



**Fortescue**  
The New Force in Iron Ore

## Policy

# RISK MANAGEMENT FRAMEWORK AND POLICY

18 May 2019

## **1. RISK MANAGEMENT POLICY**

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Fortescue Metals Group Limited (Fortescue) acknowledges that risk is inherent in all of its business and that effective management of risk and opportunity is essential to our success and future growth. Fortescue is committed to managing all material risks so that residual risk is within the tolerances set by the Executive team in conjunction with the Board.

Fortescue's approach to risk management is underpinned by a view that management, employees and contractors are collectively responsible for managing all material business risks and there should be a clear understanding of responsibility and accountability for risk management. This means that everyone at Fortescue has a responsibility to be aware of the risks related to their activities at every level and to be accountable for ensuring those risks are effectively

The objective of our Fortescue Risk Management Framework (FRMF) is to provide a consistent approach to the recognition, measurement and evaluation of risks across our business. This means that our Corporate Risk function is focused on supporting each part of the business to assist them to better manage their risks and to align efforts across the business to facilitate our whole of business view of risk. It also supports Executive Management and the Board in meeting their corporate governance responsibilities.

Fortescue does this by:

- Embedding risk management into our critical business activities and processes;
- Understanding the threats to and opportunities for achievement of our objectives;
- Application of a structured approach to risk management (FRMF) which establishes common understanding, definitions and methodologies;
- Consideration of all types of risks and how robust risk analysis supports better informed decision making;
- Using the outcomes of risk assessments to drive actions that activities that mitigate risks to an acceptable level;
- Maintaining a strong focus on the resilience of our business through reliance on effective recovery plans for material adverse events; and
- Reporting regularly to the Executive Committee and the Board on the outcomes of risk management activity.

The Chief Executive Officer of Fortescue is accountable to the Board of Directors for ensuring that this policy is effectively implemented. This policy should be reviewed periodically and updated as required.

# Policy

## 2. RISK MANAGEMENT FRAMEWORK

The following diagram provides an overview of the key elements of Fortescue’s risk management framework.

