

## Profit and Mine development continue

<b>Company/ASX Code</b>	OZ Minerals (OZL)
<b>AGM date</b>	Friday 8 April 2022
<b>Time and location</b>	10:00am (Adelaide Time) OZ Minerals Limited Head Office, 2 Hamra Drive, Adelaide Airport, South Australia
<b>Registry</b>	Link Market Services
<b>Webcast</b>	Yes
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Ken Wakeman assisted by Cynthia Loh
<b>Pre AGM-Meeting?</b>	With Chairman Rebecca McGrath and Rem Chair Tonianne Dwyer

The individuals (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

<b>Item 1</b>	<b>Consideration of accounts and reports</b>
<b>ASA Vote</b>	No vote required

## Summary of ASA Position

### Financial performance

Revenue increased by 56% and NPAT (\$530.7m) by 150% helped by the increase in the volume of copper produced plus a 25% increase in price. Earnings per share was 159.6 cents up by 144% after last year's rise of 29%. Operating cash flows were up \$421million to \$971 million; investing cash flows and financing cash flows were down by \$110m and \$228m respectively, resulting in an increase of cash on hand of \$215m, an increase of 64%. Finance expenses were higher due to the pay down of debt. The company now has no debt. Fully franked dividends of 34 cents per share were paid which included an 8-cent special dividend in the first half. Share price was up by 49% and with the increased dividend, a total shareholder return (TSR) of 51% was generated.

## **Key events**

- An underground mine worker lost his life in an accident at Prominent Hill.
- Prominent Hill delivered a seventh consecutive year of meeting or exceeding copper production and cost.
- Prominent Hill Wira Shaft mine expansion commenced.
- Carrapateena Block Cave expansion commenced.
- West Musgrave positioned as long-life, low-cost sustainable producer.
- Development of the Carajás East Hub in Brazil was advanced.
- International earn-ins were achieved in Sweden and Peru.
- A special dividend of 8c fully-franked was paid taking the annual dividend up to 34c per share, fully franked.
- The company's first decarbonisation roadmap was developed.

## **Key board or senior management changes**

Sarah Ryan joined the board on 17 May 2021.

Matt Read was appointed Operations Executive on 1 September 2021.

Claire Parkinson was appointed Integration Executive on 18 October 2021.

Gabrielle Iwanow, General Manager Prominent Hill, left the Executive Leadership Team.

Myles Johnson, General Manager Carrapateena, left the Executive leadership Team.

Jea Silva, General Manager Carajas, left the Executive Leadership Team.

Carlos Gonzalez, Chief Executive Brazil, left the Executive Leadership Team to become Executive Chair of Brazil Advisory Board.

Michelle Ash will commence as Technology Executive in March 2022.

Brian Quinn will commence as Strategy and Growth Executive in April 2022.

## **ASA focus issues**

### **Board composition**

The board of seven comprises 4 male and 3 female directors (43%). All directors except the Managing Director&CEO (MD&CEO) are independent.

### **Remuneration disclosure**

See Item 2, vote on Remuneration report

### **Risk management:**

OZ Minerals' risk management policy is extensive and worked well during the pandemic. Its risk management process is aligned with ISO Standard 31000.

## Corporate responsibility and sustainability

OZ Minerals' approach to corporate responsibility and sustainability is commendable. Amongst other policies they have a whistle blower policy and a modern slavery policy as is required by law. Renewable energy is forecast to reach 100% for all South Australian mines by 2030.

Although the total recordable injury frequency rate (TRIFR) improved from FY 2020, in recognition of the fatality at Prominent Hill, the MD&CEO recommended to score at zero the entirety of the individual component of his personal scorecard and that of the general manager of Prominent Hill which adjusted their short term incentives (STIs).

## Shareholder participation

There were no capital raisings during the year.

Oz Minerals provides regular updates during the year via announcements to the ASX.

Analysts' briefings and presentations of quarterly reports are webcast live on their website and shareholders are able to log-in.

## Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	530.7	212.6	163.9	222.4	231.1
UPAT (\$m)	530.7	212.6	163.9	228.3	231.1
Share price (\$)	28.22	18.9	10.55	8.80	9.16
Dividend (cents)	34	23	23	23	0.20
TSR (%)	51.11	81.32	22.5	-1.42	18.63
EPS (cents)	159.6	65.2	50.7	71.5	77.4
All-in Sustaining Cost USC/lb	134.3	56.9	111	117.7	119.9
Copper US\$/Ton	9710	7741.5	6115.5	5964	7215
CEO total remuneration, actual (\$m)	6.08	4.16	2.9	4.6	1.38

For 2021, the CEO's total actual remuneration was **66.87 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2021 data from the Australian Bureau of Statistics).

<b>Item 2a</b>	<b>Re-election of Mr. Charles Sartain</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Mr. Sartain is a Fellow of Australasian Institute of Mining and Metallurgy and a Fellow of the Academy of Technological Sciences and Engineering. He was appointed to the board as an independent non-executive director on the 1<sup>st</sup> August 2018 and is the Chair of the Sustainability Committee.

He has extensive international mining experience including being CEO of Xstrata's global copper business for 9 years. He also has a significant shareholding in the company.

He is currently a non-executive director of ASX-listed ALS Limited, Chairman of the Advisory Board of the Sustainable Minerals Institute at the University of Queensland and Chairman of Wesley Medical Research.

Mr. Sartain's experience, insights and knowledge are an excellent match for OZ Minerals, particularly as Chair of the Sustainability Committee.

<b>Item 2b</b>	<b>Election of Dr Sarah Ryan</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Dr Ryan joined the Board on 17 May 2021 as an independent non-executive director. She was chief operating officer for a private equity-backed company in the UK which commercialised innovative oilfield technology, before she transitioned into investment management where she was responsible, as an equity analyst and later energy advisor, for natural resources investments worldwide, based in the USA. Her executive career includes 15 years with Schlumberger in various positions internationally across research, engineering, manufacturing, operations, marketing and senior management.

Dr Ryan is currently an independent non-executive director for ASX-listed Woodside Petroleum, Aurizon and Viva Energy.

Dr Ryan is a director of the Future Battery Industries CRC, Fellow of the Academy of Technology and Engineering, where she is Deputy Chair of the Energy Forum. She is a member of Chief Executive Women, and the ASIC Corporate Governance Consultative Panel.

Dr Ryan has an excellent background for a position on the board of OZ Minerals.

<b>Item 3</b>	<b>Adoption of Remuneration Report</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

As in the past few years the remuneration report is clear, concise and easy to read.

Total non-executive directors' fees were increased in 2021. For FY2022, the chairman's and directors' base fees will not increase but there will be an increase in some committee chairs' and members' fees to reflect the increased workload over time.

The MD&CEO, Andrew Cole had his total fixed remuneration (TFR) increased by 5%, CFO, Warrick Ranson by 9.83%, Projects Executive Lead, Mark Irwin by 5% and Operations Executive Lead, Matthew Read by 6.8%. All will be issued with performance rights under the 2022-2024 LTI scheme. With effect from 2022, 20% of rights issued to LTI plans will vest according to environmental, social and governance (ESG) performance, with 60% to relative total shareholder return (rTSR) and 20% to all in sustaining costs (AISC).

STI performance remains at 30% of the award paid in equity with a 2-year lock. Whilst we would like the amount to be 50%, the 2-year lock is a mitigating factor in our request for 50%.

The board can adjust awards granted under the STI plan in the event that there is a catastrophic safety, environmental, or other event, in which an adjustment is warranted. In addition to the claw back provisions, we would like to see a gate requiring positive absolute TSR for the relative TSR component of LTI.

A review of the MD&CEO's remuneration against other similar ASX listed companies shows that it is higher than some companies with higher market cap. However, the company is making good progress to becoming a worldwide mining company and as such we regard the remuneration as reasonable.

The company has a requirement for executives and non-executive directors to acquire shares in the company equal to 100% of base fee for non-executive directors, 100% of fixed remuneration for the MD&CEO and 50% for KMPs and other senior executives over 5 years. Whilst the ASA prefers a period of 3 years, it is noted that all directors are either well on the way to achieve this or have already done so prior to a 3-year timeframe.

Overall, an excellent report.

<b>Item 4</b>	<b>LTI grant of performance rights to Mr. Andrew Cole</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

It is proposed to grant MD&CEO Mr. Cole 58,312 performance rights, based on 150% of his total fixed remuneration (TFR) of \$1,050,000 divided by the volume weighted average share price (VWAP) on the 20 trading days from 1st January 2022 (27.01 per share) rounded up the nearest whole number.

The performance period runs from 1 January 2022 to 31 December 2024 after which the performance rights may vest with a 2-year holding lock.

The award is subject to 3 vesting conditions: 60% relative TSR, and 20% AISC and 20% ESG. As noted above, we recommend that there be a gate requiring positive absolute TSR for the relative TSR component of LTI.

### Relative total shareholder return (rTSR)

50% of the grant will be subject to Total Shareholder Return (TSR) performance relative to the TSR performance of the comparator companies. The comparator group is made up of selected companies which are considered to be alternative investment vehicles for local and global investors and are impacted by commodity prices and cyclical factors in a similar way to OZ Minerals.

The rights will vest at 50% at the 50<sup>th</sup> percentile, 100% at 75<sup>th</sup> and above percentile and between 50%-100% on a straight-line sliding scale between 50<sup>th</sup>-75<sup>th</sup> percentiles.

### All in sustaining costs (AISC)

20% of the rights are subject to an AISC performance hurdle. This hurdle will be satisfied if the OZ Minerals AISC performance (adjusted for exploration) compared to actual total cash cost plus sustaining capex ('TCPS') metric 3-year average at the end of the performance period is at or below the 50<sup>th</sup> percentile of the relative financial performance.

Comparative data is sourced from CRU's global copper mine database. The annual AISC performance is recalculated across the full three-year period (total three-year absolute costs divided by total three-year copper metal production). The comparison is to the average published AISC benchmark across that same period and is subject to audit.

The rights will vest at 50% at the 50<sup>th</sup> percentile, 100% at 25<sup>th</sup> and below percentile and between 50%-100% on a straight-line sliding scale between 50<sup>th</sup>-25<sup>th</sup> percentiles.

## Environmental, social and governance (ESG)

20% of the rights are subject to an ESG performance hurdle. This hurdle will be satisfied if OZ Minerals' relative positioning in the MSCI ESG Ratings Metals & Mining - Non-Precious Metals Rating in respect of the performance period is no less than a rating of AA and an industry adjusted score of 7.143.

The rights will vest at 50% at a MSCI ESG Ratings Industry-Adjusted Score of **7.143**, 100% at a score of 8.23 and above and between 50%-100% on a straight-line sliding scale between 7.143 and 8.23.

### Comment

The award fails to meet ASA guidelines as the vesting period is only 3 years, however, the award also contains a 2-year lock and as it meets all other guidelines, we will vote undirected proxies in favour of the resolution.

<b>Item 5</b>	<b>STI grant of performance rights to Mr. Andrew Cole</b>
<b>ASA Vote</b>	<b>For</b>

## Summary of ASA Position

It is proposed to grant 9971 performance rights to Mr Cole. This number was determined by dividing \$269,325 (being the amount of the 30% deferred equity portion of Mr Cole's STI outcome) by the VWAP of the company over the twenty trading days commencing on 1 January 2022 (\$27.01 per share).

The performance rights will vest, subject to fulfilment of conditions, following the end of the deferral period, on 31 December 2023. Claw back will also apply to the STI component that is delivered as performance rights.

We would prefer that 50% of Mr Cole's STI was awarded in equity but as the equity has a deferral period, we will vote undirected proxies in favour of the resolution.

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