



## **Fortescue to slash up to 700 jobs in green retreat**

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### **Body**

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Andrew Forrest has launched a sweeping restructure at Fortescue in the face of the company's failure to deliver on its green energy promises, with as many as 700 jobs going in the massive cutbacks after Dr Forrest abandoned the company's goal of producing 15 million tonnes of green hydrogen a year by 2030.

Dr Forrest is understood to have addressed **Fortescue** staff on Wednesday afternoon, flagging a major round of redundancies - including the departure of more of the company's senior management.

The concession that Fortescue cannot meet its green -hydrogen targets represents a major backdown by Dr Forrest, who only a few years ago was boasting that the company's green energy ambitions would one day make it bigger than Saudi Energy giant Aramco.

The move also punches a hole in the Albanese government's \$8bn cash splash for hydrogen production with Labor offering lucrative production tax credits in a bid to turbocharge the fledgling sector.

The sweeping changes include the departure of senior operational staff in **Fortescue's** iron ore division, including senior mine managers, amid a widespread expectation that the company has failed to meet its annual production targets.

Sources say the changes affect far more than just the company's energy division, which has burned hundreds of millions of dollars in examining potential green hydrogen and ammonia sites across the world, but has so far only delivered three final investment decisions across the would-be green energy portfolio.

Those three projects include a small hydrogen plant in Gladstone in Queensland, a second hydrogen project in Arizona in the US, and a green iron commercial pilot plant in the Pilbara.

All three remain in Fortescue's development portfolio, along with a green ammonia -project in Norway and one in Brazil. The company is also still working on some earlier-stage projects, such as a joint venture in Morocco.

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But a swag of others have been "deprioritised". **Fortescue** is effectively abandoning its green ammonia and energy projects in Kenya, Argentina, Canada and the US state of Washington - where Dr Forrest had promised to replace former coal-fired power plants with clean energy production.

**Fortescue's** failure to maintain the pace of exports at its flagship iron ore division is also understood to be at the heart of the sweeping changes, which will only add to the chaos that has engulfed the company over the past 18 months.

A derailment on its main Pilbara line over Christmas hit its export rates, as did heavy weather in the Pilbara in February. The company is also still struggling to get its troubled Iron Bridge magnetite project operating to anywhere close to full capacity, and has issued multiple downgrades to its expected output over the past year. Market analysts expect **Fortescue** to miss its 192 million tonne export guidance when the company releases its June quarter production report next week, with consensus expectations tipping the company to only barely break the 190 million tonne mark.

The move comes amid signs of a further slowing in Chinese steel demand, which is expected to drive down iron ore prices, with lower-grade ores - such as those exported by **Fortescue** - seen as likely to suffer the biggest falls in the medium term.

Rio Tinto noted in its June quarter production report on Tuesday that the price differential between ore grades had widened in the June period.

In a late market announcement on Wednesday, **Fortescue** said it had appointed acting chief financial officer Apple Paget to the role on a permanent basis, and moved chief corporate officer Shelley Robertson to the position of chief operating officer.

**Fortescue** said it remained "resolute in its commitment to be the world's leading green technology, energy and metals company with a laser focus on achieving Real Zero by 2030". The company said it had "undergone a period of rapid growth and transition, and as part of bringing together Metals and Energy into One Fortescue, initiatives are being implemented to simplify its structure, remove duplication and deliver cost efficiencies.

"The company must continually evolve to ensure it remains lean, is best positioned to deliver on its strategy and generate the maximum value for shareholders," it said.

**Fortescue** shares closed down 23c at \$22.36 on Wednesday.

**Fortescue** changes 700 jobs to go across global operations Redundancies to be finalised this month Streamlined executive team, comprising nearly 50% women Apple Paget is the new chief financial officer Shelley Robertson is the new chief operating officer Navdeep Gill is the new company secretary

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