

Focus on growth as risks increase

Company/ASX Code	OZ Minerals (OZL)
AGM date	Friday 17 April 2020
Time and location	10:00am Virtual (Adelaide Time)
Registry	Link Market Services
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Ken Wakeman assisted by Cynthia Loh
Pre AGM Meeting?	Scheduled but yet to be held with Chair Rebecca McGrath and Rem Chair Tonia Dwyer

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

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Financial performance

Revenue was flat and NPAT of \$163.9million was down 26% due mainly to a large increase in capital expenditure plus a significantly lower price of copper. Earnings per share was 50.7 cents, down by 29%. Operating cash flows up 13.5 to \$510 million but investing cash flows up by 311million causing a decrease of cash on hand to \$134 million. The cash balance decreased by 72% after a number of capital investment activities. Fully franked dividends of 23 cps were paid. Share price was up by 20% and with dividends steady, a TSR of 22.5% was generated.

Key events

Prominent Hill delivered a fifth consecutive year of meeting or exceeding copper production guidance. Its mine life was extended by another year to 2031 with proved underground ore reserves increasing to 77% of underground reserves.

Carrapateena (which was built from cash flows from Prominent Hill) produced the first saleable concentrate on schedule in December 2019.

Decline development began on the Pedra Branca Mine in Brazil in December 2019 and first development ore is targeted for mid-2020.

Key Board or senior management changes

Marcelo Bastos resigned as a non-executive director effective 5 April 2019

Richard Seville appointed non-executive director on 1 November 2019.

Summary

(As at FYE)	2019	2018	2017	2016
NPAT (\$m)	163.9	222.4	231.1	108.7
UPAT (\$m)	163.9	228.3	231.1	134.3
Share price (\$)	10.55	8.80	9.16	7.89
Dividend (cents)	23	23	20	20
TSR (%)	22.5	-1.42	18.6	99.8
EPS (cents)	50.7	71.5	77.4	35.7
CEO total remuneration, actual (\$m)	2.9	4.6	1.38	1.42

For 2019, the CEO's total actual remuneration was **32.4 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2019 data from the Australian Bureau of Statistics).

Item 2a	Re-election of Ms Rebecca McGrath
ASA Vote	For

Summary of ASA Position

Ms McGrath has been a Non-Executive Director of OZ Minerals since 9 November 2010 and Chair of the Board from 24 May 2017. She currently holds 3 other board positions

Prior to her non-executive career Ms McGrath spent 24 years in the oil industry both in Australia and overseas. During this time she held a range of senior operational and corporate executive positions. Her last executive role was Chief Financial Officer and a member of BP's Executive Management Board for Australia and New Zealand.

She has been in the role of Chairman for nearly 3 years during which she has overseen increased production and mine life at Prominent Hill, the development and production of copper at Carrapateena and further investment worldwide.

Ms McGrath is currently a Non-executive Director in three other Australian public-listed companies (Investa Commercial Property Fund Holdings and Investa Wholesale Funds Management Ltd, Incitec Pivot Ltd and Goodman Group). In addition, she is Chairman of Scania Australia (a subsidiary of Scania AB of Sweden) and a not-for-profit organisation Kilfinan Australia.

We are concerned about Ms McGrath’s workload as she sits on these 5 separate and un-related company boards and is Chairman of 3 of them. We intend to raise this issue with her during our pre-AGM meeting.

However, as Ms McGrath has done an excellent job as Chairman she retains our support.

Item 2b	Re-election of Ms Tonianne Dwyer
ASA Vote	For

Summary of ASA Position

Ms Dwyer has been a Non-Executive Director of OZ Minerals since 22 March 2017.

Ms Dwyer is an independent Non-Executive Director. She currently sits on the 3 other boards. She spent over 20 years in investment banking and real estate fund management in London, returning to live in Australia in 2010.

Ms Dwyer is the Chair of the People & Remuneration Committee and a member of the Audit Committee. In this role she reviewed and then implemented an improved remuneration structure. This updated structure is clearer and more aligned with all shareholders’ interests.

We support her re-election.

Item 2c	Election of Mr Richard Seville
ASA Vote	For

Summary of ASA Position

Mr Seville joined the Board on 1 November 2019. Mr Seville has over 35 years’ experience in the resources sector including 25 years as either Managing Director or Executive Director of various ASX, TSX or AIM listed companies.

He is currently a Non-executive Director of Orocobre Ltd and Advantage Lithium and the Non-executive Chairman of Agrimin.

Mr Seville is a mining geologist and geotechnical engineer and has extensive mining experience including management roles with many large organisations. Mr Seville is a timely appointment to the board due to his overseas experience and a good fit with OZ Minerals overseas expansion.

Mr Seville is a member of the Sustainability Committee and the Audit Committee.

We support his election.

Item 3	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

Overall the remuneration report is clear, concise and easy to read.

There was a review of the remuneration framework during the 2018. The hurdle of absolute share price appreciation in calculating the award was removed and replaced by AISC (All-in Sustaining Costs) as a ranking in the lowest quartile of the average published Wood Mackenzie Total Cash Cost + Sustaining Capex (TCPS). The relative TSR performance hurdle has been retained for 70% of the award. Further there was a broadening of the scope of malus and clawback provisions where awards will be reduced to include circumstances that bring the company into disrepute, or any catastrophic environmental or safety incident. We supported this change and had argued for a number of years to remove share price appreciation as a hurdle.

Total Directors' fees have remained the same despite increases between 3-7% to individual directors due to having one fewer director in 2019.

There have been positive changes to the STI performance conditions with 30% of the award now 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%. Claw back will now also apply to the STI component that is delivered as performance rights and now the Board has greater flexibility to claw back awards or shares. For example, the Board may lapse or forfeit awards granted under the STI or LTI plans in the event that there is a significant safety or environmental event. Although there is claw back provision in general terms, we recommend that there be a gate requiring positive absolute TSR for the relative TSR component of LTI.

A review of the CEO&MD pay against other similar ASX listed companies shows that it is even 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 introduced 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 CEO&MD 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.

We suggest two areas for improvement: changing the CEO&MD LTI performance period from 3 to 4 years; and insisting that the 70% TSR performance hurdle only apply when absolute TSR is positive.

Overall, an excellent report.

Item 4a	Approval of LTI grant of performance rights to CEO/Managing Director Andrew Cole
ASA Vote	For

Summary of ASA Position

It is proposed to grant Mr Cole 128,287 performance rights, based on 150% of his FAR (\$900,000) divided by the volume weighted average share price on the 20 trading days from 1st January 2020 (10.5233 per share) rounded up the nearest whole number.

The award is subject to 2 vesting conditions: 70% relative TSR; and 30% All in Sustaining Costs (AISC). As noted above, we recommend that there be a gate requiring positive absolute TSR for the relative TSR component of LTI.

The award has the same conditions as last year.

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 support the resolution.

Item 4b	Approval of STI grant of performance rights to CEO/Managing Director Andrew Cole
ASA Vote	For

Summary of ASA Position

It is proposed the number of performance rights to be granted to Mr Cole (if approval is received) will be 25,319. This number was determined by dividing \$266,438 (being the amount of the 30% deferred equity portion of Mr Cole's STI outcome) by the volume weighted share price of the Company over the twenty trading days commencing on 1 January 2020 (\$10.5233).

The award has a number of changes as communicated in last year's remuneration report, with effect from 2019, 30% of the STI is now awarded in performance rights which vest, subject to fulfilment of conditions, two years after award. Maximum STI opportunities were also increased for the CEO&MD from 120% to 150% of fixed remuneration. From now claw back will also apply to the STI component that is delivered as performance rights and the Board greater flexibility to claw back awards or shares.

We would prefer that 50% was awarded in equity but as the equity portion has a 2 year lock we support the resolution.

Item 5	Renew the company's proportional takeover provisions
ASA Vote	For

Summary of ASA Position

Approval is sought from shareholders to renew the Company's proportional takeover provisions.

A proportional takeover is one where an offer is made to each shareholder for a proportion of the shareholder's shares. Rule 6 of the Company's constitution contain provisions to assist shareholders receive proper value for their shares if such a bid is made for the Company. The Corporations Act require that these provisions be renewed every 3 years or they will cease to have effect. When renewed the existing provisions will remain in effect for a 3-year period in exactly the same terms commencing on 17 April 2020.

Not renewing the Company's proportional takeover provisions may leave shareholders unprotected if a proportional takeover bid occurs after the provisions have lapsed.

We support this resolution.

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