

Fortescue achieves “Industry Leading Hematite C1 cost USD17.99 wmt in FY25”

Company/ASX Code	Fortescue/FMG
AGM time and date	11am AWST Friday, 31 October 2025
Location	Elizabeth Quay Ballroom, The Ritz Carlton, 1 Barrack Street, Perth WA
Registry	MUFG Corporate Markets
Type of meeting	Physical + Webcast (no online voting)
Monitor	Len Roy and Ros Ferguson assisted by Ian Berry
Pre AGM Meeting	On 28 August 2025 with NED & Deputy Chair Mark Barnaba, NED Penny Bingham-Hall, Company Secretary Navdeep (Mona) Gill, Director Corporate Finance Andy Driscoll, Group Manager Business Services Dino Zahirovic

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

1. How we intend to vote

No.	Resolution description	
1	Adoption of Remuneration Report	For
2	Re-election of Elizabeth Gaines	For
3	Re-election of Yifei Li	For
4	Election of Noel Quinn	For
5	Election of Yasmin Broughton	For
6	Participation in the Performance Rights Plan for Mr Dino Otranto	For
7	Participation in the Performance Rights Plan for Mr Agustin Pichot	For
8	Renewal of proportional takeover approval provisions	For

2. Summary of Issues and Voting Intentions for AGM

Overall, while Fortescue's remuneration links pay to performance, evolving challenges in executing its decarbonisation strategy highlight the importance of aligning compensation frameworks explicitly with long-term strategic outcomes and shareholder interests.

Key focus for Executive Incentive Metrics

- **ESG Metrics:** There is a marked increase in the integration of environmental, social, and governance (ESG) criteria within performance measures, reflecting growing investor focus on sustainability outcomes. Fortescue has increasingly linked incentives to decarbonisation targets and sustainability milestones consistent with its "Real Zero" emissions pledge.
- **Performance Scorecard:** The executive incentive framework continues to include financial metrics and a diversified performance scorecard that includes operational, strategic, and non-financial goals such as safety, project execution, and environmental impact.
- **Risk Management:** Metrics continue to incorporate risk oversight and management factors to prevent excessive risk-taking, especially given recent project delays and write-downs in green initiatives.
- **Longer Performance Periods and Deferral:** There is a trend toward longer-term performance measurement horizons and deferral periods on incentive payouts to better align executive rewards with sustained company value creation.

Overall, these aspects reflect Fortescue's effort to balance financial performance with strategic execution and sustainability commitments in its executive compensation, reinforcing alignment with shareholder and broader stakeholder interests in the evolving mining sector landscape.

3. Matters Considered

Accounts and reports

Fortescue delivered exceptional operational results in FY25 despite a sharp profit decline due to depressed iron ore prices. Strong cost control and record shipment volumes are clear strengths. However, challenges within its green transition and environmental footprint, alongside external market volatility, present strategic risks.

- Dividends of A\$1.10 per share were down from A\$1.97 in FY24. The actual dividend payout ratio of 65% was within FMG's policy range of 50 to 80% of underlying NPAT.
- Net assets increased slightly from US\$6.22 per share to US\$6.31 in FY25
- FY25 ROE is 17% down from 30% in FY24
- FY25 ROCE is 14% down from 24% in FY24.
- Gross debt of US\$5,439 million (21% gearing). This is reduced by cash held at financial year end of US\$4,328 million resulting in net gearing at 30 June 2025 of only 5%.

Financial performance

(As at FYE)	2025	2024	2023	2022	2021
NPAT (US\$m)	3366	5664	4796	6197	10295
UPAT (US\$m)	3366	5664	5522	6197	10349
Share price (A\$)	15.28	21.41	22.18	17.53	23.34
Dividend (A\$-cents)	1.10	1.97	1.75	2.07	3.58
Simple TSR (%)	(23.49)	5.54	36.5	(21.33)	92.8
EPS (A\$-cents)	1.69	2.82	2.31	2.77	4.48
CEO total remuneration, actual (A\$m)			5.573*	7.921*	5.686*
Dino Otranto	4.164	1.565			
Mark Hutchinson	3.823	2.080			

Note. The Executive Chairman does not receive a salary or participate in any incentive plans.

*The CEO amounts for 2021-2023 are largely for singular CEO structure & include incentivised

awards.

Simple TSR is calculated by dividing change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Fortescue Metals

Almost all of Fortescue's operating profit comes from its iron ore / metals business. Energy is still being built, and invested in, and is not yet generating material standalone profit.

Fortescue maintained its position as the industry's lowest-cost producer, with C1 costs as low as US\$17.99 per tonne. It delivered record shipments of 198.4 million tonnes, achieving a 4% year-over-year increase, driven by advanced automation and integrated logistics.

- **Hematite:** The combined Chichester Hub and Western Hub Hematite Ore Reserves for 2025 are estimated to total 1,734Mt at an average Fe grade of 57.4%.
- **Magnetite:** The 2025 Ore Reserves for Magnetite are from the Iron Bridge project. Ore Reserves for the project total 938Mt at an average DTR mass recovery of 29.8% for a 67.3% Fe grade product.
- **Iron Bridge:** Magnetite project in WA has encountered significant delays and operational challenges since its inception. Initially budgeted at US\$2.6 billion, the project's costs have escalated to approximately US\$4.0 billion. Originally slated to reach full production by June 2023, the timeline has been extended multiple times, with the latest projection aiming for nameplate capacity of 22 million tonnes per annum by the 2027–28 financial year. Despite these challenges and the \$1B pre-tax impairment recorded in FY24 accounts, Iron Bridge remains a cornerstone of Fortescue's strategy to diversify its iron ore portfolio and reduce reliance on lower-margin hematite. The project is integral to the company's efforts to supply higher-grade iron ore to steelmakers, particularly in China. Fortescue continues to invest in technical solutions to stabilize operations and achieve the project's long-term objectives.

Management guided shipments to be in the range of 195–205 Mt, which is broadly flat to slightly above the FY25 volume. Fortescue enters FY26 with reasonable flexibility: its balance sheet is in good shape, debt is modest, and it has operational momentum. The guidance is cautious but stable.

Fortescue Energy

Fortescue Energy in FY25 is in transition from ambitious blueprint to execution and discipline. The shipment of the first "Power System" is a meaningful milestone, and the deployment of solar farms/transmission shows tangible progress. However, the cancellation or reassessment of some previously planned projects underscores the complexity and risks.

- **Arizona Hydrogen (USA)** - Fortescue decided not to proceed with its Arizona green hydrogen project due to rising costs, policy uncertainties in the U.S., and lack of clarity on subsidy frameworks made the economics less attractive.

- **Gladstone PEM50 (Queensland, Australia)** - A planned 50MW electrolyser project (PEM50) in Gladstone was cancelled as technology and commercial viability didn't stack up as originally expected.

These cancellations are a healthy sign. Early in the green push, Fortescue was accused of over-promising a giant global hydrogen portfolio. By cutting weaker projects, it shows it's maturing, being pragmatic, and avoiding "capital sinkholes."

Fortescue has recalibrated its green energy strategy in FY25, focusing on projects that integrate directly with its mining operations and demonstrate clear economic viability.

Current green initiatives:

- **Christmas Creek, Pilbara:** Produce over 1,500 tonnes per annum of green iron metal. First production anticipated in Q1 2026.
- **Cloudbreak 190 MW Solar Farm Pilbara:** To power Fortescue's mining operations, reducing reliance on diesel and gas. Expected completion in FY27.
- **Iron Bridge Solar and Battery Storage:** Includes a 100 MW solar park and a 50 MW / 250 MWh grid-forming battery.
- **Western Green Energy Hub – Southern Coast of WA:** Proposed 70 GW wind and solar capacity. Final investment decision expected in 2028.
- **Fortescue Zero battery systems:** The acquisition of Fortescue WAE enables Fortescue to accelerate the decarbonisation of the mining fleet as well as establish a new business growth opportunity.
- **Battery Electric Locomotives:** Decarbonisation of rail operations with the purchase of two battery electric locomotives, and research into the development of the zero-emission rail technology.
- **Eliwana renewable infrastructure:** Electrification of the Eliwana mine site in preparation for the arrival of battery electric mobility assets.
- **6MW fast charger:** In-house development of a 6MW fast charger that is designed to be compatible with a wide range of battery electric heavy mining equipment.

Fortescue continues to guide that energy capital expenditure will be more disciplined, reflecting current global and policy uncertainties.

Governance and culture

As at 1 July 2025, the 12-member board was made up of 50/50 gender mix including two Executive Directors, Dr Andrew Forrest AO and Elizabeth Gaines.

There are 3 board committees:

- People, Remuneration & Nomination, chaired by Ind NED Penny Bingham-Hall
- Safety and Sustainability, chaired by Ind NED Dr Jean Baderschneider

- Audit, Finance & Risk Management, chaired by Ind NED and Deputy Chairman Mark Barnaba.

The ASA has identified that the Board Skills Matrix is at the Board level, and this information would be more useful if at the individual Board member level.

We note Executive Chairman Dr Forrest's high-level qualifications and acknowledged business experience and interests associated with Dr Forrest as the largest shareholder with approximately 36.74% of issued capital.

Nevertheless, ASA continues to have independence concerns, and we concur with ASX Corporate

Governance Council Principles & Recommendations as per the Listing Rules Disclosure Appendix

4G in that the chair should be Independent. Notwithstanding ASA's Independence concerns, we have considerable respect for the high-level qualifications & relevant business experience of all FMG directors.

Safety

FMG continues to uphold its "best in class" Total Recordable Injury Frequency Rate (TRIFR) performance, achieving 1.3 in FY25. Fortescue has added a *Leading Safety Index* (LSI) and *Critical Incident Frequency Rate* (CIFR) to supplement TRIFR. This suggests a shift toward more proactive / forward-looking safety measures, rather than purely reactive ones.

Key events

- **Acquisition of Red Hawk Mining Ltd** at a cost of A\$254 million. The asset being the Blacksmith iron ore project in WA. The rationale is that it enhances Fortescue's resource base and aligns with its growth plans in the iron ore sector amid global demand changes.
- **Acquisition of Spanish wind technology firm Nabrawind** to expand its renewable energy capabilities.
- **Secured a turbine supply agreement with Envision Energy.**

Key Board or senior management changes

Board changes:

- NED Noel Pearson commenced in August 2024
- NED Noel Quinn commenced March 2025
- NED Yasmin Broughton commenced July 2025

KMP changes:

- Mark Hutchinson and Shelley Robertson retired effective 1 July 2025
- Agustin Pichot was appointed CEO Growth and Energy effective 1 July 2025

Sustainability/ESG

For Fortescue Sustainability visit the website at <https://fy25sustainability.fortescue.com/en>

Key stats:

- 40% senior leadership roles are female
- A\$6.6b awarded in contracts to First Nations businesses, since inception
- A\$90.1m for social investment
- Female employment at 24.8%
- Positions held by First Nations Australians in Australian workforce is 11.7%
- 98 different nationalities represented across the workforce

The Fortescue Climate Transition Plan 2025 can be accessed on the Fortescue website at <https://content.fortescue.com/fortescue17114-fortescueeb60-productionbbdb-8be5/media/project/fortescueportal/shared/documents/publications/reports/fy25-climate-transition-plan.pdf>

Climate change

Scope 1 Greenhouse Gas Emissions increased by 12% in FY25. This increase was driven by increased gas consumption to meet the growing power demand of the Iron Bridge facility as it ramped up production. Looking ahead, the overall emissions are expected to decline in line with the decarbonisation implementation strategy.

Scope 2 Greenhouse Gas Emissions increased 3.9% (location based) and 3.7% (market based), the rise being attributed to increased electricity consumption at the Iron Bridge concentrate handling facility.

Scope 3 Greenhouse Gas Emissions in total increased by 2.4% driven by a 3.5% increase in the volume of iron ore shipped, with steelmaking accounting for 98% of Scope 3 emissions in FY25.

In 2023, Fortescue ceased purchasing voluntary carbon offsets for Scope 1 and 2 emissions, instead focusing their efforts on the elimination of emissions. Carbon offsets against Scope 1 and 2 emissions are purchased and relinquished only to the extent required by legislation.

Key Audit Matters

Auditors PWC report the following:

- Operating Sales Revenue-iron ore & shipping revenue
- Impairment assessment for the Iron Bridge Cash Generating unit
- Restoration & rehabilitation obligations

4. Rationale for Voting Intentions

Resolution 1. Adoption of Remuneration Report – For

The remuneration framework is outlined in Appendix 1. The report is clear, comprehensive, and includes a take-home pay table. Both ESSIP/STI and LTIP/LTI use performance scorecards, aiding transparency. The main departure from ASA guidelines is the LTI measurement period of 3 years instead of 4, but this is not considered sufficient grounds to oppose the report.

FY25 REMUNERATION FRAMEWORK KEY CHANGES

- Consolidated Metals and Energy into a One Fortescue scorecard (now both STI and LTI)
- Introduced mandatory ESSIP deferral for KMP – 50% over two years
- Decreased Strategic Measures weighting in LTIP from 34% to 30%
- Increased rTSR weighting in LTIP from 33% to 70%; removed ROE measure
- Stretch targets for rTSR– P60 (50% payment) to P90 (100% payment)
- Removed ‘outperformance’ capability on LTIP – each objective capped at 100%
- Improved disclosure in Remuneration Report for on-foot LTIP plans.
- COMMITTEE STRUCTURE. Effective 1 July 2024, a new Board committee structure has been implemented comprising of: Audit, Finance and Risk Management Committee; People, Remuneration & Nomination Committee; and Safety and Sustainability Committee.

A market review of KMP fixed pay led to Board-approved increases of 13–31% for three KMP roles. No increase is planned for CEO Dino Otranto’s remuneration in FY26. CFO Apple Paget’s pay will be reviewed to maintain competitiveness. CEO Gus Pichot’s package will match Mr Otranto’s in AUD terms, though delivered in USD. NED base and committee fees and the maximum aggregate fee pool were unchanged in FY25 and will remain so in FY26.

Resolution 2. Re-election of Elizabeth Gaines – For

Ms Gaines has been a Director of Fortescue since 2013, serving as CFO (2017), CEO and Managing Director (2018–2022), and currently as Executive Director (since 2023). She brings extensive resources sector experience, particularly in the influence of Asian growth on Australia, and deep expertise in financial and commercial management across listed and private companies. A key driver of Fortescue’s decarbonisation strategy, she also serves as Deputy Chair of Greatland Resources, Chair of the West Coast Eagles, and NED of the Victor Chang Cardiac Research Institute.

Previously CEO of Helloworld Limited and Heytesbury Pty Ltd, Ms Gaines has received significant recognition, including 2nd in Fortune's 2019 Businessperson of the Year and AFR's Joint Businessperson of the Year 2020. She holds a BCom (Curtin), MAppFin (Macquarie), and an Honorary Doctorate (Curtin). She is a Fellow of both Chartered Accountants ANZ and the Australian Institute of Company Directors.

Resolution 3. Re-election of Yifei Li – For

Ms Li has been a Non-Executive Director of Fortescue since August 2022. She is President of the Li Qibin Foundation and serves on the board of BlackRock China. Her previous roles include Global Trustee of the Rockefeller Foundation, Independent Board Member of GAVI (2011–2018), and Country Chair for Man Group in China.

She holds a Law degree from the Foreign Affairs College (Beijing) and an MA in International Relations from Baylor University (USA). The Board has determined Ms Li to be an **independent director** in accordance with the FY25 Corporate Governance Statement. Ms Li is a member of the **Safety and Sustainability Committee**.

Resolution 4. Election of Noel Quinn – For

Mr Quinn was appointed a Non-Executive Director of Fortescue in March. He retired as Group Chief Executive of HSBC in September 2024 after 37 years with the Group, including five years as CEO. His career encompassed senior roles across corporate and commercial banking, notably leading UK Commercial Banking through the Global Financial Crisis, heading Asia-Pacific Commercial Banking (2011–2015), and later serving as Chief Executive, Global Commercial Banking.

Mr Quinn is Chair of Julius Baer (appointed July 2025) and remains active in the Sustainable Markets Initiative, previously chairing its Financial Services Taskforce. As HSBC CEO, he was a Principal member of the Glasgow Financial Alliance for Net Zero and a member of the World Bank Private Sector Investment Lab. A Chartered Accountant, Mr Quinn has been assessed by the Board as an **independent director** under the FY25 Corporate Governance Statement. Mr Quinn is a member of the **Audit, Finance and Risk Management Committee**.

Resolution 5. Election of Yasmin Broughton – For

Ms Broughton was appointed a Non-Executive Director of Fortescue on 1 July. She has over 25 years' experience in senior executive and board roles across the mining and energy sectors, with expertise in law, M&A, finance, investments, and governance.

She is currently a Non-Executive Director of Greatland Resources and Wright Prospecting, and Executive Chair of VOC Group. Previous roles include Deputy Chair of Synergy and RAC WA Holdings. Her leadership achievements include negotiating the sale of a 25% stake in Rhodes Ridge iron ore to Mitsui (a record pre-development valuation), coordinating settlement of the 25-year Bell litigation, and driving significant growth in Alinta's market capitalisation.

Ms Broughton holds a Commerce degree, a Postgraduate Law degree, and an Advanced Corporate Directors Certificate from Harvard Business School. She is a Fellow of the Australian Institute of Company Directors. Her industry experience spans iron ore, gold, nickel, copper, and energy, with a strong focus on renewables and decarbonisation.

The Board has assessed Ms Broughton as an **independent director** under the FY25 Corporate Governance Statement. Ms Broughton is a member of the **People, Remuneration and Nomination Committee**.

Resolution 6 & 7. Participation in the Performance Rights Plan for Mr Dino Otranto and Mr Agustin Pichot – For

Resolutions 6 & 7 seek approval for the grant of up to 342,254 performance rights to Mr Otranto, Fortescue CEO Metals and Operations and 342,254 performance rights to Mr Pichot Fortescue CEO Growth and Energy and for subsequent issue, transfer or allocation and acquisition by, Mr Otranto and Mr Pichot in respect of those Performance Rights for FY26. The notice of meeting (NOM) Explanatory Statement providing details, and data supporting the maximum

ESSIP/STI & maximum LTIP/LTI performance rights opportunities, is on pages 12-15 of the NOM.

Resolution 8. Renewal of proportional takeover approval provisions – For

The proportional takeover approval provisions set out in rule 13.12 and Schedule 6 of the Company's Constitution are required to be renewed (by way of special resolution) every three years or the provisions shall cease to have effect. The proportional takeover approval provisions were last approved by Shareholders when the Company adopted a new Constitution at the Annual General Meeting in 2022.

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Appendix 1

Remuneration framework detail

The ESSIP/STI consists of maximum 50% cash and the remainder as share rights. 25% of the ESSIP/STI is subject to a two-year deferral and 25% is subject to a one-year deferral.

CEOs' remuneration is basically TFR 28%, ESSIP/STI at risk 31% and LTIP/LTI at risk 41%.

CEO remuneration Framework for FY2025	Target A\$m	% of Total Target	Max. Opportunity A\$m	% of Max Opportunity
Fixed Remuneration				
Dino Otranto	2.080	27.6%	2.080	27.6%
Mark Hutchinson	2.080	27.6%	2.080	27.6%
ESSIP – Cash				
Dino Otranto	0	0	0	0
Mark Hutchinson	0	0	0	0
ESSIP – Equity				
Dino Otranto	2.340	31%	2.340	31%
Mark Hutchinson	2.340	31%	2.340	31%
LTI				
Dino Otranto	3.120	41.4%	3.120	41.4%
Mark Hutchinson	3.120	41.4%	3.120	41.4%
Total				
Dino Otranto	7.540	100%	7.540	100%
Mark Hutchinson	7.540	100%	7.540	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.