part of our Action Plan has been the development of our new internal inclusion and diversity standard, which sets minimum requirements for all elements of people management.

From this financial year, our measurable objectives include actions targeted at improving inclusion and diversity in our workplace, in addition to measuring the representation of women and Black People in our workforce.

We are a signatory to the 40:40 Vision initiative led by the Health Employees Superannuation Trust Australia to achieve gender balance in executive leadership across all ASX300 companies by 2030. We have broadened our objectives for this year to align our female representation targets at all levels of the organisation to the 40:40 Vision by 2029.

Turning now to our operating and financial results.

We achieved strong realised prices for our commodities this year despite a challenging global environment which included market volatility and the tragic conflict in Ukraine.

Our operations performed well, delivering Underlying earnings before interest, tax, depreciation and amortisation of 4.8 billion US dollars and free cash flow of 2.6 billion US dollars.

The Group's statutory profit after tax was 2.7 billion US dollars.

We ended the financial year with a net cash balance of 538 million US dollars, having returned 1.3 billion US dollars to our shareholders. This included dividends totalling 1.2 billion US dollars and 128 million US dollars returned to shareholders as part of our ongoing capital management program.

We further expanded our capital management program by 156 million to 2.3 billion US dollars, leaving 250 million US dollars to be returned by September 2023.

Our strong financial performance during Financial Year 2022 and disciplined approach to capital allocation have supported investment in our business to improve our portfolio by increasing our exposure to the commodities critical to the transition to a low-carbon world. This is a fundamental part of our strategy to identify and pursue opportunities to sustainably reshape our business for the future.

During the year we acquired a 45 per cent stake in the Sierra Gorda copper mine in Chile. We increased our shareholdings in Mozal Aluminium in Mozambique and the Mineração Rio do Norte bauxite mine in Brazil. We participated in the restart of the Alumar aluminium smelter, also in Brazil.

All are significant steps for our business.

The Board visited Sierra Gorda in June as we resumed our program of site visits following a two-year pause due to COVID-19.

Graham and I also visited our Hermosa project where a pre-feasibility study for the Taylor Deposit was completed during the year, demonstrating potential for a sustainable, low-cost operation producing zinc, lead and silver.

We have commenced the feasibility study on Taylor, ahead of a final investment decision, expected mid next year.

Graham and his team are also reviewing options to potentially accelerate the development pathway for the Clark deposit at Hermosa, where there is potential to produce battery-grade manganese for rapidly growing domestic markets in the United States.

The Board also visited Worsley Alumina which, along with Hillside Aluminium, Mozal Aluminium and Illawarra Metallurgical Coal is an important focus of our efforts to achieve material reductions in operational greenhouse gas emissions.

Delivering on our climate change commitments is fundamental to our purpose – we cannot make a difference by using our natural resources to improve people's lives now and for generations to come if we do not address the risks that climate change presents.

As many of you will have seen we have now published our Climate Change Action Plan as part of our Sustainable Development Report. This Plan will be put to you today for your consideration.

The Plan brings together the work that has been underway since South32 was formed in 2015 and sets out our approach, progress to date and the actions we are taking to address the risks and opportunities that climate change presents.

It describes how we are working in collaboration with our stakeholders to prepare our business for the global energy transition, meet our climate change commitments and achieve a just transition for our people, our business and our communities.

Our approach to climate change is focused on four key areas, all of which are integrated into our strategy and are overseen by the Board.

The first is reshaping our portfolio to the commodities that are critical in the transition to a low-carbon world.

Second, is decarbonising our operations, with a focus on the four operations within our portfolio which account for the majority of our emissions profile.

Third, is understanding and responding to the potential physical impacts of climate change on our business to build operational resilience.

The inclusion of our approach to physical climate risk is a key differentiator of our Plan.

And fourth, working with others to innovate and address shared challenges across industry, and to decarbonise the value chain.

Recognising that we have a critical role to play in contributing to the decarbonisation of the value chain, in partnership with our customers and suppliers, the Plan includes a new goal of net zero Scope 3 greenhouse gas emissions by 2050.

This follows our goal of achieving net zero operational emissions by 2050, and our target to halve our operational emissions, that is Scope 1 and 2, by 2035.

Although we do not have direct operational control over activities in the value chain, we are committed to proactively collaborating with our suppliers, customers, industry peers and other value chain partners to make a meaningful contribution to the actions and innovations required to reduce Scope 3 emissions.

The Plan also includes a new commitment that we will not develop or invest in greenfield metallurgical coal projects.

At this stage we have not set a short-term emissions reduction target.

I want to assure you that this does not ignore the importance of short-term actions to reduce emissions or indeed the interest our shareholders have in measuring our progress. Rather, it reflects the technical, commercial and social complexities of some of our large emitting operations.

Your board will only set a short-term target when we are confident we can commit to a meaningful reduction that we believe we can deliver within the nominated time period.

This is not to say that we are not very focussed on short term emissions reduction initiatives. Graham will go into some of the considerations, and our progress in more detail shortly.

Your board regularly assesses progress against our climate change commitments and as you know that progress is tied to remuneration at Lead Team level and below. We report on this progress annually.

On the issue of biodiversity, we recognise the importance of protecting ecosystems and have committed to no net loss for all new projects and major expansions.

We understand that it is our responsibility to minimise the impacts of land clearing and to rehabilitate land disturbed by our activities.

We are committed to supporting meaningful and sustainable initiatives that address key threats and promote improved conservation outcomes within the bioregions where we operate.

Just as we have progressed our work to improve our environmental performance, the same is also true for our social performance.

This year we evolved our approach to partnering with our communities to more clearly define how we can contribute societal value through our broader social contribution, including economic development, planning, respecting human rights and our approach to cultural heritage.

Many of our operations and projects intersect areas of cultural significance and we understand we have a critical role to play in preserving cultural heritage.

During the year, we completed cultural heritage reviews for our operations in the Americas and southern Africa, following a similar review of our Australian operations in 2021.

The reviews inform the ongoing development of our approach to engagement with Indigenous, traditional and tribal peoples.

As a significant employer and investor in Australia, we recognise the positive impact we can have on reconciliation.

Our Innovate Reconciliation Action Plan has been developed to create a foundation for improvement in areas such as Indigenous employment, Indigenous procurement, cultural awareness, and maintaining strong relationships with Aboriginal and Torres Strait Islander Peoples in the communities where we operate.

We continue to review progress on our Innovate Reconciliation Action Plan to identify opportunities for improvement.

We support the Uluru Statement from the Heart as the pathway towards reconciliation put forward by Australia's First Nations people to enshrine the voice of First Nations into the Australian constitution.

Because of the work we do and the impact it has on communities around Australia, we believe it is important that we use our voice to support this act of reconciliation, which can only foster deeper understanding and more constructive relationships between Aboriginal and Torres Strait Islander Peoples and non-Indigenous Australians.

We support the opportunity for all Australians to participate in this act of reconciliation.

Over the past seven years, South32 has undergone a major transformation to become a global, diversified producer of the commodities critical to a low-carbon future.

This transformational work would not have been possible without the strength of our underlying operating performance, which enabled us to capitalise on record conditions for many of our commodities. On behalf of the Board, I would like to thank our shareholders for their ongoing support and reiterate our thanks to our people for their hard work and commitment.

I will now hand over to Graham.

Graham Kerr, Chief Executive Officer

Thank you, Karen.

Good afternoon everyone and thank you for joining us at today's meeting.

Before I begin, I too acknowledge the Traditional Owners of the land in which we meet, the Whadjuk people of the Noongar Nation.

And pay my respects to their elders – past, present and emerging.

It's great to be able to return, in part, to face-to-face engagement to look back on what has been a transformational time for our business.

A time where we accelerated our portfolio transformation.

And delivered record earnings, cash flow and shareholder returns.

However, the most important commitment we make at South32 is that everyone goes home safe and well at the end of every shift and, as Karen mentioned, we did not achieve that this year.

I am deeply saddened by the loss of our colleague, Mr Desmin Mienies, a contractor who was fatally injured while undertaking electrical work at our Wessels Mine at South Africa Manganese in November 2021.

On behalf of the Lead Team, I would like to express our deepest sympathies to Mr Mienies' family, friends and colleagues.

Since 2020 we have disclosed contractor fatalities that occur during activities associated with our operations, but that take place in locations where we do not have control.

Sadly, earlier this month Mr Ephraim Tsietsi Moreki lost his life in a road incident in South Africa. It is deeply upsetting that someone has lost their life while undertaking work for our business and hasn't returned home to their loved ones.

My sympathies are with his family, friends and colleagues. We will work with the contracting company to understand what more can be done to reduce the risk of a similar incident occurring again.

We know we must continue to improve our safety performance and a significant amount of work is underway to achieve this.

In the first half of Financial Year 2022, we partnered with a leading safety consultant to review our safety performance and identify areas for improvement.

This formed the foundation of our Safety Improvement Program – a three-year global program of work designed to achieve a step-change in our safety performance.

To better support our contractors, we have developed and rolled out our contractor management standard which defines performance requirements for managing our contractors.

Keeping our people safe is fundamental to achieving our purpose and we will maintain a relentless focus on this work.

Just as we strive to create workplaces that are physically safe, we must also create a psychologically safe environment for our people.

Karen spoke about our commitment to foster a culture where people feel safe to speak up, and we are working to create that culture in order to support our people if they are experiencing any form of disrespectful behaviour, harassment or bullying.

All forms of workplace misconduct present a threat to the physical and psychological health and safety of our people.

Over the past year we continued to undertake a significant amount of work, so our people feel safe, included and respected at work.

We also engaged directly with our people through our annual 'Your Voice' survey, to better understand their day-to-day lived experience and perceptions of our culture.

We know there is always more to do and we are working to understand and respond to the risk factors for harassment, just as we do for other safety risks. More recently, our work has also been informed by broader industry learnings following the publication of key reports on this critical issue.

Global events such as the Russian invasion of Ukraine and the prolonged impacts of COVID-19 have contributed to a volatile economic environment and inflationary pressures throughout the year.

Against this backdrop, we delivered record earnings and cashflow in FY22.

We could not have achieved these results without the efforts of teams around the world, and I want to thank our people for their contribution to our success.

Our stable operating performance and portfolio improvements enabled us to capitalise on the tailwinds of commodity prices.

Despite adverse impacts from weather and labour availability challenges brought on by COVID-19, our operations delivered largely to revised plans.

Some production highlights during the year included achieving record production at Worsley Alumina.

Hillside Aluminium and Mozal Aluminium continuing to test their maximum technical capacity.

Exceeding production guidance at Cannington as we transitioned to a new mine configuration, bringing forward higher-grade material.

And the team at Cerro Matoso achieving a 22 per cent increase in nickel production.

We finished the year with a strong balance sheet, with net cash of 538 million US dollars, after funding 1.5 billion US dollars of portfolio improvements during the year, leaving us well placed to navigate further uncertainty in the short term.

Our strong financial position and disciplined approach to capital management enabled us to pay a record 648 million US dollar fully franked final ordinary dividend in respect of FY22.

And a 139 million US dollars fully franked special dividend, taking total dividends to a record 25.7 US cents per share for the year.

Our total shareholder returns of 1.3 billion US dollars in respect of FY22, including our ongoing on-market share buy-back, was also a record.

We expect to see external volatility and uncertainty continue into 2023 with ongoing geopolitical conflicts and supply chain disruptions, leading to inflationary pressure across our industry.

We will continue to focus on cost management and expect to see the benefit of production growth in the next financial year which we anticipate will help to mitigate industry-wide cost inflation.

In what is our seventh year as a business, the South32 of 2022 looks very different to the South32 at the time we were established in 2015.

Over the past seven years we have transformed our portfolio to focus on increasing our exposure to the commodities critical to a low-carbon future, and that transformation continued in FY22.

We acquired immediate exposure to copper, through our 45 per cent stake in Chile's Sierra Gorda copper mine.

We grew our exposure to low-carbon aluminium through our increased shareholding in the hydro-powered Mozal Aluminium smelter in Mozambique.

And participated in the restart of the 100 per cent renewable powered Brazil Aluminium smelter.

Through these investments, we expect to double our share of low-carbon aluminium production capacity.

In August, we announced that we would not proceed with an investment in the Dendrobium Next Domain project at Illawarra Metallurgical Coal in Australia.

The decision followed consideration of recently completed study work and extensive analysis of alternatives considered for the complex.

Through this work, we determined that the expected returns from the up-front capital expenditure did not justify an investment relative to the alternatives considered for the complex, and so we decided not to proceed with the project.

We will now focus on continuing to optimise Dendrobium and the broader Illawarra Metallurgical Coal complex to extend the mine life within approved domains.

This decision increases our capacity to direct capital towards other opportunities, including our world class development options in North America that have the potential to underpin a significant growth profile to produce commodities critical to a low-carbon future.

During the year, we continued to progress work at Hermosa, our development option in Arizona.

We reached an important milestone on Hermosa's zinc-lead-silver Taylor Deposit, with the completion of the pre-feasibility study and have now commenced the feasibility study.

The final investment decision for Taylor is planned for mid-calendar year 2023.

At Hermosa's Clark deposit, a scoping study confirmed its potential for an integrated underground mining operation producing battery-grade manganese.

The US Government announced that it would invoke the Defense Production Act, supporting the production of critical metals including manganese.

Following this decision, we are looking at potential options to potentially accelerate the development pathway for the Clark Deposit.

Turning now to climate change.

We understand the need for action on climate change and our Climate Change Action Plan outlines how we are responding by addressing our biggest challenges.

As Karen mentioned, decarbonising our operations is fundamental to the delivery of our Plan, which outlines our operational decarbonisation pathway to support delivery of our medium-term target and long-term goal...

Our operational decarbonisation pathway consists of three steps - efficiency initiatives in the near term, transition to lower-carbon energy in the medium-term, and technology solutions in the longer-term.

Within that broad framework, our approach takes into account the unique characteristics and challenges for decarbonisation of each facility in our portfolio, with a firm focus on those operations that make up the majority of our footprint.

At Hillside Aluminium, we are focused on transitioning the energy source from coal-based power supplied via the South African electricity grid to secure, reliable and affordable low-carbon energy in the medium-term.

The existing power agreement for Hillside Aluminium expires in 2031 and the transition to a low-carbon energy source will be technologically and commercially complex due to the smelter's constant high energy demand.

We will work with Eskom, government, and commercial partners to develop and implement an energy solution at the scale required for a large aluminium smelter.

At Worsley Alumina we are also studying options to transition the operation's energy source, but there are technical complexities to be addressed.

Large-scale deployment of renewable energy such as solar and wind, which do not generate steam directly, would require a change to Worsley Alumina's process and energy infrastructure, and substantial expansion and modification of the energy grid would be required to deliver renewable power at the necessary scale for industrial users in the region.

Therefore, we expect to decarbonise Worsley Alumina in two stages.

We are working towards a conversion of the onsite boilers to natural gas which would reduce operational emissions in the medium term.

Longer term, we are seeking new technologies to support increased electrification and renewable energy for the refinery, which would require broader investment in shared energy infrastructure in the region.

Given the complexities in decarbonising energy sources for Hillside Aluminium and Worsley Alumina, we have not set a short-term emissions reduction target.

We will continue to evaluate our options but we will only set a short-term target when we are confident on our pathway to meet such a target.

In the interim, we remain committed to prioritising efforts to reduce emissions across our operations in the near term – from energy efficiency programs, to the maturation and execution of energy switching and technology solutions, and low-carbon design principles that have the potential to materially reduce the greenhouse gas emissions footprint of our operations in line with our medium-term target.

Delivering on our climate change commitments is fundamental to our purpose.

We will continue to regularly review our approach and we remain committed to transparently reporting on our progress.

I look forward to the feedback on our approach.

I'd like to touch on the importance of our stakeholders, particularly the communities where we operate.

We are committed to supporting and building meaningful relationships in our communities, and we actively engage with stakeholders to understand their interests and aspirations and identify opportunities to work together to create shared value.

In FY22, we were proud to invest 31.1 million US dollars in community initiatives, an increase of 40 per cent from FY21.

Our direct community investment was across our four key focus areas - education and leadership, economic participation, good health and social wellbeing, and natural resource resilience.

In South Africa, we support the growth of the business environment through ESD – Enterprise Supplier Development.

We collaborate and work with small, medium, and micro enterprises on ESD, which supports South Africa's transition towards fair economic distribution and the alleviation of poverty.

Through this collaboration, we aim to do business with an ever-increasing percentage of Black-owned suppliers.

In FY22, we increased our target for ESD spend from 4.73 million to 10.71 million US dollars.

By working with suppliers and local communities, we exceeded this with FY22 ESD spend of \$17.5 million US dollars.

Finally, I'd like to again take the opportunity to thank our teams around the world, who have worked hard to deliver results, in what is a challenging global environment. Their contribution towards our success cannot be overstated.

Looking ahead, we are well positioned for FY23, given our growing production profile and strong balance sheet.

And we are well placed to capitalise on the increasing demand for the commodities needed as the world transitions to a low-carbon future...

We will continue to position South32 for an exciting future over the next 12 months and beyond...

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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