



ACATIS FAIR VALUE SPECIAL

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Fortescue Metals Group

Shares of the Fortescue Metals Group (founded in Perth, Australia in 2003) were acquired for the ACATIS Fair Value Fonds in November 2021. Some people asked why an Article 9 sustainability fund that is managed according to very strict sustainability criteria would invest in the world's fourth-largest producer of iron ore? What does this have to do with sustainability, and with contributing to one of the 17 SDG targets?

Fortescue is expanding its business model. In 2020, it established the subsidiary Fortescue Future Industries (FFI). It is active in the green energy and products segment and will produce green hydrogen. Hydrogen is also required for the production of fertilizer, steel and aluminium, and in the chemicals industry. Together with PlugPower, Fortescue Future Industries is currently building the world's largest production site for green hydrogen (capacity of approx. 2 GW) in Queensland. Here, emission-free green hydrogen from 100% renewable energies will be used to produce "green" and clean iron ore, which can be delivered across the world (including Europe) without CO₂. Moreover, hydrogen is also used in the company's own mining business (vehicles). With this step, Fortescue intends to be CO₂-neutral by 2030, when 15 million tonnes of green hydrogen are supposed to be produced in the company's own facilities.

Compared to Europe, where small pilot and testing facilities for producing hydrogen are currently being built, Fortescue is implementing this project at a much larger scale. By comparison: Linde plans to produce 3,200 tonnes of green hydrogen a year in 2022.

The company also invests in geothermal, wind and solar power to ensure the availability of renewable

energy for green hydrogen production. The production of hydrogen requires a lot of energy, which is why renewable energy from solar power is very important. Australia is known for its abundant sunshine, which is available continuously and free of charge.

Green hydrogen is produced from electricity that is made from renewable energy sources, while "grey" hydrogen is produced from fossil fuels. Hydrogen is easy to store and transport. Therefore this decentralised energy source makes an important contribution to the energy transformation and the shift away from fossil fuels. Moreover, ammonia can also be obtained through electrolysis. Burning it also produces electricity, with only air and water as waste products.

The green hydrogen produced by FFI is supposed to become the world's most-traded energy product, which is transported by ship.

With these business activities in renewable energies, Fortescue contributes to achieving the Sustainability Development Goals (SDGs), more specifically SDG 7 "Affordable and Clean Energy" and SDG 9 "Industry, Innovation and Infrastructure".

Sustainability-minded investors should help companies that are converting their business models by providing capital. We are part of this process. We are convinced that in a few years, Fortescue will be a totally different company, namely a model company when it comes to sustainability.

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