



Fortescue
The New Force in Iron Ore

Corporate Governance Statement FY19

**Global force
Thriving communities**

ABN 57 002 594 872

LEE

Fortescue
The New Force in Iron Ore





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Overview of Governance

Good corporate governance is critical to the long term, sustainable success of Fortescue.

Good governance is the collective responsibility of the Board of Directors (the Board) and all levels of management.

Fortescue seeks to adopt leading practice, contemporary governance standards and apply these in a manner consistent with its culture and Values.

Fortescue supports the intent of the 4th Edition of the ASX Corporate Governance Council Principles and Recommendations (Principles and Recommendations). Unless otherwise disclosed, Fortescue has reported against the revised requirements of the 4th Edition of the Principles and Recommendations.

The cornerstone principles of corporate governance at Fortescue are:

Transparency

Being clear and unambiguous about the Company's structure, operations and performance, both externally and internally, and maintaining a genuine dialogue with, and providing insight to, stakeholders and the market generally.

Integrity

Developing and maintaining a corporate culture committed to ethical behaviour and compliance with the law.

Empowerment

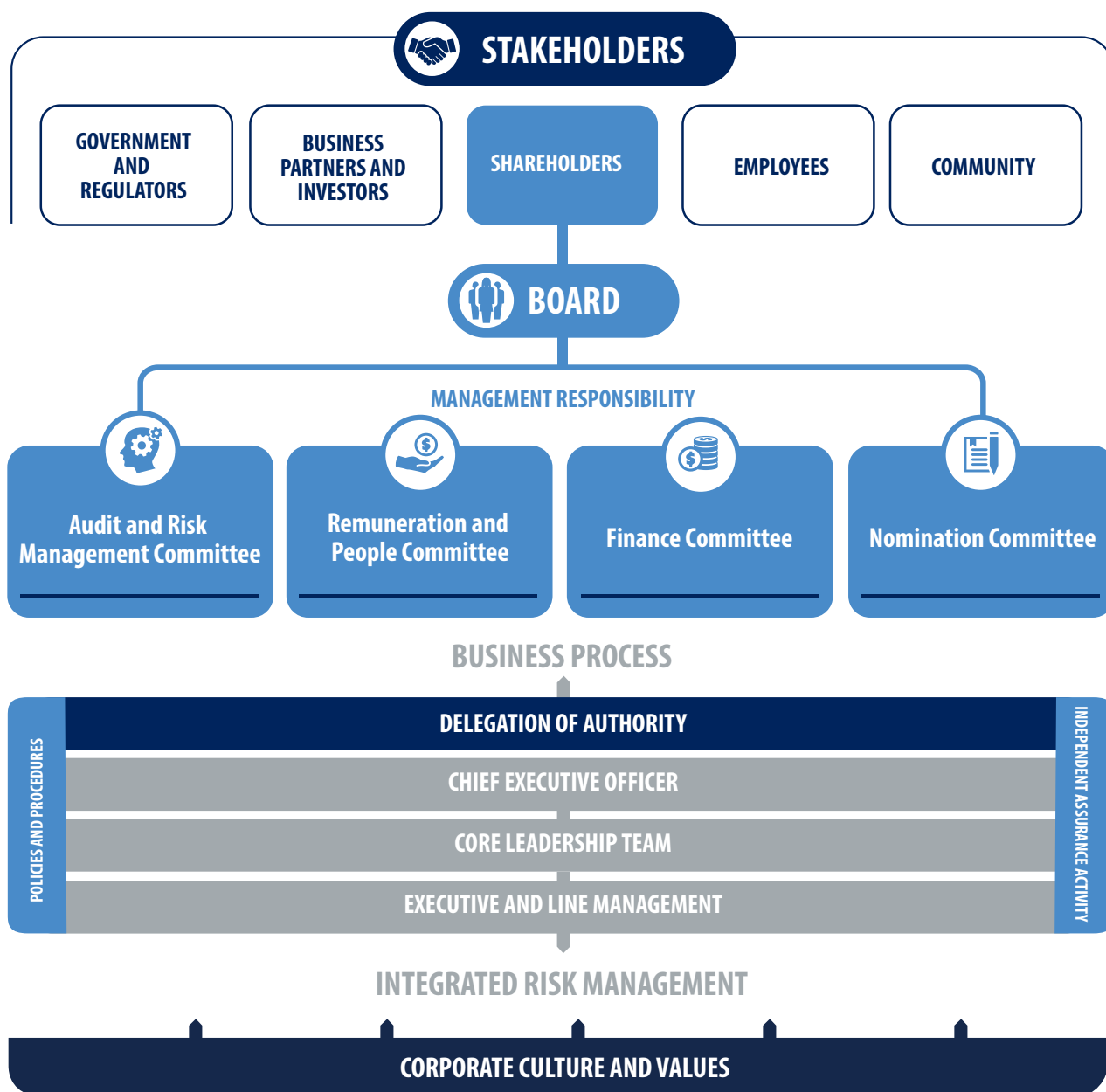
Everyone at Fortescue is empowered to make decisions that support the organisation's objectives and are in the best interests of stakeholders. Management and employees are encouraged to be innovative and strategic in making decisions that align with Fortescue's risk appetite and are undertaken in a manner consistent with corporate expectations and standards.

Corporate accountability

Ensuring that there is clarity of decision making within the Company, with processes in place to authorise the right people to make effective and efficient decisions, with appropriate consequences delivered for failures to follow those processes.

Stewardship

Developing and maintaining a company-wide recognition that Fortescue is managed for the benefit of its shareholders, taking into account the interests of other stakeholders.



Board of Directors

Fortescue has a talented and diverse Board committed to enhancing and protecting the interests of shareholders and other stakeholders and fulfilling a strong governance role over the Company's affairs.



Andrew Forrest AO
Chairman



Mark Barnaba AM
Lead Independent Director/
Deputy Chair



Elizabeth Gaines
Managing Director/
Chief Executive Officer



Sharon Warburton
Deputy Chair



Lord Sebastian Coe CH, KBE
Non-Executive Director



Jennifer Morris OAM
Non-Executive Director



Dr Jean Baderschneider
Non-Executive Director



Penny Bingham-Hall
Non-Executive Director



Dr Cao Zhiqiang
Non-Executive Director

2.1 Role and responsibilities

The Board is responsible to the shareholders for the performance of the Company. The Board's focus is to enhance and protect the interests of shareholders and other key stakeholders, and to ensure the Company is properly managed. The Board understands the importance of a strong and healthy working relationship with management.

The Board ensures the management team is appropriately qualified and experienced to discharge their responsibilities and has established a Statement of Matters Reserved for the Board, identifying the key responsibilities of the Board as follows:

- Approving the statement of Values which underpin Fortescue's culture and overseeing the embedding of the Values across the Company
- Appointing, evaluating the performance of, rewarding and, if necessary, removing the Chief Executive Officer (CEO)
- Approving corporate purpose, Values, strategic objectives, risk appetite and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management
- Monitoring actual performance of the Company and senior executives against defined performance expectations and reviewing operational information to understand the state of the health of the Company
- Overseeing management of business risks (both financial and non-financial), including economic, environmental, operational, cyber and social sustainability risks
- Satisfying itself that the financial statements of the company fairly and accurately set out the financial position and financial performance of the Company for the period under review
- Satisfying itself that there are appropriate reporting systems and controls to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in

place and functioning appropriately, thus approving and monitoring financial and other reporting

- Satisfying itself that remuneration policies and practices align with the Company's corporate purpose, Values, strategic objectives and risk appetite
- Ensuring the Company acts legally and responsibly and in accordance with its Code of Conduct and Integrity (Code of Conduct) and all material breaches are reported to the Board
- Challenging management and holding it to account
- Assuring itself that appropriate audit arrangements are in place
- Reporting to and advising shareholders.

The Board has also established Delegations of Authority for matters delegated to the authority of the CEO, Core Leadership Team (CLT) and key executives, and hence management remain accountable to the Board, through those delegations, for the overall performance of the Company. Whilst the CEO, CLT and key executives remain accountable to the Board, management are empowered to make decisions they believe are appropriate for the business, within the boundaries established by the Board.

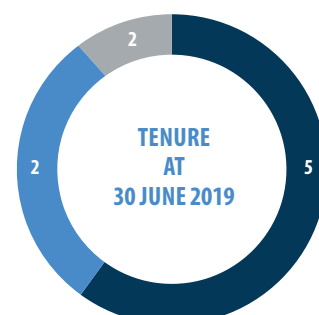
A key focus of Board meetings is monitoring the decisions of management. Appropriate time is allocated during Board meetings for consideration of key operational issues and progress towards achievement of corporate objectives. The Board has established the Key Performance Indicators (KPIs) against which the performance of management is evaluated. These KPIs are discussed in the Remuneration Report within the FY19 Annual Report available on the Company's website.

Both the Statement of Matters Reserved for the Board and the Delegations of Authority are reviewed annually to assess continued relevance and to identify areas requiring improvement or change. Where changes are required to these documents, such changes are approved by the Board.

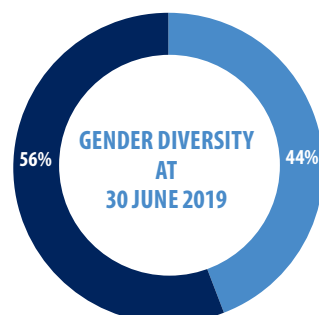
2.2 Board composition

Under the Company's Constitution, the Board must have a minimum of three and a maximum of twelve directors. No director, other than the Managing Director may retain office without re-election for more than three years or past the third annual general meeting following the director's appointment, whichever is the longer. Additionally, any new director, with the exception of the Managing Director, appointed by the Board must retire and may seek re-election in the year of appointment.

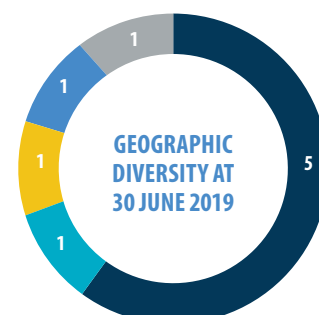
The Board believes that its composition represents an appropriate balance of executive and non-executive directors to achieve the promotion of shareholder interests and effective governance of the business. The Board also has access to, and ability to engage with, senior executives who may also attend Board and Board Committee meetings by invitation.



■ 0 to 3 years ■ 4 to 6 years ■ 7+ years



■ Female ■ Male



■ WA ■ Australia-Other ■ China ■ UK ■ USA

The Directors of the Company during FY19:

	Date of initial appointment	Period of office	Last election	Next election
Mr Andrew Forrest AO (Chairman)	18 July 2003	Full year	FY17 AGM	FY20 AGM
Mr Mark Barnaba AM (Deputy Chair and Lead Independent Director)	19 February 2010	Full year	FY17 AGM	FY20 AGM
Ms Sharon Warburton (Deputy Chair)	13 November 2013	Full year	FY16 AGM	FY19 AGM
Ms Elizabeth Gaines (Managing Director and Chief Executive Officer)	22 February 2013	Full year	n/a - Managing Director	
Dr Jean Baderschneider	19 January 2015	Full year	FY18 AGM	FY21 AGM
Dr Cao Zhiqiang	18 January 2018	Full year	FY18 AGM	FY21 AGM
Ms Penny Bingham-Hall	9 November 2016	Full year	FY17 AGM	FY20 AGM
Ms Jennifer Morris OAM	9 November 2016	Full year	FY17 AGM	FY20 AGM
Lord Sebastian Coe CH, KBE	25 February 2018	Full year	FY18 AGM	FY21 AGM

2.3 Meeting attendance

The Board and its Committees meet as often as is necessary to fulfil their roles. Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively, including adequate time to prepare for Board and Committee meetings and joining visits to the Company's operational sites.

Attendance at Board and Committee meetings during FY19 is summarised below:

Director	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee ³		Finance Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr Andrew Forrest AO ¹ (Chairman)	6	6	-	-	-	-	-	-
Mr Mark Barnaba AM (Deputy Chair and Lead Independent Director)	7	7	4	4	5	5	-	-
Ms Sharon Warburton (Deputy Chair)	7	7	4	4	5	5	-	-
Ms Elizabeth Gaines ² (Managing Director and Chief Executive Officer)	7	7	-	4	-	5	-	-
Dr Jean Baderschneider	7	7	-	3	-	3	-	-
Dr Cao Zhiqiang ¹	6	4	-	-	-	-	-	-
Ms Penny Bingham-Hall	7	7	4	4	-	4	-	-
Ms Jennifer Morris OAM	7	7	4	4	5	5	-	-
Lord Sebastian Coe CH, KBE	7	5	-	2	-	2	-	-

¹ One meeting related to the consideration of special dividend.

² In addition to attending Board and relevant Committee meetings in her capacity as an Executive Director, Ms Elizabeth Gaines also attended (by invitation) all relevant Committee meetings in her capacity as Chief Executive Officer.

³ Following the meeting on 18 May 2019 the Remuneration and Nomination Committee was split into two separate committees being the Remuneration and People Committee and the Nomination Committee.

Generally, Board meetings are held over two days (including Board Committee meetings). Directors are invited to visit each of the major operations during the year, often in conjunction with Board and Committee meetings.

The Board and key members of the management team also attend a multi-day strategic 'think tank' each year that is focussed on considering the strategic issues facing Fortescue and reviewing the future direction and objectives of the Company. In addition, Board members hold meetings with management as required.



2.4 Board skills matrix

The primary driver for the Board in seeking new Directors is the skills and experience which are relevant to the needs of the Board in discharging its responsibilities to shareholders. Fortescue's policy is to assess all potential Board candidates without regard to race, gender, age, physical ability, sexuality, nationality, religious beliefs, or any other factor not relevant to their competence and performance as a potential Board member.

The Board believes that collectively, the directors have a diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business. To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

The members of the Board contribute industry knowledge, international experience perspectives and specific subject matter expertise in a range of strategic, operational and financial aspects that are critical to the implementation of Fortescue's strategy and its long term success. In particular:

- The Board demonstrates in depth knowledge of Fortescue's operations and processes and brings additional relevant global industry expertise
- The Board applies strong leadership and management skills with Directors being well versed in regulatory and governance matters
- Directors are also well skilled in corporate activities, including experience in strategy and business development

- Directors are proactive in staying abreast of emerging frameworks and regulations pertaining to environmental and social sustainability matters, including health and safety.

Looking forward, the Board expects that technology expertise will become increasingly important given the opportunity and challenges technology provides and the rapid rate at which it is evolving. As well as enhancing the depth of expertise in this area at an executive level, the Board is conscious of the need to build its own technological capabilities.

The Board maintains a focus on its composition, thereby ensuring that all directors continue to have an appropriate balance of skills, experience and independence.

The following table sets out the composition of skills and experience of the Board. The Directors' skills, experience and qualifications are set out in the FY19 Annual Report available on the Company's website.

Leadership • Successful history in business at a senior executive level • Public listed company experience • Understanding/influencing organisational culture.	Governance • Experience in governance with complex organisations • Commitment to ensuring effective governance structures • Maintaining effective risk management and internal controls.
Strategy • Experience in developing and implementing successful strategy • Ability to provide oversight of management for the delivery of strategic objectives	Health, safety and environment • Experience related to complex workplace health and safety management • Experience with environmental and community issues and frameworks in a large organisation • Understanding the business challenges, strategy and options associated with managing the risk of climate change.
Mining, resources and infrastructure • Operating and technical experience in large mining organisations • Optimisation of large and complex operating assets • Experience in advising mining or resources companies • Experience in exploration projects with proven results and performance • Large infrastructure organisation experience.	Capital projects • Experience in assessing commercial viability of major capital projects • Experience in the delivery of large-scale capital projects • Experience in effective project governance and risk management processes that support the successful delivery of large scale capital projects.
International experience and business development • Experience in developing successful and sustainable operations in new geographies and jurisdictions • Experience in the consideration of sovereign risk and managing the risk profile associated with developing operations in new geographies and jurisdictions • Knowledge and experience in providing oversight and guidance in designing and implementing appropriate operational, financial and governance structures for a multi-jurisdictional business • Experience in, and exposure to, political, cultural, regulatory and business environments in a range of global locations • Experience with doing business in China and the Asia region, including with government agencies, regulators and customers.	Stakeholder management • Experience with managing issues associated with working with local communities, pastoralists and Traditional Custodians to ensure that positive economic, social, environmental outcomes are delivered for all stakeholders • Executive experience managing complex industrial relations challenges • Experience in regulatory policy and government affairs including implications for corporations.
Information technology and innovation • Knowledge and experience in use and governance of critical information technology • Understanding of potential cyber risk exposure • Leveraging digital technology to support growth and drive competitive advantage.	Sales and marketing • Senior executive experience in sales and marketing • Building long-term, sustainable customer relations across a diverse customer base • Detailed knowledge of the Company's strategy, markets, and competitors.
Financial acumen • Experience in financial accounting and reporting, corporate finance and internal financial controls • Experience in business analysis and financial forecasting.	Capital management • Experience with equity and debt funding strategies • Understanding of local and overseas capital and debt markets • Experience in capital and debt raising and management.
Tax risk management and compliance • Understanding of corporate tax requirements and tax risk management • Experience with oversight and application of corporate tax policies and frameworks • Experience in reviewing tax sensitive matters associated with major transactions.	Public policy and regulation • Experience in managing how organisations adapt and respond to changing public policy settings • Oversight and management of regulatory frameworks and processes designed to ensure that all regulatory obligations are met • Oversight, management and reporting associated with the goal of eliminating modern slavery practices within Fortescue's supply chain.



2.5 Diversity

Fortescue is committed to providing a balanced and inclusive working environment underpinned by a documented Diversity Policy, built on the Company's Values. The Board has implemented a Diversity Policy and measurable objectives which reflect Fortescue's commitment to ensuring there are no impediments to diversity at any level of the Company. The Diversity Policy includes targets and practices that promote diversity through a range of criteria including age, gender mix and Aboriginal employment across all areas of the business.

The Board has a range of diverse skills, experience and backgrounds. Fortescue believes a diversity of views and opinions is critical in building sustainable, long-term value for all key stakeholders. This diversity is inherently valuable and promotes a range of perspectives on the key challenges and risks facing the Company. This commitment to diversity is reflected in a Board with real gender equality, demonstrated by five of the nine Board members being female, achieving 56 per cent female Board composition. The average age of the Directors is 56 years, with an age range from 47 to 67.

Part of the Board's role is to consider and approve measurable targets for workforce diversity each financial year and to assess annually both the targets and their progress. Information on the proportion of female in Fortescue's workforce, women in manager and above positions and Aboriginal employment are included in the FY19 Corporate Social Responsibility Report, available on the Company's website. The Diversity Policy can be accessed through the Corporate Governance section of the Company's website.

2.6 Appointment, induction and continuing education of Directors

Directors, with the exception of the Managing Director, are required to retire by rotation at least once every three years and are able to offer themselves for re-election.

A letter of appointment sets out terms of engagement including the basis of remuneration. Prior to appointment, or offering themselves for re-election, non-executive directors are required to specifically acknowledge that they have the time available to fully discharge their responsibilities to the Company.

Prior to appointing a director, the Company undertakes a rigorous process of evaluation and checks to ensure their suitability and capacity to discharge their duties as a Board member.

This evaluation covers matters such as:

- Skills and experience, including the expected contribution to the collective skills and experience of the Board
- Current and prior directorships and/or executive roles
- Independence
- Any other matters (including interests, positions and associations) which could adversely affect their ability to effectively discharge their duties as a Board member.

Following appointment, directors are supported through a formal induction program to familiarise them with the operations of the business. This typically involves a combination of meetings with senior management, site visits and briefings on specific issues. This process continues throughout the directors' tenure.

All directors are expected to maintain the skills required to discharge their obligation to the Company, including undertaking continuing education and relevant training. The Company periodically reviews existing directors' need to undertake personal development to maintain the skills and knowledge required to perform their roles effectively.

Directors are expected to contribute to the Company, primarily in relation to the matters set out in the Statement of Matters Reserved for the Board, which can also be accessed through the Corporate Governance section of the Company's website.

In addition, directors are expected to contribute to the business of the Board Committees on which they sit. It is recognised that directors have a diverse range of skills, experience and knowledge and they are expected to contribute their considerable expertise at the boardroom table and at other times as required.

Directors are expected to act independently by challenging the status quo constructively, to act ethically in all dealings and assist in setting standards for the Company, as well as being involved and contributing to all decisions before the Board.

Directors are expected to comply with all requirements imposed upon them by the *Corporations Act 2001*, ASX Listing Rules and the Company's Constitution, a copy of which can be obtained from the Corporate Governance section of the Company's website.

2.6 Appointment, induction and continuing education of Directors (continued)

The letter of appointment also provides clear direction about the amount of time that directors are required to commit in order to adequately discharge their responsibilities as directors.

It is Fortescue practice to allow its non-executive directors to accept appointments outside the Company with prior approval of the Chairman. The commitments of non-executive directors are considered by the Board prior to a director's appointment to the Board and are reviewed annually.

2.7 Chairman

The Chairman of the Company has a primary responsibility to lead the Board and promote the interests of the Company, both internally and in the broader business context. A key part of the Chairman's role is to develop a cohesive Board which operates effectively in protecting shareholders' interests and maintaining strong relationships with the CEO, CLT and key executives.

Fortescue Founder, Mr Andrew Forrest AO was appointed to the role of non-executive Chairman by the Board in August 2011. Mr Forrest, whilst being a non-executive director, is not an independent director due to his previous role as CEO and his significant shareholding in the Company.

2.8 Executive directors

At the date of this report, the Board has one executive director, being Ms Elizabeth Gaines, the Company's Chief Executive Officer. The Board believes that an appropriate mix of

non-executive and executive directors is beneficial to its role and provides strong operational and financial insights into the business. The role of independent directors and their composition on the Board is discussed on the following pages.

2.9 Independence

All Fortescue directors have an obligation to be independent in judgement and actions. Directors are considered to be independent if they satisfy established criteria, including the following:

- They are not a substantial shareholder of the Company, or an officer of, or otherwise affiliated with, a substantial security holder of the entity
- They have not been employed in an executive capacity by the Company or there has been a period of three years between ceasing such employment and serving on the Board
- They have not, within the last three years, been a principal of a material adviser or consultant to the Company
- They have not, within the last three years, been in a material business relationship with the Company, or an officer of, or otherwise associated directly or indirectly with, someone with such a relationship
- They do not receive performance-based remuneration or participate in an employee incentive scheme
- They do not have close personal ties with any person who falls within any of the categories described above
- They are a non-executive director of the Company and have not been a director for such a period that their independence from management and substantial holders may have been compromised

- Any fees paid to a non-executive director by the Company for services provided are not of such amounts that could make the director reliant on such remuneration
- They have no other material contractual relationships with the Company other than as directors of the Company
- They are free from any interest which could reasonably be perceived to materially interfere with their ability to act in the best interests of the Company.

In essence, the above guidance is designed to ensure that all directors are able to act in the best interests of the Company at all times.

Directors are required to disclose circumstances that may affect, or be perceived to affect, their ability to exercise independent judgement so that the Board can make regular assessments of independence. If a circumstance arises whereby a director may be required to consider a matter in which the director has a material personal interest, that director ceases to be involved in the decision making regarding that matter.

At the date of this report, the Board has eight non-executive directors. Based on the above criteria, of the eight non-executive directors, five are considered to be independent and three are considered to be non-independent. The Board believes that it has independent directors involved in all areas of Board activity where director independence is critical, including Lead Independent Director and involvement in the various Board Committees.

Director	Executive/ Non-executive	Independent
Mr Andrew Forrest AO	Non-executive	No
Mr Mark Barnaba AM	Non-executive	Yes
Ms Sharon Warburton	Non-executive	Yes
Ms Elizabeth Gaines	Executive	No
Dr Jean Baderschneider	Non-executive	Yes
Dr Cao Zhiqiang	Non-executive	No
Ms Penny Bingham-Hall	Non-executive	Yes
Ms Jennifer Morris OAM	Non-executive	No
Lord Sebastian Coe CH, KBE	Non-executive	Yes

2.9 Independence (continued)

Changes in Board membership and composition will occur from time to time which may impact on the overall ratio of independent versus non-independent Board members. A majority of non-independent directors has been maintained during the year. The Board is satisfied that it operates in a manner which ensures directors exercise independent judgement and the interests of shareholders are always at the forefront when important decisions are made.

The table on page 10 shows the current composition of the Board by reference to their executive/non-executive status and whether they are considered to be independent and non-independent as at the date of this report.

Ms Sharon Warburton and Mr Mark Barnaba AM hold the position of joint Deputy Chairs. The Deputy Chair's role includes chairing the Board and shareholder meetings when the Chairman is unable to do so, approval of meeting agendas and ensuring a consistent quality of information is provided to the Board. The appointment of two Deputy Chairs further strengthens the overall independence of the Board and allows greater flexibility in responding to governance issues and supporting the interests of all shareholders.

Mr Mark Barnaba AM also acts as the Lead Independent Director. This role includes:

- Representing the Board as the senior independent director when the Chairman is unable to do so due to his non-independent status
- Acting as principal liaison between the Independent Directors and the Chairman.

Transactions during the year which are classified as material related party transactions with directors or director related entities, reported to the Board, are disclosed in Note 17 to the financial statements in accordance with International Financial Reporting Standards (IFRS).

2.10 Evaluating Board and Committee performance

The Board and each of its Committees have established a process to evaluate their performance annually. The process is based on a formal questionnaire and interview conducted every second year by an independent consultant and every other year by the Company Secretary under the direction of the Chair of the Remuneration and People Committee. The most recent review was undertaken by an independent consultant in June 2019.

The results and recommendations from the evaluation of the Board and Committees are reported to the full Board for further consideration and action, where required.

The entire Board agrees on improvement actions, where appropriate, and these are acted upon utilising support from the Company Secretary.

The individual performance of directors is considered during the Board and Committee performance evaluation process in addition to ongoing consultation between the Chairman, Lead Independent Director and the relevant directors as required.

2.11 Remuneration and executive performance

The Board, through the Remuneration and People Committee (RPC), periodically reviews the performance of senior executives. A review was performed in FY19 and the results have been incorporated into remuneration results. Details of the remuneration policies and the remuneration paid to directors (executive and non-executive) and executives are set out in the Remuneration Report section of the FY19 Annual Report available on the Company's website.

2.12 Use of information

The Board has implemented a Code of Conduct and Integrity designed to ensure all directors and employees of the Company act ethically and do not use confidential information for personal gain.

2.13 Independent advice

Directors and Board Committees, in connection with the discharge of their responsibilities, have the right to seek independent professional advice at the expense of the Company. Prior written approval of the Chairman is required in these circumstances, with such approval not to be unreasonably withheld.

2.14 Non-English speaking directors

The Company provides appropriate access to experienced translators and interpreters to ensure that non-English speaking directors understand and are able to participate at Board meeting discussions, and discharge their obligations in relation to all relevant matters and documents.

2.15 Company Secretary

The Company Secretary is directly accountable to the Board through the Chairman on all matters regarding the proper functioning of the Board. The Company Secretary is appointed and removed by the Board.

The Company Secretary is also responsible for ensuring compliance of Board procedures and advising the Board on governance matters. All directors have access to the Company Secretary for advice and support services as required. In addition to these responsibilities, the Company Secretary is responsible for oversight of the share registry services provided by Link Market Services.

Board Committees and management

Fortescue's culture and Values operate within a strong governance framework and are the foundation of delivering on its commitments for the benefit of all stakeholders.

The 'tone at the top' is set by the Board so that it promotes effective and transparent governance practices throughout the business.

Fortescue has a well-structured governance framework that delegates consideration of specific matters to nominated Board Committees. The committees are responsible for providing robust oversight and challenge and to support management in the execution of the business strategy.

3.1 Board Committees

The Board has established Committees to assist in the execution of its duties and to ensure important and complex issues are given the detailed consideration they require. The Committees of the Board are the Audit and Risk Management Committee (ARMC), the Remuneration and People Committee (RPC), the Finance Committee and the Nomination Committee.

Each Committee has its own Charter approved by the Board, under which authority is delegated by the Board. Each Committee is required to report the outcomes of its deliberations to the Board so the Board is fully informed on all important matters before they are resolved. Committee Charters are available in the Corporate Governance section of the Company's website.

	Members as at 30 June 2019	Composition requirements	Responsibilities include oversight of the following
Audit and Risk Management Committee	• Mr Mark Barnaba AM (Chair) • Ms Penny Bingham-Hall • Ms Jennifer Morris OAM • Ms Sharon Warburton	• Minimum three non-executive directors • Majority independent directors • Chair must be an independent director	• Corporate governance and sustainability • Financial reporting • Internal control framework • External audit • Risk management • Tax risk management and compliance • Internal audit • Anti-bribery and corruption • Whistleblower reporting and investigation • Climate change • Human rights and modern slavery • Compliance with the <i>Corporations Act 2001</i>, ASX Listing Rules and Corporate Governance Principles.
Remuneration and People Committee ¹	• Ms Sharon Warburton (Chair) • Mr Mark Barnaba AM • Ms Jennifer Morris OAM	• Minimum three non-executive directors • Majority independent directors • Chair must be an independent director	• Remuneration strategy • Non-executive director remuneration • Chief Executive Officer and Executive director remuneration • Senior executive remuneration • Short term and long term incentive plans • Performance management • Succession planning and talent management • Diversity strategy, targets, policy and practices • Gender pay equity • Matters relating to the Company's recruitment, retention and termination policies.
Finance Committee	• Mr Andrew Forrest AO (Chair) • Ms Penny Bingham-Hall • Ms Sharon Warburton	• Minimum three directors • At least two members must be independent non-executive directors • Chair must be a non-executive director	• Material investment and financing decisions that have a potentially significant impact on the Company including: - Capital markets and other debt issues or repayment - Major acquisitions and disposals • Critically review and challenge any proposals presented by management that may significantly alter the Company's position in respect of the above areas.
Nomination Committee ¹	• Mr Mark Barnaba AM (Chair) • Mr Andrew Forrest AO • Ms Sharon Warburton	• Minimum three non-executive directors • Majority independent directors • Chair must be an independent director	• Non-executive director skills • Board membership and diversity • Nomination and review of applicants for Board director positions • Committee member appointments • Recruitment of the CEO • Succession planning.

¹ On 18 May 2019, the Remuneration and Nomination Committee was split into two separate committees being the Remuneration and People Committee and the Nomination Committee.

Our Vision: The safest, lowest cost, most profitable mining company

Fortescue's Values



3.2 Management

The Board has delegated responsibility for day-to-day activities to the CEO, CLT and key executives and the financial limits associated with that delegation are set out in the Delegated Authority Policy established by the Board.

Management has been delegated responsibility for instilling and reinforcing Fortescue's Values, executing its business strategy, managing business performance, reviewing and managing material risks, and leading and developing people and talent within the organisation. Management set 'the tone from the top' in terms of how Fortescue operates in a manner consistent with its Values, Code of Conduct and the risk appetite set by the Board. Management provides the Board with accurate and timely information on Fortescue's operations, including compliance with relevant legal and regulatory requirements. The Board also acknowledges its role in promoting a strong ethical culture and management provide regular information on any conduct which is considered to be materially inconsistent with the Values, Code of Conduct and related policies. This includes information on how any material ethical issues, where relevant, have been investigated and resolved.

Prior to appointing any key executive, the Company undertakes a rigorous process of evaluation and checks to ensure their suitability and capacity to discharge their duties. The Board ensures the management team is appropriately qualified and experienced to discharge its responsibilities and has procedures in place to assess the performance of the CEO, CLT and key executives.

The Board sets annual performance targets, which includes Company and individual performance objectives under the Company's executive remuneration plan (detailed in the Remuneration Report of the FY19 Annual Report). These performance targets are determined by the Remuneration and People Committee on behalf of the Board and are cascaded through the management teams. The performance of key executives is evaluated against the agreed performance targets annually.

Risk management

The Company actively promotes ethical and responsible decision making through its culture and Values, to set the moral compass by which the Company undertakes its business.

4.1 Corporate culture and Values

Everyone who works for Fortescue is expected to behave in a manner consistent with the Values. The Company believes that by leveraging its unique and differentiating Values-based culture, Fortescue will drive business performance and achieve stretch targets.

The Fortescue Values are promoted through strong internal messaging across all communications channels, including posters, websites, social media channels, internal and external publications and forums, to maintain visibility and encourage self-reflection.

During performance reviews, each employee is assessed on the demonstration of the Fortescue Values in their roles and behaviours.

Further information on Fortescue's corporate culture and Values are included in the FY19 Corporate Social Responsibility Report available on the Company's website.

4.2 Policies and procedures

Fortescue's commitment to integrity and compliance has resulted in the establishment of various policies and procedures that set out the Company's expected behaviours of its people. These expectations are consistent with Fortescue's corporate culture and Values.

The Company's policies and procedures are available in the Corporate Governance section of the Company's website.

4.3 Risk management

The Board recognises risk management and internal compliance are key elements of strong corporate governance. The Board is responsible for reviewing, ratifying and overseeing systems of risk management and internal control, and ethical and legal compliance. Fortescue recognises risk is inherent to its business and effective management of risk is vital to delivering on its objectives, success and continued growth, and is committed to managing all risks in a proactive and effective manner.

4.4 Fortescue Risk Management Framework

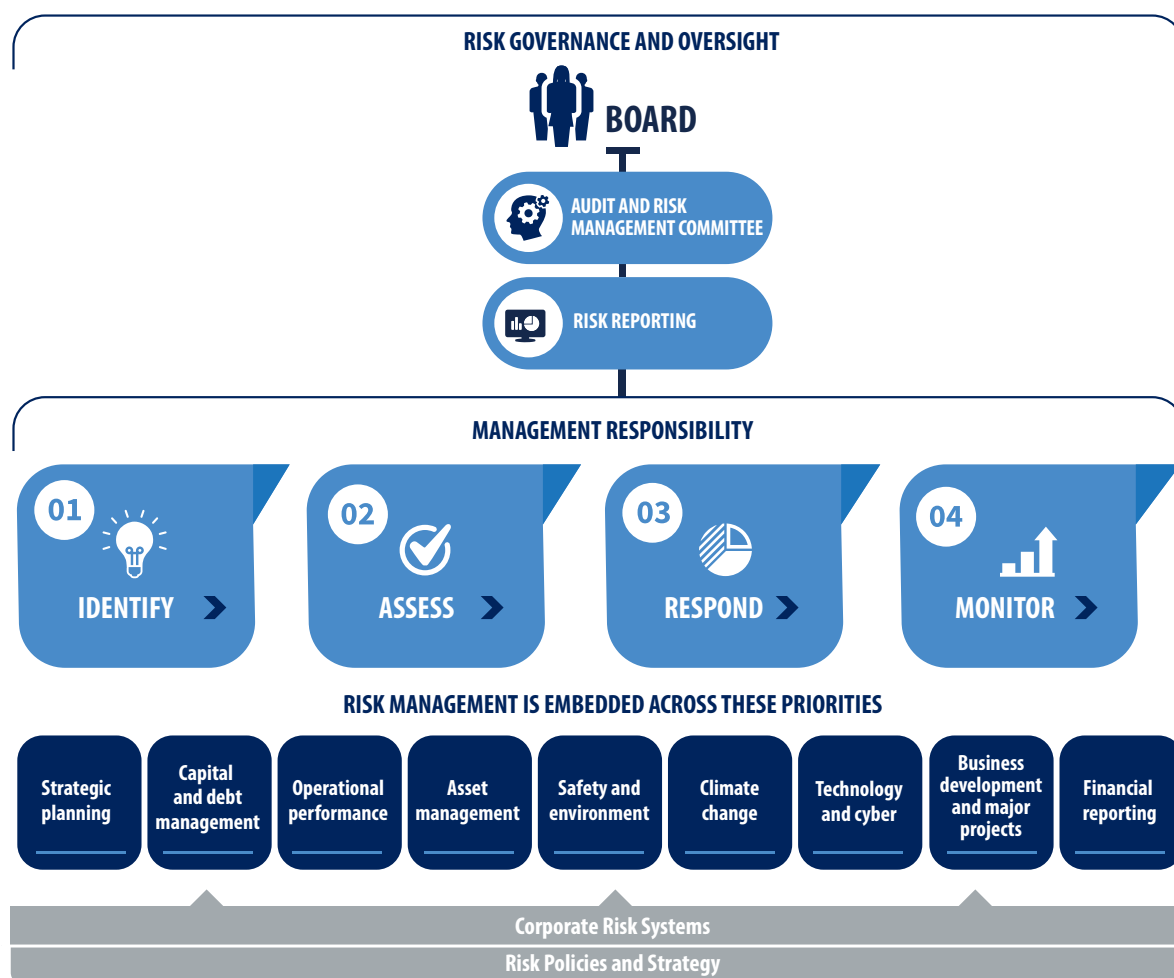
The Fortescue Risk Management Framework (FRMF) explains the methodology, approach and responsibility for the effective management and oversight of risk within the business. The FRMF is aligned to ISO 31000, the international standard for risk management, and provides a consistent approach to the recognition, measurement and evaluation of risks across the business. It also supports executive management and the Board in meeting their corporate governance responsibilities.

The ARMC reviews the FRMF on an annual basis. The most recent review was conducted in May 2019 and the Committee is satisfied the framework supports a sound system of risk management and internal control including in relation to contemporary and emerging risks, and is operating with due regard to the risk appetite set by the Board.

The Board acknowledges that Fortescue operates in a dynamic business environment where it accepts and manages a range of business risks. Fortescue's appetite for various classes of risk is reflected in the operation of its risk management framework and the collective decision making processes of the Board and management. Fortescue's capacity to take risk and related risk tolerances are reflected in a range of existing processes and documentation including:

- The corporate risk profile which is reported to the Board on an annual basis and sets out an analysis of Fortescue's key risks and associated risk management strategies. This allows the directors to evaluate whether the level of risk is consistent with Fortescue's risk appetite across a range of business activities
- Board-approved Delegations of Authority which provides financial limits on management's ability to approve financial commitments and payments made by Fortescue
- Strategic, financial and operational KPIs that are endorsed by the Board in areas such as safety, operational performance, liquidity, growth, return on investment and other matters.

FORTESCUE RISK MANAGEMENT FRAMEWORK



4.4 Fortescue Risk Management Framework (continued)

- A range of policies, procedures and standards that set parameters for risk taking within the organisation e.g. Statement of Matters Reserved for the Board.

Fortescue's approach to risk management is underpinned by its Values and culture. This emphasises management, employees and contractors are collectively responsible for managing all material business risks and there should be a clear understanding of responsibility and accountability for risk management.

Everyone at Fortescue has a responsibility to be aware of the risks related to their activities at every level and to be accountable for ensuring those risks are effectively managed.

The FRMF sets a framework which aligns risk management activity at all levels of the business with a three tiered focus as follows:

- Achievement of the Company's strategic, operational, developmental and corporate objectives
- Maintaining a business that meets the Company's obligations for health and safety, the environment, heritage, sustainability and community
- Building and maintaining a resilient business capable of achieving critical objectives in the face of extreme events which may impact business as usual conditions.

Fortescue does this by:

- Embedding risk management into critical business activities and processes
- Understanding threats to and opportunities for achievement of corporate objectives

- Application of a structured approach to risk management which establishes common understanding, definitions and methodologies
- Consideration of all types of risks and how robust risk analysis supports better informed decision making
- Using the outcomes of risk assessments to drive actions and activities which mitigate risks to an acceptable level
- Maintaining a strong focus on the resilience of the business through reliance on effective recovery plans for material adverse events
- Reporting regularly to the CLT and the Board on the outcomes of risk management activity.

In addition, the Company's Group Risk and Assurance function is focussed on supporting each part of the business to manage their risks and to align efforts across the business to facilitate a 'whole of business' view of risk.



4.5 Material risk exposures

Fortescue operates in a dynamic business environment which presents a range of uncertainties that have the potential to impact, both positively and negatively, on its corporate objectives. Fortescue acknowledges that risk is inherent in all aspects of its business and that effective management of risk and opportunity is essential to the Company's success and future growth.

Fortescue is committed to managing all material risks within the risk appetite and tolerances set by the Board and executive management. Fortescue's risk profile is continually reviewed and key risks are considered in the context of the following strategic priorities:

- Embedding a world-class safety culture that minimises the risk of injury to employees and contractors
- Delivering reliable and consistent production which supports flexibility in Fortescue's product strategy to meet changing patterns in customer demand

- Optimising financial margins through management of controllable costs to ensure the business can sustain market volatility
- Supporting sustainable long term growth of the business through:
 - Delivering Pilbara projects in line with target schedules, capital and operating cost forecasts
 - Accelerating the realisation of non-iron ore development opportunities (both local and overseas) while managing the associated risks.

Consistent with prior risk updates, risks have been grouped around a number of key risk themes of:

- Economic risks driven by external factors such as market changes and government policy and regulation
- Economic risk derived from business performance and execution of Fortescue's business strategy, including business development activities

- Operational events that could negatively impact on Fortescue's operations, its people and its legal and social licence to operate
- Risks arising from major projects and business development activities.

A range of material risks has been identified by management and the Board which could substantively impact Fortescue's ability to create or preserve value for all of its key stakeholders over the short, medium or long term.

Material risks to the Company and how these risks are managed are listed on the following pages.

Economic risk - external

Geopolitical tensions	There are a range of global factors that could impact on Fortescue. Escalating trade tensions between the US and China have resulted in the imposition of significant tariffs in both countries. It is unclear how this might influence future Chinese trade policy and regulations and specifically, the impact on the steel sector. This could have significant ramifications for the demand for iron ore or the treatment of Australian companies given the perceived alignment of Australia with the US both economically and politically. Global equity markets have seen continued volatility in 2019 partly as the result of concerns over the impact of tariffs on global trade. Other global factors such as rising tensions in the Middle East, and BREXIT also have the potential to impact global trade Management continues to monitor political and market conditions closely and is focussed on maintaining strong relationships with Fortescue customers and suppliers in all its key markets
Deterioration in economic conditions in China could impact the demand for Fortescue's products	Fortescue's key trading partners are Chinese steel mills and iron ore distributors. The Company's sales strategy would be exposed if there was any significant deterioration in the economic conditions in China and particularly in the demand for steel, of which iron ore is a key component. The last 12 months has seen a range of factors drive demand by Chinese steel mills for high and lower iron content ores • Fortescue continues to review its product strategy and align this to its resource base and future mine developments and expansions. This includes a goal of developing products with a higher iron content, enabling the Company to better respond to market cycles which is evidenced by the introduction of the 60% Fe product, West Pilbara Fines, in December 2018 • Fortescue has a strong track record of supporting and enhancing Sino-Australian business relationships • Fortescue continues to pursue and promote strong relationships with all levels of the Chinese government as a partner in supporting the ongoing economic development within China and resultant demand for the Company's products • Fortescue also supports a range of community and sponsorship initiatives in China including support for educational establishments and students in collaboration between Australian and Chinese Universities
Fluctuations in market demand and commodity prices (iron ore) may adversely impact the Company's results and future cash flows	Fortescue is subject to the prevailing market price of iron ore, which it has a limited ability to directly influence. In addition, there may be a range of market factors that directly impact the demand and/or price obtained for Fortescue's products. Specifically, evolution in iron ore market conditions can result in varying price differentials between high and low iron content ores. Fortescue continues to closely monitor market developments in China During FY19, the Company continued its focus on managing this risk by: • Maintaining high quality relationships with its customers to ensure its supplies of iron ore meet their expectations in terms of quality, consistency and reliability of supply • Review of product strategy and the potential to optimise longer term reserves and resource portfolio to meet the strategy • Driving sustainable productivity and efficiency gains throughout its business to ensure it remains a competitive, low cost producer • A disciplined approach to capital management and cashflows which strengthened the corporate balance sheet and achieved further reductions in its cost base

Material risk

Risk management strategy

Economic risk - external

Fluctuations in currency exchange rates and interest rates may adversely impact the Company's results and future cash flows	Fortescue is subject to the prevailing market exchange rates and interest rates, which it has a limited ability to directly influence. Fortescue does not directly hedge for exchange rate or interest rate movements other than in specific circumstances. A significant portion of the Company's cost base is incurred in Australian Dollars. This could result in fluctuations in US Dollar denominated costs based on movements in exchange rates • The Company's exposure to interest rate movements has decreased given the continuing reduction in its debt facilities • The Company actively monitors interest and exchange rate movements and utilises treasury and cash management techniques to manage its exposure
Actions by government, political events or tax authorities could have a negative impact on Fortescue's business	Significant changes in areas such as tax policy, industrial relations frameworks and environmental regulation can have a significant impact on all companies operating in the mining industry. This applies to actions undertaken at both Commonwealth and State level and in other international jurisdictions • Fortescue proactively engages with government and other regulators to ensure any potential adverse impacts of proposed regulatory changes are understood and, where possible, mitigated
Estimates of reserves and resources	There is a range of inherent uncertainties associated with the identification and measurement of iron ore reserves and resources. Prior valid assumptions may change in light of new information which potentially change the economic viability of some ore reserves. Additionally, volatility in commodity prices may result in adjustments to Fortescue's recognition of ore reserves • Fortescue has a defined and comprehensive approach to estimate its published reserves and resources • A robust methodology is well established which includes systematic peer review and calibration against operational outcomes • The process is also supported by Competent Persons as defined in the Joint Ore Reserves Committee Code, and is subject to independent technical reviews and audits. The Ore Reserves and Mineral Resources section of the FY19 Annual Report contains further information



Economic risk - business

Productivity and cost pressures could impact profit margins and future cash flows

Cost pressures may continue to occur across the resources industry. Fortescue is exposed to the price variability of its production inputs and this could negatively impact profit margins and future cash flows

- Fortescue has a strong culture of innovation which empowers its people to develop and implement productivity and efficiency improvements that ensure the Company maintains its position at the lower end of the global cost curve
- Fortescue is a global leader in a range of technical and operational solutions that have been deployed across the business to maximise the value obtained from the Company's ore reserves
- Fortescue adopts a risk based approach to the approval of major capital and operational expenditure which ensures the optimal allocation of financial resources to support the Company's business strategy

Fortescue does not fully exploit existing reserves or discover new reserves that impact on future results

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice and failure to generate reserves to meet the Company's future production could detrimentally impact long term shareholder return

- Fortescue has a program of exploration and mining which identifies and exploits new ore bodies and supports the expansion of existing ore bodies
- Fortescue has also developed innovative exploration techniques which have enabled it to commercialise previously unexploited tenements and invest in new sources of ore, including magnetite deposits

Major development projects experience delays to schedule or increased costs

Although significant time and resources are devoted to project planning, approval and review processes, many of Fortescue's development projects are highly complex and rely on factors outside of its control, which may result in underestimation of cost or time required to complete a project

- Fortescue has a robust and agile framework for the identification, assessment and delivery of all major projects
- This includes an uncompromising focus on operational and financial discipline, supplemented by a comprehensive project management capability, including project risk management and governance to ensure project objectives are achieved

Violation of anti-bribery and corruption laws

Fortescue operates in a number of different geographies and locations. There is a potential for increased exposure to fraud and corruption from within and external to Fortescue, leading to regulatory fines, financial loss, litigation, loss of operating licences or reputational damage

- Fortescue understands the importance of acting with integrity, honesty and in compliance with all applicable laws and regulations wherever it does business
- Fortescue's Anti Bribery and Corruption Policy, as well as related policies and procedures describe the controls in place for the mitigation of this risk. This is supported by systems and processes which focus on the identification of high risk business partners and review of related business relationships
- In addition, Fortescue has developed training and education programs for management and employees, and periodic assessments to detect potential misconduct and monitor compliance

Material risk

Risk management strategy

Operational risks

Major, unplanned disruptions to operations or supply chain	Any unplanned and sustained interruption to operations or supply chain has the potential to impact financial performance. Such disruptions can arise from natural events such as cyclones and flooding, disruption to energy supply, cyber-attack, accidents which result in damage to Port, Rail or mine infrastructure or other factors such as labour disputes - Fortescue has a comprehensive contingency plan, including business continuity, IT disaster recovery and emergency management plans in place to manage major unplanned disruptions - Fortescue's diversity in both fuel sources (i.e. gas and diesel) and supplier arrangements minimises the risk related to the continuation and reliability of long term energy supplies - Property and business continuity insurance also mitigates the financial impact of major unplanned disruptions
Failure of tailings storage facilities	Fortescue maintains tailings storage facilities (TSFs) at each of its mine sites. TSFs are reservoirs which store waste material (tailings) generated from the mining and processing of iron ore. TSFs typically include a range of infrastructure including dams, ponds, embankments, decant towers and pits. The Fortescue Tailings Storage Facilities Register and Tailings Storage Management Framework can be found in the Environmental Publications section of the Fortescue website. - Fortescue's TSFs are designed according to leading industry practice standards and are located away from any major populated areas, including mining camps - Independent engineering reviews are undertaken every year on all TSFs maintained by Fortescue. In addition, the TSFs are operated and maintained in accordance with the Code of Practice issued by the Department of Mines and Petroleum (WA) and meet applicable requirements of the <i>Mines Safety and Inspection Act 1994</i> and the <i>Mining Act 1978</i> - Property and business continuity insurance also mitigates the financial impact of major unplanned disruptions arising from potential TSF failure
Performance of key business partners is not aligned with Fortescue's expectations and they do not meet their obligations	Fortescue has contracts with various commercial and financial counterparties. Counterparties failing to meet their obligations may unfavourably impact Fortescue's cost and production performance - Fortescue works collaboratively with its business partners to achieve superior safety, operational and financial performance - Fortescue has transitioned major elements of its mine sites to an owner/operator model to better control performance and introduced greater flexibility within its contractual arrangements, where appropriate - Fortescue has robust mechanisms in place to regularly review all major contracts with a focus on performance
Information technology (IT) security breach or unsuccessful innovation impacting competitive advantage	The rapid pace of technological change and the sophistication of cyber security attacks pose ongoing and real risks requiring the business to maintain constant vigilance - Fortescue maintains a robust IT security framework and back-up data and infrastructure which provides resilience and recovery capability in the event of a system outage - The Company monitors and controls access to sensitive and private information maintained within its key systems - Innovation presents both risks as well as opportunities. Fortescue has a robust evaluation process for the technical and commercial feasibility of IT innovation projects, including collaboration with partners to ensure successful implementation - Fortescue monitors emerging technology trends, disruptive innovations and complementary technologies

Operational risks

Health and safety and environmental incidents and/or breaches of regulations could adversely affect our people, operations and reputation

Safety is one of Fortescue's core Values and the Company's vision encompasses the achievement of global leadership in safety performance

- Fortescue has a comprehensive Health, Safety, Environment and Security framework that promotes responsibility and accountability at all levels within the organisation
- Fortescue has an active program of education, training, monitoring and reporting within the business which is focussed on continuous improvement and learning from experience
- The Company is actively engaged at both a local and global level to identify and implement leading safety and environmental practices operating within the mining and resources sector

Social and environmental sustainability risks

Breaches in Fortescue's legal and regulatory obligations may lead to fines and potential loss of licence to operate

Fortescue operates in a highly regulated industry within a complex regulatory environment at both Australian Commonwealth and State level, as well as internationally. Failure to comply with obligations can have a serious impact on the business ranging from fines and reputation damage through to temporary or permanent loss of Fortescue's licence to operate

- Compliance with the Company's obligations is recognised as a collective responsibility at all levels of the organisation and there is clear accountability and responsibility for ongoing management
- Fortescue has a robust policy and compliance framework that promotes responsibility and accountability at all levels within the organisation
- Fortescue has an active program of education, training, monitoring and reporting within the business that is focussed on reducing the risk of material compliance breaches and learning from experience

Fortescue's operations have the potential to lead to adverse impact on local flora, fauna and Aboriginal heritage sites

Mining operations have the inherent potential to cause damage to flora, fauna and sites of significance to Aboriginal people located in the vicinity of the Company's operations. This could include adverse impacts on local ecosystems, biodiversity, water resources and designated heritage sites

- Fortescue has rigorous control and reporting processes to minimise the potential for any adverse impacts on Aboriginal/heritage sites
- Fortescue consults with local communities, regulators and other stakeholder groups to ensure its operations are managed in an environmentally sustainable manner

Climate change

Climate change presents a range of risks and opportunities to Fortescue. Fortescue supports reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), recognising that this provides the transparency, standardisation and meaningful disclosure that allows our stakeholders to access our performance. More extensive disclosure on climate change risk and Fortescue's response is set out in Fortescue's FY19 Corporate Social Responsibility Report

4.6 Annual Executive Certifications

In accordance with the requirements of ASX Principle 4 'Safeguard integrity in corporate reporting' and section 295(A) of the *Corporations Act 2001*, an extensive executive certification process was undertaken for the year ended 30 June 2019. The process requires certifications from the most senior executives in the business to

support the declaration to the Board by the CEO and the CFO pursuant to ASX Principle 4 and section 295(A) of the *Corporations Act 2001*.

The executive certifications are broad and consider the key elements of the control environment. In addition to providing support for the CEO and CFO

declaration as noted above, the Board, through the ARMC, uses this process as a means of identifying areas of the control environment where there are opportunities for improvement. Improvement actions identified through this process are monitored by the Committee until actions are completed.

Assurance functions

An effective internal audit function is a critical part of ensuring that a strong financial risk and control environment is maintained across the Company.

5.1 Internal audit

The internal audit function at Fortescue is governed by an Internal Audit Charter, approved by the ARMC.

Fortescue's Group Risk and Assurance function is responsible for the design and delivery of internal audit activity, tailored to provide assurance that the Company's risk management and internal control frameworks are appropriately designed and operating at the level expected by the Board. The Group Manager of Risk and Assurance is supported by a combination of internal and external resources to conduct internal audit reviews. Deloitte and Ernst & Young provide the support for the delivery of the internal audit program. Other qualified professional service providers are used to support the internal audit program, where required.

The ARMC approves the annual internal audit plan and monitors findings issued by the Group Manager of Risk and Assurance, including actions proposed by management to address issues reported by the internal auditors. The internal audit plan is dynamic and may be revised based on changes to the risk profile of the business. Any revisions to the plan are also endorsed by the ARMC.

At the request of the ARMC, during FY19, the Internal Audit function was subject to an independent, external review consistent with good industry practice and the requirements of the Institute of Internal Auditors' Professional Practices Framework. Recommendations for improvement were implemented during FY19 to ensure Fortescue's internal audit function continues to effectively discharge its role and responsibilities in an objective, effective and efficient manner. The ARMC provides oversight and support of the Internal Audit function to ensure it remains appropriately objective and is free to report its findings consistent with its role as defined in the Internal Audit Charter.

While internal audit and external audit are separate and independent of each other, there is strong collaboration between both audit functions to maximise the effectiveness of the wider program of audit activity and to minimise duplication of effort and resources.

5.2 External auditor

Appointment and rotation of auditor

In accordance with the *Corporations Act 2001*, the Company has appointed an external auditor whose primary role is to form an opinion as to the truth and fairness of the annual financial statements. Any external auditor appointed must demonstrate a high quality of service and independence in accordance with all relevant legal and regulatory requirements.

PricewaterhouseCoopers (PwC) is the current external auditor of the Group. It is PwC policy to rotate audit engagement partners every five years in accordance with the *Corporations Act 2001*. In accordance with this policy, Mr Justin Carroll assumed the role of external audit partner effective from 22 August 2017.

PwC attend ARMC meetings by invitation and report annually to the Committee on its independence and the outcomes of its audit. The Committee reviews the scope of the annual audit plan and related audit fees.

Independence declaration

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, has been received by PwC and is set out in the Financial Report section of the FY19 Annual Report, available on the Company's website.

Non-audit services

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and did not compromise the auditor independence requirements of the *Corporations Act 2001*.

Details of the amounts paid or payable to the auditor PwC Australia and related entities for audit and non-audit services provided during the year are set out in Note 19 of the FY19 financial statements.

Attendance at Annual General Meeting

The audit partner from PwC attends the Annual General Meeting (AGM) and is available to answer questions from shareholders in relation to the audit.

Security holders

The Board represents the Company's shareholders and is accountable for delivering value to them through achievement of strategic objectives and performance excellence.

Shareholders are encouraged to attend the AGM, which is the forum for shareholders to vote on key business issues, including election of directors, changes to the Company's constitution, adoption of the Company's annual financial report and incentive arrangements. All substantive resolutions at shareholders meetings, including the AGM, are decided by a poll.

Information is communicated to shareholders in respect to all resolutions tabled at the AGM, including election and/or re-election of directors.

The Company has implemented a Continuous Disclosure Policy which is available on the Corporate Governance section of the Company's website. The Policy includes a verification process of the integrity of corporate reports released to the market that have not been audited or reviewed by the external auditor.

The Company uses various formal and informal measures to ensure it communicates effectively with its Board, shareholders and investors throughout the year, as outlined below.

A team of dedicated investor and corporate affairs responding to shareholder and investor queries.

Regular briefings and site visits to the investment community and investor representatives.

Presentations with question and answer sessions at industry forums and conferences.

Regular financial and production reports and media announcements, including the Annual Report, half year financial reporting and Quarterly Production Reports.

Media and analyst calls with Fortescue management following the release of key financial information.

Presentation materials available via the ASX Market Announcements Platform in advance of the presentation to new and substantive investors and analysts.

Maintenance of the Fortescue website, which contains up-to-date information of Fortescue operations.

An email alert system allowing interested parties to register for automated alerts of ASX lodgements and other information related to the Company.

Business ethics and integrity

Fortescue is focussed on maintaining a strong culture of transparency and accountability throughout the business.

Fortescue's longstanding commitment to doing business with integrity and honesty is built on its Values, the professionalism of its employees and collective determination to act with integrity, accountability and transparency at all times.

The Board has adopted the Code of Conduct and Integrity, Whistleblower policy, Anti-bribery and Corruption policy, and Continuous Disclosure and Market Communication Policy (Code and Policies), which detail frameworks for acceptable corporate behaviour. There have been no material breaches of the Code and Policies.

The Code and Policies are internally promoted regularly and training programs have been developed to instil and reinforce the Values and expected behaviours under the Code and Policies. The Code and Policies are subject to periodic review and can be accessed on the Company's website.

7.1 Code of Conduct and Integrity

Fortescue understands the importance of acting with integrity, honesty and in compliance with all applicable laws and regulations wherever it does business. The Company maintains a publicly stated, formal policy of zero tolerance of corruption in all its forms, including bribery. Fortescue's reputation is built on its Values as a Company, the professionalism of its employees and a collective commitment to acting with integrity, accountability and transparency at all times.

The Company actively promotes ethical and responsible decision making through its Values and the Code of Conduct that embodies these Values. The Code can be accessed on the Corporate Governance section of the Company's website.

Everyone who works for or with Fortescue, including directors, employees, contractors, suppliers and business partners is expected to comply with the Code of Conduct. In addition, they are required to ensure that employees, contractors, suppliers and any other parties under their supervision or direction with whom Fortescue does business are aware of and comply with the Code of Conduct.

New employees are required to read and acknowledge the requirements of the Code in writing before they commence with the Company. All material breaches of the Code of Conduct are reported to the Board.

Further information on Fortescue's approach to business ethics and integrity is set out in the FY19 Corporate Social Responsibility Report available on the Company's website.

7.2 Whistleblower service

Fortescue provides various avenues for raising concerns about unethical or illegal business conduct including behaviour which may not accord with its Values or Code of Conduct, and offers certain protection to anyone who reports concerns in good faith. This applies to all officers, employees and contractors of Fortescue in all jurisdictions where the Company operates.

A number of options are available to employees who have questions or who wish to report suspected violations of the law, the Code of Conduct or related policies and standards. In addition to reporting any concerns to their line manager, officers, employees (as well as contractors) have the ability to raise concerns with Fortescue's Corporate Governance and Compliance Manager or, alternatively, to Fortescue's external Whistleblower service.



7.2 Whistleblower service (continued)

Fortescue's Whistleblower service is an external and independent reporting channel for reporting any breaches of Company policy or breaches of the law by Fortescue. Material breaches reported through the Whistleblower hotline are also reported to the Board.

Fortescue takes this reporting channel seriously and all disclosures received through this service are investigated and reported to the executive team and the Board by Fortescue's Corporate Governance and Compliance Manager. Depending on the nature of the disclosure, investigative reports may include recommendations for remedial or disciplinary action. Persons providing information to Fortescue's Whistleblower system have the option to remain anonymous, ensuring the protection of the individual as well as the integrity of the Whistleblower service.

7.3 Anti-bribery and Corruption

Fortescue has a reputation for acting with integrity and honesty wherever it does business. Fortescue is committed to a zero tolerance approach to bribery and corruption. The Company's reputation is built on its Values as a company, the professionalism of our employees and our collective commitment to acting with integrity, accountability and transparency at all times.

Bribery and corruption undermine legitimate business activities, distort competition and expose Fortescue and its employees to significant risks. Fortescue is committed to conducting its business ethically and in compliance with all applicable laws and regulations. Fortescue only conducts its business in a manner consistent with the laws of the jurisdictions in which it operates including those relating to fraud, anti-bribery and corruption, and other laws that prohibit improper payments to obtain a business advantage. Any material breach of the Anti-bribery and Corruption Policy is reported to the Board.

Fortescue's Code of Conduct clearly outlines the standards for ethical behaviour expected of all Fortescue employees.

It further provides an outline of employee obligations with regard to reporting unethical behaviour and declaring conflicts of interest. Fortescue employees must comply with all relevant laws and regulations in Australia and other jurisdictions. Fortescue prohibits bribery and corruption, in any form, whether direct or indirect, whether in the private or public sector, anywhere in the world.

7.4 Securities trading

The Board has established a Securities Trading Policy which outlines the policy for directors and employees when trading in shares of the Company. Under the policy, certain people are identified as designated persons and they are required to comply with the policy with regard to explicit non-trading periods which are set around financial and production reporting periods.

The policy sets out a brief summary of the law on insider trading and other relevant laws and also sets out the restrictions on dealing in securities by people who work for, or who are associated with Fortescue.

Market disclosures

The Board understands the importance of keeping shareholders and other stakeholders fully informed of material information in relation to the Company's activities on a timely basis.



For this purpose, the Company has established a Continuous Disclosure Policy, a copy of which is available on the Corporate Governance section of the Company's website. The Continuous Disclosure Policy summarises the processes that have been adopted to ensure Fortescue complies with its disclosure obligations.

This policy applies to all directors, employees, contractors, suppliers and business partners and is regularly reviewed to ensure it remains effective in guiding disclosure in accordance with Fortescue's disclosure obligations.

With regard to general disclosures at media briefings or public presentations, only the Chairman, CEO or their delegated persons are authorised to issue public comments on behalf of the Company or provide journalists and members of the investment community with information.

The Company's external auditor, PwC, reviews the annual Directors' Report, annual Remuneration Report and the annual and half yearly Financial Statements. The balance of periodic corporate reports, including Quarterly Production Reports, the annual Corporate Governance Statement, the annual Reserves and Resources Report and the annual Corporate Social Responsibility Report, are subject to a rigorous internal review process coordinated by the Corporate Affairs team with individual sign offs by the relevant functional areas.

Copies of announcements to the ASX, investor briefings, half yearly Financial Report, Quarterly Production Report, the Annual Report and other relevant information is available on the Company's website at www.fmgil.com.au.

Compliance with Corporate Governance Standards

Fortescue supports the intent of the 4th Edition of the ASX Corporate Governance Council Principles and Recommendations (Principles and Recommendations).

Fortescue's compliance to the Principles and Recommendations and a checklist cross-referencing these Principles and Recommendations to the relevant disclosures are outlined within ASX Appendix 4G.

Unless otherwise disclosed, Fortescue has adopted the revised requirements of the Principles and Recommendations.

This is available on the Company's website at www.fmgl.com.au



Global force
Thriving communities



Fortescue
The New Force in Iron Ore