

9 December 2022

FORTESCUE PUBLISHES FY22 MODERN SLAVERY STATEMENT

Fortescue Metals Group Ltd (Fortescue, ASX: FMG) advises that it has published the Company's annual Modern Slavery Statement, reaffirming its strong commitment to respecting human rights and eradicating modern slavery as the Company rapidly diversifies into a global green metals and energy, manufacturing and technology company.

In line with Fortescue's value of operating with integrity, the Company's fifth annual Statement is a demonstration of its commitment to transparency and accountability by outlining how it is managing modern slavery risks and also identifying opportunities to improve.

Key actions undertaken during FY22 included:

- Completion of a salient human rights risk assessment to identify areas with greatest potential to impact the human rights of people across Fortescue's value chain.
- Launch of a modern slavery procurement procedure to provide a framework for supplier screening.
- Introduction of a mandatory online human rights training module for all employees.

Fortescue Executive Chairman, Dr Andrew Forrest AO, said, "Modern slavery is one of the biggest and most complex human rights issues facing the world. It isn't a thing of the past and it is occurring in almost every country, with women and children continuing to be the most vulnerable.

"As a global leader in green energy, green technology and resources, Fortescue recognises we play a vital role in addressing modern slavery by working collaboratively with our suppliers, communities and governments around the world.

"As we expand globally, Fortescue will continue to work to raise awareness of this issue and the need for urgent and effective action."

This latest report is the Company's fifth statement and the third required under the *Australian Modern Slavery Act 2018*.

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FY22

MODERN SLAVERY STATEMENT

ABN 57 002 594 872

We are Fortescue

OUR VALUES

SAFETY

FAMILY

EMPOWERMENT

FRUGALITY

STRETCH TARGETS

INTEGRITY

ENTHUSIASM

**COURAGE AND
DETERMINATION**

GENERATING IDEAS

HUMILITY

Fortescue's unique Values drive our performance in a way that sets us apart from others

Culture

Fortescue is a values-based business with a strong, differentiated culture. We believe that by leveraging the unique culture of our greatest asset, our people, we will achieve our stretch targets



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ABOUT THIS STATEMENT

This statement has been prepared to meet the requirements of the Australian *Modern Slavery Act 2018* (Cth) (the Act) for the period 1 July 2021 to 30 June 2022. It details the actions Fortescue Metals Group Ltd and its controlled entities, including the reporting entities falling within the scope of section 5(1) of the Act listed in Appendix 2, have undertaken to identify and address modern slavery risks within in our operations and supply chains.

The activities of Williams Advanced Engineering (WAE) are detailed within WAE's Modern Slavery Statement published on 30 June 2022 as required under the United Kingdom Modern Slavery Act 2015. Fortescue expects WAE activities will be included in Fortescue's Modern Slavery Statements from FY23.

All references to our, we, us, the Company, the Group and Fortescue collectively refer to Fortescue Metals Group Ltd (ABN 57 002 594 872), its reporting entities and subsidiaries (with the exception of WAE). All references to a year are this financial year ended 30 June 2022 unless otherwise stated. All monetary values are listed in Australian dollars (A\$) unless otherwise stated.

The definition of modern slavery in the Act is adopted in this statement, which includes slavery, servitude, forced labour, debt bondage, forced marriage, trafficking of persons and organs, deceptive recruitment practices for labour/services, and the worst forms of child labour.

This statement forms part of our annual reporting suite which also includes our FY22 Annual Report, FY22 Climate Change Report, FY22 Sustainability Report and FY22 Corporate Governance Statement, all of which are available on our website at www.fortescue.com

Consultation

The drafting of this Statement was led by Fortescue's Sustainability team which has responsibility for Fortescue's Human Rights and Modern Slavery work programs. The Sustainability team worked with teams from across Fortescue's business including Corporate Governance and Compliance, Treasury, Procurement and Logistics and Marketing and Shipping as well as subsidiary organisations such as Fortescue Future Industries (FFI) and WAE.

The Statement was approved by Fortescue Directors on 6 December 2022.

Assurance

Management has sought independent, third-party verification of material metrics in this report, including operations data; procurement spend data; KPI data; vessel inspections, and modern slavery clause contract review data.

Feedback

We value all feedback. Please forward any comments on this statement or requests for additional information to sustainability@fmgil.com.au



Dr Andrew Forrest AO
Founder and Executive Chairman

Fortescue acknowledges the First Nations peoples of the lands upon which we live and work. We acknowledge their rich cultures and their continuing connection to land, waters and community. We are proud to work, partner and engage with First Nations peoples. We pay our respects to the culture and people, their Elders and leaders, past, present and emerging.

EXECUTIVE CHAIRMAN'S MESSAGE



“Modern slavery is one of the biggest and most complex human rights issues facing the world.”

Dr Andrew Forrest AO

Modern slavery is the biggest and most complex human rights issue facing the world. It is a dark, clandestine, invisible pandemic that is being hidden under the covers, with many turning a blind eye.

According to the *2021 Global Estimates of Modern Slavery*, on any given day, there are around 50 million people living in modern slavery globally – a staggering 10 million more than 2016 estimates.

Slavery isn't a thing of the past – it occurs in almost every country, with women and children continuing to be the most vulnerable.

Eradicating this criminal abuse of human rights requires the courage to seek out these practices and to bring about change.

As a global leader in green energy, green technology and resources, Fortescue recognises its vital role in addressing modern slavery by working collaboratively with our suppliers, governments around the world and communities.

We are committed to protecting the rights of all people including our employees, the communities in which we operate, those who may be impacted by our activities, our customers, and those within our supply chain.

This is Fortescue's fifth Modern Slavery Statement, the third under the *Australian Modern Slavery Act 2018*.

As Fortescue rapidly diversifies from a resources company into a global green energy, technology and development company, we remain firmly committed to a just transition. Our investment contracts place human rights first, followed by environment and then economics.

Eradicating modern slavery will not be easy – transparency and accountability will be critical if we are to succeed, and we must be brave enough to look deep into our supply chains.

This Statement is our commitment to be transparent about the ways in which we have succeeded, and critically, the areas in which more work is required.

We take this opportunity to renew our commitment to eradicating modern slavery.

We will continue to work collaboratively with our vendors, seeking to understand their approach to managing modern slavery risks and providing support where required.

As Fortescue's global footprint expands, we will also continue to work with governments to raise awareness of this issue and the need for urgent and effective action.

FY22 HIGHLIGHTS



Human Rights Saliency Risk Assessment completed



Online Human Rights training module launched



Modern Slavery Procurement Procedure launched



Self-Assessment Questionnaires (SAQs) automated



Standard Terms and Conditions clauses reviewed



Grievance Procedure revised



HRREC Modern Slavery Response & Remedy Framework finalised

In FY21, Fortescue ranked second in the Monash University Modern Slavery Statement Disclosure Quality assessment for ASX100 listed companies. This ranking demonstrates our ongoing commitment to transparent disclosure, respecting human rights and to the eradication of modern slavery.

FY22 OPERATIONS HIGHLIGHTS



11,693

Total number of employees
(including labour hire)



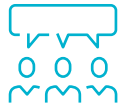
1,543

Number of employees under
labour hire contracts



529

Number of permanent
part-time employees



42%

Percentage of employees covered
by Enterprise Agreements



11,140

Number of employees
based in Australia

TIER 1 SUPPLIERS

3,158



suppliers
engaged

A\$8.7bn



Total
spend

Top three



international source countries for
Fortescue's mining and minerals
operations: China, United States
of America; Argentina

Top three



international source countries
for FFI: United Kingdom; United
States of America; Papua New
Guinea

130



SAQs
issued

4 vendors



under management plans

ABOUT FORTESCUE

Transitioning to a global green energy and resources company

Structure

Established in 2003, Fortescue is a proud West Australian company, recognised for our unique culture, values, innovation and industry leading development of infrastructure and mining assets. As one of the world's lowest cost iron ore producers, Fortescue is now shipping at an annual rate of over 180 million tonnes with more than 1.7 billion tonnes of iron ore delivered to our customers since 2008.

The parent company, Fortescue Metals Group Limited, is a public company listed on the Australian Securities Exchange. It holds several owned and controlled entities, including the active subsidiaries described in Appendix 2.

Operations

Our operations include three mining hubs in the Pilbara, Western Australia, which are connected to our five berth Herb Elliott Port and the Judith Street Harbour towage infrastructure in Port Hedland by 760 kilometres of heavy haul railway. Our iron ore value chain extends to our tug fleet and eight purpose-built 260,000 tonne capacity Fortescue Ore Carriers, which have been designed to complement the efficiency of our port and maximise the safety and productivity of our operations.

The Fortescue Hive, our integrated operations centre in Perth, is responsible for delivering enhanced safety, productivity, efficiency and commercial benefits to our operations and will strengthen our future deployment of new technology, including artificial intelligence and robotics.

We are a low-cost supplier of seaborne iron ore to China and have expanded into other markets including Japan and South Korea.

Fortescue began as an exploration company and today our iron ore tenements remain key to maintaining mine life and sustaining product quality in our core iron ore business. Our exploration activities in the Pilbara region are focused on adding high iron content, dry, low-cost tonnes to our product suite, providing further optionality for the business.

Through exploration we are driving future growth and targeting the commodities that support decarbonisation and electrification. Recent Australian exploration activity has primarily focused on early-stage target generation for copper-gold in the Paterson region in Western Australia. Additional exploration activity is underway in New South Wales and South Australia.

Fortescue has a well-established presence in Latin America, including Argentina where we currently hold tenements prospective for copper-gold. We are also assessing exploration and development opportunities in Colombia, Peru, Chile and Brazil.

Fortescue has a 19 per cent stake in TSX listed Candente Copper Corporation and we are focused on advancing the Canariaco project in Peru. In Kazakhstan, a range of copper targets are being progressed to drilling while work in Portugal is focused on the development of lithium opportunities

Our green energy and technology company FFI is rapidly diversifying our business to become an integrated, global green energy and resources company. FFI is growing a portfolio of renewable hydropower, geothermal, wind and solar assets globally. We have proposed projects in Africa, New Zealand, Latin America, South-east Asia and Australia. We recognise that some of these locations have heightened human rights and modern slavery risks, and we are working to strengthen our due diligence processes.

In FY22, Fortescue announced a number of acquisitions and formal partnerships with other companies. Human rights are included in our due diligence, and we are working to strengthen the modern slavery component. As part of the acquisition of WAE, a social labour audit was conducted and we are working with them to action recommendations.

As a values-based business which celebrates diversity and inclusiveness, globally we are empowering thriving communities and delivering positive social and economic benefits through training, employment and business development opportunities, including for our First Nations' employees and partners. By empowering our people and communities, we will continue to challenge the status quo to sustain operational excellence, achieve our stretch targets, drive future success and deliver strong returns to our shareholders.

OUR MODERN SLAVERY RISKS

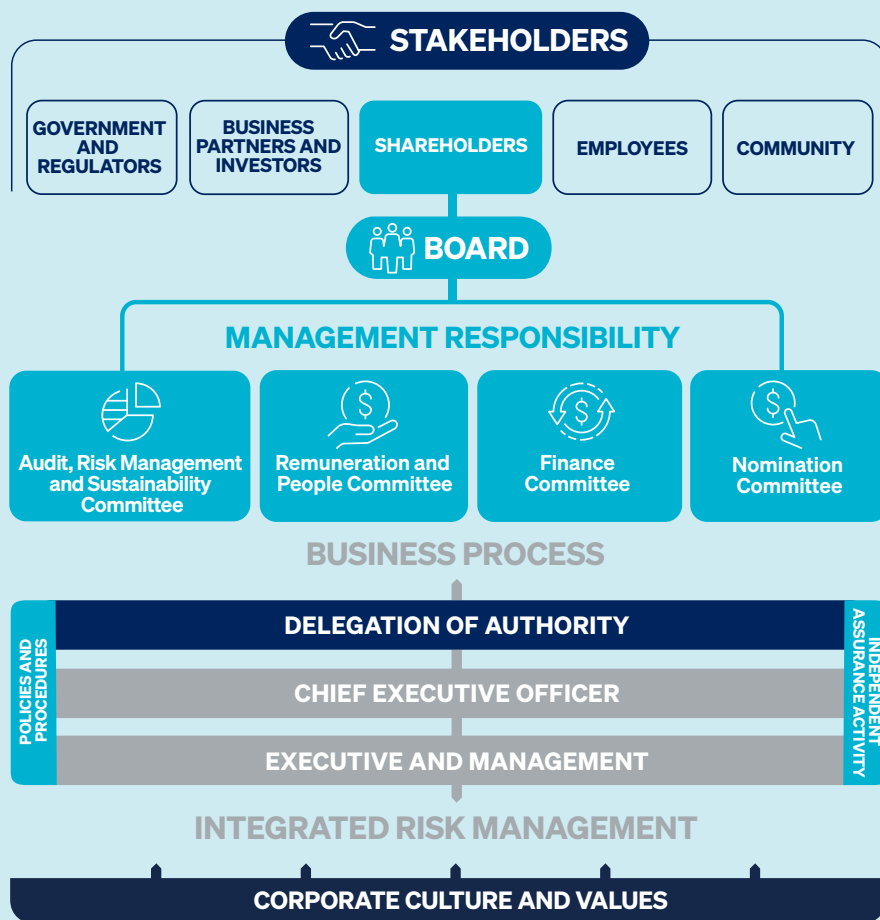
Fortescue acknowledges the potential for modern slavery to occur both in our operations and supply chain. With our current active mining and minerals operations based in Australia, our risk assessments indicate that we are at greater risk of modern slavery within our supply chain. The global expansion of our business, particularly to countries where the prevalence of modern slavery is higher, has increased the potential risk of modern slavery in our operations. This risk is likely to occur as we engage contractors and labour hire within countries. Further details are provided under Identifying and assessing our modern slavery risks on page 16.

GOVERNANCE

Good corporate governance is critical to the long-term sustainable success of Fortescue

Good governance is the collective responsibility of the Board of Directors (the Board) and all levels of management. Fortescue seeks to adopt leading practice, contemporary governance standards and apply these in a manner consistent with our culture and Values. Our overall approach to corporate governance is outlined in the FY22 Corporate Governance Statement, available on our website at www.fortescue.com

GOVERNANCE FRAMEWORK



The management of human rights has been identified as a strategic matter, with Board oversight of human rights (including modern slavery) across all entities managed through this governance framework.

Audit, Risk Management and Sustainability Committee

The Audit, Risk Management and Sustainability Committee (ARMSC) is a Board sub-committee, that operates under a Board-approved Charter, consisting of a minimum of three non-executive directors, in which the Chair is an independent director and independent directors form the majority.

The ARMSC is responsible for the oversight of Fortescue's response to human rights matters and provides advice to the Board.

The ARMSC meets quarterly and receives updates on human rights matters, and their impact on Fortescue's business, at each meeting. Collectively, the Directors have a diverse and relevant range of skills, backgrounds, knowledge, and experience to ensure effective governance of the business. To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

Specific human rights related skills and experiences of the Board include understanding the business challenges, strategy and options associated with managing human rights risks. Board members Jennifer Morris OAM and Penny Bingham-Hall have specific experience in the management of human rights issues including modern slavery in supply chains.

Sustainability Committee

At the management level, the Sustainability Committee (SC) is responsible for monitoring and coordinating our overall response to human rights (including modern slavery), ensuring risks are managed and considered from a whole of business perspective. The CEO (or delegate) chairs the SC which comprises executives and technical experts from across the business, including the areas of Finance, Environment, Investor Relations, Sustainability, Risk Management, FFI and Procurement and Logistics. The SC meets at least four times a year and provides updates and advice to the ARMSC on a range of issues.

Day-to-Day management

Our CEO, currently the Executive Chairman, is accountable for the implementation of our human rights approach across Fortescue, supported by our Group Manager Sustainability.

The day-to-day implementation and coordination of human rights (including modern slavery) activities is undertaken by our Sustainability team in close collaboration with other areas of the business.

Within Fortescue's operations, key human rights related activities are undertaken by the following teams:

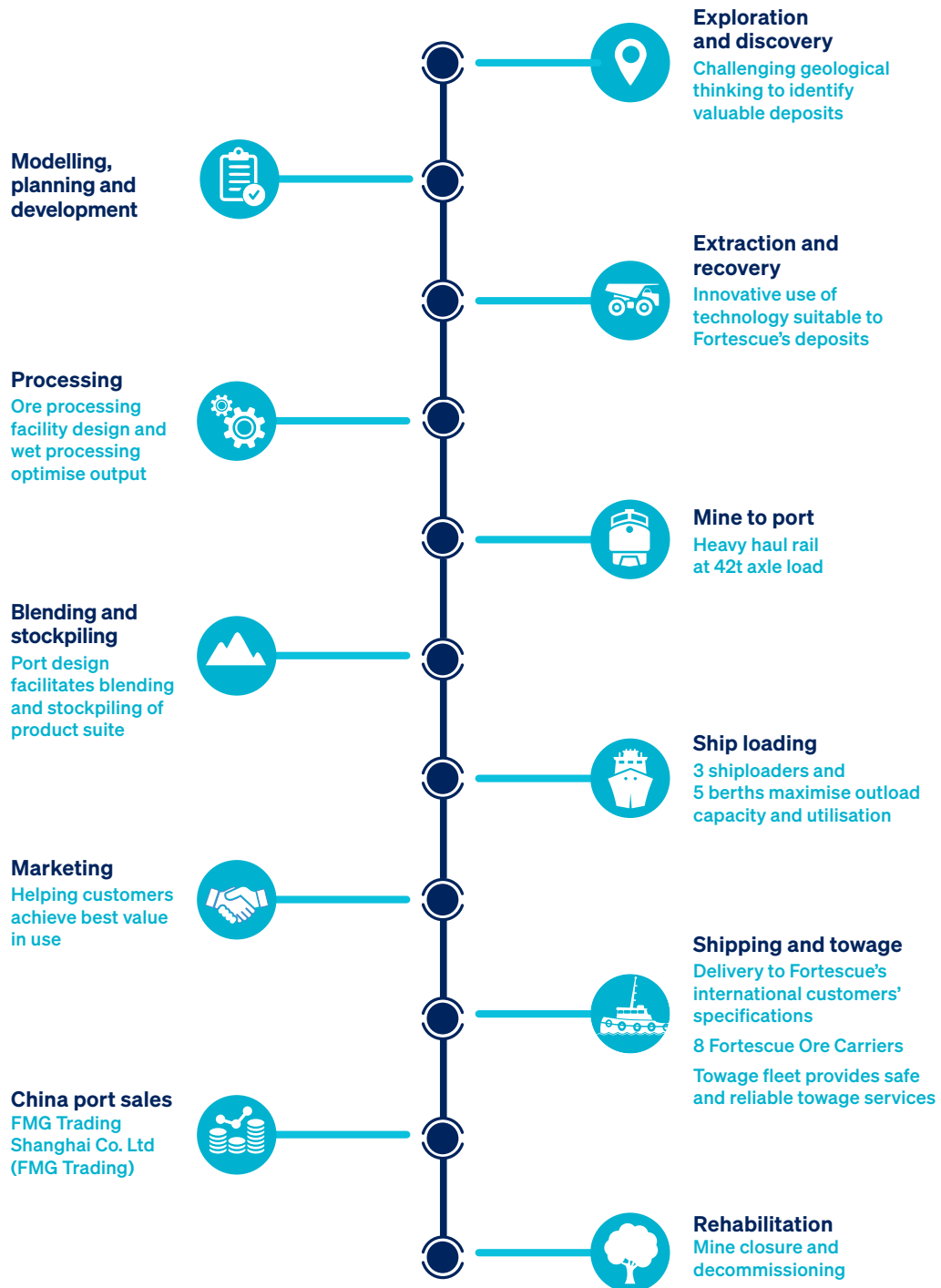
- Procurement and Logistics - manage strategic supplier engagement, sourcing and contracts management as well as routine procurement processes (including purchasing, supplier due diligence, accounts payable and materials management) for mining and minerals.
- Major Projects - manage contracts and supplier engagement for major projects, in close collaboration with the Procurement and Logistics.
- Shipping - manage all activities relating to the shipping of our product to customers.
- FFI - manage their own contracts and supplier engagement with support from Procurement and Logistics.

All teams collaborate closely with Fortescue's Legal team.

In FY22, we appointed a Human Rights Advisor to the Sustainability team, to assist with the monitoring and management of modern slavery risks and the implementation of human rights due diligence processes and disclosure.

We continue to convene quarterly Human Rights Advisory Group sessions where representatives from the areas of Corporate Governance, Sustainability, Procurement and Logistics, Security, FFI International, Communities, Major Projects and Shipping, share learnings on human rights and modern slavery matters

IRON ORE VALUE CHAIN



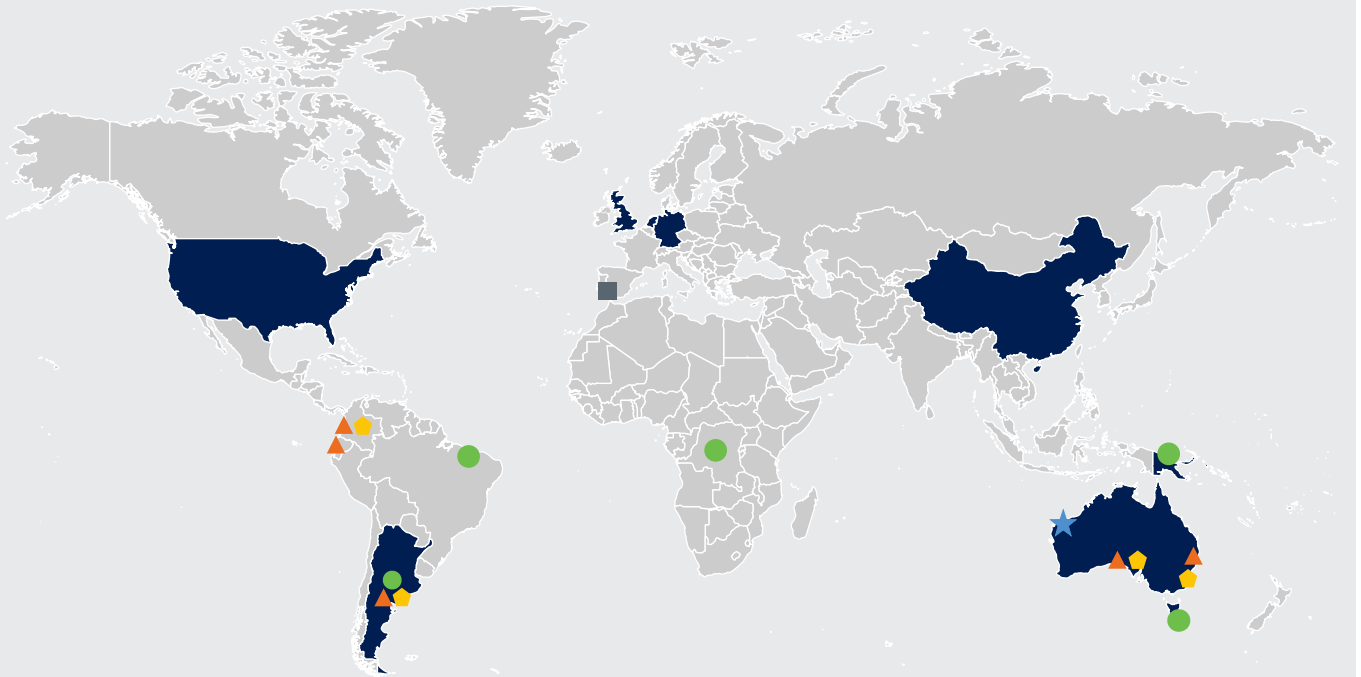
BUSINESS LOCATIONS AND SUPPLY CHAIN MAP

Operations

★ Iron ore

Exploration

▲ copper ◆ gold ■ lithium ● FFI



United States

1% total procurement spend

Key products sourced

- Bulk Fuel
- HME – Fleet Supply
- Rail Rolling Stock
- Autonomy

Argentina

0.3% total procurement spend

Key products sourced

- Real estate
- NPI Site Buildings
- ICT Services

United Kingdom

0.3% total procurement spend

Key products sourced

- Rail rolling stock
- ICT Services

Netherlands

0.3% total procurement spend

Key products sourced

- Labour Hire
- ICT Services

Germany

0.2% total procurement spend

Key products sourced

- ICT Services
- Maintenance - Energy & Power

Papua New Guinea

0.1% total procurement spend

Key products sourced

- Labour Hire
- Exploration

Australia

> 94% total procurement spend

Key products sourced

- Bulk Fuel
- Major Projects
- HME Fleet Supply
- Labour Hire

China

2.5% total procurement spend

Key products sourced

- Major Projects
- Crusher
- Connectors
- High volume commodities

OUR SUPPLY CHAIN

We are committed to creating positive social change in our supply chain by working collaboratively with our vendors, seeking to understand their approach to managing modern slavery risks and providing support where required.

In FY22, 3,158 Tier 1 suppliers, those that supply goods and/or services directly to Fortescue, were engaged with a total contestable spend of A\$8.7 billion (GST inclusive). Over 94 per cent of our total procurement spend was with Australian businesses, 71 per cent was within Western Australia and five per cent was in the Pilbara.

In FY22, our spend with international suppliers for our metals and mining operations was A\$214 million with 25 Chinese suppliers, A\$79 million with 41 entities based in the United States of America, A\$23 million with 298 Argentinian entities, and A\$74 million with other overseas suppliers.

Suppliers considered high-risk include those located in the high-risk countries of China, Democratic Republic of Congo, Ethiopia, Kazakhstan, Papua New Guinea and Thailand identified using our Modern Slavery Risk Assessment Tool criteria being country, industry/product, entity and spend risk (for further information see pages 23-24).

FFI's FY22 overseas spend was A\$17 million with eight entities based in the UK, A\$12 million with 26 entities based in the United States of America, A\$11 million with 16 entities based in Papua New Guinea, and A\$52 million with other overseas suppliers.

Suppliers considered high-risk include those located in the high-risk countries of China, Democratic Republic of Congo and Papua New Guinea as identified using our Modern Slavery Risk Assessment Tool criteria.

In February 2022, in response to the invasion of Ukraine, FFI initiated a process to end its contracts with two Russian suppliers.

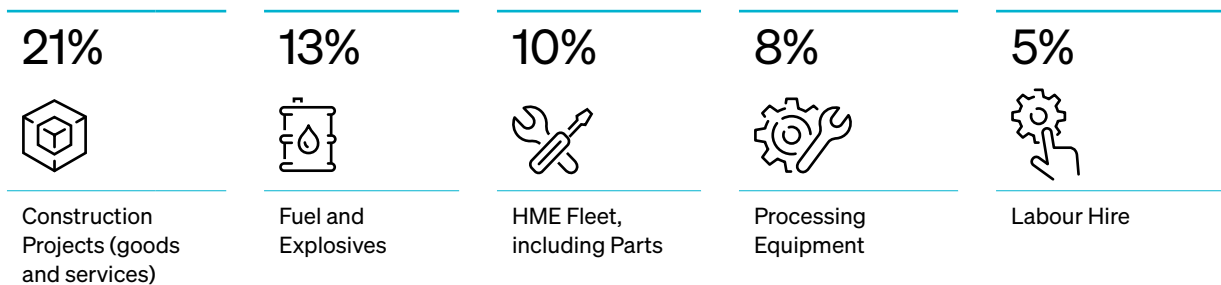
All procurement figures represent the spend with our Tier 1 suppliers and may not represent the original source country of these goods and services.

During FY22, we procured goods and services across a wide range of categories.

¹ Contestable Spend means the spend (includes VAT/GST) that is subject to Fortescue's procurement processes and managed in accordance with Fortescue's Procurement Policy. It excludes iron ore shipping costs, government costs or charges (including royalties), donations, subscriptions and memberships, Native Title Group payments (other than payments made for the provision of direct goods or services), property leasing, related Fortescue entities and legal fees.

During FY22, we procured goods and services across a wide range of categories.

Top 5 Procurement Spend Categories



43% Other



Commodities, including tools, PPE, stationary and medical supplies; Consultancy and professional services; Engineering and construction services; Rail rolling stock; Electricity and gas; Exploration (goods and services); Information technology; Logistics and transport; Security services; Chartered vessels and supply shipping; Cleaning and catering services; Electronics and electrical equipment; Mining equipment and infrastructure

We enter contractual arrangements with suppliers ranging from one-off transactional purchase orders governed by Standard Terms and Conditions, through to multi-year, large value fixed term contracts.

Fortescue operates a centralised procurement function which is based in our head office, in Perth, Western Australia. The Procurement and Logistics team reports to the Chief Financial Officer and supports our international procurement teams. Fortescue's centralised Sustainability and Corporate teams support our Procurement and Logistics teams in mining and minerals, Major Projects and FFI.

OUR APPROACH

Fortescue is committed to respecting and supporting the human rights of all people including our employees, the communities in which we operate, those within our supply chains and those who may be impacted by our activities.

We reject and prohibit the use of all forms of child or forced labour, and all other forms of slavery, within our operations and the operations of our suppliers.

We strive to continuously improve our approach to identifying, preventing, and mitigating human rights impacts including modern slavery risks.



Modern Slavery Procurement Procedure launched



Online Human Rights training module launched



Human Rights Saliency Risk Assessment completed



Grievance Procedure revised



HRREC Modern Slavery Response & Remedy Framework finalised

Policy framework

Our Human Rights Policy and Employee Code of Conduct and Integrity form the foundation of our approach to managing human rights risks

Respecting the human rights of all people is embedded throughout our business. All entities in the Fortescue Group are governed by and expected to comply, or be working towards compliance with, Fortescue's policies and procedures, including the Human Rights Policy.

The following policies and standards guide our actions:

DOCUMENT	OVERVIEW	POLICY IN ACTION
<p>Code of Conduct and Integrity (External)</p> <p>Available in multiple languages including Chinese and Spanish.</p>	<p>Our Code of Conduct and Integrity establishes the essential standards of personal and corporate conduct expected of our employees, suppliers, contractors and those with whom we do business, including in relation to human rights and modern slavery.</p> <p>It includes our commitment to respecting and supporting the human rights of all people and conducting our business in a manner consistent with International Bill of Rights, the UNGPs and the ILO Declaration on the Fundamental Principles and Rights at Work.</p>	<p>Our Code of Conduct and Integrity is available on our website and Fortescue's intranet.</p> <p>It applies to all activities and operations undertaken by Fortescue and its subsidiaries including FFI.</p> <p>Compliance with the Code of Conduct is a condition of working for and with Fortescue and is provided to all employees during the recruitment and induction process.</p> <p>The Code of Conduct and Integrity forms part of Fortescue's Vendor Documentation, with suppliers expected to ensure compliance.</p>
<p>Human Rights Policy (External)</p> <p>Available in multiple languages including Chinese and Spanish.</p>	<p>Our Human Rights Policy sets out our commitment to respecting the internationally recognised human rights of all people, including our employees, the communities in which we operate, those who may be impacted by our activities and those within our supply chains.</p> <p>The Human Rights policy together with our Code of Conduct and Integrity, form the foundation documents for respecting human rights at Fortescue.</p> <p>The CEO is responsible for ensuring the implementation of this policy and the Board's ARMSC is charged with the oversight of human rights matters including ensuring compliance with this policy.</p> <p>The Policy is reviewed biennially.</p>	<p>Our Human Rights Policy is available on our website and Fortescue's intranet.</p> <p>It applies to all activities and operations undertaken by Fortescue and its subsidiaries including FFI.</p> <p>All Fortescue employees, suppliers, contractors, consultants and other business partners are expected to read and adhere to this policy and all related standards, guidelines and procedures.</p> <p>The requirements of this policy are covered within our Human Rights Training program. For more information about our training program see page 28.</p> <p>Our Human Rights Policy outlines our strategy to achieve our commitments to human rights including, for example, actively communicating our expectations and incorporating human rights requirements into our contracts with suppliers and partners. For more information on our supplier contract terms and conditions see page 29.</p> <p>Our Human Rights Policy forms part of Fortescue's Vendor Documentation and suppliers are expected to conduct business in a manner consistent with Fortescue's Human Rights Policy.</p>
<p>Procurement Policy (External)</p> <p>Available in multiple languages including Chinese and Spanish.</p>	<p>Our Procurement Policy outlines our approach to ensuring procurement and logistics practices meet the highest standards of business ethics and integrity, including respecting human rights and addressing modern slavery risks.</p> <p>In FY22, the Procurement Policy was updated to expand our modern slavery expectations to incorporate human rights generally.</p>	<p>Our Procurement Policy is available on our website and on Fortescue's intranet.</p> <p>It applies to all activities and operations undertaken by Fortescue and its subsidiaries including FFI.</p> <p>The Policy outlines the strategy by which Fortescue will achieve its procurement commitments including, for example, a commitment to working to ensure that our suppliers conduct their business in a manner consistent with internationally recognised human rights standard and address the risk of modern slavery in their supply chain.</p> <p>Our Procurement Policy forms part of Fortescue's Vendor Documentation.</p>

DOCUMENT	OVERVIEW	POLICY IN ACTION
<p>Sustainable Procurement Standard (External)</p> <p>Available in multiple languages including Chinese and Spanish.</p>	<p>Our Sustainable Procurement Standard provides an overview of our expectations regarding sustainable sourcing.</p> <p>This Standard details the policies and procedures that suppliers are required to comply with including Fortescue's expectation that suppliers conduct their business in a manner consistent with international recognised human rights, the United Nations Guiding Principles on Business and Human Rights and compliance with the Act.</p> <p>In FY22, this Standard was reviewed and updated to include new sections on Respect in the Workplace; Security and Human Rights; Indigenous Rights and Opportunities; Communities; and Diversity.</p>	<p>Our Sustainable Procurement Standard is available on our website and on Fortescue's intranet.</p> <p>It applies to all activities and operations undertaken by Fortescue and its subsidiaries including FFI.</p> <p>This Standard outlines our minimum expectations of suppliers in relation to governance, business integrity and sustainability and forms part of Fortescue's Vendor Documentation.</p> <p>A commitment to compliance with this standard is taken into consideration during the contract award process and performance assessments during the term of a contract.</p>
<p>Supplier Contract Terms and Conditions (External)</p> <p>Available in multiple languages including Chinese and Spanish.</p>	<p>Suppliers are issued a purchase order to authorise the provision of goods and services, at a stated specification, quantity, and price. Purchase orders apply the relevant Standard Terms and Conditions. Our Standard Terms and Conditions include commitments in relation modern slavery.</p> <p>Our shipping contracts also include requirements to align with the <i>Maritime Labour Convention 2006</i>.</p>	<p>The modern slavery obligations in our Standard Terms and Conditions require suppliers to investigate and assess their modern slavery risks and implement due diligence and remediation programs. Suppliers are also encouraged to cascade an equivalent clause within their own terms and conditions with suppliers.</p> <p>Fortescue's Standard Terms and Conditions are available on our website and are provided to suppliers during vendor onboarding.</p> <p>For more information, see page 29.</p>
<p>Whistleblower Hotline Policy (External)</p> <p>Available in multiple languages including Chinese and Spanish.</p>	<p>Our Whistleblower Hotline Policy outlines how Fortescue will support Whistleblowers so they can feel safe to express concerns.</p> <p>The Hotline is available to all stakeholders to report potential conduct breaches, including human rights and modern slavery issues.</p> <p>The Hotline can be accessed via an online portal, phone, email or post and has multilingual capabilities.</p> <p>For more information see page 32.</p>	<p>Our Whistleblower Hotline Policy is available on our website and the Fortescue's intranet.</p> <p>It applies to all activities and operations undertaken by Fortescue and its subsidiaries including FFI.</p> <p>The details of the Hotline are also included in Fortescue's Code of Conduct and Integrity, Sustainable Procurement Standard and Whistleblower Hotline Policy and are included in Fortescue's Vendor Documentation.</p> <p>During FY22, of the 65 Whistleblower Hotline disclosures reported, none related to modern slavery.</p>
<p>Human Rights Work Program (Internal)</p>	<p>Our human rights work program outlines the actions required to operationalise the commitments in our human rights policy.</p> <p>The modern slavery work program is a subset of the human rights work program, which specifically addresses the risks of modern slavery within our operations and supply chains to meet the requirements of the Act.</p>	<p>The human rights work program and the modern slavery work program are managed and implemented by the Sustainability team who work collaboratively with key representatives across the Business to deliver the initiatives and actions.</p> <p>The Sustainability team also provides updates on the human rights work program and the modern slavery work programs to Fortescue's Human Rights Advisory Group meetings.</p>

DOCUMENT	OVERVIEW	POLICY IN ACTION
New documents added in FY22		
Modern Slavery Procurement Procedure (Internal)	The Modern Slavery Procurement Procedure (MSPP) is an internal document designed to support the implementation of our Human Rights Policy, Procurement Policy and Sustainable Procurement Standard by detailing processes and considerations for our Procurement and Logistics team in assessing and managing modern slavery risks in our supply chain.	The MSPP has been rolled out across our mining and minerals business and is being implemented by the Procurement and Logistics team. FFI conducts initial vendor screenings but is yet to fully implement the MSPP. Training was provided to the Procurement and Logistics team on the implementation of the MSPP (see page 22 for details).
Grievance Procedure (Internal)	Our revised corporate Grievance Procedure was approved during FY22. It is an internal document setting the minimum requirements for managing external grievances. Its purpose is to ensure external stakeholders can access a locally appropriate mechanisms to raise grievances (whether directly or indirectly with Fortescue). In FY23, we will continue to work on the implementation of the revised Grievance Procedure throughout our business.	See page 31 for further details on our reviewed Grievance Procedure.

HUMAN RIGHTS POLICY

Our Human Rights Policy details our commitment to conducting business in a manner consistent with the:

- International Bill of Human Rights (comprising the United Nations Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, and its Optional Protocols)
- International Labour Organisation's (ILO) Declaration on the Fundamental Principles and Rights at Work
- United Nations Guiding Principles on Business and Human Rights.

It also includes specific commitments to undertake ongoing due diligence to identify, prevent and mitigate any adverse impacts of our activities and provides access to remedy through effective grievance mechanisms.

IDENTIFYING, ASSESSING AND ADDRESSING OUR MODERN SLAVERY RISKS

Modern slavery has the potential to exist in our operations and supply chain in a variety of circumstances. Modern slavery is defined in the Act to include slavery, forced labour, debt bondage, servitude, deceptive recruiting practices, human trafficking and the worst forms of child labour.

To identify the modern slavery risks in both our operations and supply chain, Fortescue adopts the concepts set out in the United Nations Guiding Principles on Business and Human Rights and considers the ways in which our activities may cause, contribute to or be directly linked to modern slavery. Our understanding of these concepts and how they may apply to our industry are outlined below.

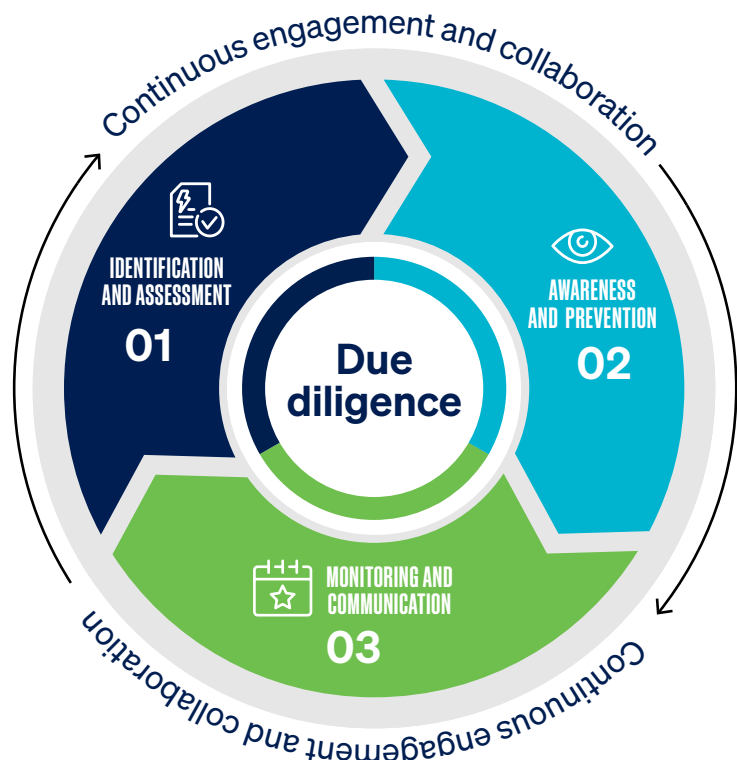
CAUSE	CONTRIBUTE	DIRECTLY LINKED
A company may cause a human rights impact or modern slavery through its own actions or omissions. For example, a company uses forced labour in its factory, its sites or operations.	A company may contribute to a human rights impact or modern slavery if its actions or omissions contribute to another party (or parties) causing the human rights impact or modern slavery such as through incentivising or turning a blind eye. For example, it sets unrealistic cost and/or delivery timeframes for a supplier that can only be achieved by using exploitative labour, or requesting a company find the cheapest labour to deliver a good or service and turns a blind eye to exploitative practices.	A situation where a company has not caused or contributed to an adverse human rights impact or modern slavery but may be involved because the impact or incident of modern slavery is caused by an entity with which the company has a business relationship and is linked to its own operations, products or services. For example, a company procures goods manufactured by a second company which sources raw materials from a third company using forced labour or child labour.

Due diligence underpins our identification, assessment and management of human rights and modern slavery risks and assists us in helping to continuously bring our processes into closer alignment with the United Nations Guiding Principles on Business and Human Rights.

Our due diligence is an ongoing and iterative process that considers both actual and potential adverse human rights impacts through our activities and our business relationships. The three core elements of our human rights and modern slavery due diligence program are:

- identification and assessment
- prevention and mitigation
- monitoring and communication.

These three elements are underpinned by continuous engagement and collaboration.



We identify and assess potential human rights risks across our operations and supply chain through our company wide Risk Management Framework. This framework ensures the consideration of risks by senior management and the Board. The ARMSC is responsible for the oversight of risk management (including human rights risks) on behalf of the Board. Human rights risks are captured in our corporate risk register, with mitigation and action items assigned to the relevant senior team member.

Our Operational risks

The extractive and energy industries are considered high-risk for instances of modern slavery, particularly in countries that have a higher prevalence of modern slavery.

During FY22, all our operating mines were based in Australia, which has a low prevalence of modern slavery ([Global Slavery Index 2018](#)) and a strong regulatory environment. Our risk assessment demonstrated a low risk of Fortescue causing or contributing to instances of modern slavery within tier one of our Australian operations.

Fortescue is currently pursuing exploration opportunities and green energy projects globally, which increases our risk, particularly in countries where there is a higher prevalence of modern slavery.

Fortescue acknowledges that, without adequate controls, we could cause or contribute to modern slavery if, for example, employees or contractors were engaged in exploitative situations, or if our workforce, in their personal capacity, engaged in exploitation of the local community. These risks are greater in countries that have a higher prevalence of modern slavery.

Fortescue undertakes in-country risk assessments to determine whether we will commence activities, including exploration and mining, within a particular country. The assessments consider a wide range of factors including environment, social and governance risks.

In addition to in-country risk assessments, we are working to ensure human rights and modern slavery due diligence measures are implemented across the Fortescue Group.

To address the greater operational risk of modern slavery, in FY23 we will focus on reviewing the labour conditions and recruitment practices of our growing global operations.

FOCUS AREA

SALIENT HUMAN RIGHTS RISK ASSESSMENT

In FY22, we undertook a salient human rights risk assessment to identify the areas where we have the greatest potential to impact the human rights of people across our value chain. Our analysis involved the identification of instances where Fortescue may cause, contribute or be directly linked to human rights impacts in line with the United Nations Guiding Principles on Business and Human Rights. The scale, scope and ability to remediate adverse human rights were assessed to determine the severity of the risks and inform our salient human rights issues.

The assessment process was led by external business and human rights experts, and involved three collaborative internal workshops and follow up interviews with representatives from a wide cross section of the business, including, Procurement and Logistics, Environment, Communities, Cultural Heritage, and Native Title, Health and Safety, Human Resources, Shipping, and Sustainability and Corporate Affairs, both in Australia and overseas². It also involved interviews with a small number of external stakeholders.

The following table and diagram outlines the findings of our salient human rights risk assessment.

² Joint venture or recent acquisitions were not included in the saliency assessment but have been subject to their own due diligence.

This work supports us to better understand our human rights issues and prioritise our human rights actions.

Our salient human rights issues are set out below. Modern slavery is captured under “labour rights”.

Land rights	Rights of our community members in relation to land acquisition, access and use, including resettlement.
Community impacts	Rights of our community members that may be impacted by activities along the value chain, including migration, access to services, culture and cultural heritage and livelihoods.
First Nations peoples' rights	Rights of First Nations peoples that may be impacted by our activities, including consent, self-determination, culture and cultural heritage and impacts on their traditionally owned lands, waters and resources.
Security and conflict	Rights of our community members that may be impacted by security activities, as well as broader security and conflict implications in country/region of operation such as conflict or government use of force.
Environmental impacts	Rights of community members that may experience environmental impacts directly as a result of our operations or across the value chain, including rights to water and sanitation, health and an adequate standard of living.
Diversity and non-discrimination	Rights of our employees/contractors and workers in the value chain that may be impacted by discrimination on the basis of gender, race, age, religion, sexual orientation, disability or other protected status.
Labour rights	Rights of our employees/contractors and workers in the value chain that may be impacted in relation to freedom from exploitation, including modern slavery, working hours and remuneration, and freedom of association and collective bargaining.
Workplace health and safety	Rights of our employees/contractors and workers in the value chain to a safe and healthy working environment that may be impacted by our operations.



POTENTIAL MODERN SLAVERY INDICATOR

During the F21 and FY22 reporting periods, we worked to address a potential indicator of modern slavery in relation to cleaning services at one of our sites.

During an informal conversation with a Fortescue employee, a subcontracted worker expressed concern that the cost of cleaning products, needed to perform their duties, were being deducted from their wages. The worker was reluctant to make a formal complaint and wished to remain anonymous.

While Fortescue tried to investigate the concern, the worker was not directly employed by a Fortescue supplier,

but by a subcontracted agency. The subcontracted agency declined to participate in an audit and we were unable to investigate and substantiate the concern.

Recognising that sub-contracted services restrict our ability to act in these situations, particularly with those further down the supply chain, Fortescue decided to remove cleaning from the contract with our supplier and initiate a direct contract, tender process. As part of the new tender process, we worked to ensure that all workers could continue their employment if they chose and that they would not be negatively impacted by the change. We continue to work collaboratively with our original supplier.

Our supply chain risks

We acknowledge the risk of being directly linked to modern slavery in our supply chain, particularly with suppliers beyond Tier 1 and Tier 2, where visibility and the ability to influence is challenging. Acknowledging this risk, Fortescue undertakes supplier due diligence to identify and assess modern slavery risks in our supply chain set out at pages 21 to 26. As part of our supplier due diligence, we continue to work to better understand our supply chain beyond Tier 1 and Tier 2 (see page 25 for more information on Fortescue Beyond Tier 1 Tools).

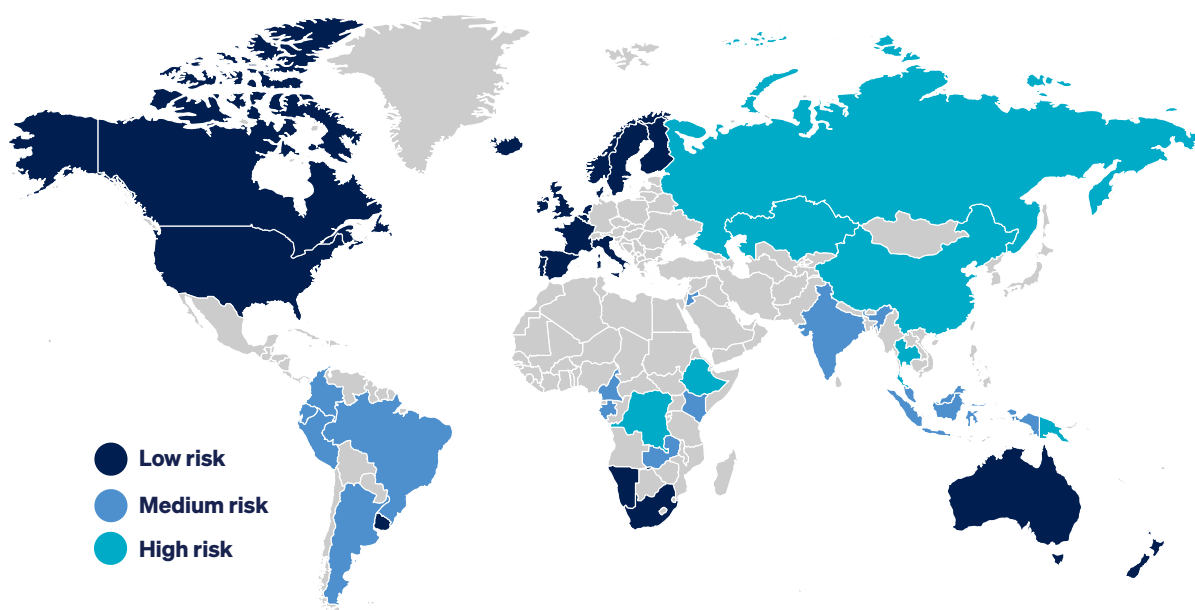
In addition to our supplier due diligence, we undertake an annual desktop risk assessment of our Tier 1 suppliers using our Modern Slavery Risk Assessment Tool (MSRAT). Using our MSRAT, we evaluate all proposed vendors and onboarded suppliers against specific risk criteria and allocate a risk rating. We recognise that the level of modern slavery risk in our supply chain is influenced by a range of factors including, for example, the country of manufacture, industry and product specific risk. These factors form the risk criteria utilised in the MSRAT along with entity type and spend (see pages 22 to 24 for more information on our MSRAT and risk criteria).

During FY22, our country risk data was informed by the Global Slavery Index 2018 country risk ratings. As the updated Global Slavery Index was not available in time for this assessment, we have supplemented the Global Slavery Index 2018 data with a third-party global Environment Social Governance Monitor (ESGM) we are piloting this year.

The ESGM provides five risk rating levels for labour and modern slavery country risk, being very low, low, medium, high and extreme. The ESGM rankings are updated quarterly by the provider. The ESGM has provided useful insights and has helped to cross-check and verify our existing data.

We will update our country risk data to align to the new Global Slavery Index data once released. For more information on the risk criteria please see page 24.

Based on this annual risk assessment, of the 49 of countries from which Fortescue procure goods and services 4% were identified as high risk, representing \$415 million of Fortescue's total contestable procurement spend for FY22. See Fortescue's supply chain risk map below.



SOLAR PANELS – LINK TO MODERN SLAVERY RISKS

In FY22, Fortescue was linked to alleged forced labour in relation to solar panels that were installed as part of a contract to supply energy from a hybrid gas, solar and battery storage power plant in the Pilbara. Fortescue does not own or operate the plant but purchases generated energy.

The energy provider (Tier 1) had outsourced the purchase and installation of solar panels for the project to a third-party supplier (Tier 2) who sourced solar panels from another supplier (Tier 3). The Tier 3 supplier allegedly sourced components/materials from a supplier (Tier 4) linked to forced labour in the Sheffield Hallam University, 'In Broad Daylight' Report.

Our direct contractor (Tier 1) was asked to conduct an investigation into this incident. We were advised that the investigation was not able to conclude whether forced labour was present in the supply chain of the solar panels. Our contractual ability to investigate the incident was limited, because our standard modern slavery clauses were not included in the contract with the Tier 1 provider. This prompted a company-wide assessment to determine what other contracts did not include our modern slavery clauses.

To limit the risk of this occurring again we have: strengthened our contract clauses, increased due diligence on solar-related procurement and continue collaborating with peers to share knowledge and identify risks.

More information on our audit of contractual clauses is on page 30.



FY22 High-risk Categories

The FY22 analysis of our value and supply chain identified similar high-risk categories those identified in FY21. The key high-risk procurement categories where there is a potential for Fortescue to be directly linked to modern slavery are listed below. This list represents Tier 1 suppliers only.

Electronic and electrical equipment	<p>We source a range of electrical devices in this category, such as computers and mobile phones, as well as electrical equipment such as solar panels, transformers, batteries and cables.</p> <p>The electronic and electrical industry is recognised globally as a high-risk industry. Manufacturing often occurs in locations with minimal regulation and oversight. The work is often lower skilled, and workers often have limited resources and methods for resolving grievances. There is also a risk that products are manufactured using raw material inputs produced using workers subjected to modern slavery.</p> <p>During FY22, we undertook further due diligence in relation to our purchase of solar panels. This work included engaging an independent environment, social and governance (ESG) consultant to conduct an industry assessment on major solar panel suppliers which considered sustainability performance and exposure to modern slavery and human rights risks. It was followed by a robust tendering process which required suppliers to demonstrate supply chain transparency and management of human rights matters.</p> <p>For additional detail on this assessment see the Case study - Renewables Advanced Due Diligence process, on page 27.</p>
Offshore fabrication	<p>We source large items of equipment for use in mining and processing centres from overseas manufacturers. This equipment is often fabricated in factories that use migrant or low skilled labour and/or employ contracted labour which can be linked to poor working conditions. Where possible, we employ Fortescue representatives on the ground to assist with monitoring working conditions from a health, safety and human rights perspective as well as product quality.</p>
Rail rolling stock	<p>Most items of rail equipment that we procure for our operations, such as locomotives, rail ore cars and rail steel are manufactured overseas. Some manufacturers are located in high-risk countries where there is limited transparency on worker conditions. Where possible, we seek to employ Fortescue representatives on the ground to assist with monitoring work conditions from a health, safety and human rights perspective as well as product quality.</p>
Rubber products	<p>Rubber is generally farmed and produced in countries where there is a higher risk of modern slavery practices, including child or forced labour. We purchase a range of rubber products including tyres, conveyor belts and gloves, which are manufactured using rubber sourced through third-party suppliers where we currently have limited visibility of their processes.</p>
Cleaning, catering, and security services	<p>We procure cleaning, catering and security services at our mines and cleaning services in the office spaces we lease. These services carry a high-risk of modern slavery, including in Australia, due to low-skilled, low-paid, manual work and the prevalence of short-term, seasonal and migrant workers and sub-contractors. To help mitigate and reduce these risks, Fortescue now manages some of these services in-house.</p>
Construction	<p>The construction industry commonly involves long supply chains and low-skilled, low-paid manual work which can create risks of modern slavery. Raw materials and large equipment used for construction are often sourced from and/or manufactured by suppliers beyond Tier 1 in high-risk countries.</p> <p>The on-ground construction at our mining-related infrastructure occurs in Australia where modern slavery risks are lower than in other countries.</p>
Labour hire and short-term contract workers	<p>Temporary work carries a higher risk of modern slavery due to its transitory nature, a higher rate of migrant workers and strong competition causing pressure to minimise costs. These factors can incentivise the use of modern slavery practices.</p>
Shipping	<p>We own a number of our own vessels, and also charter vessels to transport our products.</p> <p>The nature of the international shipping industry creates challenges for regulators to provide complete oversight of a shipping company's practices. A number of modern slavery risks have been identified in the international shipping industry, including those associated with limited due diligence, the withholding of crew wages, remuneration below the minimum living wage, poor living and work conditions and the lack of access to appropriate grievance processes.</p> <p>For addition information on our ship vetting and due diligence processes, see page 28.</p>

SUPPLIER DUE DILIGENCE

FY21 KEY ACHIEVEMENTS

- ✓ Modern Slavery Procurement Procedure launched
- ✓ Sustainable Procurement Standard revised
- ✓ New external ESG Monitor piloted
- ✓ Provision of a third-party platform that analyses modern slavery risk in our suppliers beyond Tier 1
- ✓ Self-Assessment Questionnaires automated
- ✓ Social and labour audit of WAE
- ✓ Modern Slavery and Human Rights Standard Terms and Conditions reviewed

Supplier Screening

Compliance risk screening

All suppliers working with Fortescue are screened by compliance risk analytics software, prior to commencing with us and then periodically throughout the term of their contract.

The software assesses the risk of the supplier, its directors, and any affiliate companies against specific criteria within international databases for human rights related violations, including modern slavery, child labour, forced labour and trafficking.

Data is sourced from publicly available information including media reports, court cases, websites, business registrations and disclosure documentation.

Modern Slavery Procurement Procedure

In FY22, we developed our Modern Slavery Procurement Procedure. The Procedure provides a framework for supplier screening, which ensures we maintain high standards across all operations as our business expands. It retains and builds on our existing requirement to screen all suppliers via compliance risk analytics software.

The Procedure requires the completion of a modern slavery risk assessment using the MSRAT for all potential suppliers responding to a request for tender, proposal or information.

Where higher levels of risk are identified, additional due diligence is undertaken. This may include the use of supplier Self Assessment Questionnaires (SAQs), specialised research or analytical assessment of specific sectors from independent providers or internally through our Global Monitoring Centre and human rights desktop or site audits. Analytical reports provide greater insights than standard desktop research and analysis, which is valuable where it is not possible to conduct a site visit or audit.

In FY22, we sought independent specialist assessments on the human rights and modern slavery risks in the global information and communication technology, wind, and solar industries.

Our response to identified risks depends on the findings of any risk assessments and may include:

- implementing processes to prevent the impact
- ceasing the action
- providing appropriate remedy
- using leverage to mitigate the risk
- collaborating with a supplier to rectify the issue.

The Procedure is fully implemented by the Procurement and Logistics team in our metals and mining operations. Training on the implementation of the Procedure was provided to this team with 114 personnel completing the training by 30 June 2022, representing 96 per cent of those required to complete the training. FFI conducts initial vendor compliance risk screenings but is yet to fully implement the Procedure. We continue to monitor the implementation of the Procedure and seek feedback.

Modern Slavery Procurement Procedure – vendor onboarding



PHASE 1

Vendor prequalification

- Vendor onboarding
- Compliance screening
- Desktop analytics
- Modern Slavery Risk Assessment Tool

Vendors identified as high risk are escalated to Phase 2 for further assessment and review. Low risk vendors progress to onboarding.

PHASE 2

Further investigation of high risk vendors

- Escalated to Sustainable Procurement and, where appropriate, the Sustainability Team representative
- Any or all of the following tools used to further assess risk:
 - Supply chain mapping
 - Self Assessment Questionnaire
 - Risk assessment conducted by internal global monitoring team or 3rd party
- Audits

PHASE 3

Mitigation measures for high risk vendors

- Vendor directed to take corrective action, increase reporting and/or enhanced monitoring
- Enhanced contract terms and conditions

PHASE 4

Vendor deemed high risk after mitigation measures

- If vendor risk remains high after mitigation measures are implemented the vendor may not be engaged.

Modern Slavery Risk Assessment Tool

Our MSRAT was developed internally in FY21, and we continued to refine and improve the tool in FY22. The tool evaluates each vendor against specific risk criteria and allocates a risk rating. The risk criteria include:

- country risk
- industry/product risk
- entity risk
- spend



Country risk

According to the Global Slavery Index 2018 and other available data, some countries have a higher prevalence of modern slavery. This is often associated with poor governance, weak rule of law, conflict, migration flows and socioeconomic factors such as poverty. There is also growing commentary on the nexus between adverse climate change impacts and climate change induced migration/displacement in increasing the exposure of vulnerable groups to modern slavery and trafficking risks which may influence country risk ratings³.

In FY22, we commenced a pilot of a third-party ESGM to analyse human rights (including labour risk) at a country level. We are using this platform to enhance our understanding and assessment of human rights and modern slavery risks in different countries. The social pillar of the ESGM rates the management of labour rights and modern slavery, specifically child labour, human trafficking, and worker rights, within a country. The ESGM country ratings are updated quarterly by the provider.

Industry/product risk

Certain industries and products have a higher risk of modern slavery as a result of their characteristics, raw materials and manufacturing process. They may be unregulated, have poor supply chain visibility and use low-skilled, seasonal or low paid workers. These risk factors can also include low margin products and those within hazardous manufacturing processes. For more information on identified high-risk industries and products, see page 19.

Entity risk

Some entities may have a history of human rights violations and/or poor governance structures. The ownership structure of a company is considered, including whether the entity is publicly listed, state owned or privately owned. This can provide an indication of organisational transparency and the extent to which entities may or may not be motivated by stakeholder human rights expectations.

Spend

While spend is not a specific contributor to modern slavery risk, we use it to guide our assessment to ensure a focus on larger and critical suppliers where we may also have greater influence. Each criterion is assigned a weighting which considers several factors including data quality and reliability.

The MSRAT scores are indicative of the risk that a supplier may be involved in modern slavery, it however does not provide an absolute measure that a modern slavery event has occurred.

Risk scores can be manually adjusted following a 'sense check' and reference to other risk assessment tools. For example, if a particular product is linked to modern slavery allegations, we may increase the risk score until further investigations can be conducted. Adjustments are only able to be made by authorised persons and justifications must be recorded.

Vendors flagged as high-risk during the screening process, (via Compliance Risk Analytics Software, the MSRAT or both), are investigated further using other tools such as the supplier SAQ. If the risk rating remains high following additional due diligence, the supplier may be required to comply with special conditions, including having an independent audit performed with the findings provided to Fortescue. Where an assessment determines the risk cannot be managed, the supplier will not be engaged.

If a new risk or issue is identified during the continuous monitoring process, the supplier is investigated further.

Self-Assessment Questionnaire

Our Supplier SAQ was launched in FY20 and allows us to identify those higher risk suppliers where additional assistance or monitoring is required.

The SAQ requires certain higher risk suppliers to provide information on how they identify and address the risks of modern slavery in their own operations and the operations of their suppliers. Engagement with each supplier is an important component of our SAQ process as it enables us to reinforce our expectations and provide support, including training where required. If supplier responses in an SAQ are considered inadequate, or risks remain high, the supplier is not engaged.

Our SAQs identify suppliers who require additional support or where corrective actions are required to improve performance. These corrective actions may be documented in a Risk Management Plan (see page 31).

This year, we started working with a third-party provider to automate and centralise our SAQ process. SAQs are sent with a guidance note to suppliers and their responses are uploaded into the platform for further analysis where they are rated according using the MSRAT.

In FY22, SAQs were sent to over 130 of our key suppliers, representing \$1.6 billion in procurement spend. As of 30 June 2022, we had received responses from 50 per cent of these suppliers. The SAQ responses will be scored by the third-party provider using assessment criteria approved by Fortescue. Risk mitigation and resulting actions will be determined on a case-by-case basis and reported in FY23.

³ Bharadwaj, R., Chakravarti, D., Karthikeyan, N., Hazra, S., Daniel, U., Topno, J., Abhilashi, R. (2022). *Climate change, migration and vulnerability to trafficking*. IIED, London <https://pubs.iied.org/20936iied>; Bethany Jackson, Vicky Brotherton, Nicole Tichenor Blackstone and Jessica L. Decker Sparks (2021) *Roundtable Report: Modern Slavery, environmental degradation and climate change: present and future pathways for addressing the nexus*, Rights Lab, University of Nottingham.

Beyond Tier 1 Assessment Tools

Deep dive for high-risk vendors

In FY22, we piloted a new tool, developed by a leading global consultancy, to gain additional visibility beyond tier 1 of our supply chain. Thirty high-risk vendors were selected for the assessment. The analysis mapped the supply chains of our products for each vendor, down to Tier 10. This involved an in-depth investigation using publicly available source data including, but not limited to, shipping records, media reports and customs data. The final report on the pilot program was delivered during FY22.

While some useful supply chain information was gathered from the analysis, the investigation process was resource intensive, high cost and some data was unreliable. We were unable to address concerns with some suppliers due to the complexity of the supply chain but are continuing to work with other suppliers on improvements. Following a review of outcomes and a cost-benefit analysis, it was decided not to continue with the pilot in FY23. We are continuing to assess the market for tools which can provide more valuable insight to our suppliers beyond tier one.

In depth industry risk reports

In FY22, we commissioned multiple risk assessment reports from independent consultants on specific high-risk sectors or organisations, including the sectors of information and communication technology and solar panels. These detailed assessments were undertaken to better understand the modern slavery risks in the supply chains of these sectors, from source material/service to finished product/service. The reports draw on publicly available data and when required, are further verified by Intelligence Analysts in our internal Global Monitoring Centre.

We have used these reports to enhance due diligence when selecting potential partners and vendors.

Supply chain mapping

For high-risk tenders, we ask prospective vendors to map their supply chain for the specific product we are sourcing according to product components. Vendors are required to provide details on their largest suppliers (usually three to five) for each component up to the finished product, along with country/province location where the component is manufactured. Below is an extract of a form provided as part of the supply chain mapping of vendors for the manufacture of solar panels.

SUPPLIER MAPPING AND AUTOMATED SAQ PLATFORM

In FY22, we partnered with an independent modern slavery risk assessment platform to provide additional screening for prospective and onboarded suppliers. This platform enables us to automate our SAQs, assists with mapping our supply chain beyond Tier 1, and has the ability to perform deep dives on specific industries and suppliers down to the original source material.

We will continue to work with this platform provider to further enhance the platform, for example, by integrating additional source data and customising our SAQs.

Supply chain mapping

LOCATION OF MANUFACTURE / ASSEMBLY		SUPPLIER		
Finished product / component	Country	Province	Proportion of total supply	Supply tier (1, 2, 3, etc)
Product / Component A (replace this cell with the product / component name. For example "40ft shipping container")	Enter country	Enter province (if known)	Enter estimated % of total of Product / Component A manufactured by Supplier 1. If not known, enter "Not Known"	Enter the Tier of the supplier relative to your supply chain (Tier 1 is your direct supplier).
Product / Component B				
Product / Component c				

To date, we have had mixed success with this approach, with some vendors being very transparent and others unable or unwilling to provide the detail requested. We will continue to refine this approach as we engage with potential vendors. We believe engagement through this process has not only clarified our expectations of suppliers but has encouraged vendors to further assess their own supply chains and will lead to improvements in these sectors.

Traceability

In FY22, we began exploring options to implement scientific traceability processes for high-risk products. Traditional traceability methods generally rely on packaging, labels and certificates to prove the product origin. However, these methods are not always reliable.

A scientific traceability method which tests the chemical composition of a product, or its components, to prove a product's origin may address this issue. This approach uses sampling and statistical modelling to prove the geographic origins of products by matching chemical trace elements present in the product with the natural environment in which the trace elements are found.

Considering horticulture products as an example, the soil composition in which food or other organic materials are grown vary according to their geographical location. Trace elements unique to the soil condition remain present in the food or organic material, which can then be used to identify the origin of the product. This scientific method has been proven effective at identifying the geographic origin of a product's trace elements, even if the packaging and labelling on the product have been removed. We will continue our work to explore traceability options in FY23.

Human Rights Site Checklist

In FY21, we developed and implemented our Human Rights Site Checklist for use by our personnel when visiting supplier's sites or operations. To date, the checklist has mostly been used at our international fabrication sites by engineers on site to ensure fabrication meets the relevant standards but can also be used when personnel visit our own sites, for example, by our security teams.

The checklist prompts a general assessment of key observable practices, including those related to health, safety and labour conditions, to determine whether further investigations are required into practices on site. The checklist includes guidance on how to identify modern slavery indicators and what to do if these are identified.

The checklist has evolved to include questions related to human rights more broadly. Completed checklists are shared with the Sustainability team for further review.

In FY22, checklists were completed at a number of sites including fabrication sites in Thailand and China. No modern slavery or related worker exploitation issues were identified at these sites.

Independent Audits

When due diligence processes or monitoring of our suppliers indicates a high-risk of modern slavery and/or the inability of the supplier to implement adequate processes to identify and address the risks of modern slavery, independent audits may be undertaken.

If an audit is required, we commission experienced third party audit companies based in the country where the audit is required. High-risk vendors may also be asked to undertake third party audits and provide the findings to Fortescue as a condition of their contract.

Independent audits are valuable and a necessary part of ongoing supplier due diligence. We understand there can be limitation and sensitivities and are committed to working with our vendors to create a transparent and robust process that provides mutual benefit.

Independent audits are also used internally to assess our operations and those of our subsidiaries. In FY22, we engaged an independent consultant to undertake a social and labour audit at WAE as part of our acquisitions due diligence process. The objectives of the assessment looked at worker conditions at WAE's operations and its supply chain due diligence processes. Although no incidents of modern slavery were identified, the assessment identified some improvement opportunities in the areas of overtime and fatigue management, as well as enhanced supply chain transparency and due diligence. In FY23, we will continue to work with WAE to implement the recommended improvements.

The results of all audits are reported to the ARMSC.

Tenders

Suppliers are required to provide details and evidence of their modern slavery due diligence processes, in all tender documents. In FY22, our Major Projects team updated their tender documents to require suppliers provide information about their modern slavery and human rights policies, due diligence, and grievance mechanisms. The information provided by suppliers is assessed and further verification may be requested. This process is intended to improve how vendors are evaluated before they are onboarded as suppliers.

In FY22, we undertook advanced due diligence as part of the tender process for the supply of renewable energy.

RENEWABLES – ADVANCED DUE DILIGENCE

Driven by an increasing focus on the human rights risks in the supply chain of renewables, we are piloting an advanced due diligence process for a renewable project. While we have not concluded this process, we intend to apply it to all future high-risk tenders.

In addition to assessing technical specifications, the sustainability performance of suppliers, particularly relating to human rights and modern slavery, were assessed.

Before issuing a request for a high-risk tender, proposal or information, we commissioned an industry report from an independent consultant to identify sustainability performance and human rights risks in the industry. Once these reports were evaluated, we issued tender documentation to a pool of select potential suppliers. The tender documents included an Advanced SAQ, which is an expanded version of our standard SAQ and requires supply chain mapping outlining the material sources for key components.

Shortlisted suppliers were expected to complete detailed sustainability and technical assessments and provide evidence of:

- ESG governance frameworks, policies, procedures, and reports, including human rights and modern slavery commitments, and details on how these are implemented through the supplier's operations and supply chain
- human rights due diligence activities and expectations of suppliers.
- auditing and verification activities

- worker conditions
- availability and effectiveness of grievance mechanisms
- delivery of human rights and modern slavery training
- supply chain traceability, monitoring, and transparency.

Once the above information was received and evaluated, multiple interviews were conducted with key representatives from shortlisted suppliers to:

- (a) further interrogate ESG performance and the management of human rights and modern slavery risks
- (b) assess the willingness to collaborate with Fortescue on human rights and modern slavery issues, to improve transparency across their business and the industry more broadly.

Conversations with potential suppliers continue throughout the tendering process and negotiations.

Throughout this process we conducted and continue to conduct our own information gathering and desktop research to verify or challenge information provided by suppliers.

Our contract terms for high-risk contracts have advanced human rights and modern slavery obligations including ongoing monitoring and strict supply chain traceability requirements to ensure the selected supplier complies with our human rights and modern slavery expectations.



SHIP VETTING

We vet all chartered vessels using specific criteria to ensure we only use vessels that meet our standards to transport iron ore to our customers. We continue to use our Vessel Nomination Questionnaire (VNQ), as implemented in FY21, for our ship vetting process.

The VNQ was developed internally by our Ship Vetting and Quality team to improve due diligence. The VNQ is sent to a vessel at the time of nomination prior to its arrival and includes a COVID-19 risk management tool.

We believe the best evaluation outcomes are achieved when multiple data sources are used. Accordingly, our ship vetting process incorporates data obtained from RightShip, publicly available databases such as Equasis and previous performance records held by Fortescue.

We also maintain a 'restricted list' of vessels and operators that do not meet our standards and apply instant rejection criteria based on vessels age, design features, statutory conditions held against the vessel, crew contract validity and the time served by the crew onboard.

All vessels chartered by us must comply with the Maritime Labour Convention (MLC), specifically Regulation 5.1.5. This Regulation requires that vessels have an onboard complaints procedure and grievance process. Vessels must also have a valid Maritime Labour Certificate and Declaration of Maritime Labour Compliance issued by the Flag State or Recognised Organisation of the vessel.

We undertake vessel inspections, with inspections generally conducted by our employees or a third-party contractor experienced in ship vetting. While inspections are mainly focused on vessel safety and quality, seafarer wellness and labour are also assessed. In FY22, due to ongoing COVID-19 restrictions which limited access to vessels, we conducted two vessel inspections. We plan to increase vessel inspections as COVID-19 restrictions ease.

MISSION TO SEAFARERS

Acknowledging the challenging nature of global shipping, we partner with the Mission to Seafarers and the Port Hedland Seafarers Centre. The Mission to Seafarers and the Port Hedland Seafarers Centre provide support and recreation services to improve the wellbeing of seafarers. In FY22, Fortescue contributed more than \$145,000 (excl GST) to the Port Hedland Seafarers Centre. We have supported the Mission to Seafarers for over ten years and will continue to engage with these organisations in FY23 as we seek to identify additional measures to support seafarers.

AWARENESS AND PREVENTION

We undertake a number of training, capacity building and awareness raising activities to support our management of modern slavery risks including:

- employee engagement
- employee training
- supplier engagement and onboarding.

Employee engagement

Employee engagement helps us communicate our expectations and raise awareness across our business. The Sustainability team presents at company wide meetings and conducts Lunch and Learn sessions on human rights and modern slavery as well as other sustainability topics. The Sustainability team also uses internal communication channels such as our workplace social platform to share short updates on relevant developments relating to human rights and modern slavery.

Our Human Rights Advisory Group brings together representatives across Fortescue's entities who are key stakeholders involved in the implementation of our human rights work program, including modern slavery. The Group meets quarterly to discuss our Human Rights and Modern Slavery work plans and activities in each business area, as well as an opportunity to share best practice and provide support.

Employee Training

Training builds awareness, informs and empowers our team to achieve our commitment to respect and support human rights.

In FY22, we launched a new online human rights and modern slavery training module. The training was developed internally as a collaborative project between our Sustainability and People Learning teams.

This online training module is an introductory course and aims to provide our employees with an understanding and awareness of:

- human rights and modern slavery
- how businesses may impact human rights and modern slavery
- our commitment, policies, and procedures to respect human rights and address modern slavery in our business
- our due diligence procedures to identify and assess risks in our operations and supply chains
- how to report incidences of human rights breaches including our grievance mechanisms
- where to seek further information, guidance and support within the business.

This training is mandatory for all Fortescue employees. As of 30 June 2022, more than 1,700 employees (representing 34 per cent of those employees assigned the training) had completed the online training module. All employees are expected to have completed the online module by the end of December 2022.

Our advanced face to face human rights and modern slavery training remains mandatory for all employees working in high-risk areas including, but not limited to, FFI, Shipping, Procurement and Logistics, Security, Exploration, Communities and Major Projects.

In addition to providing a more detailed discussion of the topics covered in the online training module, this training includes real case and scenario examples relevant to the energy and resources sector to contextualise the discussion; demonstrate our policies and procedures in practice; reinforce the importance of continuous consultation/due diligence and effective remediation; and test participants understanding. This training must be undertaken every two years.

In FY22, our Sustainability team delivered advanced face to face training to more than 600 employees working in high-risk areas, representing 52 per cent of those employees assigned the training.

Supplier engagement

Supplier engagement is central to our due diligence process. Feedback from suppliers is also an important component of our approach to continual improvement.

Engagement with suppliers continues to be undertaken on a one-on-one basis including in relation to specific contracts, in addition to general updates being sent out to all suppliers when required.

Our engagement with suppliers focuses on awareness and collaboration. Our supplier engagement approach is governed by the following principles:

- building collaborative partnerships
- risk based engagement
- recognising the power to influence
- seeking feedback.

Our Procurement and Logistics team engages regularly with our suppliers through the vendor onboarding process, contractual negotiations, and agreements, as well as discussions relating to the risk assessments and the SAQ process. Each category manager is responsible for maintaining regular contact with their suppliers.

Vendor onboarding

Our vendor onboarding process is managed by our Procurement and Logistics team. The provision of vendor packs and associated engagement helps to ensure vendors understand our expectations.

The packs require vendors to commit to complying with Fortescue's Standard Terms and Conditions, including modern slavery clauses, and acknowledging that they understand their obligations under Fortescue's key policies and standards prior to onboarding, including:

- Code of Conduct and Integrity
- Health and Safety Policy
- Human Rights Policy
- Environment Policy
- Procurement Policy
- Sustainable Procurement Standard
- Anti-bribery and Corruption Policy.

Standard Terms and Conditions

Terms and conditions are an important part of driving awareness and accountability throughout our supply chain. Our Standard Terms and Conditions include modern slavery clauses. Under these clauses, suppliers are required to investigate and assess their modern slavery risks and implement appropriate due diligence and remediation programs. Suppliers are also required to include an equivalent clause in their contracts with suppliers.

In FY22, we commenced a review of our modern slavery clauses to expand the scope to include human rights commitments more broadly, which is important as our business continues to expand globally.

We recognise that some enterprises may feel challenged by our clauses and have sought to address this in two ways.

- Our updated clauses will reference 'appropriate to its size and circumstances' which allows enterprises to determine a due diligence process that is reasonable and fit for purpose based on their size and resources.
- We encourage collaboration with those enterprises who share our commitment to addressing modern slavery risk and will include an opportunity for suppliers to request 'reasonable assistance' from us to improve or further develop their modern slavery due diligence programs to help them meet our requirements.

We will finalise these new clauses and implement a risk-based approach to rolling out the new clauses.

FOCUS AREA

SUPPLIER ENGAGEMENT IN TECHNOLOGY

End User Agreements in the technology space are often set by the vendor with little room for customers to negotiate amendments. With this in mind, the Technology Category team in our Corporate, Labour and Technology Procurement team have taken a partnership approach to engaging with vendors. Through collaboration and by informing and creating awareness

about modern slavery in the technology industry, the Technology Category team has successfully advocated for the inclusion of modern slavery clauses in multiple end user terms and conditions. This demonstrates the importance of communicating our commitment and expectations on human rights and partnering with our suppliers to enact change.

FOCUS AREA

SUPPLIER FEEDBACK ON CONTRACT CLAUSES

During contract negotiations, some suppliers have requested significant amendments or the removal of modern slavery clauses from contracts. These suppliers are not just small and medium operators who may struggle to meet the obligations of the clauses, but larger multinational companies across a range of industries, often with publicised positions on human rights and modern slavery statements. Modern slavery clauses will continue to be included in all Fortescue's new contracts. Where suppliers request to remove or amend these clauses, we will work with them to communicate our expectations, the importance of addressing modern slavery and to negotiate an outcome that is achievable.

We have also received feedback from some suppliers that while they understand the importance of addressing modern slavery and share our commitment,

their policies, due diligence and other processes and procedures are a work in progress. We acknowledge that all businesses, large and small, face challenges in working to address modern slavery and that building effective due diligence is an iterative process requiring continuous attention and improvement.

In response to supplier feedback and in keeping with our commitment to continuous improvement, our revised human rights and modern slavery clauses will provide suppliers with the opportunity to request reasonable assistance from us to improve their human rights and modern slavery programs. The intention is to encourage collaboration between us and our suppliers and enhance capacity building in addressing human rights and modern slavery risks across our supply chain. This reasonable assistance clause is currently being piloted with selected vendors. We will report on this in future Modern Slavery Statements.

FOCUS AREA

MODERN SLAVERY CONTRACT CLAUSE REVIEW

In FY22, as directed by our CEO, we conducted a review of 869 of our existing contracts (representing \$17.7 billion total contract spend) to understand the extent that the modern slavery clause had been included across all procurement contracts. The review also involved the identification of action plans for all

non-compliant contract clauses. 67 contracts (representing 6 per cent of total contract value) were found to not include modern slavery clauses. As a result of this finding, we now have a register to record any variations to Modern Slavery clauses in all our contracts and have developed an action plan to address the contracts with non-compliant clauses.

MONITORING AND MANAGING GRIEVANCES

Monitoring

Our due diligence processes are continuous, targeted and tailored to the issue and the supplier.

As we strive for leading practice and continual improvement, we monitor both individual suppliers and the external environment to better understand potential risks in our supply chain.

Our engagement with suppliers is a critical part of mitigating modern slavery risks. We raise any identified risks or concerns about a particular industry, product or supplier, directly with suppliers to improve our understanding of the situation. We also undertake additional research via our Global Monitoring Centre – which provides updates and analysis on changing environments, industry and product trends – and collaborate with third party providers to perform further screening. For example, in FY22, we commenced a trial of a third-party ESGM platform to analyse human rights risks (including labour rights) at a country level. In conjunction with other tools, this platform is being used to enhance our understanding of changing environments and developing risks in countries of operation and supply chains.

While our intent is to continue investigations until conclusive evidence is collected, difficulties and sensitivities around some industries and countries, as well as lengthy timeframes can impact the collection of evidence. In certain jurisdictions including China, it is increasingly difficult to undertake on ground due diligence activities.

Risk management Plan

We use our Risk Management Plan (RMP) to guide the tracking of suppliers identified as requiring greater due diligence and support. The RMP incorporates the use of a suite of assessment tools, including the MSRAT, SAQ and audits, as well as the use of enhanced monitoring and corrective actions. The RMP may be initiated when issues are identified through adverse media reports, compliance and monitoring activities including SAQ responses or an unwillingness by a vendor or supplier to agree to audits or other verification activities.

In FY22, four suppliers were on RMPs, an increase of one from FY21. We continue to monitor and assist these suppliers.

Suppliers who do not demonstrate improvements through the RMP over a defined period, may be terminated.

Grievance mechanisms and remediation

We provide a number of mechanisms for employees, contractors and third parties to raise concerns, including potential instances of modern slavery and human rights abuses, suspected or actual illegal activity and breaches of Company policies, including our Code of Conduct and Integrity.

We are committed to providing access to remedy through effective grievance mechanisms and will provide for, or cooperate in, remediation where we identify that we have caused or contributed to modern slavery.

Revised Grievance Procedure

In FY21, we reviewed our corporate Grievance Procedure. This review focused on achieving greater alignment with the UNGPs effectiveness criteria for non-judicial grievance mechanisms. We believe this is an essential step to ensuring our grievance process is transparent and easily accessible. Ensuring our grievance mechanisms are accessible to rightsholders and that incidents are properly recorded are areas we are working to improve. The Sustainability team worked collaboratively with key stakeholders across the business to revise the Grievance Procedure. The revised procedure was also reviewed by an independent third party.

Work on our revised procedure was finalised and approved in FY22. It outlines the minimum standard for local mechanisms at our sites and is designed to ensure external stakeholders are able to access a locally appropriate process to raise grievances. It stipulates that grievances are recorded, investigated and resolved in a timely manner. Work to implement the revised grievance procedure will continue in FY23.

Speak Up

We are committed to providing our employees with access to a fair, transparent, and confidential process to resolve grievances. Our Speak Up program encourages employees to raise concerns with their leaders or the Fortescue People team representatives in a confidential manner while our Fair Treatment Procedure ensures grievances are managed transparently and fairly.

Whistleblower Hotline

In addition to Speak Up and local grievance mechanisms, we also offer a global Whistleblower Hotline. The Whistleblower Hotline is a secure, confidential, independent channel, operated externally for anyone to raise genuine concerns, seek further assistance or report potential conduct breaches such as bribery, corruption, conflict of interest, fraud, theft, serious misconduct, dishonesty, dangers to the public or financial system, or improper state of affairs. Human rights concerns may also be reported through the Whistleblower Hotline.

The Whistleblower Hotline offers:

- confidential reporting and the choice to remain anonymous
- toll free telephone and online reporting options
- 24 hours access, seven days a week
- ability to follow up your concern, even if individuals choose to remain anonymous.

All grievances reported are reviewed by our Corporate Governance and Compliance Manager who either conducts or commissions an investigation to ensure appropriate action is taken. All are reported to the Board via the ARMSC. All potential human rights and modern slavery concerns or allegations received via the hotline are investigated.

Our Whistleblower Hotline Policy is publicly available on our website at www.fortescue.com. The Hotline can be accessed via an online portal, phone, email or post and has multilingual capabilities.

Our grievance mechanisms are promoted through our training programs, our internal and external websites and posters in work areas.

During FY22, 65 Whistleblower Hotline disclosures were reported. The majority of issues raised via the Whistleblower Hotline were employee relations matters, including concerns of antisocial behaviour, discrimination, bullying and harassment. A number of these investigations resulted in corrective actions, including warnings and, in some cases, termination.

No modern slavery related complaints/concerns were received via any mechanism during FY22.

⁴ UNGP Key Effectiveness Criteria - Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-Compatible, Promoting continuous learning, Based on engagement and dialogue

BULLYING
HARASSMENT OR DISCRIMINATION
DRUG AND ALCOHOL USE

What do I use the Speak Up service for?

If you are experiencing or witnessing any form of behaviour which you don't think fits into our Fortescue Family, have the courage to speak up

Harassment, bullying and unlawful discrimination are not tolerated at Fortescue.

Speak with your Leader or site Fortescue People Representative and share your concerns or email speakup@fmgl.com.au

SPEAK UP

(08) 6218 8277

SUSPECTED THEFT, FRAUD, CORRUPTION OR BRIBERY
CONFLICT OF INTEREST
SUSPECTED SERIOUS MISCONDUCT AND DISHONESTY

WHISTLEBLOWER HOTLINE

1800 976 100

What do I use the Whistleblower service for?

If you suspect theft, fraud, corruption, bribery, serious misconduct and dishonesty or a conflict of interest call the confidential Whistleblower hotline 1800 976 100 or email fortescue@deloitte.com.au

FMG Fortescue

ENGAGEMENT AND COLLABORATION

Engagement

Engagement with stakeholders, including suppliers, investors, regulators, customers and industry peers, is a critical component of our approach to modern slavery.

Our Modern Slavery Statement, together with other means of formal and informal communication, including investor roadshows, conferences and the Annual General Meeting, provide a key mechanism for disclosing our performance in this area. Through the year, we also communicate through other platforms such as media statements, reporting publications and our website.

Our website, www.fortescue.com includes a dedicated human rights page outlining our commitment to upholding and respecting human rights as well as specific information on modern slavery.

Collaboration

We collaborate with a number of organisations, including peers, suppliers, industry organisations, partners and civil society, on human rights matters such as modern slavery. One of the key aims of this engagement is to share and improve awareness, knowledge and performance in this space.

Human Rights Resource and Energy Collaborative

We are a founding member of the Human Rights Resources and Energy Collaborative (HRREC), (formally WAMSC), which provides a mechanism for the mining, energy and resources sector to share knowledge on modern slavery risks and refine best practices.

HRREC has a number of specific work streams and we are represented on the Shipping, Procurement and Remedy work streams. In FY22, we hosted a Shipping workstream session and a general HRREC session.

In FY22, we continued our work with the Remedy workstream and Walk Free to complete the development of the remediation action plan that could be shared amongst HRREC members. In FY23, we will work to pilot the Remediation Protocol and report back to HRREC on our findings.

FOCUS AREA

MODERN SLAVERY RESPONSE AND REMEDY FRAMEWORK

The 'Modern Slavery Response and Remedy Framework' (Remediation Framework) was launched on 13 July 2022 and is designed to provide guidance and practical steps to companies to assist their response to and remediation of any instances of modern slavery or related exploitation.

Guided by the Remediation Framework, we are now working to formalise our remediation response. Our initial work involves developing a short guidance document that will outline:

- the types of modern slavery incidents, allegations, or complaints
- how an incident response team will be formed to investigate and remediate the matter
- how we will investigate and verify the incident in a manner that protects the worker(s)
- how to develop a plan to remedy the incident, with the workers if possible and by drawing on external expertise
- what is required to correct the situation and what we can do to prevent it from occurring again
- how to record and report an incident and seek feedback from people involved
- how to conduct an after-action review to determine areas of improvement and sharing lessons learnt.

We expect that we will rely on external groups for assistance and advice and are in the process of building relationships with these organisations. Once the guidance is complete, we would like to test our process with a mock exercise. We will report further on this in future statements.

United Nations Global Compact

We are signatory to the United Nations Global Compact, the world's largest corporate sustainability initiative. Our FY22 Sustainability Report outlines our ongoing commitment to report progress towards the implementation of the United Nations Global Compact principles, including those addressing human rights.

We are also an active participant in the Global Compact Network Australia and a member of its Modern Slavery Community of Practice (COP). The COP aims to support companies to work together to solve problems, share knowledge, work towards best practice and encourage innovation.

Corporate Business Integrity Council

We are an active participant in the Corporate Business Integrity Council. The group meets quarterly to share information and discuss issues including international best practice on human rights and business integrity.

Walk Free

We continue to work closely with Walk Free to share knowledge and learnings in addressing modern slavery. Our Founder and Executive Chairman, Dr Andrew Forrest AO founded Walk Free with his daughter, Grace Forrest. Dr Forrest has been a long-time advocate for the eradication of modern slavery throughout the world and co-chairs the Bali Process Government and Business Forum, which provides an opportunity for business and government leaders from across 45 countries in the Indo-Pacific region to meet and address the challenges of modern slavery.

Shipping

We have partnered with the Mission to Seafarers for over ten years. In FY23, we will continue this partnership as we seek to identify additional measures to support seafarers. For more information see page 28.



ASSESSING OUR EFFECTIVENESS

An effective response to modern slavery should focus on the protection of those who have experienced harm or exploitation and that prevents further harm from occurring.

We recognise the value of continual improvement and the importance of assessing the effectiveness of the actions taken to address our modern slavery risks. Our Sustainability and Procurement and Logistics teams lead our evaluation process, which includes:

- Undertaking risk assessments for modern slavery and human rights for our operations and supply chain.
- Undertaking periodic internal and external reviews of our processes and procedures.
- Conducting due diligence activities, such as audits.
- Collaborating and engaging with other organisations to share knowledge and improve performance and outcomes.

- Tracking our performance via Key Performance Indicators (KPIs).
- Benchmarking our performance against stakeholder expectations.
- Facilitating external assurance of data in our annual Modern Slavery Statements.

Feedback from internal and external stakeholders is valuable in assessing the effectiveness of our actions to address its modern slavery risks. For example, feedback from internal stakeholders and suppliers has helped us refine updates to our standard contract clauses, in particular the inclusion of a 'reasonable assistance' provision (see page 30).

We understand that qualitative measures and impacts are also beneficial to measure the effectiveness of our actions to address modern slavery. In FY23, we will look to identify additional outcome/impact-based effectiveness and review and improve our existing quantitative KPIs.

KPI	FY22 TARGET	FY22 RESULT	COMMENTARY
Percentage of high-risk employees who complete human rights and modern slavery training	100%	52% (Trained 600 people) Online training over 1,700 people completed by 30 June 2022	During FY22, we commenced the rollout of the online human rights training module, An Introduction to Human Rights and Modern Slavery, which is mandatory for all employees not otherwise required to complete our advanced training module. Our advanced training module continues to be delivered, face to face, to individuals in higher risk roles. FY22, Fortescue provided face to face training to over 600 personnel and online training to more than 1,700 employees. We expect these numbers to increase in FY23 with further implementation of the online module.
Percentage of new suppliers screened and monitored via third party platform	100%	100%	As part of our onboarding all vendors are assessed via our risk analytic software (see page 22).
Percentage of high-risk suppliers as at 30 June 2022 issued an SAQ within a 24 month period	100%	SAQs issued by 30 June 2022 21%	In FY22, we identified some suppliers and circumstances where SAQs were not the most appropriate tool to understand a supplier's approach to managing modern slavery risks. For example, some suppliers may: <ul style="list-style-type: none"> • Operate in a country with a blocking statute in place. • Encounter increased risk at a company or personnel level by providing data in SAQ that is deemed sensitive in certain jurisdictions. • Be in the early stages of developing their modern slavery/human rights due diligence processes. • Feel that an SAQ would not effectively reflect their actions. In these circumstances, we use other tools to assess modern slavery risks described at pages 25 to 26.

FY22 Modern Slavery KPIs

KPI	FY22 TARGET	FY22 RESULT	COMMENTARY
Number of identified modern slavery incidences	-	0 instances	In FY22 we did not record any modern slavery incidences.
Number of Human Rights related grievances (including modern slavery) reported	-	0	See page 31.
Number of suppliers on Risk Management Plans	-	4	See page 31

TRAINING - CONTINUAL IMPROVEMENT

After completing the advanced training, participants are asked to provide feedback via a survey. The survey asks a series of questions including whether after the training participants felt they:

- Could confidently identify what human rights are and how they apply to our business?
- Understand how they can contribute to respecting human rights in the workplace?
- Understand our obligations regarding human rights due diligence?
- Could confidently identify modern slavery indicators and incidents?
- Could identify countries and products with a high-risk of modern slavery?
- Know who to contact and how to report suspected human rights and modern slavery concerns?

In FY22 we received 61 responses to the survey (representing a 10% response rate), with most respondents agreeing or strongly agreeing they could confidently action the above questions.

Individual comments included, the training was 'interesting', 'engaging and relevant', 'very informative', 'worthwhile', and 'eye opening'. Some suggestions for improvements were to include more interactive activities such as asking the group to unpack a case study/scenario, adding quizzes or topics of conversation and additional detail on how our policies are driving change.

Based on this feedback, the training will be updated to include more interactive case study/scenarios for participants to consider and encourage discussion. We will also include a quiz to be completed after the training to confirm participants understanding of the session.

FY22 COMMITMENTS	KPI	STATUS	COMMENT	PAGE NUMBER
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Identification and Assessment

Continue to review the effectiveness of risk screening software	•	In progress, continuing in FY23	New tools being trialled in FY23.	22
Continue to investigate alternative external risk assessment and screening tools	•	Complete	Trialling a third-party ESGM platform to analyse human rights risk at a country level. Investigation of tools will continue in FY23.	24
Increase the use of SAQ with improved international processing		Complete	Automation of our SAQ process using a third-party platform. Will evaluate the effectiveness in FY23.	24
Investigate improvement of supplier source data		Complete	See page identification and assessment section.	16
Develop Modern Slavery Procurement Procedure to support the Sustainability Procurement Standard		Complete	Modern Slavery Procurement Procedure developed and implemented for metals and mining activities.	22
Update Procurement Policy		Complete	In FY22, our Procurement Policy and Sustainable Procurement Standard were updated to expand our modern slavery expectations to include human rights more generally.	13
Implement human rights impact assessments for all international projects		In progress, continuing in FY23	Proposed international projects are in early phases such as Exploration or Pre-feasibility. Assessments will be conducted as defined by our project delivery framework. An initial project scoping tool for human rights due diligence is in development.	17
Expand vessel inspections to further assess seafarer wellness and labour conditions		In progress, continuing in FY23	Prevailing global COVID-19 conditions have impacted our ability to expand vessel inspections. These will resume as soon as conditions allow.	28

Awareness and Prevention

Implement online human rights and modern slavery training module	•	Complete	<p>Online Business and Human Rights training was launched in FY22 across Fortescue. This training module is compulsory for all Fortescue employees.</p> <p>At end of FY22 more than 1,700 employees have completed the mandatory module.</p> <p>High-risk teams are required to complete face-to-face training human rights and modern slavery training.</p>	28
Continue regular engagement with suppliers through vendor onboarding process, contract negotiations and contract management	•	Complete	Fortescue engages regularly with our suppliers through the vendor onboarding process, contractual negotiations, and agreements, as well as discussions relating to the risk assessments and the SAQ process. We will continue this in FY23 and look to identify ways to enhance this engagement.	29
Update vendor form to include human rights clauses		In progress, continuing in FY23	In FY22, we reviewed and revised our modern slavery clauses in our Standard Terms and Conditions to expand the clauses to include human rights obligations. In FY23, we will begin our phased implementation of the revised clauses.	29-30
Complete implementation of updated tender schedule		In progress, continuing in FY23	Following on from the implementation of the tender schedules in Procurement and Logistics in FY21, our Major Projects team updated their tender schedules in FY22. Work will continue in FY23.	26

Progress on commitments continued

FY22 COMMITMENTS	KPI	STATUS	COMMENT	PAGE NUMBER
Monitoring, Communication and Effectiveness				
Develop audit standard for social labour audits	•		We continue to work with HRREC on the development of an audit standard for social labour audits. This work will continue in FY23.	33
Monitor external environment			We monitor the external environment using a number of tools and references. This ongoing action is part of our human rights work program.	16
Lead and collaborate with external partners and groups			We engage with a number of organisations, including peers, suppliers, industry organisations, partners and civil society on human rights and modern slavery issues. This ongoing work is part of our human rights work program.	33
Fully implement the revised grievance procedure at corporate and local levels			We reviewed and updated our Grievance Procedure and will continue work to implement this across the business in FY23. This is part of our human rights work program.	31
Identify additional measures to improve seafarer protections			COVID-19 restrictions limited access to vessels during FY22. As restrictions ease, we will continue our support of the Mission to Seafarers and seek to identify additional measures to support seafarers.	28
Adapt systems to support public reporting of complaints			Our revised Grievance Procedure was approved in FY22. We will continue work to implement this across the business in FY23.	31
Implement and report on the effectiveness of the remediation protocol			As a member of the HRREC Remedy workstream, we contributed to the Walk Free Remediation Protocol. The Protocol was launched 13 July 2022. We will commence implementation of this across our business in FY23.	33
Evaluate and report on KPI's	•		Ongoing commitment, part of our modern slavery work program.	35
Collaborate with civil society to improve processes and procedures	•		Ongoing commitment, part of our modern slavery work program.	33
Other				
Externally assure FY21 Modern Slavery Statement			FY21 Modern Slavery Statement externally assured.	2
Develop Human Rights Due Diligence Standard			Informed by our Salient Human Rights Risk Assessment, we are working on formalising our human rights due diligence framework, which will include human rights due diligence standards for the business. This work will continue in FY23.	16-18

LOOKING AHEAD

We have set the following key priorities for FY23:

Identifying and addressing risks

- continue to further refine our MSRAT
- investigate traceability options and technology to assist with identifying supply chain risks beyond Tier 1
- investigate worker voice tools to provide additional channels for supply chain workers to raise issues or concerns
- commence risk-based phased rollout of updated human rights and modern slavery clauses.

Training

- translate our online human rights and modern slavery training module into relevant languages as required.

Engagement and Collaboration

- continue to engage with suppliers to raise awareness of our expectations and improve their performance
- collaborate with civil society to improve our approach to remediation.

Effectiveness

- evaluate our modern slavery KPIs to ensure value in measuring performance and effectiveness
- identify qualitative/outcome-based measures to complement our existing quantitative KPIs.

Human Rights

- strengthen and formalise our human rights due diligence framework and develop related guidance and tools
 - finalise our audit protocol for social labour audits in collaboration with HRREC
 - continue to implement our grievance procedure and develop a remediation protocol.
-

Appendix 1 Navigational Index

LEGISLATION	REPORTING CRITERIA	SUMMARY AND LOCATION
Australian Modern Slavery Act 2018 (Cth)	Section 16(a) Identify the reporting entity.	About this Statement: page 2 About Fortescue: page 6
	Section 16(b) Describe the reporting entities structure, operations and supply chains.	About Fortescue: page 6
	Section 16(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls.	About Fortescue: page 6 Identifying, assessing and addressing our modern slavery risks: page 16 <ul style="list-style-type: none"> Identifying and assessing our modern slavery risks pages 16-21
	Section 16(d) Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address the risks, including due diligence and remediation processes.	Our Approach: pages 12 Identifying, assessing and addressing our modern slavery risks: pages 16 <ul style="list-style-type: none"> Supplier due diligence pages 22-28 Awareness and prevention pages 28-30 Monitoring and managing grievances page 31
	Section 16(e) Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks.	Assessing effectiveness: page 35
	Section 16(f) describe the process of consultation with:	About this Statement: page 2 About Fortescue: page 6 Appendix 2
	(i) Any entities that the reporting entity owns or controls	
	(ii) In the case of a reporting entity covered by a statement under section 14 – the entity giving the statement	
Section 16 (g) include any other information that the reporting entity, or the entity giving the statement, considers relevant.	Engagement and collaboration: page 33-34 Looking ahead: page 39	

Appendix 2 Reporting Entities for the purposes of the *Modern Slavery Act 2018 (Cth)*

JURISDICTION	ENTITY	OWNER	NATURE OF ACTIVITIES	EMPLOYING ENTITY
Australia	Fortescue Metals Group Ltd	Ultimate Hold-ing Company	See About Fortescue (page 6) .	Yes
Australia	Chichester Metals Group Ltd	FMG Pilbara Pty Ltd	Goods and services for Christmas Creek and Cloudbreak .	
Australia	FMG Solomon Pty Ltd	FMG Pilbara Pty Ltd	Goods and Services for Solomon and Eliwana .	
Australia	Pilbara Infra-structure Pty	International Bulk Ports	Goods and services for Thomas Yard and Anderson Point Port and associated rail infrastructure.	Yes

Additional entities with over \$1 million (AUD) in procurement spend and/or employing entities

JURISDICTION	ENTITY	OWNER	NATURE OF ACTIVITIES	EMPLOYING ENTITY
Singapore	FMG International Pte Ltd	Fortescue Metals Group Limited	Operational shipping company.	Yes
China	FMG Trading Shanghai Co	Fortescue Metals Group	Import and sale of iron ore in China.	Yes
United Kingdom	Williams Advanced Engineering Limited	Fortescue Green Fleet		Yes
Australia	Fortescue Future Industries	Fortescue Metals Group	Top holding Company for the green hydrogen business.	
Kazakhstan	Kazakhstan Fortescue LLP	FMG International Exploration Pte Ltd	To carry out exploration activities in Kazakhstan.	Yes
Hong Kong	FMG Hong Kong Shipping Ltd	FMG International Shipping Pte Ltd	Owner of shipping vessel.	
Australia	Pilbara Marine Pty Ltd	International Bulk Ports Pty Ltd	Goods and services supporting towage operations.	
Australia	FMG Procurement Services Pty Ltd	Fortescue Metals Group	Goods and services that are solely Perth based, Shanghai based, or apply to all Fortescue's Australian operations.	
USA	USA Fortescue Future Industries, Inc.	Fortescue Future Industries Pty Ltd	Goods and services that relate to FFI's activities in the USA.	Yes

JURISDICTION	ENTITY	OWNER	NATURE OF ACTIVITIES	EMPLOYING ENTITY
Papua New Guinea	Papua New Guinea Fortescue Future Industries	Fortescue Future Industries Pty Ltd	Activities relating to the application for tenure and licences relating to the establishment of hydropower, wind and solar facilities in PNG.	Yes
Australia	FMG Air Pty Ltd	Fortescue Metals Group	Owns and operates an airplane.	
Argentina	Argentina Fortescue Future Industries SA	98% by Fortescue Future Industries Holdings & 2% Fortescue Future Industries Pty Ltd	Activities relating to the application for tenure and licences relating to the establishment of hydropower, wind and solar facilities in Argentina.	
Australia	FMG AUTONOMY PTY LTD	Fortescue Metals Group	Activities relating to the commercialisation of autonomous mining vehicles.	
Australia	FMG Resources Pty Ltd	Fortescue Metals Group	Exploration activities in Australia; tenement acquisition and related activities in SA, NSW, and WA (non-iron)	
Democratic Republic of the Congo	Democratic Republic of Congo Fortescue Future Industries Ltd	South Africa Fortescue Future Industries (Pty) Limited	Activities relating to the application for tenure and licences relating to the establishment of hydropower, wind and solar facilities in the DRC	Yes
Peru	Peru Fortescue S.A.C.	50% owed by FMG Resources and 50% owed by FMG Exploration	Goods and services and exploration activities for Peru	Yes
Indonesia	PT Indonesia Fortescue Infrastructure	50% by Fortescue Future Industries Pty Ltd; 50% Australian Fortescue Future Industries Holdings Pty Ltd	Goods and services and exploration activities for FFI in Indonesia.	Yes
Australia	Fortescue Future Industries International Pty Ltd	FFI Pty Ltd	Goods and services for FFI that are solely internationally based.	
Brazil	Brasil Fortescue Mineração Limitada	FMG Exploration Pty Ltd	Goods and services and exploration activities for Brazil.	Yes

JURISDICTION	ENTITY	OWNER	NATURE OF ACTIVITIES	EMPLOYING ENTITY
Chile	Chile Fortescue SpA	FMG Exploration Pty Ltd	Goods and services and exploration activities in Chile.	Yes
Argentina	Argentina Fortescue SAU	FMG Exploration Pty Ltd	We operate offices and have hired team members to support exploration activities in Argentina.	Yes
Chile	Chile Fortescue Future Industries SpA	Australian Fortescue Future Industries Holding Pty Ltd	To pursue renewable energy and green hydrogen production projects in Chile.	Yes



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