

## **Remuneration and People Committee**

### **1. INTRODUCTION AND PURPOSE**

This Charter summarises the roles and responsibilities of the Remuneration and People Committee (the Committee) of Fortescue Metals Group Ltd (Fortescue or the Company). The disclosure of the role and responsibility of the Committee is designed to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the Committee.

### **2. ROLE OF THE COMMITTEE**

The Remuneration and People Committee is a committee of the Board which has been established in accordance with the Constitution of the Company.

The purpose of the Committee is to provide assistance and recommendations to the Board to ensure that it is able to fulfill its responsibilities in overseeing:

- (a) the remuneration strategy, policies and practices of the Company and its application to the Chief Executive Officer, other Key Management Personnel as identified in the Remuneration Report (KMP), Executives and general employees;
- (b) the performance management and annual Key Performance Indicators for the Chief Executive Officer, other KMP and Executives;
- (c) the talent management process and succession planning for the Chief Executive Officer, other KMP and Executives; and
- (d) the diversity strategy, measurable objectives, policy and practices of the Company.

The Committee will need to determine whether it believes any Shareholder approvals are required and shall have full authority and resources required to discharge their responsibilities specified within its Charter. The Committee may at the Company's expense, obtain any external independent professional advice as it consider necessary. The Committee may engage such advisers directly and request that any advice be provided directly to the Chair of the Committee.

This Charter should be read in conjunction with the Statement of Matters Reserved for the Board and other Board Committee Charters.

### **3. MEMBERSHIP AND ATTENDEES**

#### **3.1 Membership**

The Committee shall consist of at least three non-executive directors appointed by the Board, a majority of whom should be independent directors. Committee members shall possess relevant skills and business acumen to allow them to be effective in their role.

The Chair of the Board shall not be a member of the Committee but may attend Committee meetings.

### **3.2 Chairperson**

The Chair of the Committee should be an independent director appointed by the Board. In the temporary absence of the Chair, one of the other Committee members, either nominated by the Chair or elected by the Committee will act as Chair.

### **3.3 Quorum**

A quorum of the Committee shall be at least two members.

### **3.4 Other Attendees**

Any director who is not a Committee member may attend meetings at their discretion but only as an observer.

The Company Secretary of Fortescue Metals Group Ltd shall be the Secretary of the Committee.

For individuals not listed above, attendance at meetings is strictly by invitation only.

## **4. MEETING FREQUENCY**

The Committee shall meet at least four times per annum and at other times as the Chair, a member, or the Secretary of the Committee, requires.

## **5. REVIEW OF COMMITTEE**

### **5.1 Committee Performance**

The Committee Chair shall assess the performance of the Committee on an annual basis and take appropriate action to address desired improvements in respect of areas where there is a need to enhance its role, effectiveness, process or composition.

### **5.2 Committee Charter**

The Committee Chair is responsible for ensuring that the Committee Charter is reviewed at least every other year for the purpose of assessing its continued relevance to the needs of the Board and identifying any enhancements required. Proposed enhancements shall be submitted to the Board for approval.

## **6. SCOPE**

### **6.1 Remuneration**

#### **6.1.1 Remuneration Strategy**

Review and approve the Company's remuneration strategy including but not limited to market position, policies and practices.

#### **6.1.2 Non-Executive Director Remuneration**

Review and make recommendations to the Board on remuneration of non-executive directors for approval.

#### **6.1.3 Executive Remuneration Policy**

- Review and approve the Company's policy for determining Executive remuneration including, but not limited to, superannuation, pension, compensation and other applicable payments, and any amendments to that policy proposed from time to time;
- Review the ongoing appropriateness and relevance of the Executive remuneration policy and other executive benefit programs, including the Company's recruitment, retention and termination policies and procedures for Executives; and
- Oversee the implementation of this remuneration policy within Fortescue.

#### **6.1.4 Executive Directors and Senior Management**

- Consider and make recommendations to the Board on the entire specific remuneration for each Executive Director (including the Chief Executive Officer), other KMP and Executives (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy.
- Review and approve the proposed remuneration arrangements (including incentive awards, equity awards and service contracts) for the direct reports of the Chief Executive Officer and other Executives; and
- Review the general remuneration conditions of those Company employees not within the senior executive ranks, with the intention of recommending an overall salary band or increase to be applied individually at the discretion of management.

#### **6.1.5 Executive Incentive Plans**

- Review and approve the design of all executive incentive plans; and

- Review annually and recommend to the Board for approval the total proposed payments from each executive incentive plan.

#### **6.1.6 Equity-Based Plans**

- Review and approve the design of all equity based plans;
- Keep all plans under review in light of legislative, regulatory and market developments;
- For each equity-based plan, recommend to the Board for approval annually whether awards will be made under that plan;
- Review and recommend to the Board for approval total proposed awards under each plan;
- In addition to considering awards to the Chief Executive Officer and other Executives, review and approve proposed awards under each plan on an individual basis for Executives as required under the rules governing each plan or as determined by the Committee; and
- Review, recommend to the Board for approval and keep under review performance hurdles for each equity-based plan.

#### **6.2 Performance Management**

- Review and make recommendations to the Board on the performance metrics and targets of the Chief Executive Officer and other KMP and Executives.
- Assist the Chairman of the Board in the annual performance review of the Chief Executive Officer.

#### **6.3 Succession Planning, Talent Management and Retention**

Oversee an effective People Strategy and its implementation for the organisation which includes:

- succession planning for the Chief Executive Officer, other KMP and Executives;
- an appropriate process in place to develop talent across the business; and
- development of a retention strategy and plans for identified key talent.

#### **6.4 Diversity**

Oversee the management of the Company's diversity strategy measurable objectives, policy and practices. In addition to championing female and Aboriginal employment rates, oversight of diversity shall include consideration of diversity of age, LGBTQI+, culturally diverse backgrounds and differing abilities.

On an annual basis, the Committee shall review progress and make recommendations to the Board as appropriate in regard to:

- the Company's diversity initiatives;

- the Company's gender pay equity reviews and initiatives;
- the relative proportion of males and females on the Board, on the KMP and Executive and in the general workforce; and
- measurable employment objectives and initiatives to develop indigenous employees
- measurable diversity objectives for the Board, other KMP, Executives and the general workforce.

### **6.5 Remuneration Report**

Oversee the preparation of the annual Remuneration Report for inclusion in the Company's Annual Report and recommend the report to the Board for approval.

### **6.6 Other**

The Board may delegate the consideration or review of any specific matter to the Committee as deemed appropriate from time to time.

## **7. REPORTING TO THE BOARD**

The Chair of the Committee shall report to the Board following each meeting.

**This Charter was approved by the Board in August 2021.**