

Policy

Climate change policy

Our Commitment

Fortescue Metals Group Ltd (Fortescue) is committed to being a leader in addressing the global challenge of climate change. We believe climate change is the most pressing challenge of our generation and a once in a lifetime opportunity for economic growth and value creation that generates a better, cleaner, more sustainable world.

We accept the scientific consensus as assessed by the Intergovernmental Panel on Climate Change (IPCC) and are taking steps to realise the Paris Agreement goal to limit the rise in global temperature to well below 2°C above pre-industrial levels. We recognise climate change may lead to social and economic outcomes, the costs of which far exceed those of transitioning to a low carbon world.

We believe practical, technology and policy-driven solutions are key to managing the impact of climate change. We understand that climate change and the transition to net zero presents both risks and opportunities to our business and that it has the potential to impact our entire value chain, our operations, assets and the communities in which we operate. We are implementing measures to mitigate and manage these risks while maximising opportunities and using these assessments to inform business strategies and provide certainty to stakeholders that we will continue to thrive in a net zero economy.

Climate change is a critical, strategic matter and our Board of Directors has ultimate responsibility for the oversight and approval of all climate-related matters.

Our Strategy

Fortescue will achieve its commitment to climate change by:

- Setting industry leading emissions reduction targets to:
 - Achieve carbon neutrality in our operations by 2030; and
 - Achieve net zero Scope 3 emissions by 2040.
- Developing a global portfolio of renewable green hydrogen and green ammonia operations through Fortescue Future Industries (FFI), positioning us at the forefront of the global renewable hydrogen industry.
- Decarbonising our operations, focusing on applying renewable energy and battery storage to meet stationary energy requirements and using green hydrogen, green ammonia, and battery electric solutions within our mobile fleet.
- Applying the mitigation hierarchy to avoid, reduce and offset to emissions reduction projects.

- Integrating carbon pricing into project evaluation and investment decision making processes.
- Linking the remuneration of executives to climate-related key performance indicators (KPIs).
- Working with communities, governments and other stakeholders to ensure a *just transition* where impacts to workers, businesses and communities are avoided and benefits maximised, as countries transition to greener economies.
- Ensuring open and transparent communication with stakeholders and aligning annual climate-related reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Stress testing the resilience of our business against distinct future scenarios that cover a range of transitional and physical impacts.
- Assessing and addressing the physical and transitional risks and opportunities on our staff, operations, assets, value chain and communities and working to minimise negative impacts and maximise opportunities.
- Ensuring our policies and advocacy activities, including engagement with industry associations, aligns with this policy and accelerates the transition towards a zero emissions world.

Responsibility

All Fortescue employees, suppliers, contractors, consultants and other business partners are expected to read, understand and adhere to this policy and all related standards, guidelines and procedures. The Chief Executive Officer is responsible for ensuring this policy is implemented.

Fortescue's Audit, Risk Management and Sustainability Committee, a subcommittee of the Board of Directors, is charged with the oversight of climate-related matters including implementation and compliance with this policy.



Elizabeth Gaines
Chief Executive Officer

15 February 2022

Dated

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