

16 June 2020

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

Dear Madam or Sir

FORTESCUE SETS AMBITIOUS CLIMATE CHANGE TARGET TO REACH NET ZERO OPERATIONAL EMISSIONS BY 2040

Fortescue Metals Group (Fortescue, ASX: FMG) has today announced an industry leading emissions reduction goal to achieve net zero operational emissions by 2040. This goal is core to Fortescue's climate change strategy and is underpinned by a pathway to decarbonisation, including the reduction of Scope 1 and 2 emissions from Existing Operations by 26 per cent from 2020 levels, by 2030.

Fortescue Chief Executive Officer, Elizabeth Gaines, said, "Fortescue has a proud history of setting stretch targets and our 2030 emissions reduction commitment, together with our goal to achieve net zero operational emissions by 2040, positions Fortescue as a leader in addressing the global climate change challenge.

"Fortescue supports the Paris Agreement long-term goal of limiting global temperature rise to well below 2°C above pre-industrial levels, and our emissions reduction targets align with this international objective. Our success will be founded on practical initiatives that will allow us to deliver on our targets in an economically sustainable manner.

"Since October 2019, Fortescue and our partners have announced investments in excess of US\$800 million in significant energy infrastructure projects which will increase our use of renewable energy and will be a key contributor to our pathway to achieve our emissions reduction targets."

"The Chichester Solar Gas Hybrid Project, announced with Alinta Energy in October 2019, is well advanced for the installation of 60MW of solar generation. More recently, Fortescue announced the US\$700 million investment in the Pilbara Energy Connect program which, together with the Chichester Solar Gas Hybrid Project, will deliver 25-30 per cent of our stationary energy requirements from solar power.

"Mining is one of the most innovative industries in the world and Fortescue is harnessing this technology and capability to achieve carbon neutrality with a sense of urgency. In addition to the development of gas technology and renewables for our stationary energy requirements, we are working towards decarbonising our mobile fleet through the next phase of hydrogen and battery electric energy solutions," Ms Gaines said.

Background

Emissions data and performance against targets will be reported annually as part of Fortescue's annual reporting suite. Baseline and annual emissions data will be calculated on a financial year basis.

Existing Operations include all of Fortescue's current and future iron ore operations in the Pilbara, excluding the Iron Bridge Magnetite Project (Iron Bridge).

Iron Bridge is due to commence operation by mid-2022, with emissions reduction targets to be established that align with Fortescue's goal to achieve net zero operational emissions by 2040.

Fortescue supports the United Nations Framework Convention on Climate Change which mandates that individual nations take responsibility for emissions within their own borders. The Company will continue to actively engage with its customers and suppliers to encourage and facilitate the reduction of emissions in its value chain.

Chichester Solar Gas Hybrid Project

The Chichester Solar Gas Hybrid Project, owned and operated by Alinta Energy, is under construction and will include a 60MW solar photovoltaic (PV) generation facility at the Chichester Hub, comprising Fortescue's Christmas Creek and Cloudbreak mining operations. In addition, an approximately 60km transmission line will be built, with completion due mid-2021. This will link the Christmas Creek and Cloudbreak mining operations with Alinta Energy's Newman gas-fired power station and 35MW battery facility.

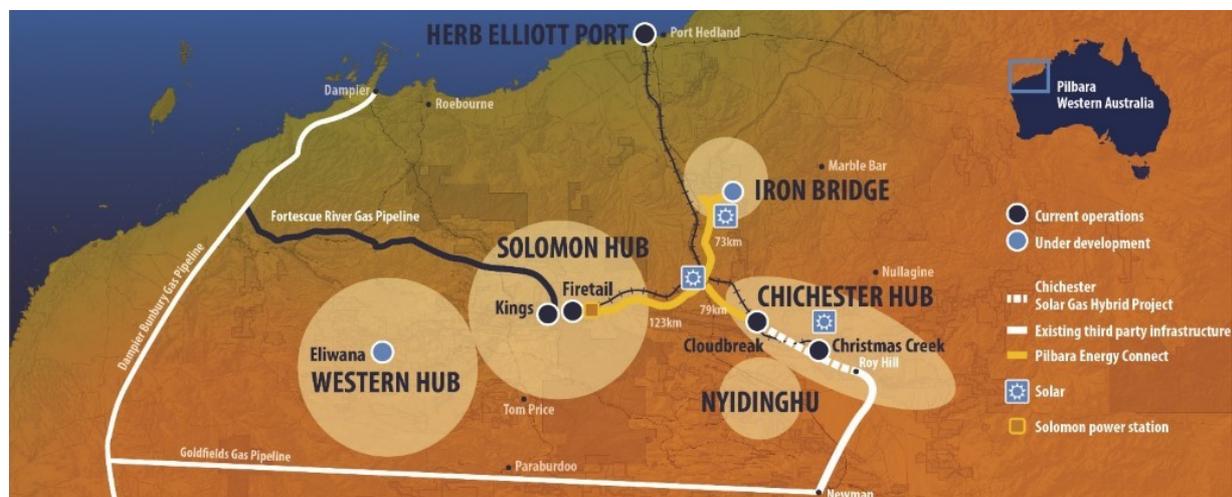
Pilbara Energy Connect (PEC)

Fortescue will build, own and operate the PEC which includes:

- the US\$250 million Pilbara Transmission Project consisting of 275km of high voltage transmission lines connecting Fortescue's mine sites, and
- the US\$450 million Pilbara Generation Project comprising 150MW of gas fired generation, together with 150MW of solar PV generation and large-scale battery storage.

The PEC project leverages existing assets and provides Fortescue with a hybrid solar gas energy solution that enables the delivery of stable, low cost power and supports the incorporation of additional large-scale renewable energy in the future.

The following map identifies components of the PEC and Chichester Solar Gas Hybrid projects:



Hydrogen

In 2018, Fortescue signed a landmark partnership agreement with the CSIRO to develop its metal membrane technology, which provides the potential for the bulk transportation of hydrogen through ammonia. A portfolio of additional projects associated with hydrogen production, storage and use is under development to ensure that Fortescue is well positioned to meet the demand for hydrogen as both an export opportunity and to contribute to the decarbonisation of Fortescue's operations.

Yours sincerely

Fortescue Metals Group Ltd

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