

Global Taxation Policy

Our commitment

Fortescue Ltd (**Fortescue** or **the Company**) strives to create and deliver value for its shareholders and the broader community. The Company is committed to contributing to the economies of the countries in which it operates and ensuring communities benefit from the growth and development of its businesses. The Company is committed to full and timely compliance with the letter and intent of the prevailing tax laws of all jurisdictions in which it operates.

Our strategy

Fortescue will achieve this by:

- Ensuring implementation of the Company's Global Tax Corporate Governance Framework;
- Complying with all applicable tax laws and regulations of each country in which it operates including duly reporting and paying all necessary taxes in a timely manner;
- Managing tax risks through constructing appropriate mechanisms to assess both short and long term tax impacts when making major commercial decisions;
- Developing mutually transparent, cooperative and respectful relationships with tax authorities in the countries it operates in, and communicating with those authorities on tax matters where appropriate;
- Seeking and claiming tax incentives offered by government authorities in a transparent manner, consistent with statutory and regulatory frameworks;
- Ensuring public disclosures are transparent, timely, accurate and meet stakeholder expectations;
- Operating in good faith through appropriate transfer pricing using the arm's length principle and not undertaking 'profit shifting' activities;
- Entering into transactions on the basis of commercial merit, not for the purpose of avoiding tax or obtaining a tax benefit which is in excess of a reasonable interpretation of the relevant tax rules; and



- Paying tax on profits according to where value is created within the normal course of commercial activity.

Fortescue's attitude to tax risk

Fortescue accepts a low level of risk in relation to major transactions and tax compliance activities, undertaking to file only verified tax positions. We have clear procedures in relation to tax risk management and carry out appropriate risk assessments before entering into any significant transactions. Where the application of tax legislation is unclear, Fortescue seeks external tax advice and may consult with the relevant taxation authority to achieve an appropriate level of certainty.

Responsibility

Fortescue's Board of Directors is responsible for ensuring that a robust system of internal controls is in place for tax governance purposes. The Audit, Finance and Risk Management Committee (**the Committee**) assists the Board in its oversight of the internal control framework and tax risk management and compliance through:

- Obtaining assurance as to the operational effectiveness of the Company's formal Global Tax Corporate Governance Framework;
- Monitoring the appropriateness of critical tax policies and judgements applied in the preparation of financial reports and compliance obligations;
- Reviewing the implications of expected changes in prevailing and applicable tax laws to the Company's operating business and structure;
- Gaining comfort that the thresholds and timing for escalation of tax risks to the Committee and Board are set at an appropriate level;
- Monitoring the Company's tax profile, including its effective tax rate and the basis for any significant deviation from the prevailing corporate tax rate; and
- Performing an annual review and update of the Company's formal Global Tax Corporate Governance Framework based on reasonable recommendations made by a relevant tax authority, Company management or the Committee.

The Committee will report to the Board on Committee activities at each Board meeting and, at least annually, reports will include assessments of the strength of the internal control framework and performance of management in addressing material business risks.



Tax Governance Framework



Approved by Fortescue's Board of Directors on 20 May 2022.