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ASX Release

4 October 2021

The Companies Officer
Australian Securities Exchange Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Madam or Sir

NOTICE OF ANNUAL GENERAL MEETING

In accordance with Listing Rule 3.17, please find attached a copy of the Notice of Annual General Meeting and proxy form in relation to the upcoming Annual General Meeting to be held on Tuesday 9 November 2021 at 3.00pm AWST.

The above-mentioned documents can be found along with Fortescue's Annual Report at https://www.fmgl.com.au/investors/annual-general-meeting.

Yours sincerely
Fortescue Metals Group Ltd

Authorised by
Cameron Wilson
Company Secretary

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Fortescue

Notice of Annual General Meeting FY21

ABN 57 002 594 872



Thriving communities | Global force

Thriving communities
Global force

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Our Values

Safety
Family
Empowerment
Frugality
Stretch targets
Integrity
Enthusiasm
Courage and determination
Generating ideas
Humility

Fortescue's unique Values drive our performance in a way that sets us apart from others

Culture

Fortescue is a values-based business with a strong, differentiated culture.
We believe that by leveraging the unique culture of our greatest asset, our people, we will achieve our stretch targets



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Invitation

Your invitation to attend our Annual General Meeting of Shareholders and to vote on key issues

Dr Andrew Forrest AO

Dear valued Shareholders,

It is my pleasure to invite you to Fortescue's 2021 Annual General Meeting (AGM or Meeting) on Tuesday, 9 November at 3:00pm (AWST) in the Grand Ballroom at the Hyatt Regency, 99 Adelaide Terrace, East Perth, Western Australia. Attached is the Notice of Meeting that sets out the business of the AGM.

During FY21, Fortescue delivered record performance across our core cost and production targets. We maintained our commitment to ensuring balance sheet strength and flexibility, investing in the long-term sustainability of our core business while pursuing growth and development options to deliver outstanding returns to our Shareholders. We supported our nation through the disruptions of COVID-19.

Despite ending FY21 with our lowest annual Total Recordable Injury Frequency Rate of 2.0, an achievement the entire workforce is rightly proud of, a freak accident occurred on 30 September 2021 and an employee fell into a cavity. Despite having had huge weight, drilling rigs and the like over it, the ground collapsed under his feet. I attended the site immediately and joined his grief-stricken team mates. My prayers go to his family and his friends as they recover from the loss of a truly amazing, young Indigenous leader. Despite the loss of David Armstrong, we remain as committed as he was to the absolute safety of our colleagues in the Fortescue family.

Looking ahead, FY22 will require Fortescue to continue to show leadership in response to the global challenge of decarbonisation. As Treasurer Josh Frydenberg wrote recently, "markets are moving as governments, regulators, central banks and investors are preparing for a lower-emissions future. It's a long-term shift, not a short-term shock."

Beyond the business case, a study published in the journal Science this month, has revealed the "intergenerational inequality" of climate change. Without action, 6-year olds today will experience five times more disasters, on average, than if they had lived 150 years ago. Limiting global warming to the 1.5-degree target, in contrast, will almost halve the heatwaves today's children experience.

Undeniably, a major part of the problem is Australia's hard-to-decarbonise industries – mining and agriculture – which are challenging to electrify, and heavily reliant on diesel, with diesel accounting for over 40 per cent of operational emissions for some mining companies.

There are two technological solutions – a real solution, and a fake solution.

The fake solution is so-called "blue" hydrogen, which is manufactured from fossil fuels and emits a huge amount of carbon. The real solution is green hydrogen, manufactured from water, using green energy from renewable, zero-carbon sources.

Our challenge, as a country, is to find a way to transition rapidly to the real solution – without penalising any one industry, or region, or group of consumers.

An obvious place to start is the diesel tax rebate – a $7.8 billion a year subsidy for industries such as mining, agriculture and fisheries, which consume large volumes of fuel but do not use public roads. The tax rebate is 43.3 cents per litre, and the mining industry has received 43 per cent of the total fuel tax rebate since 2006.

Without harming remote communities, this rebate could easily be repurposed to fund the "greening" of technology in Australia's agricultural sector – imposing a cost on shareholders amounting to less than 0.96 per cent of FY21 gross revenue, while at the same time propelling this industry into a green, zero-emissions future in a way that benefits all.

Looking more globally, Fortescue's answer to the challenge of climate change is its 100 per cent renewable green hydrogen and green industry initiative, Fortescue Future Industries (FFI). FFI has a rapidly growing portfolio of green hydrogen and renewable energy projects that will include locations in Africa, Australia, Asia, New Zealand, Central Asia, Latin America, Africa and Europe.

Our large-scale, low-cost hydropower, geothermal, solar and wind assets will support the establishment of green product industries, from hydrogen to ammonia and steel. It will also democratise economic growth globally – allowing developing countries to become new energy "epicentres" in a decarbonised world.

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Through our technological innovation, targets and unrivalled leadership, FFI aspires to not only set an example to heavy industry and heavy manufacturing – that decarbonisation is achievable – but to also enable all companies and countries to follow suit, by making our technologies available to the world.

At the same time, we remain committed to building thriving communities, delivering social, environmental and economic benefits wherever we operate.

At this year's AGM, we will be seeking the approval of Shareholders for the reappointment of:

- Lord Sebastian Coe CH, KBE;
- Dr Jean Baderschneider; and
- Dr Cao Zhiqiang

In addition, Shareholders will be asked to refresh the approval of the Fortescue Metals Group Ltd Performance Rights Plan, approve the grant of Performance Rights to Fortescue's Managing Director and Chief Executive Officer, Ms Elizabeth Gaines, under the Fortescue Metals Group Ltd Performance Rights Plan and consider resolutions proposed by Shareholders under section 249N of the Corporations Act 2001 (Cth).

The following pages contain details on the items of business to be conducted at the AGM and voting procedures.

Voting on the resolutions at the AGM is important, and if you are not able to attend in person, I recommend that you exercise your voting rights either by completing and returning the proxy form or by lodging it online at **www linkmarketservices.com.au** and following the directions in the Notice of Meeting and on the proxy form.

Your Directors and Management team look forward to seeing you at the AGM.

Yours sincerely,

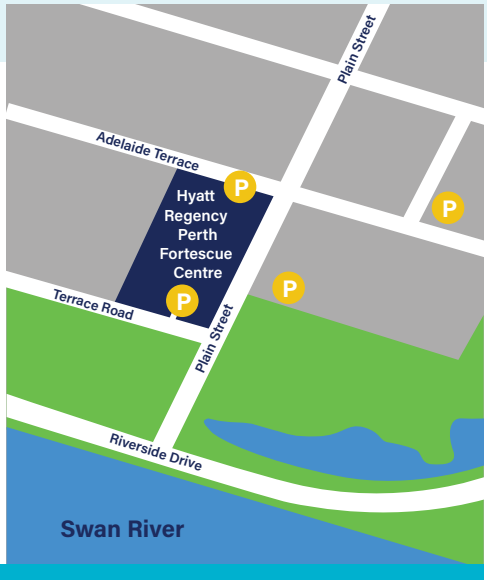


Dr Andrew Forrest AO

Chairman,
Fortescue Metals Group Ltd

Notice of Annual General Meeting

Tuesday, 9 November 2021, 3:00pm (AWST)
Hyatt Regency Perth (Grand Ballroom)
99 Adelaide Terrace East Perth, Western Australia



Notice is hereby given that the AGM of Fortescue Metals Group Ltd (ABN 57 002 594 872) (the Company or Fortescue) will be held in the Grand Ballroom at the Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia on Tuesday, 9 November 2021 at 3:00pm (AWST).

If you are unable to attend the Meeting in person, you are encouraged to complete and return the proxy form that has been sent to you. The completed proxy form must be received at the office of Fortescue's share registry, Link Market Services Limited, by no later than 3:00pm (AWST) on Sunday 7 November 2021.

Details of how to submit your proxy form are listed below.

All Shareholders who attend the Meeting in person will have a reasonable opportunity to ask questions, including an opportunity to ask questions of the Company's external auditors. To ensure that as many Shareholders as possible have the opportunity to ask questions, it is requested that Shareholders observe the following:

- All Shareholder questions should be stated clearly and should be relevant to the business of the Meeting, including matters arising from the financial report, the reports of the Directors (including the Remuneration Report) and the report of the auditors of the Company and its controlled entities for the year ended 30 June 2021 as well as general questions about the performance, business or management of the Company.
- If a Shareholder has more than one question on an item of business, all questions should be asked at the one time.
- Shareholders should not ask questions at the Meeting relating to any matters that are personal to the Shareholder or commercial in confidence.

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Voting information



Date for determining voting eligibility

The Directors have determined that for the purposes of Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the persons eligible to vote at the Meeting will be those persons who are registered Shareholders at 3:00pm (AWST) on Sunday, 7 November 2021. Accordingly, transfers of shares registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

All Resolutions will be by poll

In accordance with rule 10.9 of the Company's constitution, the Chairman intends to demand a poll on each of the resolutions proposed at the Meeting. Each resolution considered at the Meeting will therefore be conducted by a poll, rather than on a show of hands. The Chairman considers voting by poll to be in the interests of the Shareholders as a whole and ensures that the views of as many Shareholders as possible are represented at the Meeting.

Attending the Meeting in person

We are pleased to again offer Shareholders who are attending the Meeting in person, a way to lodge their vote using their mobile device. Shareholders can download the LinkVote App from their app store prior to the Meeting and use the LinkVote App during the Meeting to lodge a vote.

Paper voting cards will also be available at the Meeting for Shareholders who attend in person and would prefer not to use the LinkVote App.

Voting by proxy

Each Shareholder who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote at the Meeting on that Shareholder's behalf. The proxy does not need to be a Shareholder.

A Shareholder who is entitled to cast two or more votes at the Meeting may appoint two proxies and may specify the proportion of votes each proxy is to exercise. If no proportion is specified, each proxy may exercise half of the Shareholder's votes.

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the Voting Directions section of the proxy form. If a Shareholder has specified how a proxy is to vote on a resolution, the proxy must cast all votes as directed. If a Shareholder has specified how a proxy is to vote on a resolution, but the proxy does not attend the Meeting or does not vote on that resolution, the directed proxies that are not exercised will automatically default to the Chairman, who will vote the proxies as directed.

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Chairman acting as proxy

If the Chairman is to act as your proxy in relation to Resolution 1 (Adoption of Remuneration Report), Resolution 5 (Refresh approval of the Fortescue Metals Group Ltd Performance Rights Plan) and Resolution 6 (Participation in the Fortescue Metals Group Ltd Performance Rights Plan by Ms Elizabeth Gaines) (whether by appointment or by default) and you have not given directions on how to vote then by marking the appropriate box in the Voting Directions section of the proxy form, you will be expressly directing and authorising the Chairman to exercise your proxy and cast your vote 'for' Resolutions 1, 5 and 6 (as applicable), even though each of these resolutions are connected, directly or indirectly, with the remuneration of the Company's key management personnel (**KMP**) (including the Directors). This express authorisation is included because without it the Chairman would be precluded from casting your votes on the basis that these resolutions are connected with the remuneration of the KMP.

Subject to the above requirements being met, the Chairman intends to vote all undirected proxies in respect of:

- Resolutions 1 to 6 ***in favour*** of the relevant Resolution; and
- Resolutions 7 and 8 ***against*** the relevant Resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

Submitting your proxy form prior to the Meeting

The proxy form that has been sent to Shareholders must be completed and received at the office of Link Market Services Limited, as detailed below, by 3:00pm (AWST) on Sunday, 7 November 2021.

Mail:
Fortescue Metals Group Ltd
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

Delivery:
Fortescue Metals Group Ltd
C/- Link Market Services Limited*
Level 12, 680 George Street
SYDNEY NSW 2000

*during business hours Monday to Friday (9:00am - 5:00pm) and subject to public health orders and restrictions

Facsimile:
(02) 9287 0309 (from Australia)
+61 2 9287 0309 (from overseas)

Online:
www.linkmarketservices.com.au

Select 'Shareholders Login' and in the 'Single Holding Login' section enter Fortescue Metals Group Ltd or the ASX code (FMG) in the Issuer name field, your Holder Identification Number (HIN) or Security Reference Number (SRN) (which is shown on the front of your proxy form or on your holding statement), postcode, complete the security process, tick the terms and conditions agreement and click 'Login'. You can also login via your portfolio.

Select the 'Voting' tab and then follow the prompts.

Your proxy form will be deemed to have been signed if it is lodged in accordance with the instructions given on the website.

Corporate representatives

Any corporate Shareholder wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

- A letter or certificate executed in accordance with the Corporations Act authorising that person to act as the corporate Shareholder's representative at the Meeting; or
- A copy of the resolution appointing that person as the corporate Shareholder's representative at the Meeting, certified by a secretary or director of the corporate Shareholder.

Alternatively, Shareholders can download and fill out the 'Appointment of Corporate Representation' form from Link Market Services Limited's website – www.linkmarketservices.com.au. Hover over 'Resources' and click on 'Forms' and then select 'Holding Management'.

An instrument appointing a corporate representative must be received at the office of Link Market Services Limited, as detailed above, by 3:00pm (AWST time) on Sunday, 7 November 2021.

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Conduct of the Meeting

Fortescue is committed to ensuring that its general meetings are conducted in a manner which provides those Shareholders (or their proxy holders) who participate in the meeting with the opportunity to participate in the business of the meeting in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting or about the Fortescue Group generally.

Fortescue will not allow conduct at any general meeting, which is discourteous to those who are participating in the meeting, or which in any way disrupts or interferes with the proper conduct of the meeting. The Chairman will exercise his powers to ensure that the Meeting is conducted in an orderly and timely fashion, in the interests of Shareholders who are participating in the Meeting.

KEY DATES

Deadline for lodgement of proxy forms
3:00pm (AWST) on Sunday,
7 November 2021

Determination of voting eligibility
3:00pm (AWST) on Sunday
7 November 2021

Annual General Meeting
3:00pm (AWST) on Tuesday,
9 November 2021

QUERIES

If you have any queries regarding the matters contained in the Meeting documents, please call Company Secretary, Cameron Wilson on +61 8 6218 8888.

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Agenda



The Explanatory Statement forms part of this Notice of Meeting and describes the matters to be considered at the Meeting

1. CEO and Chairman's address

2. Financial Reports

To receive and consider the financial report, the reports of the Directors and the auditors of the Company and its controlled entities for the financial year ended 30 June 2021.

Note: There is no requirement for Shareholders to approve these reports.

3. Ordinary Business

Resolution 1
Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the Company and its controlled entities for the financial year ended 30 June 2021 be approved and adopted."

Note: This resolution is advisory only and does not bind the Company or the Board.

Voting Exclusion Statement

A vote must not be cast on Resolution 1:

- by, or on behalf of, any member of the KMP, details of whose remuneration are included in the Remuneration Report or a closely related party of any such member of the KMP (including spouses, dependents and controlled companies) (regardless of the capacity in which it is cast); or
- by any member of the KMP as at the date of the Meeting or their closely related parties, as a proxy for another Shareholder.

However, a vote may be cast on Resolution 1 by a member of the KMP as a proxy, or a closely related party of a member of the KMP (each as referred to above) as a proxy, if the vote is not cast on behalf of a member of the KMP or a closely related party of a member of the KMP, and either:

- the proxy appointment is in writing and specifies the way the proxy is to vote on Resolution 1; or
- the proxy is the Chairman and the proxy appointment:
  - does not specify the way the proxy is to vote on Resolution 1; and
  - expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected, directly or indirectly, with the remuneration of a member of the KMP.

Resolution 2
Re-election of Lord Sebastian Coe CH, KBE

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Lord Sebastian Coe, who retires in accordance with rule 11.7(a) of the Company's constitution, be re-elected as a Non-Executive Director of the Company".

Resolution 3
Re-election of Dr Jean Baderschneider

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Dr Jean Baderschneider, who retires in accordance with rule 11.7(a) of the Company's constitution, be re-elected as a Non-Executive Director of the Company".

Resolution 4
Re-election of Dr Cao Zhiqiang

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Dr Cao Zhiqiang, who retires in accordance with rule 11.7(a) of the Company's constitution, be re-elected as a Non-Executive Director of the Company".

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Resolution 5
Refresh approval of the Fortescue Metals Group Ltd Performance Rights Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 13(b)) and for all other purposes, the terms of the Fortescue Metals Group Ltd Performance Rights Plan (the **Performance Rights Plan**) and the grant of performance rights and issue of fully paid ordinary shares pursuant to the terms of the Performance Rights Plan (as an exception to ASX Listing Rule 7.1), be approved on the terms and conditions set out in the Explanatory Statement".*

Voting Exclusion Statement

Resolution 5 is a resolution that is connected directly with the remuneration of the members of the KMP.

Accordingly, a vote must not be cast on Resolution 5 by any member of the KMP or a closely related party of any member of the KMP, as proxy for another Shareholder, if the appointment does not specify the way in which the proxy is to vote unless:

- the proxy is the Chairman; and
- the proxy appointment expressly authorises the Chairman to exercise the proxy, even though this item is connected (directly or indirectly) with the remuneration of the members of the KMP.

Additionally, and in accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- a person who is eligible to participate in the Performance Rights Plan; or
- an associate of that person.

However, this does not apply to a vote cast in favour of Resolution 5 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6
Participation in the Fortescue Metals Group Ltd Performance Rights Plan by Ms Elizabeth Gaines

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve:

a) the grant of 181,965 performance rights to Ms Elizabeth Gaines for the financial year ending 30 June 2022 under the Fortescue Metals Group Ltd Performance Rights Plan (Performance Rights Plan) and on the terms described in the Explanatory Statement; and

b) the issue, transfer or allocation of, and acquisition by Ms Elizabeth Gaines of, fully paid ordinary shares in respect of those performance rights, in accordance with the terms of the Performance Rights Plan and on the terms described in the Explanatory Statement".

Voting Exclusion Statement

Resolution 6 is connected directly with the remuneration of a member of the KMP, Ms Elizabeth Gaines, the Company's Managing Director and Chief Executive Officer.

Accordingly, a vote must not be cast on Resolution 6 by any member of the KMP or a closely related party of any member of the KMP (including spouses, dependents and controlled companies), as proxy for another shareholder, if the appointment does not specify the way in which the proxy is to vote on Resolution 6 unless:

- the proxy is the Chairman; and
- the proxy appointment expressly authorises the Chairman to exercise the proxy even though Resolution 6 is connected, directly or indirectly, with the remuneration of a member of the KMP.

Additionally, and in accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 6 by, or on behalf of:

- any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3, who is eligible to participate in the Performance Rights Plan;
- any associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 6 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this item; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Currently, Ms Elizabeth Gaines is the only Director who is eligible to participate in the Performance Rights Plan.



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Resolutions requisitioned by a group of Shareholders – ACCR

A group of Shareholders, led by the Australasian Centre for Corporate Responsibility (ACCR), have proposed the following resolutions under section 249N of the Corporations Act.

This group of Shareholders hold approximately 0.0048 per cent of the Company's fully paid ordinary shares on issue.

The following resolutions are NOT ENDORSED by the Board.

Resolution 7
Special resolution to amend our Company's constitution

To consider and, if thought fit, to pass the following as a special resolution:

"To insert into our Company's constitution the following new clause 7.8: Member resolutions at general meeting. The members in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to an issue of material relevance to the Company or the Company's business and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the Company."

Resolution 8
Support for Improvement to Western Australian Cultural Heritage Protection Law

Subject to and conditional on Resolution 7 being passed by the requisite majority, to consider and, if thought fit, to pass the following as an ordinary resolution:

"To promote the long-term success of our Company, and noting:

- *the findings and recommendations of the Interim Report of the Joint Parliamentary Committee on Northern Australia's interim report entitled Never Again published on 9 December 2020 ('Interim Report');*
- *the importance of adequate cultural heritage protection laws in mitigating social, reputational and financial risks to our Company;*
- *the acknowledged inadequacy of existing cultural heritage protection law and the need for fit-for-purpose cultural heritage protection laws in Western Australia and nationally; and*
- *the objection of WA First peoples and organisations to the Aboriginal Cultural Heritage Bill 2020 (WA) ('ACH Bill') in its current form,*

shareholders request that our Company:

a) publicly support part of Recommendation 2 of the Juukan Inquiry Interim Report, namely: That the Western Australian Government replace the Aboriginal Heritage Act 1972 with stronger heritage protections as a matter of priority, noting the progress already made in consultation on the draft Aboriginal Cultural Heritage Bill 2020. Any new legislation must as a minimum ensure Aboriginal people have meaningful involvement in and control over heritage decision making, in line with the internationally recognised principles of free, prior and informed consent, including relevant Registered Native Title Bodies Corporate under the Native Title Act...;

b) publicly support the WA Aboriginal peoples calls on the Western Australian Government to pause the enactment of the ACH Bill in its current form and to enter into an engagement in good faith with WA Aboriginal Traditional Owners and their representative organisations to co-design the new WA cultural heritage protection law and regulations; and

c) ensure that the advocacy of trade associations of which the Company is a member (including the Western Australian Chamber of Minerals and Energy and the Minerals Council of Australia) is consistent with the terms of this resolution, and if not, review to ensure consistency.

Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our Company, or the Board's ability to limit the disclosure of commercial-in-confidence information."

Dated this 4th day of October 2021

By Order of the Board

C. Wilson

Cameron Wilson

Company Secretary,
Fortescue Metals Group Ltd

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Explanatory Statement



This Explanatory Statement has been prepared for the information of Shareholders of Fortescue in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held in the Grand Ballroom at the Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia on Tuesday, 9 November 2021 at 3:00pm (AWST).

This Explanatory Statement describes the matters to be considered at the Meeting and forms part of, and should be read in conjunction with, the accompanying Notice of Annual General Meeting.

This Explanatory Statement and all its attachments are important documents and should be read carefully and in their entirety. If you have any questions regarding the matters set out in this Explanatory Statement or the Notice of Annual General Meeting, please contact the Company or your financial adviser, stockbroker or solicitor.

Financial Reports

The first item of the Meeting deals with the presentation of the consolidated financial report of the Company for the year ended 30 June 2021, together with the Directors' declaration and report in relation to that financial year, and the auditor's report on those financial statements (Financial Reports) as required by the Corporations Act.

Copies of the Financial Reports, as contained in Company's 2021 Annual Report, are available on the Company's website at www.fmgl.com.au under the 'Investors' tab (Announcements and Reports).

While neither the Corporations Act nor the Company's constitution requires a resolution in respect of the first item of the Meeting, Shareholders are asked to consider the Financial Reports and raise any matters of interest with the Directors when this item is being considered. Shareholders will be provided with a reasonable opportunity at the Meeting to ask questions about, or make comments on, the Financial Reports. No resolution is required to be moved in respect of this item.

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Resolution 1
Adoption of Remuneration Report

In accordance with section 250R of the Corporations Act, Shareholders are asked to consider and vote on the adoption of the Remuneration Report as presented in the Annual Report for the year ended 30 June 2021.

A voting exclusion statement for Resolution 1 is set out in the Notice of Meeting.

Resolution 1 – Adoption of Remuneration Report

The Annual Report of the Company for the year ended 30 June 2021 contains a Remuneration Report, which sets out:

- the remuneration policy for the Company; and
- the remuneration arrangements in place for the Directors and specified Executives of the Company.

A copy of the Remuneration Report, as contained in the 2021 Annual Report, is available on the Company's website at www.fmgl.com.au under the 'Investors' tab (Announcements and Reports).

The vote on Resolution 1 is advisory only and will not require the Company to alter the arrangements set out in the Remuneration Report, should Resolution 1 not be passed. Notwithstanding the effect of this legislative requirement, the Board will take the outcome of the vote into consideration when applying the Company's remuneration policy.

Directors' recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

The Chairman intends to vote all undirected proxies (where the Chairman has been duly authorised to do so) in favour of Resolution 1.

Resolutions 2 to 4
Re-election of Directors

Rule 11.7(a) of the Company's constitution provides that no Director (other than a 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 longer. Resolutions 2 to 4 seek Shareholder approval for the re-election of Lord Sebastian Coe and Dr Cao Zhiqiang, each of whom were last elected in 2018, and Dr Jean Baderschneider who was last re-elected in 2018. Accordingly, Lord Sebastian Coe, Dr Cao Zhiqiang and Dr Jean Baderschneider are each retiring by rotation in accordance with rule 11.7(a) of the Company's constitution and, being eligible, offer themselves for re-election as a Director of the Company.

Resolution 2
Re-election of Lord Sebastian Coe CH, KBE

Non-Executive Director since February 2018.

Lord Coe is currently a senior advisor with Morgan Stanley & Co International plc and a Non-Executive Director of the Vitality Group of health and life insurance companies. In 2017, he became Chancellor of Loughborough University having previously served as Pro Chancellor of the University.

Based in the United Kingdom, Lord Coe is the Non-Executive Chairman of CSM Sport and Entertainment, within the Chime Communications group. He was elected President of the International Association of Athletics Federations ("IAAF") in 2015 (now World Athletics) where he is driving significant governance reforms through the organisation and its 214 Member Federations around the world. He is currently serving his second term as President. He was elected as a member of the International Olympic Committee in 2020 and became a director of the British Olympic Association at that time, having previously served as Chairman of the British Olympic Association from 2012 to 2016.

Lord Coe was Chairman of the Organising Committee for the London 2012 Olympic Games and Paralympic Games. He was a member of the British athletics team at the 1980 and 1984 Olympic Games where he won two gold and two silver medals, as well as breaking twelve world records.

In 1992, Lord Coe became a Member of Parliament and during his political career served as a Government Whip and then Private Secretary to William Hague, Leader of the Opposition and Leader of the Conservative Party. He was appointed to The House of Lords in 2000.

Committee memberships:
Nomination Committee (Chair)

Directors' Recommendation

Lord Sebastian Coe has an interest in Resolution 2 and refrains from making any recommendation as to how Shareholders should vote on Resolution 2.

The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to vote all undirected proxies (where the Chairman has been duly authorised to do so) in favour of Resolution 2.

Resolution 3
Re-election of Dr Jean Baderschneider

Non-Executive Director since January 2015.

A highly regarded leader in both business and civil society, Dr Baderschneider brings 35 years of extensive international experience in procurement, strategic sourcing and supply chain management along with a deep understanding of high-risk operations and locations and complex partnerships.

Dr Baderschneider retired from ExxonMobil in 2013 where she was Vice-President of Global Procurement. During her 30-year career, she was responsible for operations all over the world, including Africa, South America the Middle East and Asia.

A past member of the Board of Directors of the Institute for Supply Management and the Executive Board of the National Minority Supplier Development Council, Dr Baderschneider also served on the boards of The Center of Advanced Purchasing Studies and

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the Procurement Council of both The Conference Board and the Corporate Executive Board.

She was a Presidential appointee to the US Department of Commerce's National Advisory Council on Minority Business Enterprises and is a past recipient of Cornell's Jerome Alpern Award and Nomi Network's Corporate Social Responsibility Award. She holds a Masters Degree from the University of Michigan and a PhD from Cornell University.

Committee memberships: Audit, Risk Management and Sustainability Committee (Member)

Directors' Recommendation

Dr Jean Baderschneider has an interest in Resolution 3 and refrains from making any recommendation as to how Shareholders should vote on Resolution 3.

The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 3.

The Chairman intends to vote all undirected proxies (where the Chairman has been duly authorised to do so) in favour of Resolution 3.

Resolution 4
Re-election of Dr Cao Zhiqiang

Non-Executive Director since January 2018 (nominated director from Hunan Valin Iron and Steel Group Company Ltd).

Dr Cao is currently the Chairman of Hunan Valin Iron and Steel Group Company Ltd and brings extensive experience in technology and steel mill management, along with a deep background in international cooperation.

Dr Cao joined Valin Xiangtan Steel in 1997 and has worked in a variety of roles, including Director of the Research and Development Centre, before being appointed Chief Executive Officer.

He holds a PhD in Science and is a senior engineer research fellow.

Directors' Recommendation

Dr Cao Zhiqiang has an interest in Resolution 4 and refrains from making any recommendation as to how Shareholders should vote on Resolution 4.

The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 4.

The Chairman intends to vote all undirected proxies (where the Chairman has been duly authorised to do so) in favour of Resolution 4.

Resolution 5
Refresh approval of the Fortescue Metals Group Ltd Performance Rights Plan

Resolution 5 seeks Shareholder approval, for the purposes of ASX Listing Rule 7.2 (Exception 13(b)), of the Fortescue Metals Group Ltd Performance Rights Plan (Performance Rights Plan) and the grant of performance rights and issue of fully paid ordinary shares upon vesting of the performance rights to eligible participants pursuant to the terms of the Performance Rights Plan as an exception to ASX Listing Rule 7.1 and for a period of three years from the date on which Resolution 5 is approved.

Shareholder approval of the Performance Rights Plan is required to ensure that securities granted or issued under the Performance Rights Plan are not counted in the Company's 15 per cent annual limit on issuing securities without Shareholder approval under ASX Listing Rule 7.1 (please see further explanation below). The Performance Rights Plan was last approved by Shareholders at the Company's 2018 Annual General Meeting on 15 November 2018. Accordingly, Shareholder approval is, once again, required to allow the Company to rely on the exception in ASX Listing Rule 7.2 (Exception 13(b)). Resolution 5 seeks to re-approve the Performance Rights Plan. A summary of the key terms of the Performance Rights Plan is attached as Annexure A to this Explanatory Statement.

Remuneration objectives of the Performance Rights Plan

Fortescue's reward strategy seeks to build a performance-oriented culture that:

- supports the achievement of the Company's strategic vision; and
- attracts, retains and motivates employees by providing market competitive fixed remuneration and incentives.

The reward strategy also supports Fortescue's commitment to achieving extraordinary growth and progression as one of the world's leading producers of iron ore by:

- being well positioned to deliver fair and market competitive rewards;
- supporting a performance based culture and acknowledging global industry outperformance; and
- aligning remuneration with the long-term goals of the Company.

Fortescue is committed to providing competitive remuneration packages to its employees. The Company benchmarks staff remuneration against major indices such as the ASX 30, ASX 50 and ASX 100 Resources, and seeks input from independent remuneration consultants regarding executive remuneration.

The Company's remuneration strategy and its approach to the offering of short term and long term incentives include the offer of performance based equity securities.

Executive short term incentives are awarded in the form of both cash and equity securities, with a maximum of 50 per cent in cash, under the terms of the Company's Executive and Senior Staff Incentive Plan (ESSIP). Long term incentives are delivered solely in the form of performance based equity securities under the terms of the Company's Long Term Incentive Plan (LTIP). The Performance Rights Plan allows the Company to achieve the objectives of its remuneration strategy by allowing the Company to grant performance rights under the Performance Rights Plan to executives and senior staff in satisfaction of the equity component of the ESSIP (ESSIP Performance Rights) and the LTIP (LTIP Performance Rights).

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Each performance right granted under the Performance Rights Plan will entitle the holder to be issued, transferred or allocated a fully paid ordinary share for nil consideration (unless the Board determines that an exercise price is required to be paid) subject to the satisfaction of any relevant vesting conditions and the exercise of the performance right (if required) within the vesting period.

Further information on the vesting conditions and other terms and conditions that will apply to the grant of performance rights under the Performance Rights Plan is set out below and in Annexure A to this Explanatory Statement.

Approval of the Performance Rights Plan under the ASX Listing Rules

ASX Listing Rule 7.1 provides that, subject to certain exceptions, a listed company must not issue or agree to issue in any 12-month period any equity securities (or other securities with rights to convert to equity, such as option or performance rights), if the number of those securities exceeds 15 per cent of the number of ordinary securities that the Company has on issue at the commencement of that 12-month period, other than with the prior approval of shareholders (**15 per cent Placement Capacity**).

ASX Listing Rule 7.2 (Exception 13(b)) is an exception to ASX Listing Rule 7.1 and provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue, shareholders have approved the issue of securities under the employee incentive scheme as an exception to ASX Listing Rule 7.1. The Performance Rights Plan was last approved by Shareholders at the 2018 Annual General Meeting of the Company. Accordingly, Shareholder approval is, once again, required to allow the Company to rely on the exception in ASX Listing Rule 7.2 (Exception 13(b)).

If Resolution 5 is approved, any equity securities that are issued under the Performance Rights Plan will not be counted towards the Company's 15 per cent Placement Capacity for a period of three years from the date that the resolution is approved. If Resolution 5 is not approved, equity securities that are issued under the Performance Rights Plan will either be counted towards the Company's 15 per cent Placement Capacity or the Company will be required to seek the prior approval of Shareholders in respect of each proposed issue under the Performance Rights Plan. Further, if Shareholder approval is not provided in respect of Resolution 5, the Board may need to consider alternative remunerations arrangements, which are consistent with the Company's remuneration objectives, including providing an equivalent cash long term incentive subject to risk of forfeiture, performance conditions and performance period.

Further Shareholder approval will be required before any Director, or related party, of the Company can participate in the Performance Rights Plan.

For the purposes of the Shareholder approval sought under, and in accordance with, ASX Listing Rule 7.2 (Exception 13(b)) and for all other purposes, the following information is provided to Shareholders in respect of the proposed approval of the Performance Rights Plan:

- a summary of the key terms of the Performance Right Plan is set out in Annexure A to this Explanatory Statement;
- 12,286,732 performance rights have been granted to eligible participants under the Performance Rights Plan since it was last approved by Shareholders in 2018; and
- the maximum number of equity securities that are proposed to be issued under the Performance Rights Plan following Shareholder approval is 12,000,000 securities. This figure is not an indication of the actual amount of Options that may be issued under the Performance Rights Plan, but is rather a "ceiling" for the purposes of ASX Listing Rule 7.2 (Exception 13(b)).

A voting exclusion applies to Resolution 5, as set out earlier in this Notice of Meeting.

Ms Elizabeth Gaines, the Managing Director and Chief Executive Officer of the Company, will participate in the Performance Rights Plan and so has an interest in Resolution 5. Accordingly, Ms Gaines refrains from making any recommendation as to how Shareholders should vote on the resolution.

The remaining Directors of the Company recommend that Shareholders vote in favour of Resolution 5.

The Chairman intends to vote all undirected proxies (where the Chairman has been duly authorised to do so) in favour of Resolution 5.

Resolution 6
Participation in the Fortescue Metals Group Ltd Performance Rights Plan by Ms Elizabeth Gaines

Subject to obtaining Shareholder approval in respect of Resolution 5, Resolution 6 seeks Shareholder approval in accordance with ASX Listing Rule 10.14 for the Company to grant 181,965 performance rights to Ms Elizabeth Gaines and for the subsequent issue, transfer or allocation of, and acquisition by Ms Elizabeth Gaines of, fully paid ordinary shares in respect of those performance rights under the Performance Rights Plan for all purposes, including pursuant to ASX Listing Rule 10.14, which provides that, subject to certain exceptions, a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the entity (ASX Listing Rule 10.14.1);
- an associate of a director of the entity (ASX Listing Rule 10.14.2); or
- a person whose relationship with the entity or a person referred to in ASX Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders (ASX Listing Rule 10.14.3), unless it obtains Shareholder approval.

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The Performance Rights Plan is an employee incentive scheme for the purposes of the ASX Listing Rules.

The proposed grant of 181,965 performance rights to, and the acquisition of shares in respect of those performance rights by, Ms Gaines, Managing Director and Chief Executive Officer of the Company, in accordance with the terms of the Performance Rights Plan falls within ASX Listing Rule 10.14.1 and would, therefore, require Shareholder approval under the ASX Listing Rule 10.14, unless an exception applies. However, it is currently intended that the Company will purchase the equity securities required to satisfy any award that vests in respect of the performance rights on-market and ASX Listing Rule 10.16 provides that ASX Listing Rule 10.14 does not apply to securities purchased on-market by, or on behalf of, directors or their associates under an employee incentive scheme, where the terms of the scheme permit such purchases (as is the case under the terms of the Performance Rights Plan).

Accordingly, the Company is not strictly required to seek Shareholder approval under ASX Listing Rule 10.14 in respect of the proposed grant of performance rights to, and subsequent acquisition of shares by, Ms Gaines. However, in the interests of good governance, transparency and to preserve flexibility in case, for any reason, it is ultimately considered in the Company's best interests to issue shares, rather than acquire them on-market, Resolution 6 seeks Shareholder approval in respect of the grant of 181,965 performance rights to Ms Gaines, and the issue, transfer or allocation of, and acquisition by Ms Gaines of shares in respect of those performance rights, under the Performance Rights Plan for the purposes of ASX Listing Rule 10.14 and all other purposes.

If Shareholder approval is given in respect of Resolution 6, the Company will be permitted to proceed with the grant of 181,965 performance rights, and to issue, transfer or allocate shares in respect of those performance rights to Ms Gaines, in accordance with the terms of the Performance Rights Plan. Further, as Shareholder approval under ASX Listing Rule 7.1 is not required for issues of equity securities that have received Shareholder approval under ASX Listing Rule 10.14, the grant of performance rights to Ms Gaines (and any subsequent acquisition of shares to satisfy any award that vests), will not be included in the calculation of the Company's 15 per cent Placement Capacity for the purposes of ASX Listing Rule 7.1.

If Shareholder approval in respect to Resolution 6 is not given, provided that Shareholder approval is given in respect of Resolution 5, the Company will proceed with the grant of 181,965 performance rights to Ms Gaines in accordance with the terms of the Performance Rights Plan on the basis that, as noted above:

- the terms of the Performance Rights Plan have been approved by Shareholders pursuant to Resolution 5; and
- the Company is not strictly required to seek Shareholder approval under ASX Listing Rule 10.14 in respect of the proposed grant of performance rights to, and subsequent acquisition of shares by, Ms Gaines as it is currently intended that the Company will purchase the equity securities required to satisfy any award that vests in respect of the performance rights on market.

However, in such circumstances, the Company will not be able to issue shares to Ms Gaines to satisfy any award that vests under the Performance Rights Plan and will be required to acquire such shares on-market.

For the purposes of the Shareholder approval sought under ASX Listing Rule 10.14, and in accordance with the requirements of ASX Listing Rule 10.15 and for all other purposes, the following information is provided to Shareholders in respect of the proposed grant of performance rights under the Performance Rights Plan to Ms Elizabeth Gaines.

Participation

As noted above, it is proposed that the Company grant 181,965 performance rights in accordance with the Performance Rights Plan to Ms Gaines, who is Managing Director and Chief Executive Officer of the Company, and as such falls within the category of persons referred to in ASX Listing Rule 10.14.1. The Company is seeking Shareholder approval at this Annual General Meeting in respect of the grant of performance rights to Ms Gaines under the Performance Rights Plan for the financial year ending 30 June 2022.

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Details of Ms Gaines' current total remuneration

Under the Performance Rights Plan, performance rights may be granted to the Managing Director and Chief Executive Officer, Ms Elizabeth Gaines, as part of her reasonable remuneration. Ms Gaines' current total remuneration effective 1 July 2021 is detailed below:

	Maximum ESSIP opportunity		Maximum LTIP opportunity		
TFR[1] (A$)	% of TFR	A$	% of TFR	A$	Nominal Total Remuneration
2,080,000	112.5	2,340,000	150.0	3,120,000	7,540,000



Number of performance rights which may be granted

The number of performance rights that may be granted to Ms Gaines under the Performance Rights Plan, specifically the Executive and Senior Staff Incentive Plan (**ESSIP**) and Long Term Incentive Plan (**LTIP**) is as follows:

	For the financial year ending 30 June 2022
ESSIP Performance Rights	49,627
LTIP Performance Rights	132,338
Total	181,965

The grant of performance rights under the Performance Rights Plan, including the ESSIP and LTIP, forms part of the Company's remuneration strategy, which seeks to build a performance oriented culture that:

- supports the achievement of the Company's strategic vision; and
- attracts, retains and motivates employees by providing market competitive fixed remuneration and incentives.

The reward strategy also supports Fortescue's commitment to achieving extraordinary growth and progression as one of the world's leading producers of iron ore by:

- being well positioned to deliver fair and market competitive rewards;
- supporting a performance based culture and acknowledging global industry outperformance; and
- aligning remuneration with the long-term goals of the Company.

The Board is of the view that the grant of performance rights to Ms Gaines under the Performance Rights Plan forms an important part of the Company's Managing Director and Chief Executive Officer's remuneration and provides an appropriate and meaningful variable remuneration component that is aligned with the long-term success of the Company, Shareholder interests and current market practice.

The number of performance rights that may be granted to Ms Gaines in respect of the financial year ending 30 June 2022 has been determined as follows:

- Ms Gaines' maximum value in respect of the FY22 ESSIP Performance Rights is A$2,340,000 (being 112.5 per cent of Total Fixed Remuneration);
- a minimum of 50 per cent of the FY22 ESSIP Performance Rights are awarded in vested rights and the participant has the option to elect up to 100 per cent of the FY22 ESSIP Performance Rights in vested rights;
- Ms Gaines' maximum value in respect of the FY22 LTIP Performance Rights is A$3,120,000 (being 150 per cent of Total Fixed Remuneration);
- the LTIP Performance Rights are awarded entirely in vested rights; and
- the maximum value of both the FY22 ESSIP Performance Rights and FY22 LTIP Performance Rights has been divided by the volume weighted average share price of the fully paid ordinary shares of Fortescue traded over the first 5 days of the performance period, being A$23.576.

The value that Ms Gaines actually receives from the grant of performance rights will depend upon the number of performance rights that vest (if any) and the value of the Company's fully paid ordinary shares at such time. Further, the number of performance rights that ultimately vest will depend on the extent to which the vesting conditions and other conditions attached to each performance right are satisfied over the vesting period.

[1]Total Fixed Remuneration, inclusive of superannuation.

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Valuation of Performance Rights

The estimated fair value of the FY22 ESSIP Performance Rights was determined using a binomial option pricing model and the estimated fair value of the FY22 LTIP Performance Rights was determined using a combination of both analytical approaches and a binomial option pricing model. The fair value estimation takes into account the exercise price, the effective life of the performance right, the impact of dilution, an indicative share price for the grant date (14 September 2021 as an indicative price), expected price volatility of the underlying share, the effect of additional market conditions, the expected dividend yield, estimated share conversion factor and the risk-free interest rate for the term of the performance right.

For the financial year ending 30 June 2021	FY22 ESSIP	FY22 LTIP
Number of Performance Rights	49,627	132,338
5-day VWAP	A$23.576	A$23.576
Share price at 14 September 2021	A$18.08	A$18.08
Exercise price	nil	nil
Volatility	38%	38%
Effective life	1.0 years	3.0 years
Dividend yield	8.7%	8.7%
Risk-free interest rate	-0.02%	0.20%
Estimated FV per performance right	A$16.63	A$13.47
Estimated FV	A$825,297	A$1,782,593

Entitlement to shares

Subject to the terms of the Performance Rights Plan, the satisfaction of vesting conditions and other conditions attached to performance rights, each performance right entitles the holder to be issued, transferred or allocated one fully paid ordinary share in the Company for nil consideration. Under the Performance Rights Plan, shares will only be issued, transferred or allocated to recipients (and value received) upon the vesting of relevant performance rights.

Vesting conditions

Under the Performance Rights Plan, the Board must determine the vesting conditions that will apply to the vesting of performance rights prior to the date of grant of those performance rights. Further information regarding the vesting conditions is set out below.

Vesting period

The vesting period during which each of the vesting conditions attached to the performance rights to be granted in respect of the financial year ending 30 June 2022 under this resolution must be satisfied is as follows:

- in relation to the ESSIP Performance Rights, from 1 July 2021 to 30 June 2022; and
- in relation to the LTIP Performance Rights, from 1 July 2021 to 30 June 2024.

At the end of the vesting period, the vesting conditions, as further particularised below, will be assessed to determine the number of ESSIP Performance Rights and LTIP Performance Rights (as the case may be) that vest.

ESSIP Performance Rights

The vesting of ESSIP Performance Rights granted to Ms Gaines will be dependent upon an assessment of the Company performance against certain objectives, which are designed to drive both a short and long-term perspective on performance and protect the long-term interests of Shareholders.

The financial performance measures of the ESSIP were chosen as they represent the key drivers for the short-term success of the Company and provide a framework for delivering long-term value. The non-financial component of the ESSIP is measured with reference to an assessment against a range of measures. A majority of the non-financial measures are quantitative based.

By way of summary, the targets and objectives that the Board, on the recommendation of the Remuneration and People Committee, has determined will apply to ESSIP Performance Rights to be granted to Ms Gaines are as follows.

Category	Sub-Category	Objective	Financial / non-financial targets
Operations	Safety	Target percentage reduction in Total Recordable Injury Frequency Rate (TRIFR)	Non-financial
	Production	Target tonnes shipped	Financial
	Cost	Target cost per tonne shipped	Financial
	Cash flow	Target capital expenditure	Financial
	Revenue	Targets in relation to EBITDA margin, product and customer mix	Financial
People and culture	Culture	Targets informed by the Company's Safety Excellence and Culture Survey and Diversity Strategy	Non-financial
Strategic KPIs	Growth	Targets in respect to: ▪ Product Strategy ▪ Emissions Reduction ▪ Green Iron ▪ People Strategy	Financial and non-financial

Once the Board has assessed overall performance of the Company at the end of the vesting period, based on the vesting conditions determined prior to the commencement of that period, and determined the extent of vesting of the ESSIP Performance Rights, the results achieved will be communicated to Ms Gaines and to Shareholders as part of the Company's annual remuneration reporting obligations.

LTIP Performance Rights

LTIP Performance Measures

The Board has determined that the vesting conditions applicable to the LTIP Performance Rights to be granted under Resolution 6 shall include the following performance measures, which shall be weighted as set out below.

Performance measure	Weighting of measures (%)
Absolute Return on Equity	33
Relative Total Shareholder Return	33
Strategic Objectives	34

The Board will assess overall performance of the Company at the end of the three-year vesting period, based on the vesting conditions determined prior to the commencement of that period. This assessment will determine the extent of vesting of the LTIP Performance Rights. The results achieved will be communicated to LTIP participants (including Ms Gaines) and to Shareholders as part of the Company's annual remuneration reporting obligations.

Measurement of performance and maximum performance cap

Each of the performance measures provide for a determination by the Board that the Company has performed at a 'Threshold', 'Target' or 'Stretch' level. These graduated levels of performance have been included in order to align and reward LTIP participants through market cycles. In the event that performance is at the "Target" level in respect of the relevant performance measure, the LTIP participants will be entitled to 100 per cent of the tranche of LTIP Performance Rights to which the performance measure relates. Where performance is at the "Stretch" level, the LTIP participants will be entitled to 150 per cent of the tranche of LTIP Performance Rights to which the performance measure relates.

Nevertheless, if the target for any individual performance measure is exceeded, so that up to 150 per cent of the relevant number of LTIP Performance Rights may vest, the total number of LTIP Performance Rights that may vest across the three performance measures is capped in aggregate at 100 per cent (of the LTIP Performance Rights the subject of the applicable vesting period). The Board believes that by incorporating the 'Stretch' level of performance into the vesting schedule, the Company will be better able to effectively reward and recognise LTIP participants in years where outstanding performance is achieved. This will serve as further motivation and assist in retention through more challenging periods.

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Maximum Value Limit

Awards made under the LTIP from FY21 onwards, are subject to a Maximum Value Limit which caps the number of share rights that will vest in circumstances where there has been a significant increase in share price over the performance period. The Maximum Value Limit baseline is 50 per cent share price growth over the performance period noting that the Board may approve higher levels of vesting when considering Company performance and/or any other fact, event or circumstance that may impact the outcomes of the LTIP. In determining the level of the Maximum Value Limit to be applied, the Board will have consideration to any perceived windfall gain in Fortescue's share price, influenced in part by iron ore prices outside the control of management.

Absolute Return on Equity (AROE)

AROE performance is measured over the three-year performance period with targets established at the beginning of the performance period.

The AROE vesting schedule in respect of LTIP Performance Rights to be granted to Ms Gaines is as follows:

AROE performance	AROE (%)	Portion of tranche that vests (%)
Below Threshold	< 25%	Nil
Threshold	25%	25% of share rights vest
Target	30%	100% of share rights vest
Stretch	>35%	150% of share rights vest

* Vesting of awards is granted on a pro-rata basis for performance between Threshold, Target and Stretch.

Relative Total Shareholder Return (TSR)

TSR is a measure of the performance of the Company's shares over a three-year period against the ASX 100 Resources Index. It combines share price appreciation and dividends paid to show the total return to the Shareholder expressed as a percentage. The use of TSR relative to a peer group is well accepted by the market. Relative TSR hurdles are valuable because the Company needs to outperform a peer group for participants to receive any rewards and, therefore, is aligned to relative market performance. A further consideration for the Board in using relative TSR is the selection of the peer group. The ASX100 Resources Index has been chosen as the comparator group because this is a transparent market indicator and includes Fortescue's ASX listed commodity market peers.

TSR performance	TSR percentile ranking (%)	Portion of tranche that vests
Below Threshold	Below the 60th percentile	Nil
Threshold	At the 60th percentile	25% of share rights vest
Target	At the 80th percentile	100% of share rights vest
Stretch	At the 100th percentile	150% of share rights vest

* Vesting of awards is granted on a pro-rata basis for performance between Threshold, Target and Stretch. The above levels for determining TSR performance may not be modified during the vesting period.

Strategic Objectives

In line with the recommendations of the Remuneration and People Committee, the LTIP performance measures comprise strategic measures with associated key performance indicators for the Company aimed at directing performance towards the Company's long-term objectives (strategic objectives). Whether a strategic objective has been achieved is measured at the end of the vesting period on an outcome basis.

In respect of the LTIP Performance Rights to be granted to Ms Gaines, the Board, on the recommendation of the Remuneration and People Committee, has selected the following list of Strategic Objectives.

Performance measure	Objective (KPI)
Strategic measures	Targets in respect to: ▪ Resource enhancement/mine life ▪ Technology Development ▪ Magnetite growth ▪ Energy strategy and emissions reduction ▪ Access to inventory

The achievement of the strategic objectives is assessed on an overall basis at the absolute discretion of the Board and is subject to a score of between zero and 15. The relevant portion of LTIP Performance Rights that would vest is then determined by reference to the total score achieved as follows:

Strategic objective performance	Score	Portion of tranche that vests (%)
Below threshold	<5	Nil
Threshold	5	25% of share rights vest
Target	10	100% of share rights vest
Stretch	15	150% of share rights vest

* Vesting of awards is granted on a pro-rata basis for performance between Threshold, Target and Stretch.

Price

No consideration is payable by Ms Gaines in respect of:

- the grant of performance rights under the Performance Rights Plan; or
- the issue, transfer or allocation of shares upon the vesting and exercise of performance rights granted under the Performance Rights Plan.

Timing of grant of performance rights

It is proposed that the performance rights will be granted to Ms Gaines as soon as practicable after the Annual General Meeting and in any event no later than 12 months after the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

Summary of the material terms of the Performance Rights Plan

Issue, transfer or allocation of shares on vesting of performance rights

The shares to be provided on vesting and exercise (if required) of the performance rights may be issued by the Company or acquired on market by the Company (or any trustee of the Performance Rights Plan) and transferred or allocated to the holder of the performance right. Any shares issued under the Performance Rights Plan will rank equally with those traded on the ASX at the time of issue. The Board may impose restrictions on the transferability of a share issued, transferred or allocated to a participant following vesting of a performance right, which shall be set out in the invitation.

Cessation of employment

On cessation of Ms Gaines' employment, Ms Gaines will be entitled to retain a pro-rata portion of her unvested performance rights, which may vest, subject to satisfaction of the applicable vesting conditions, in accordance with the original terms of their grant at the end of the vesting period.

Clawback Policy

Fortescue operates a Clawback Policy, which applies to both the ESSIP and LTIP. Clawback may be initiated at the discretion of the Board, including where, in the opinion of the Board:

- a participant has engaged in fraud, dishonesty or gross misconduct, breached her or his obligations to Fortescue Metals Group or there is a material misstatement of financial information;
- an award, which would not have otherwise vested, vests or may vest as a result of the fraud, dishonesty or breach of obligations of any other person; or
- circumstances have occurred that result in an unfair benefit being obtained by any participant.

The Board's discretion, with respect to the operation of the Clawback Policy, is considered standard market practice and an appropriate mechanism to ensure the Board has sufficient flexibility to respond to changing or unexpected circumstances (should they arise).

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Change of Control

On a change of control event (which includes a takeover, merger, any person acquiring a relevant interest in more than 50 per cent of the issued share capital in the Company and other similar events) the Board may waive some or all of the vesting conditions or other conditions applicable to the performance rights or shares, in its absolute discretion.

Entitlements under performance rights

The performance rights do not entitle the holder to exercise any votes in respect of the share to which the performance right relates, nor is the holder entitled to participate in any dividend or any new issue of securities by the Company in respect of that performance right. After vesting a participant may, depending upon the particular terms of grant, be entitled to receive a payment equivalent to the total accumulated dividends received during the period prior to the vesting of the performance rights.

No loans

No loans have or will be made by the Company to Ms Gaines regarding the grant of the relevant performance rights or acquisition of equity securities in relation to such performance rights.

Number of securities previously issued to Ms Gaines under the Performance Rights Plan

- Since the Performance Rights Plan was approved by Shareholders in 2018, Ms Gaines has been granted 1,541,625 performance rights (of which 514,057 have yet to vest, 433,533 have vested and 594,035 have lapsed).
- All shares provided to Ms Gaines on vesting and exercise of the performance rights granted under the Performance Rights Plan were acquired by the Company on-market.
- No acquisition price was payable by Ms Gaines for the grant of the performance rights or for the issue, transfer or allocation of shares upon the vesting and exercise of performance rights granted under the Performance Rights Plan.

Details of any securities issued under the Performance Rights Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. However, it should be noted that no other person in ASX Listing Rule 10.14 has been granted performance rights since the Performance Rights Plan was approved by Shareholders in 2018.

Any additional persons covered by ASX Listing Rule 10.14, who become entitled to participate in an issue of securities under the Performance Rights Plan after Resolution 6 is approved and who were not named in this Notice of Meeting, will not participate in the Performance Rights Plan until approval is obtained under ASX Listing Rule 10.14. Noting that Ms Gaines is the only person referred to in ASX Listing Rule 10.14 eligible to participate in the Performance Rights Plan.

Voting Exclusion Statement

A voting exclusion statement in respect of Resolution 6 is set out in the Notice of Meeting.

Other Implications

- No funds will be raised from the grant of performance rights or the issue, transfer or allocation of shares to Ms Gaines following the vesting and exercise of the performance rights. If shares will be transferred or allocated, rather than issued upon vesting and exercise, funds will be expended by the Company to acquire shares on-market.
- Australian International Financial Reporting Standards require the performance rights to be expensed in accordance with Australian Accounting Standards Board Accounting Standard 2 – Share Based Payments. Expensing performance rights will have the effect of increasing both the expenses and contributed equity of the Company.
- There are no significant opportunity costs to the Company or benefits foregone by the Company in granting performance rights.
- The grant of performance rights to Ms Gaines under the Performance Rights Plan will not have a diluting effect on the percentage interest of Shareholders' holdings if following the vesting and exercise (if required) of the performance rights the shares transferred or allocated to Ms Gaines are acquired on-market.
- In accordance with ASX Listing Rule 7.2 (exception 14), if Shareholder approval for the grant of performance rights is given under ASX Listing Rule 10.14, Shareholder approval is not required for the purposes of ASX Listing Rule 7.1.

Annual Report

Full details of Ms Gaines' holdings of interests in the Company are set out in the Company's 2021 Annual Report.

Directors' Recommendation

Ms Elizabeth Gaines, Managing Director and Chief Executive Officer of the Company, has an interest in Resolution 6. Accordingly, Ms Gaines refrains from making any recommendation as to how Shareholders should vote on the Resolution.

The Company's remaining Directors recommend that Shareholders vote in favour of Resolution 6.

The Chairman intends to vote all undirected proxies (where the Chairman has been duly authorised to do so) in favour of Resolution 6

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Resolutions 7 and 8
Resolutions requisitioned by a group of Shareholders – ACCR

A group of Shareholders, led by the Australasian Centre for Corporate Responsibility (ACCR), who hold approximately 0.0048 per cent of the Company's fully paid ordinary shares have proposed Resolutions 7 and 8 under section 249N of the Corporations Act. These Shareholders have also requested that the statements set out in Annexure B to this Explanatory Statement be provided to Shareholders pursuant to section 249P of the Corporations Act.

Resolutions 7 and 8 are not endorsed by the Board. The Board has considered Resolutions 7 and 8 and the supporting statements put forward in relation to each of them and considers that Resolutions 7 and 8 are not in the best interests of the Shareholders, as a whole, and recommends that you vote against Resolutions 7 and 8.

Resolution 7
Special resolution to amend our Company's Constitution

Resolution 7 seeks Shareholder approval of an amendment to the Company's Constitution. Resolution 7 has been proposed by Shareholders under s249N of the Corporations Act. The Board's intention is to allow reasonable opportunity at the Meeting to take questions from Shareholders on Resolution 7.

The requisitioning Shareholders' statement in relation to Resolution 7 is set out in Annexure B to this Explanatory Statement.

Statement by the Board

The Board respects the right of Shareholders to requisition resolutions and has carefully considered the proposal to amend the Constitution. However, the Board does not consider this resolution to be in the best interests of the Company and recommends that Shareholders vote against it for the reasons set out below.

This resolution proposes to insert a new provision in the Company's Constitution which would enable Shareholders, by ordinary resolution, to express an opinion, ask for information or make a request about the way in which the management of the business and affairs of the Company has been or should be exercised.

Shareholders already have a right under the Corporations Act to put effective resolutions to general meetings. In addition, there are a number of avenues available to them to express their opinions about the management of the Company. At any time during the year, Shareholders can contact the Company, and many do, to express opinions or ask questions. The Company's investor relations staff are diligent in ensuring such correspondence is properly addressed and responded to. Shareholders can attend and ask questions at general meetings of the Company, or submit questions to the meeting when they are unable to attend in person. Webcasts of Annual General Meetings are available on the Fortescue website, along with copies of other investor briefings.

Fortescue regularly and constructively engages with Shareholders and wider stakeholder groups on the Company's strategy, operations and activities, and performance. Through this process, the Company receives and takes into account feedback on its strategy, outlook and reporting to shareholders and other stakeholders. For example, Fortescue's annual Climate Change Report has responded to Shareholder and stakeholder interests. We have consistently improved the quality and nature of that report as stakeholders, including Shareholders, have sought more information, and it is published in time for Shareholders to read it while considering AGM materials. These engagements with Shareholders and communication efforts occur because the Company respects and values the views of Shareholders without the need for any constitutional provision.

Creating a constitutional power to express an opinion or make a request on the exercise of powers vested in the Directors would allow groups of Shareholders to use the general meeting process as a public platform to pursue single issues or their individual interests, which may not be in the broader interests of the Company or Shareholders as a whole. Interest and advocacy groups have other avenues to engage with the Company that are more appropriate.

The proposed amendment will not improve the ability for Shareholders as a whole to be heard and to express their opinions about the management of the Company. The Directors are of the view that the proposed resolution could adversely impact on the governance of the Company. The power to manage the business of the Company is conferred upon the Board by the Constitution. It is important that the Directors are able to make decisions about the affairs of the Company in the interests of Shareholders as a whole, using their professional expertise and business judgement. Shareholders have the ability to hold Directors to account for their decisions and actions by voting on the appointment and removal of Directors.

Having regard to these reasons, the Board considers the proposed amendment to the Company's Constitution is not necessary or in the best interests of Shareholders as a whole.

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Directors' Recommendation

Resolution 7 is **NOT ENDORSED** by the Board.

The Board recommends that Shareholders vote **AGAINST** Resolution 7, for the reasons set out in the Statement by the Board.

The Chairman intends to vote all undirected proxies (where the Chairman has been duly authorised to do so) **AGAINST** Resolution 7

Resolution 8
Support for Improvement to Western Australian Cultural Heritage Protection Law

The validity of Resolution 8 is conditional on Resolution 7 being passed by the requisite majority. Resolution 8 has been proposed by Shareholders under s249N of the Corporations Act.

The requisitioning Shareholders' statement in relation to Resolution 8 is set out in Annexure B to this Explanatory Statement.

Statement by the Board

Fortescue acknowledges the Interim Report of the Joint Parliamentary Committee on Northern Australia's interim report entitled Never Again published on 9 December 2020 ('Interim Report').

Fortescue acknowledges the Puutu Kunti Kurrama and Pinikura peoples and their grief over the loss of cultural heritage at Juukan Gorge that is considered highly significant to them.

Since the commencement of its operations in the Pilbara, Fortescue has worked closely and transparently with Native Title partners to protect and avoid more than 6,000 heritage places with a primary objective of avoidance of heritage places of cultural significance. Fortescue has seven Land Access Agreements and many dozens of Aboriginal heritage agreements in place.

Considering paragraph (a) of resolution 8 and the quoted part of Recommendation 2 of the Interim Report, Fortescue is committed to the protection of Aboriginal heritage and the modernisation of Western Australia's Aboriginal Heritage protection legislation that prioritises agreement making between the parties, an increased voice for Aboriginal people and equitable rights of appeal for all parties.

Fortescue is supportive of part (a) the quoted part of Recommendation 2, however, in the event that agreement cannot be reached with the relevant Native Title owners, Fortescue is of the opinion that it is appropriate that the State Government retains the role of decision maker, balancing the interests of all Australians.

Fortescue notes that the Aboriginal Cultural Heritage Bill 2020 (ACH Bill) has been in development for three years and has been the subject of consultation processes including consultation with WA Aboriginal Traditional Owners and their representative organisations.

Therefore, with regard to part (b) of Resolution 8, Fortescue considers that delaying the implementation of the ACH Bill will not benefit any party and may unnecessarily delay beneficial initiatives for the purposes of protecting cultural heritage in the State.

Noting the above responses to parts (a) and (b) of Resolution 8, Fortescue does not consider it appropriate to align the advocacy of trade associations of which the Company is a member with the proposed resolution. Fortescue is not a member of the Minerals Council of Australia.

Requests to join industry groups and associations are subject to an assessment process that considers a range of matters including the benefits to Fortescue, the group's alignment with our Values and policies, governance structures and any ongoing conditions or obligations.

All new memberships must be approved by the Director Sustainability and Corporate Affairs and the Chief Executive Officer.

Fortescue is a member of a large range of industry groups and associations. These groups enable us to contribute towards a coordinated approach in the development of effective policy frameworks, facilitate the sharing of best practice and allow us to access information and insights on material issues, including climate change. These memberships also provide the opportunity for us to influence and encourage the adoption of leading practice by other organisations.

We consider our memberships annually to ensure they continue to provide value and align with our Values and objectives. A list of the industry groups and associations we participated in during FY21 is included in our FY21 Sustainability Report.

Directors' Recommendation

Resolution 8 is **NOT ENDORSED** by the Board.

The Board recommends that Shareholders vote **AGAINST** Resolution 8, for the reasons set out in the Statement by the Board.

The Chairman intends to vote all undirected proxies (where the Chairman has been duly authorised to do so) **AGAINST** Resolution 8.

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Annexure A

Summary of the Fortescue Metals Group Ltd Performance Rights Plan

The key terms and conditions of the Performance Rights Plan are summarised below.

Board

The Board, or a duly appointed committee of the Board, is responsible for the operation of the Performance Rights Plan.

Participants

a) Executive Directors, full-time, part-time and casual employees, and contractors of the group are all eligible to participate in the Performance Rights Plan.

b) Non-Executive Directors are not eligible to participate in the Performance Rights Plan.

Eligibility

The Board has an absolute discretion to determine the eligibility of participants. Some of the factors that the Board may have regard to in determining eligibility include:

a) the seniority of the participant and the position the participant occupies within the group;

b) the length of service of the participant with the group;

c) the record of employment of the participant with the group;

d) the potential contribution of the participant to the growth and profitability of the group;

e) the extent (if any) of existing participation in the Performance Rights Plan by the participant; and

f) any other matters the Board considers relevant.

Number of performance rights

a) The Board has discretion to determine the number of performance rights offered to participants, however in accordance with applicable law, the Board will ensure that the number of performance rights offered to eligible participants over a three year period does not exceed 5 per cent of the Company's issued capital.

b) Further, in determining the number of performance rights to be granted to participants, the Board will have regard to: (i) current market practice; and (ii) the overall cost to the Company of grants under the Performance Rights Plan.

No payment on grant or vesting

Unless the Board determines otherwise, no payment is required for the grant, on the vesting, or the issue, transfer or allocation of shares following vesting, of a performance right.

Vesting conditions

Vesting of the performance rights is conditional on the participant satisfying the pre-determined vesting conditions determined by the Board by the end of the vesting period. The vesting period applicable to performance rights is the period determined by the Board.

Vesting of performance rights

The performance rights will only vest if the participant meets any specified vesting conditions within the vesting period. The Board retains a residual discretion to reduce the number of performance rights that will vest depending upon the particular circumstances. If the terms of grant require the performance rights to be exercised, the participant must exercise the performance rights in order for vesting to occur. Any performance rights, which have not vested within the vesting period, will lapse.



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Entitlements under performance rights

The performance rights do not entitle the holder to exercise any votes in respect of the shares to which the performance right relates, nor is the holder entitled to participate in any dividend or any new issue of securities by the Company in respect of that performance right. After vesting a participant may, depending upon the particular terms of grant, be entitled to receive a payment equivalent to the total accumulated dividends received during the period prior to the vesting of the performance rights.

Issue, transfer or allocation of shares on vesting of performance rights

The shares to be provided on vesting and exercise (if required) of the performance rights may be issued by the Company or acquired on market by the Company (or any trustee of the Performance Rights Plan) and transferred or allocated to the holder of the performance right.

Any shares issued under the Performance Rights Plan will rank equally with those traded on the ASX at the time of issue.

The Board may impose restrictions on the transferability of a share issued, transferred or allocated to a participant following vesting of a performance right, which shall be set out in the invitation.

Cessation of employment

On a participant's cessation of employment, subject to the particular terms of grant, the Board may determine that some, or all, of the participant's performance rights or restricted shares lapse, vest, are exercisable for a prescribed period (if applicable), or are no longer subject to some or all applicable restrictions.

Change of Control

On a change of control event (which includes a takeover, merger, any person acquiring a relevant interest in more than 50 per cent of the issued share capital in the Company and other similar events), the Board may waive some, or all, of the vesting conditions or other conditions applicable to the performance rights or shares, in its absolute discretion.

Capital reorganisation

In the event of any capital reorganisation or other similar supervening event, performance rights may be adjusted having regard to the ASX Listing Rules and on the basis that participants do not receive any advantage or disadvantage from such an adjustment.

Clawback provision

Clawback will be initiated at the discretion of the Board, including where, in the opinion of the Board:

a) a Participant has engaged in fraud, dishonesty or gross misconduct, breached his or her obligations to the Group or there is a material misstatement of financial information;

b) an Award, which would not have otherwise vested, vests or may vest as a result of the fraud, dishonesty or breach of obligations of any other person; or

c) circumstances have occurred that result in an unfair benefit being obtained by any Participant.

In such circumstances, the Board may determine the treatment in relation to the performance rights or shares issued on vesting.

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Annexure B

Statements pursuant to section 249P of the Corporations Act

The Shareholders who requisitioned Resolutions 7 and 8 have requested, pursuant to section 249P of the Corporations Act, that the following statements accompany such resolutions.

The Company is required by law to circulate these statements to Shareholders. However, the Board and the Company do not endorse and are not responsible for the contents of the statements or for inaccurate or misleading statements contained in them.

Supporting statement in relation to Resolution 7

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. As a shareholder, the Australasian Centre for Corporate Responsibility (ACCR) favours policies and practices that protect and enhance the value of our investments.

The Constitution of our Company is not conducive to the right of Shareholders to place ordinary resolutions on the agenda of the Annual General Meeting (AGM). In our view, this is contrary to the long-term interests of our Company, our Company's Board, and all Shareholders in our Company.

Australian legislation and its interpretation in case law means that Australian Shareholders are unable to directly propose ordinary resolutions for consideration at Australian Companies' AGMs. In Australia, the Corporations Act 2001 provides that 100 shareholders or those with at least 5 per cent of the votes that may be cast at an AGM with the right to propose a resolution.[1] However, section 198A specifically provides that management powers in a company reside with the Board.[2]

Case law in Australia has determined that these provisions, together with the common law, mean that Shareholders cannot by resolution either direct that the Company take a course of action, or express an opinion as to how a power vested by the company's constitution in the Directors should be exercised.

Australian Shareholders wishing to have a resolution considered at an AGM have dealt with this limitation by proposing two part resolutions, with the first being a 'special resolution,' such as this one, that amends the Company's constitution to allow ordinary resolutions to be placed on the agenda at a company's AGM. Such a resolution requires 75 per cent support to be effective, and as no resolution of this kind has ever been supported by management or any institutional investors, none have succeeded.

It is open to our Company's Board to simply permit the filing of ordinary resolutions, without the need for a special resolution. We would welcome this. Permitting the raising of advisory resolutions by ordinary resolution at a company's AGM is global best practice, and this right is enjoyed by shareholders in any listed company in the UK, US, Canada or New Zealand.

We note that the drafting of this resolution limits the scope of permissible advisory resolutions to those related to "an issue of material relevance to the company or the company's business as identified by the company" and that recruiting 100 individual shareholders in a company to support a resolution is by no means an easy or straightforward task. Both of these factors act as powerful safeguards against 'opening the floodgates' to a large number of frivolous resolutions.

ACCR urges shareholders to vote for this proposal.

Supporting statement in relation to Resolution 8

ACCR files these resolutions with the support of the National Native Title Council ("NNTC") and the Western Australian Aboriginal Heritage Alliance.

Following the detonation of the Juukan Gorge Caves in the Pilbara, Western Australia on 24 May 2020, the bipartisan Commonwealth Parliamentary Committee on Northern Australia launched an inquiry into the circumstances leading to the destruction of the caves ("Juukan Inquiry").

On 9 December 2020 the Juukan Inquiry released its interim report entitled Never Again[3] ("Interim Report").

Juukan Inquiry Findings and Recommendations

The Juukan Inquiry's Interim Report highlighted the inadequacy of existing cultural heritage protection regulation in Western Australia as instrumental to the destruction of Juukan Gorge:

"...The legal framework for the protection of Aboriginal heritage in Western Australia and at the Federal level is completely inadequate..."[4]

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The Juukan Inquiry recommended, among other things, that the Western Australian Government

"Replace the Aboriginal Heritage Act 1972 with stronger heritage protections as a matter of priority, noting the progress already made in consultation on the draft Aboriginal Cultural Heritage Bill 2020. Any new legislation must as a minimum ensure Aboriginal people have meaningful involvement in and control over heritage decision making, in line with the internationally recognised principles of free, prior and informed consent, including relevant Registered Native Title Bodies Corporate under the Native Title Act..."[5]

Aboriginal Cultural Heritage Bill 2020

In fact, the WA Aboriginal Heritage Act 1972 has been under review for over two years. WA Government has announced its intention to enact the Aboriginal Cultural Heritage Bill 2020 (Bill) in coming months.

However WA and national First Nations peak bodies and representatives have criticised both the content of the Bill as well as the process by which it has been formulated.

The Bill is criticised as falling short of good practice and FPIC standards. Among other things:

Important decisions about the level of applicable cultural heritage protection are put in the hands of mining proponents; the Minister retains the ultimate discretion to permit the destruction of heritage; affected Aboriginal people do not have power to prevent the destruction of heritage; key aspects of the Bill's operation are subject to Ministerial regulations which have not been revealed; and the proposed framework for Aboriginal consultation relies on local Aboriginal organisations for which no funding or support is identified.[6]

The NNTC and WA Alliance also contend that consultations about the Bill have been cursory and inadequate. We are informed that there has been little if any consultation with First Nations interests on the current draft of the Bill.

Implications for Shareholders

The destruction of the Juukan Gorge Caves has brought into focus the unacceptable social, reputational and business risks arising from a weak heritage protection regulatory framework and consequent de facto industry self-regulation in the context of mining and cultural heritage protection. To mitigate these risks, mining activities need to be regulated by adequate legislative and policy standards.

Apart from loss of reputation and senior executives suffered by Rio Tinto Ltd last year as a consequence of the Juukan Gorge Caves destruction, it is also well-known that "the fallout [to Rio Tinto] from its bid to mine the $US135 million [Brockman] deposit has forced it to remove about $US11 billion worth of iron-ore reserves, at today's prices, from its plans".[7]

Our Company operates in the same mining province as Rio Tinto; has a contestable record of dealings with Native Title holders affected by its tenures and operations; and has taken advantage of the same permissive regulatory environment against the wishes of affected First Nations communities.[8] In doing so it has assumed a similar or greater risk to Rio Tinto's.

Pause and Redesign of the Bill

In the absence of fit-for-purpose cultural heritage protection legislation that enjoys First Nations' support, our Company remains exposed to the unacceptable risks outlined by the Juukan Inquiry.

First Nations peak bodies are calling on the Western Australian Government to pause the enactment of the Bill, and to engage in a genuine process of redesign of the Bill to address the shortcomings identified.

The resolution requests that our Company publicly support these calls by First Nations organisations. For reasons stated, it is in the interest of our Company and its shareholders to accept and support the resolution. It is also consistent with our Company's stated position. On 10 December 2020 our Company issued an ASX release that included the following comments.

"We support the modernisation of Western Australia's Aboriginal Heritage protection law, including legislating an increased voice for Aboriginal people and equitable rights of appeal for all parties. We believe that the focus should be on ensuring the progression of appropriate legislative reform in Western Australia rather than adding additional oversight or duplication at a Federal level."[9]

In light of the findings and recommendations of the Juukan Inquiry; our Company's public statements; and the stated objections to the Bill by mandated First Nations organisations, it behoves our Company publicly to support First Nations peoples in their current calls to the Western Australian Government.

ACCR urges shareholders to vote for this resolution.

[1] Sections 249D and 249N of the Corporations Act 2001 (Cth).
[2] S198A provides that "[t]he business of a company is to be managed by or under the direction of the directors", and that "[t]he directors may exercise all the powers of the company except any powers that this Act or the company's constitution (if any) requires the company to exercise in general meeting
[3] https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Northern_Australia/CavesatJuukanGorge/Interim_Report
[4] Interim Report, Para 1.10, p.5.
[5] Interim Report, Recommendation 2.
[6] National Native Title Council, Western Australian Aboriginal Cultural Heritage Bill 2020, undated.
[7] https://www.smh.com.au/national/a-year-on-from-the-destruction-at-juukan-could-it-happen-again-20210518-p57syw.html
[8] https://www.theguardian.com/australia-news/2020/nov/13/fortescue-accused-of-bullying-aboriginal-groups-to-allow-destruction-of-sacred-sites
https://www.theguardian.com/australia-news/2021/feb/25/fortescue-metals-damage-of-pilbara-sacred-site-breached-agreement-traditional-owners-say-
https://www.smh.com.au/national/default-setting-stuck-on-destroy-fmg-s-plan-to-blast-60-000-year-old-site-20200608-p550ld.html
See also generally: Cleary, Paul, Title Fight Black Inc Press, released 1 September 2021.
[9] https://www.fmgl.com.au/docs/default-source/announcements/2154778.pdf?sfvrsn=d4a42bdd_4

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FMG Fortescue

Fortescue Metals Group Ltd
ABN 57 002 594 872

LODGE YOUR VOTE

ONLINE
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BY HAND
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ALL ENQUIRIES TO
Telephone: +61 1300 733 136

X99999999999

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PROXY FORM

I/We being a member(s) of Fortescue Metals Group Ltd and entitled to attend and vote hereby appoint:

STEP 1 APPOINT A PROXY

☐ **the Chairperson of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairperson of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairperson of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm (Perth time) on Tuesday, 9 November 2021, in the Grand Ballroom, Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 5 & 6: If the Chairperson of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairperson of the Meeting to exercise the proxy in respect of Resolutions 1, 5 & 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairperson of the Meeting intends to vote undirected proxies in favour of resolutions 1 to 6 and AGAINST resolutions 7 & 8.

STEP 2 VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions	For	Against	Abstain*
1 Adoption of Remuneration Report	☐	☐	☐
2 Re-election of Lord Sebastian Coe CH, KBE	☐	☐	☐
3 Re-election of Dr Jean Baderschneider	☐	☐	☐
4 Re-election of Dr Cao Zhiqiang	☐	☐	☐
5 Refresh approval of the Fortescue Metals Group Ltd Performance Rights Plan	☐	☐	☐
6 Participation in the Fortescue Metals Group Ltd Performance Rights Plan by Ms Elizabeth Gaines	☐	☐	☐
7 Special resolution to amend our company's constitution	☐	☐	☐
8 Support for Improvement to Western Australian Cultural Heritage Protection Law	☐	☐	☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairperson of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairperson of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRPERSON OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairperson of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairperson of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm (Perth time) on Sunday, 7 November 2021,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link **www.linkmarketservices.com.au** into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY MAIL

Fortescue Metals Group Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

*during business hours Monday to Friday (9:00am - 5:00pm) and subject to public health orders and restrictions

COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.

ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.

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