



**Fortescue**  
The New Force in Iron Ore

**Policy**

## **Securities Trading Policy**

---

Fortescue Metals Group Limited

**May 2020**

100-PO-AD-0013\_2

# Policy

## 1. SCOPE OF THIS POLICY

---

This policy outlines:

- when directors, employees, contractors and consultants of the Company (together Persons) may deal in Company Securities;
- when Designated Persons are permitted to deal in Company Securities; and
- procedures to reduce the risk of insider trading.

Staff are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any acquisition or sale of such securities.

The purpose of this Policy is to ensure directors, employees and other relevant persons do not abuse access to inside information about the Company or any other company. Ultimately, however, it is the responsibility of the person to ensure that none of his or her dealings could constitute insider trading.

This Policy imposes restrictions on dealing in Company Securities in addition to those imposed by law under the Corporations Act 2001 (Cth) (Corporations Act). Nothing in this Policy sanctions a breach of any relevant legal or regulatory requirements and failure to comply with this Policy will subject the person to internal disciplinary procedures and could lead to civil or criminal investigations or penalties.

## 2. INSIDE TRADING PROHIBITIONS

---

If a person possesses "inside information" in relation to the Company, the person must not:

- (a) deal in Company Securities in any way; nor
- (b) directly or indirectly communicate the information, or cause the information to be communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in Company Securities in any way or procure a third person to deal in Company Securities in any way

## 3. IMPORTANT TERMS TO UNDERSTAND

---

### 3.1 A person is in possession of "inside information" in relation to the Company in circumstances where:

- (a) the person possesses information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of Company Securities; and

- (b) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of Company Securities.

**3.2 A reasonable person would be taken to expect information to have a material effect on the price or value of Company Securities if the information would, or would be likely to, influence persons who commonly acquire securities in deciding whether or not to deal in Company Securities in any way. It does not matter how the Designated Person came to have the inside information.**

**3.3 Information is “generally available” if it:**

- (a) consists of a readily observable matter;
- (b) has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by the Company and, since it was made known, a reasonable period for it to be disseminated among those persons has elapsed. That is, information will be "generally available" if it has been released to ASX or published in an annual report or prospectus or similar document and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
- (c) consists of deductions, conclusions or inferences made or drawn from information referred to in paragraph 3.3(a) of this Policy or information made known as mentioned in paragraph 3.3(b) of this Policy, or both.

**3.4 The financial impact of the information is important, but strategic and other implications can be equally important in determining what amounts to inside information. The definition of "information" is broad enough to include rumours, matters of supposition, intentions of a person (including the Company) and information which is not definite enough to warrant public disclosure.**

**3.5 A person may obtain inside information in relation to another company. For example, in the course of negotiating a transaction with the Company, another company might provide confidential information about itself. The prohibition on insider trading is not restricted to information affecting Company Securities. The persons in possession of the inside information must not deal in securities of those other companies.**

**3.6 A person who deals in the Company Securities while in possession of "inside information" or communicates that information in the circumstances described in paragraph 2 of this Policy will be liable to both civil and criminal penalties.**

**3.7 Criminal penalties include substantial fines, imprisonment or both. Civil penalties also attract substantial fines and may result in court ordered compensation payments to persons who suffer loss or damage as a result of the insider trading. The Company may also be liable for significant fines if a director or employee engages in insider trading.**

#### **4. EXAMPLES OF “INSIDE INFORMATION”**

---

Examples of information which may be considered to be "inside information" include the details relating to the items listed below (this is not an exhaustive list):

- prospective financial information
- drilling results, mining exploration results, production figures and the like
- major or material purchases or sales of assets
- any possible claim against the Company or other unexpected liability
- significant litigation and disputes
- proposed changes in capital structure, including share issues, rights issues and the redemption of securities
- impending mergers, acquisitions, reconstructions, takeovers, etc
- allegations of any breach of the law or other regulatory requirements by the Company
- unpublished announcements
- an event which could have a material impact (either positively or negatively) on production or profits (for example, disconnection or shut-in of production, a significant safety or environmental incident)
- cash flow information
- significant changes in operations or proposed changes in the general character or nature of the business of the Company or its subsidiaries;
- an entity proposing to buy, or a security holder proposing to sell, a substantial number of Company Securities
- industry issues that may have a material impact on the Company
- management restructuring or Board changes
- decisions on significant issues affecting the Company by regulatory bodies in Australia or other relevant jurisdictions
- any information required to be disclosed to ASX under its continuous disclosure rules
- a proposed dividend or change in dividend policy

## **5. COMPANY'S POLICY ON DEALING IN COMPANY SECURITIES**

---

Persons should note the following general principles:

- (a) Persons must comply with the insider trading provisions of the Corporations Act at all times;
- (b) Persons who possess "inside information" must not deal or procure dealing in Company Securities;
- (c) Persons must avoid, and be seen to avoid, actual or potential conflict between their personal interest and the interests of the Company and other security holders in a manner which is in breach of the Corporations Act, ASX Listing Rules or other legal obligations; and
- (d) Persons must not derive personal advantage from information which is not generally available and which has been obtained by reason of their connection with the Company in a manner which is in breach of the Corporations Act, ASX Listing Rules or other legal obligations.

## **6. DEALING IN COMPANY SECURITIES DURING PROHIBITED PERIODS**

---

- 6.1 Designated Persons must refrain from dealing in Company Securities during Prohibited Periods. A Designated Person who is not in possession of inside information in relation to the Company may be given written clearance to sell or otherwise dispose of (but not purchase) Company Securities during a Prohibited Period, where the Designated Person is in severe financial hardship, is required by law to transfer the Company Securities or where other exceptional circumstances exist. Where clearance is given, the Designated Person must trade the Company Securities within 7 days of receiving clearance.**
- 6.2 If a Designated Person wishes to sell or otherwise dispose of Company Securities during a Prohibited Period, that person must submit a Notification to the Company Secretary and obtain the prior written consent of the Chairman (or in the case of the Chairman, prior written consent of the Chair of the Audit Committee). The Designated Person must demonstrate to the satisfaction of the Chairman or the Chair of the Audit Committee (as applicable) that he or she is in severe financial hardship or that his or her circumstances are otherwise exceptional.**

## **7. ADDITIONAL PROVISIONS RELATING TO CLEARANCES TO TRADE WITHIN PROHIBITED PERIODS**

---

**7.1 With respect to any request to obtain clearance to trade, the following provisions apply:**

- (a) A clearance may be given or refused by the Company in its absolute discretion;
- (b) A clearance can be withdrawn if new information comes to light or there is a change in the Company's circumstances (in which case any open trades must be closed immediately upon notification to the Designated Person);and
- (c) The Company's decision to refuse a clearance is final and binding on the person seeking the clearance.

**7.2 If a clearance to trade is refused, the person seeking the clearance must keep that information confidential and not disclose it to anyone.**

## **8. DEALING IN COMPANY SECURITIES OUTSIDE OF THE PROHIBITED PERIODS**

---

**8.1 Designated Persons may only deal in Company Securities in accordance with the following procedures:**

- (a) **Chairman:** The Chairman must not deal in Company Securities without first submitting a Notification to the Chair of the Audit Committee and the Company Secretary before commencing the transaction and must trade within seven days of submitting the Notification. The Chairman must subsequently notify the Company Secretary in writing of any trade that has occurred.
- (b) **Directors:** Directors (other than the Chairman) must not deal in Company Securities without first submitting a Notification to the Chairman and the Company Secretary before commencing the transaction and must trade within seven days of submitting the Notification. The director must subsequently notify the Company Secretary in writing of any trade that has occurred.
- (c) **Other Designated Persons:** Designated Persons other than the Chairman and directors must not deal in Company Securities without first submitting a Notification to the Company Secretary before commencing the transaction and must trade within seven days of the Notification.

**8.2 In addition to the procedures set out above (a) – (c), all trades must be complete before the commencement of a Prohibited Period.**

## **9. RECOMMENDED TIMES FOR TRADING**

---

Subject to the Prohibited Periods referred to in paragraphs 6 and 7 of this Policy, the recommended times (in terms of avoiding suggestions of insider trading) for any Designated Person to deal in Company Securities are in the 4 week period commencing the business day after the:

- (a) holding of the Company's Annual General Meeting or any other meeting of shareholders;
- (b) release by the Company of its half yearly results announcement to ASX;
- (c) release by the Company of its full year results announcement to ASX;
- (d) release of a prospectus or other disclosure document offering securities in the Company;
- (e) release by the Company of any quarterly report to ASX; or
- (f) release by the Company of any information that is not generally available and if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company Securities,

**provided** that such time is not a Prohibited Period and the Designated Person is not in possession of any inside information relating to the Company or its securities that is not generally available and if it were generally available, a reasonable person would expect it to have a material effect on the price or value of Company Securities.

## **10. DEALINGS NOT SUBJECT TO THE PROVISIONS OF THIS POLICY**

---

Subject to the insider trading provisions of the Corporations Act, Directors and employees of the Company may at any time:

- (a) subscribe for securities offered under a disclosure document (e.g. a prospectus);
- (b) acquire the Company's ordinary shares by conversion of securities giving a right of conversion to ordinary shares - but may not deal with any of the shares received upon conversion other than in accordance with this Policy and the insider trading provisions;
- (c) acquire Company Securities under a bonus issue, rights issue or other offer made to all holders of securities of the same class;
- (d) acquire Company Securities under a dividend reinvestment, or top-up plan, that is available to all holders of securities of the same class;
- (e) acquire Company Securities under a Company sponsored share plan where such securities are purchased by an independent Trustee and on an agreed period purchase basis;
- (f) acquire, or agree to acquire, options under a Company share option plan;

- (g) acquire, or agree to acquire, rights under a Company performance shareplan;
- (h) exercise options acquired under a Company share option plan (but may not sell all or part of the shares received upon exercise of the options other than in accordance with these procedures);
- (i) deal where the beneficial interest in the relevant security does not change;
- (j) invest or trade in units of a fund, or other scheme (other than a scheme only investing in Company Securities) where the assets of the fund, or other scheme, are invested at the discretion of a third party;
- (k) dispose of Company Securities by acceptance of a takeover offer, scheme of arrangement or equal access buy-back; and
- (l) invest in a scheme or arrangement (other than a scheme investing only in Company Securities) where the assets of the scheme are invested at the discretion of a third party.

## **11. DEALINGS BY RELATION**

---

A Designated Person must use reasonable endeavours ensure that his or her Related Parties are aware of this Policy. If a Designated Person may not deal in Company Securities, he or she must take all reasonable and necessary steps to prevent any dealing in Company Securities by Related Parties unless the Designated Person has complied with this Policy on behalf of that Related Party in respect of the proposed dealing.

## **12. NO HEDGING OF UNVESTED ENTITLEMENTS**

---

- 12.1 A Designated Person must not enter into transactions which would have the effect of hedging or transferring the risk of any fluctuation in the value of:**
- (a) any unvested entitlement to Company Securities; or
  - (b) Company Securities which are vested but still subject to a holding lock.
- 12.2 This would include acquiring derivatives or options in relation to Company Securities.**
- 12.3 An unvested entitlement in Company Securities would include equity rights which are still subject to time and/or performance hurdles.**



### **13. NO SHORT TERM DEALING OR SHORT SELLING**

---

Notwithstanding any provision in this Policy, a Designated Person must not:

- (a) engage in Short Term Dealing in Company Securities;
- (b) short sell Company Securities; or
- (c) knowingly allow their Company Securities to be used for short selling.

### **14. NOTIFICATION BY DIRECTORS**

---

- 14.1 A director is required to notify the Company Secretary if there is any change in the director's relevant interest in securities of the Company or a related body corporate of the Company.**
- 14.2 The director must notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to ASIC and ASX of the change as required by the Corporations Act and the ASX Listing Rules. The director must provide the Company Secretary with the written notification as soon as possible after the change occurs and, in any event, with sufficient notice to allow the Company Secretary to make the necessary notifications within 5 business days after the change occurs.**

### **15. CONSEQUENCES OF BREACH**

---

Breaches of this Policy may damage the Company's reputation in the investment community and undermine confidence in the market for Company Securities. Accordingly, breaches will subject the Person to internal disciplinary procedures and could lead to civil or criminal investigations or penalties.

## **16. DEFINED TERMS**

---

In this Policy:

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means the Australian Securities Exchange.

**Closed Season** means each of:

- (a) the period from the end of the financial year or half financial year to the business day after the time of release of the annual or half year results; and
- (b) the period from the end of the September quarter or March quarter to the business day after the time of release of the September or March quarterly reports.

**Company Securities** includes:

- (a) any shares in the Company;
- (b) any other securities issued by the Company such as debentures, debt notes and options
- (c) derivatives and other financial products created by the Company or created or issued by third parties in relation to the Company's shares, debentures, options or other securities able to be traded on ASX or another stock exchange; and
- (d) securities of any other company or entity that may be affected by inside information (such as a joint venture partner of the Company, another party involved in a corporate transaction with the Company or a contractor or shareholder of the Company).

To **deal** and **dealing** includes:

- (a) subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things;
- (b) advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company Securities; and
- (c) entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company Securities.

**Designated Persons** means:

- (a) a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director;
- (b) an employee invited to participated in the Executive and Senior Staff Incentive Plan; and
- (c) any person who, from time to time, is notified by the Company that they are a Designated Person.

**Notification** means a notification in writing (including by email) that includes:

- (a) the name and position of the Designated Person making the Notification;
- (b) the nature of the proposed dealing and the number and class of Company Securities affected;  
and
- (c) a confirmation that the Designated Person is not in possession of price sensitive information about the Company that is not generally available to the market.

**Prohibited Period** means any:

- (a) Closed Season; and
- (b) other blackout period declared by the Board from time to time.

**Related Parties**, in relation to a Person, includes each:

- (a) immediate family member of the Person; and
- (b) company, trust or entity which is controlled by the Person.

**Short Term Dealing** includes dealing in Company Securities within a 3 month period, but does not include the sale of Company Securities after they have been acquired through the conversion of a security, for example the exercise of an option, or in accordance with the Executive and Senior Staff Incentive Plan or other Company incentive scheme.

## **17. FURTHER INFORMATION**

---

If you have any questions or need further information on how to comply with this Policy, please contact the Company Secretary.

The Audit and Risk Management Committee and the Board will review this Policy every two years to ensure that it continues to be effective in managing Fortescue's obligations in respect of securities trading.