



# Modern Slavery Voluntary Statement 2018



**Fortescue**  
The New Force in Iron Ore

# Eradicating Slavery in our Organisation and Supply Chain

**Fortescue opposes all forms of slavery and forced labour in its operations and the operations of its suppliers.**

## About Fortescue

Fortescue Metals Group is a global leader in the iron ore industry, recognised for its unique culture, innovation and industry leading development of world class infrastructure and mining assets in the Pilbara, Western Australia.

Since it was founded in 2003, Fortescue has discovered and developed major iron ore deposits and constructed some of the most significant mines in the world. The Fortescue team is focussed on achieving the Company's vision to be the safest, lowest cost, most profitable iron ore producer.

Now producing 170 million tonnes of iron ore per annum, Fortescue has grown to be one of the largest, global iron ore producers and has been recognised as the lowest cost seaborne provider of iron ore into China based on Metalytics Resources Sector Economics analysis. Fortescue's head office is located in Perth, Western Australia.

Fortescue owns and operates integrated operations spanning three mine sites in the Pilbara, the fastest, heavy haul railway in the world and the five berth Herb Elliott

Port in Port Hedland. A natural extension of Fortescue's supply chain, the fleet of eight Fortescue Ore Carriers were designed to complement the industry leading efficiency of Fortescue's port.

As the first Company in Western Australia to control a railway from outside the region of operation and the first Company in the world to use Caterpillar autonomous haulage technology on a commercial scale, Fortescue is continuing to introduce cutting edge technology across the business.

The world-leading Eliwana mine and rail project will build on Fortescue's development and construction capability, utilising the latest technology, autonomous trucks and design efficiency.

Innovation in exploration, process and design is a key component of Fortescue's strategy to efficiently and effectively deliver products from mine to market.

Fortescue's longstanding relationships with customers in China has grown from the first commercial shipment of iron ore in 2008 to the Company now supplying 17 per cent of

China's seaborne iron ore. The Company is also expanding into Japan, South Korea and India.

The Company continues to assess exploration and development opportunities throughout South America including Ecuador, Columbia and Argentina. The risk of exposure to modern slavery has increased for Fortescue as it expands activities outside Australia.

Fortescue is committed to the strategic goals of ensuring balance sheet strength and flexibility, investing in the core long term sustainability of the business while pursuing low cost growth options and delivering returns to shareholders.

As a proud West Australian Company, Fortescue values its relationship with key stakeholders by working together to positively manage and create opportunities for Aboriginal people, build up communities, protect the environment and strengthen the broader Australian economy.

## Policy framework

Fortescue recognises the importance of protecting human rights and is committed to protecting the rights of all people including its employees, the communities in which the Company operates, those who may be impacted by its activities, its customers, and those within its supply chains.

One of the potential major human rights risks facing Fortescue is the existence of modern slavery in the Company's supply chain. This reflects the fact that Fortescue has a global supply chain that procures a range of goods and services from many countries around the world. Modern slavery has the potential to exist in the supply chain through a variety of circumstances including:

- Forced labour
- Child labour
- Debt bondage
- Human trafficking
- Abuse of requirements for a minimum living wage
- Discriminatory employment practices

Fortescue's management of modern slavery risks falls within its overall approach to protecting human rights. The foundation documents for human rights protection are the Company's Code of Conduct and Integrity and Human Rights Policy. These documents outline Fortescue's approach to establishing the essential standards of personal and corporate conduct and the

behaviour expected of everyone who works for or with Fortescue including directors, employees, contractors, suppliers and business partners. These documents outline clear requirements on the identification and management of issues associated with forced labour and slavery within supply chains.

Below these documents sit specific policies and guidelines that ensure the highest standards are achieved across the business.

Through contractual arrangements and procurement principles, consultants, agents, contractors and suppliers are required to comply with the Code of Conduct and Integrity and Human Rights Policy. The Company's standard terms and conditions also require minimum standards in ethical business practices, safety and environment, be met.

Fortescue also asks that all suppliers sign a statutory declaration (or equivalent), representing an additional commitment to work with Fortescue to eradicate slavery from their organisation and supply chain. The statutory declaration has been an important tool in raising awareness of modern slavery. The requirement to comply with Fortescue's Code of Conduct and Integrity, and the anti-slavery commitment was incorporated into the Company's South American vendor packs this year.

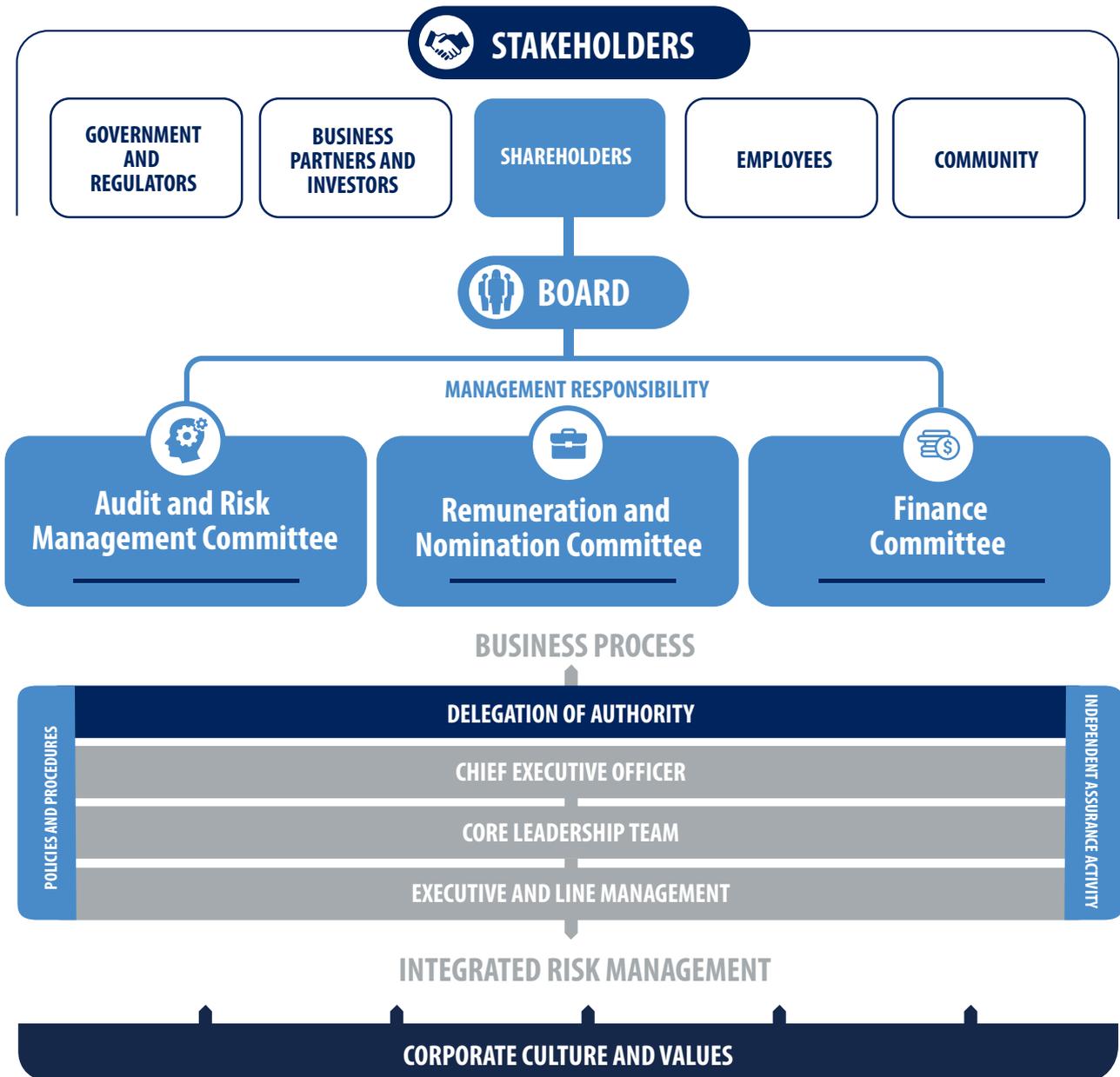
## Governance

Good corporate governance is critical to the long term, sustainable success of Fortescue. It contributes to value creation and positive outcomes for all stakeholders. Good governance is embedded throughout Fortescue and is the collective responsibility of the Board and all levels of management. Fortescue seeks to adopt leading practice contemporary governance standards and apply these in a manner consistent with its culture and values. Fortescue's approach to corporate governance is explained more fully in the Corporate Governance Statement 2018, available from [www.fmgl.com.au](http://www.fmgl.com.au).

Consistent with the Company's risk management approach to human rights more generally, the risk of modern slavery in Fortescue's organisation and supply chain is assessed within Fortescue's corporate-wide risk management framework. The Board's Audit & Risk Management Committee (ARMC) is responsible for providing oversight on behalf of the Board. Given the nature of this risk, the key focus of senior management is working collaboratively with Fortescue's suppliers to ensure that expectations and standards are understood and the potential exposure to human rights risks is minimised.



# Governance framework



### Fortescue's suppliers

Fortescue is committed to working with its suppliers to eradicate modern slavery from the Company's supply chain. Fortescue procures products and services from a broad range of industries including energy, fixed plant and commodities, mobile fleet and information technology.

Over 98 per cent of Fortescue's total procurement spend is within Australia including a considerable proportion within Western Australia and the Pilbara region.

### Due Diligence & Remediation

Fortescue works with its stakeholders to identify and understand the impacts of its activities, so that benefits can be optimised and negative impacts limited. Due diligence is implemented to prevent and mitigate adverse impacts and the Company provides access to remedy through effective grievance mechanisms.

All suppliers are required to comply with the Code of Conduct and Integrity and the policies and standards on human rights, ethical business practices, safety and environment.

The due diligence process is initiated by a risk assessment of suppliers prior to contract award. The risk assessment is performed by specialist vendor risk software which checks the supplier, its directors and related companies against a suite of international databases (including government databases) for human rights violations. Once the supplier has passed the initial risk assessment and is subsequently enters into a contract with Fortescue, this software continuously monitors the supplier over the term of their contract for any new risks or issues that may arise in that time.

Fortescue has a number of mechanisms for employees and third parties to anonymously report suspected or actual illegal activity or breaches of Company Policy, including the Company's Code of Conduct and Integrity and Human Rights Policy. Employees and third parties are able to access an externally operated whistle-blower system through an online portal, by phone or email. Each whistle-blower disclosure received is investigated and reported to the executive. The instances and outcomes of the whistle-blower investigations are reported to ARMC.

Fortescue's external grievance procedure ensures all grievances are managed in a systematic, fair, timely and transparent manner.



**During FY18, Fortescue established an in-house Anti-Slavery Working Group.**

## Corporate Memberships

### UNGC

Fortescue is a signatory to the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative, and reports annually on the Company's progress towards the implementation of the UNGC principles.

Fortescue is an active participant in the Australian Chapter of the UNGC Business Network Global Compact Network Australia's (GCNA). Company representatives have presented at several GCNA sessions.

Fortescue is a member of the GCNA's Modern Slavery Community of Practice. The group's goal is to work together to solve problems, share knowledge, cultivate best practice and foster innovation.

### Corporate Business Integrity Council

Fortescue is 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 anti-bribery and corruption matters.

### Bali Process Government and Business Forum

Andrew Forrest AO, Chairman of Fortescue's Board has been a longtime advocate for the eradication of modern slavery throughout the world. Mr Forrest established the Walk Free Foundation and Co-chairs the Bali Process Government and Business Forum, which provides a unique opportunity for influential business leaders to meet with government leaders from across 45 countries in the Indo-Pacific region to combat the challenges of modern slavery.

## FY18 Performance

During FY18, potential suppliers were assessed using risk assessment software prior to contract award. Of those assessed no new suppliers were identified as having any human rights violations.

During FY18 Fortescue established an in-house Anti-Slavery Working Group and developed a modern slavery training program for its procurement team. Fortescue continued to collaborate with government, its peers and bodies including the Walk Free Foundation. In May 2018, Fortescue convened an information session, attended by over 30 of its key suppliers and peers, on recruitment and the pending Modern Slavery Act with a guest speaker from the Institute of Human Rights and Business.

During FY18 Fortescue contracted external expertise to undertake an independent Human Rights Assessment to identify key human rights issues, risks and impacts of its activities across all operations. Key issues identified included protecting the health and safety of employees and contractors, addressing modern slavery in the supply chain and protecting the rights of Indigenous people and communities near its operations. The Company is working to implement the recommendations of this assessment.

Fortescue has been an avid supporter of the introduction of an Australian Modern Slavery Act and is committed to sharing our learnings and expertise with others. During the year Fortescue participated in multiple discussions on the pending federal legislation including a roundtable consultation session between business and the Attorney-General's department on the

proposed reporting requirements of the Act in October 2017.

Fortescue also expanded the application of the risk/compliance software beyond suppliers to business counterparties. This approach enables the Company to work with business counterparties to eradicate modern slavery.

Fortescue also undertook in-country risk assessments before investing in a particular country to ensure the level of human rights risk, including the risk of modern slavery is well understood.

## Looking forward:

Fortescue's Anti-Slavery Working Group has set the following priorities for FY19:

### Policy review

Review the current policy framework to ensure it meets best practice.

### Training

Deliver modern slavery training to all procurement staff to increase capability and ensure they are able to assist suppliers in building their capabilities.

### Engagement

Engage with suppliers to ensure they understand their requirements and assist them through the process to build capabilities.

### Collaboration

Continue to work with the Walk Free Foundation and other organisations and businesses to share learnings and build capabilities.

### Assurance

Review the current assurance process to ensure it meets best practice.



