

2022 AGM Speech

Speech - 2022 Annual General Meeting

E&OE Check against delivery

Dr Andrew Forrest AO, Executive Chairman

Thank you and welcome.

It's so good to be back.

And back in the job **that I love most – building value for you – our loyal shareholders** – while we use our critical mass profitably to leave the world in the best shape we all can.

I know many of you have travelled a long way, I want to thank you for that commitment.

In the last three long COVID years, so much has happened! The reformation of our company has led us from our 80,000 shareholders growing to 180,000 and climbing.

So many people now believe that a mining company can also be the most climate-responsible company in the world.

I want to thank all those new shareholders and those who have stayed with us from the start.

It has been another truly landmark year for Fortescue.

In the middle of COVID two years ago, we commenced building the plan to step the company beyond fossil fuel.

Last year we saved \$100 million not buying the filthy stuff.

This year we finished the plan and it is now fully Board approved and no company in the world has anything or anywhere to hide. We're going at this, they can too, we can stop they can step beyond fossil fuels.

We can save the planet for our kids and the only reason other CEO's don't take this, is one of two reasons, either, you have a vested interest. I'd like to meet that vested interest, it's truly worth more to you than your children or perhaps, as likely, you're simply lazy, enjoying all the trappings of your office but not doing much at all.



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Electrolysers are the key to that green mobile energy future and the massive electrolyser facility we are building, with the most modern technology, is now well and truly out of the ground and taking shape in Queensland.

And mining also had a stellar year. Not just FFI but FMG.

Another production record, increasing the grades of our average ores, and mightily delivering first ore processing at our new project Iron Bridge.

This coming year will mark twenty years of Fortescue.

Who was around when we first started this Company? Can you put your hand up?

Too good, thank you, and don't leave us.

You would've remembered a little David in the Wilderness, armed with nothing more but courage, a giant sense of purpose, and perhaps a slingshot, when we had no ground, no capital ... and no way of getting our products to market. Only 19 years ago.

We are now, probably the most respected iron ore producer in the world and the only industrial company to stop the greenwashing and just step beyond fossil fuels to save our kids.

And let's not forget fellow shareholders, we also save a billion dollars a year, not importing other people's pollution, other country's pollution.

Yet we are no Goliath.

Our strength and purpose still come not from size, but from the family organisation we are. All of the employees who've joined us in the last year, thank you, because it's your humility, our frugality, courage, pursuing almost hopelessly brave plan A's, but always with a bullet proof plan B.

As plan A's, if they're any good, often fail.

Never forget, a strong culture will leave strategy in its dust. Trust, innovation, spontaneity, and energy always wins over command, control and bureaucratic systems, which is common in the corporate world.

That is Fortescue. We are strategy. We are humble. We trust each other, growing leaner and stronger.

We are Fortescue.



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We are the company that understands that 10% inspiration, 90% perspiration is what it takes a great idea is fine but you've got to deliver, deliver and deliver. Successful project and operations execution, through our own values, is everything to us.

When we started Fortescue the entire cash at bank wouldn't have covered one hour of today's payroll. Today we are the highest return to shareholders company in the major lists on the ASX over 20 years.

Even though we have one of the strongest balance sheets in the mining world, don't forget we borrowed more than US\$40 billion and paid it back – no surprises, the banks love us.

And today we are going back to the beginning. Back to the trenches shareholders, with a fighting spirit, right to where we started. We are slimming down to strengthen for the battles ahead.

Fortescue once again is going back to the roots, we never really left this but we're reminding ourselves more and more of our roots of frugality and courage to take on the biggest challenge we have faced. Stepping beyond fossil fuels, diversifying, driving a new and stronger, more profitable future and using ourselves as an example to defeat Climate change.

Dressed as the grim reaper, climate change is in the kitchen, your homes it's at the Boardroom table. The heating climate is coming to you.

Atmospheric year 2022 was a disaster, happening decades before scientists predicted. Five unprecedented drying events and if you include the record unprecedented heatwaves in the arctic would make six global warming events right around our planet.

What science all agrees on is that this is not a coincidence. 2050 is 2025.

All industrial companies now must act because it is not you the consumer, us, who is at fault here. It is the producers of your energy, your plastic, your goods made with fossil fuel, when they now have a choice to not force you to consume these products which are essential, to destroy your own planet because they won't accept the solutions that are there.

It is they who must change.

It is Fortescue who proves you can.

Will they? They must.



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The solution of course we know is green energy, green hydrogen and the technology that will power the new global green economy. A peaceful quieter, pollution free world forever.

Fossil fuel is such a joke of history, the more you use it the more expensive it becomes. We've under invested in energy, over invested in fossil fuel. Fossil fuel is becoming scarcer and scarcer, that's why it's becoming more expensive and being used by dictators.

Renewable energy is everywhere ladies and gentlemen, it's yours and ours and as your Fortescue adopts it, down comes your operating costs, up goes your margins, and we continue to deliver great performance against all our peers.

Stop business thinking that doing the right thing is philanthropic, it is not. Doing the right thing is good business and if you don't do it, it's because you're protecting a vested interest or you're downright lazy.

Our strong financial and operating performance in the 2022 financial year was once again a record for your business, thanks to the strong performance of our team yielding revenues hit US\$17.4 billion, net profit after all taxes of US\$6.2 billion.

All while maintaining the lowest operating costs in the world.

But, the truth is that we have more to do to prove our reputation.

My team agrees we have an undeservedly spectacular good reputation, but we could do so much more. We must get leaner and stronger for the huge challenges ahead of decarbonisation, diversification, a massive new ore body in Africa and leading by example.

We have record first quarter shipments of 47.5 million tonnes, setting ourselves well for the coming year.

But we will not slavishly produce more and more tonnes like our competitors seem hell-bent on doing. We will improve the value of each tonne, lower our operating cost, increase our margins and your profitability.

Let's turn to Iron Bridge. Wow!

What a magnificent project. We spent years piloting it, we didn't rush in with old technology, which cost nearly half a billion dollars to get the process right, only then did we commence construction. It's way too early to celebrate and we have massive challenges ahead. Our people are spectacular and they're taking those challenges on.



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But fellow shareholders, if we pull this off the way we plan to, we will have a bigger project, with lower operating costs, much greater efficiency, and so much faster. Built in a fraction of the time, than the former projects in Western Australia.

Yet we've only deployed one third of the total capital cost. It's like we built up Solomon, Cloudbreak, Christmas Creek to come in at 50-60% of other people's operating and capital cost, we're slashing capital costs because it's part of our values.

The \$8 billion saved, if we can stick to the plan, stays squarely in the value of your company.

And we are getting closer with first ore into the processing plant. And this plant will strongly upgrade the average value of all our orders producing some of the highest quality in the world.

We remain on track for first production in the March quarter next year and, when fully operational, Iron Bridge will deliver 22 million tonnes per annum of high grade 67% iron magnetite concentrate.

Iron Bridge is Australia's largest magnetite project, representing the future of Fortescue, with nearly 1,000 new jobs. It will also be one of our first pollution-free operations.

Fortescue started as you can remember, as an exploration company, just a little exploration company, but we still firmly believe that early-stage exploration is the key to unlocking significant value.

Last December, we entered into a binding preliminary agreement with the Government of the Republic of Gabon to study the opportunity to develop the Belinga Iron Ore Project. Having done exactly what we said we'd do (some African countries aren't use to this) – we are closing in now on being granted a preliminary mining license.

I met with the President again and he was so delighted with our progress.

I have walked over so many ore bodies and this one, the samples I took home and tested are the highest-grade samples in my career.

The third mapping campaign is happening in country as we speak, and significant areas of new mineralisation have been identified.

The results are very promising and we plan to commence drilling in early 2023.

The Belinga Project continues to surprise on the upside. It will be a large high-grade deposit.



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It will build the value into Fortescue's existing product mix as we continue to drive for value for you, not volume and leave the ego of volume over value to others.

We won't do that, we'll drive for value all the time.

We have kicked off a global stream of work in South America securing these minerals critical to our global suite of projects which we have across the world, in renewables, hydrogen and manufacturing.

Which will kick start the green energy economy.
That quieter, safer, peaceful pollution free world we spoke of.

We need it, the world needs it, or we can forget not cooking ourselves.

Fortunately, the critical minerals needed are in abundance. We just have to get out and look for them.

I've just returned from seeing really large deposits of these critical minerals.

I've just returned from COP27 and the G20 and B20 where it was clear Fortescue is leading the global effort for heavy industry to fully decarbonise.

As we set global standards, smart businesses are now beginning to follow knowing that they too are looking after their shareholders because they bothered to think how they will do it, and they bothered to think about their children's future their children's environment.

As always we are putting our money where our mouth is, and leading.

Today, we are announcing that we are linking executive bonuses across all of Fortescue and FFI to meeting our emissions reduction targets.

We don't, they don't. Simple.

We will not ignore the heating climate at the boardroom table. Delivery against our world leading emission reduction targets will form a critical element of our incentive structures for executives.

We will implement the 'Fortescue Emissions Elimination Greencard' to demonstrate how emissions reduction and the development of pollution free solutions are of utmost importance to everyone, but now also to our remuneration.

And ladies and gentlemen, I'm calling on chairmen and chief executives across the world, those who vote on this across the world, to change your remuneration policies to ensure that stepping beyond fossil fuels to protect your customers and your shareholders and your planet is welded into the DNA of their remuneration

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packages, if you don't do this it won't happen, do this it will happen. Chairmans and Chief Executives you need to step up and do it.

Ladies and gentlemen, green energy will become cheaper than fossil fuel anyway, then it will be asinine or simply laziness for Chief Executives to cling to their filthy,

fossil fuel polluting future, leave it in the past. Do the right thing by shareholders, do the right thing by everybody.

Today, I call on Chairs and Chief Executives to follow the standard that we are setting and put it at the forefront of their incentives, turning their companies beyond fossil fuels.

In September, we made an important announcement at the UN's General Assembly on the decarbonisation of Fortescue

We are the first major heavy industrial company to have a fully costed and funded plan to eliminate fossil fuels and reach real zero.

Not net zero, real zero, we've got big company's right now saying we can go net zero per barrel of oil, that means no change, that means ripping of the carbon credit market or trading fakes.

I mean real zero, stopping pollution by 2030.

Real zero means no oil, gas or diesel and no offsets. Offsets must only be used as a temporary measure while the technology or innovation required to completely decarbonise evades us.

But, it's coming.

When fully implemented, we will save three million tonnes of CO2 poison going into the environment per annum.

By 2030, our plan is to invest US\$6.2 billion in decarbonising and future-proofing Fortescue.

The investment will be highly positive for shareholders and displace the equivalent of 1 billion litres of diesel every year by 2030.

At market prices, we will save US\$3 billion by 2030, so a net investment is only US\$3.2 billion, and we continue to save over US\$800 million a year, every year.

If we're not buying the filthy stuff.

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If we continue to just buy oil and gas, our own modelling shows we will blow up \$17 billion of your capital while busily destroying the planet for your children.

That's what we'll do if we don't change, close to US\$17 billion and the environment.

And imagine the risk we avoid to.

We will avoid fossil fuel price risk.

We will avoid Putin risk, we'll avoid deep risks of carbon taxes and escalating carbon credits, while capital markets will clamour after us and dry up for those who insist on their operations while destroying the planet.

They'll see their capital markets dry up too.

To displace most of our gas and diesel-fired stationary power generation we simply need wind and solar energy, using today's technology.

We've got to improve on it, but saving up to 80 million litres of diesel usage last year alone, is a result of the Chichester Solar Gas Hybrid Project.

The harder but equally critical challenge ahead of us, is to decarbonise the parts of our business that cannot be electrified using existing technology.

Long distance transport. Our haul trucks. Our trains.

Our incredible Green Fleet team are working around the clock to deliver the technology solutions we need to meet real zero.

They're doing it and it's happening.

Importantly, the capital expenditure to purchase this new green fleet will be aligned with our scheduled asset replacement life cycle. Saving huge amounts of capital, we're not getting rid of old trucks just to replace them with new ones.

Supporting this work on zero-emission power system technologies, is that great company we purchased, Williams Advanced Engineering is our partnership with equipment manufacturer Liebherr to develop and supply green mining haul trucks.

These zero-emissions haul trucks will enter Fortescue's fleet in only a couple of years time, from 2025.

Our truck haulage currently consumes around 200 million litres of diesel per year and accounts for 26 per cent of our Scope 1 and 2 emissions – so as of 2025, whack! We're going to make a huge difference.



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I want to commend the entire Fortescue family for continuing to look out for their mates during the year, on our journey to zero harm to the planet and its people.

Our Total Recordable Injury Frequency Rate is spectacular, and it continues to improve, with the team achieving our lowest TRIFR of 1.7 at the end of the last quarter of FY23.

An excellent rate.

At Fortescue, we are making a major drive to increase women throughout our leadership and throughout our entire workforce.

Today we have over 60 per cent female representation as you can see on our Board of Directors.

In fact, we were only one of 17 ASX200 companies to increase the number of women on their Boards this year.

Since 2020, the number of females employed at Fortescue has increased by 60 per cent, leading to an overall female workplace participation rate of 23 per cent this year.

That doesn't sound like much, but the trend is your friend and our trend of female representation is increasing and increasing successfully.

We are deeply committed to increasing First Nations participation in the workforce – not just at Fortescue, not just in the mining sector, but across every single industry in our nation.

Proudly, Fortescue is today one of Australia's largest employers of Aboriginal people, and the largest employer of skilled Aboriginal people, representing 15% of our Pilbara workforce and 10% of our Australian workforce.

Last month, we celebrated the 15th anniversary, and you guys are here and I'm so proud of you, of our highly successful Vocational Training and Employment Centre program.

From the first cohort of 20 graduates in 2017 to now training and recruiting more than 1000 Aboriginal people for full time jobs with Fortescue.

The bad news is they sometimes leave us, but the good news is they start their own companies and contract back to us.

The power of VTEC has touched the lives of so many.

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Our Billion Opportunities program marked a significant milestone during the year, celebrating more than A\$4 billion, that's much more than the government, in contracts and sub-contracts awarded to Aboriginal businesses since it was launched in 2011.

I am delighted to welcome this year's cohort of Leadership Excellence in Aboriginal People, or LEAP as we call it, participants who are joining us today.

This approach to ensuring communities benefit is just as strong at the Munderoo Foundation, which Nicola and I founded, where over A\$2 billion of Fortescue dividends continue to tackle some of the world's greatest challenges.

Munderoo's work is enabled by Fortescue's outstanding financial performance year on year, and Nicola and I are proud to use our dividends to continue to fund it.

This year, we extended our support to the Government and people of the Ukraine during their hour of greatest need, following Russia's unprovoked, cruel, illegal invasion.

We secured and funded temporary grain storage and the first maritime shipment of Ukrainian wheat grain. Working closely with the UN World Food Program.

Against the backdrop of your company's excellent performance in FY22 and continued investment in growth through Iron Bridge and Fortescue Future Industries, we remain committed to delivering returns to you ... our shareholders.

As shareholders in Fortescue, you can be confident that we remain strongly committed to delivering returns.

Charged with helping to deliver our Fortescue mission is our new Chief Executive Officer of FFI, Mark Hutchinson.

Mark Hutchinson, FFI Chief Executive Officer

Good morning, it's a pleasure to be here with you today.

This is my first time speaking here – it is lovely to meet you all and I am thankful to have the opportunity to join today's meeting.

What we're all learning – with global events and those here in Australia – is that there can be no doubt that climate change is society's greatest challenge and opportunity.

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With the world now emitting over 34 billion tonnes of carbon dioxide every year, we are at a critical point in history ... where the choices we make today, will impact not only our current generation but the future and prosperity of our children.

I have seven grandkids myself – that's why I decided to take this role and why I am so committed to our mission.

We must urgently reduce emissions now and we, as industry, must not make the climate crisis worse.

I joined Fortescue Future Industries because Fortescue is a company that lives and breathes its Values.

Today, Fortescue is leading by example ... by transitioning into the global green energy, resources and technology company of tomorrow.

Our mission is two-fold.

We will decarbonise Fortescue's operations and create technological solutions for heavy industry to follow us.

We are also going to drive the global establishment of a new market for renewable, green energy and green fuel that will replace fossil fuels.

We are becoming a truly global business.

FFI is one of the world's leading developers of green hydrogen. This is acknowledged internationally already, which is incredibly exciting.

FFI will build on Fortescue's reputation for operational excellence and capital discipline and we are absolutely committed to maintaining Fortescue's strong balance sheet.

FFI is working rapidly to build a large-scale renewable energy industry globally, ensuring we capture the global green hydrogen market.

All hydrogen, when used, produces nothing but water.

But only green hydrogen has zero upstream emissions, because it is made using renewable energy and water.

It is a zero-carbon fuel that can be made using renewable energy and it is the fastest way to decarbonise hard to abate sectors such as heavy haulage, shipping, aviation and industry.

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Various estimates suggest that green hydrogen will become a multi-trillion-dollar market.

The geopolitical environment has only served to speed this up.

Policy settings across Europe are helping to ensure that the production of green energy - green hydrogen in particular – is competitive.

The recent passage of the Inflation Reduction Act sees the US position itself as a potential green hydrogen superpower.

We worked hard with the US Government, the Whitehouse and Senator Joe Manchin to see the Bill pass.

It is game changing for the green hydrogen market globally and a brilliant outcome for FFI.

America is now the greatest place in the world to invest in green energy and we are poised to take advantage of this for our shareholders.

Australia and Europe must now look very closely at what America has done to supercharge green energy or they will be left behind.

Energy security is leading more and more countries to green energy solutions.

With the rise of this new industry comes environmental benefits as well as economic ones.

Our role is to ensure FFI remains at the forefront of this global movement, to move at a rapid pace to capture this new market, which present a significant opportunity for our business and create significant value for you – our shareholders.

To achieve this vision, FFI is building a **global portfolio** of renewable resources across Africa, the Middle East, Europe, the US, South America and of course, here in our home country Australia.

Our focus now is razor sharp on project delivery. In the past year, we have seen great progress on a number of these projects that will come online over the next decade.

In the short term, we will focus on prioritising the projects that will ensure our time, our resources, and our funds deliver the outcomes we, our customers, and our shareholders expect.

As Andrew said, we have just come from COP27 where we made a major announcement with the President of Kenya.



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FFI and the Government of Kenya will work together to develop a 300MW capacity generation green ammonia and green fertiliser facility by 2025.

This aims to provide affordable green fertiliser to the domestic market and address food security, while also negating the need for importing equivalent amounts of fertiliser.

The parties intend that this will be followed by the commencement of feasibility studies for two further projects that could scale up renewable electricity generation for green industries by up to 25GW, which could ultimately produce over one million

tonnes of green hydrogen per year for export and turn Kenya into a green energy superpower.

Closer to home, at Gibson Island in Queensland we are close to finalising Front End Engineering Design.

Together with Incitec Pivot, we are working to convert their existing ammonia production facility to produce green ammonia from renewable energy with studies progressing on this project.

Once completed, this project could see the construction of a new ~500mw hydrogen electrolysis facility at the site to produce green hydrogen as well as the retrofitting of IPL's existing ammonia manufacturing facility to run on the green hydrogen produced onsite.

Also in Australia, earlier this year we broke ground on the world's largest electrolyser facility, our Green Energy Manufacturing Centre, at Gladstone in Queensland – with the first electrolyser to be manufactured next calendar year.

With an initial capacity of two gigawatts per year, the GEM will be powered by green energy and become a major new pollution-free green manufacturing hub

... not just for electrolysers but also cables, batteries, wind turbines and solar panels

... establishing new revenue streams for Fortescue and delivering significant returns for our shareholders.

Along our journey FFI will also become a serious technology company.

Technology will be the key to scaling up the green hydrogen economy and making it cheaper and more efficient.

Just as Fortescue managed to drive its initial cost of production from almost US\$50 per tonne down to our current industry leading cost position, FFI plans to bring the cost of zero-emission energy and fuel right down.

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In the US, FFI has established a Technology Hub in Colorado which includes a potential 10-year partnership with the US Department of Energy's National Renewable Energy Laboratory.

The collaboration not only expands our US presence, now one of the most economically attractive locations in the world for green energy, but also strengthens our position as a leading global developer of technology.

Overwhelmingly, the tech already exists – it just needs to be put together in new ways or optimised.

And where technology or manufacturing capacity doesn't exist yet, we are investing to make it happen faster.

The work that our Chairman and the FFI team have done over the past two years on the supply side of the business puts us ahead of the game.

Our focus is now on building out the demand side, where we are already in a very strong position.

I've just spent a couple of weeks travelling internationally – we are seeing significant global demand for the green hydrogen and green energy we will produce, and for the technology that we are developing.

This is evident through the discussions we are having on several offtake agreements with companies around the world, including E.ON, Germany's largest energy distributor, that we aim to supply five million tonnes of green hydrogen per year to from mid-decade.

Last month, we also entered into a global strategic collaboration with energy infrastructure developer Tree Energy Solutions to accelerate the development of a green hydrogen import facility in Germany.

This investment of €130 million will support the delivery of our supply agreement with E.ON and reinforces our commitment to become one of the world's largest green energy producers.

Ladies and gentlemen ... expectations from investors, from the market and from our customers are changing.

There is considerable and growing international capital for green projects, with the world's largest asset managers now firmly committed to funding the climate transition.

We are working closely with banks, multilaterals and export credit agencies, globally. They are actively seeking to invest and commit the capital required to scale green

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energy projects that will allow the world to meet its targets under the Paris Agreement.

As we have always said, FFI's project finance will be separately secured through the substantial market demand for green investments.

But it is important to remember that Fortescue's decarbonisation program and our transition into a global green energy and resources company is an investment in our future as a business.

It is an investment for you ... our shareholders.

Our strategy outlines the technology, timetable and costings required to decarbonise profitably; avoid financial, commercial environmental and social risk; and future-proof the business.

Fortescue's assets and infrastructure are world-leading, and it is from this outstanding platform that we are now positioned for serious growth through FFI.

People are still investing in fossil fuels – we are committed to driving an end to that.

We want the world and other heavy industry to come with us.

Thank you so much for the opportunity to talk with you today – I look forward to getting to know you all.

Dr Andrew Forrest AO, Executive Chairman

Thank you, Hutch.

On the back of a third consecutive year of record operating performance ... your company is expecting to break even more records in the coming year, with guidance for shipments of 187 to 192 million tonnes in Financial Year 2023.

But we are not going after volume. We will go after value. Value for you.

I would like to close by thanking you for being integral to our Fortescue journey.

It is no small feat to have built the world class resources company we are today from the ground up.

And now to be sending it green with even more products to supply the world.

Fortescue is entering an incredibly important period in our history.

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As your company looks to the future, we will continue to work under a philosophy that binds us all together as one – our Values.

One family, one Fortescue.