



# Standard

## Sustainable Procurement

---

### Procurement and Logistics

**May 2022**

**100-00051-ST-CP-0001 Rev #4**

**Sustainable Procurement**

<b>Document &amp; Revision Number</b>	100-00051-ST-CP-0001	Rev #4	<b>12/05/2022</b>
<b>Status</b>	IFU - Issued for Use		
<b>Summary of Changes</b>	Addition of sections:  1.7 Emissions Reduction 1.8 Waste Management 1.10 Respect in the Workplace 1.11 Security and Human Rights 1.12 Indigenous Rights and Opportunities 1.13 Communities 1.14 Diversity  Amendments to wording of various other sections Formatting and document structure changes		
<b>Author</b>	Sam Youngs		
<b>Checked or Squad Review# (if applicable)</b>	Gemma Wilford, Meagan Briotti, Willis Samson, Lauren Brown		
<b>Approved</b>	Victor Cavalcante, Cath Bozanich		
<b>Access to this document:</b>	Public Use (Access to all)	<b>Next Review Date (if applicable)</b>	12/05/2023

**Revision History (to be completed for each version retained by Document Control)**

<b>Author</b>	<b>Checker</b>	<b>Approver</b>	<b>Rev No.</b>	<b>Status</b>	<b>Issued Date</b>
CB	SY	MA	2	IFU	1/07/2020
SY	CB	MA, CW	3	IFU	21/09/2020
SY	GW, MB, WS, LB	VC, CB	4	IFU	...

## **EXECUTIVE SUMMARY**

---

Fortescue Metals Group (Fortescue) is committed to ensuring its procurement practices are transparent, fair, meet the highest standards of business integrity and are sustainable.

We integrate sustainability into all aspects of our business. At the heart of our approach is a commitment to create value for our investors, protect the health and safety of our employees, empower our communities and protect the environments in which we operate. Fortescue's approach to sustainability aligns with the United Nations Sustainable Development Goals, a call for global action to end poverty, protect the planet and ensure that all people are able to enjoy peace and prosperity.

Fortescue's approach to sustainability is set out on our [website](#) and performance against objectives and targets are reported annually in Fortescue's Sustainability Report.

This standard outlines our minimum expectations of our suppliers, in regard to governance, business integrity and sustainability matters. A commitment to compliance with this standard will be taken into consideration during the contract award process and performance assessments during the term of a contract.

## TABLE OF CONTENTS

---

<b>EXECUTIVE SUMMARY</b> .....	<b>3</b>
<b>1. STANDARDS</b> .....	<b>5</b>
1.1 Corporate Governance and Business Integrity.....	5
1.2 Local Laws.....	5
1.3 Anti Bribery and Corruption.....	5
1.4 Sanctions Compliance.....	5
1.5 Health and Safety.....	5
1.6 Safeguarding the Environment.....	6
1.7 Emissions Reduction.....	6
1.8 Waste Management.....	6
1.9 Human Rights and Labour Conditions.....	6
1.10 Respect in the Workplace.....	7
1.11 Security.....	8
1.12 Indigenous Rights and Opportunities.....	8
1.13 Communities.....	8
1.14 Diversity.....	9
1.15 Local Procurement.....	9
1.16 Reporting Misconduct.....	9
<b>2. MORE INFORMATION</b> .....	<b>10</b>
<b>3. DOCUMENTATION AND RECORDS MANAGEMENT</b> .....	<b>10</b>

## **1. STANDARDS**

---

### **1.1 Corporate Governance and Business Integrity**

Good governance is critical to business and Fortescue seeks to adopt leading practices in contemporary governance standards and apply these in a manner consistent with its culture and values. Fortescue expects its suppliers to uphold the highest business integrity practices as outlined in Fortescue's [Code of Conduct and Integrity \(Code\)](#). Compliance with the Code is a condition of working for and with Fortescue.

All suppliers are expected to manage risk, governance and compliance adequately and ensure their employees understand the requirements of the Code. Suppliers should have a grievance process available to employees and their suppliers and a policy that provides protection for whistleblowers.

### **1.2 Local Laws**

Suppliers must comply with all relevant laws and regulations.

### **1.3 Anti Bribery and Corruption**

Bribery and corruption undermines legitimate business activities, distorts competition and exposes Fortescue and its people to significant risks. Fortescue has a zero-tolerance approach to bribery and corruption, whether direct or indirect, in the private or public sector, anywhere in the world.

Suppliers must comply with Fortescue's [Anti-Bribery and Corruption Policy](#) and have and maintain its own policies and procedures to ensure compliance with the *Criminal Code Act 1995 (Cth)*, the *Foreign Corrupt Practices Act 1977*, the *Bribery Act 2010* and enforce them where appropriate.

### **1.4 Sanctions Compliance**

Fortescue is committed to complying with the relevant economic and trade sanctions laws (Sanctions) of all jurisdictions in which it operates or intends to operate. Suppliers must not engage in any activities that could lead to Fortescue breaching applicable Sanctions obligations.

Suppliers, their personnel and related companies must always comply with the Sanctions imposed, enacted, administered or enforced by the United States of America, the United Nations, the European Union, the United Kingdom and Australia.

### **1.5 Health and Safety**

Safety is Fortescue's number one priority. The health and wellbeing of its employees, contractors and the community should never be compromised. Suppliers of goods must meet or exceed Fortescue's requirements and comply with applicable legislation in the area that they supply

goods to. Suppliers of services will need to comply with Fortescue's contractor management processes.

All suppliers are expected to have a safe system of work to ensure that they minimise harm to their workforce and provide and maintain a safe working environment for their workers. This would include a system to record, monitor and manage health and safety risks and incidents.

Where relevant, suppliers of services may choose to comply with Fortescue's Safety Management System, or meet or exceed the intent of Fortescue's Safety Management System. For more information on Fortescue's commitments to health and safety, refer to the [Health and Safety Policy](#).

## **1.6 Safeguarding the Environment**

Fortescue is committed to safeguarding the environment. Suppliers are expected to minimise the environmental impact of their activities and comply with Fortescue's environmental standards, management plans and procedures. For more information refer to the [Environment Policy](#).

All suppliers are expected to have an environmental policy (or equivalent) and ensure that their employees understand the requirements of the policy. Suppliers should also have a system to measure, manage, minimise and report the environmental impact of their activities.

## **1.7 Emissions Reduction**

Fortescue is committed to contributing to global efforts to combat climate change and has set an emissions reduction target to achieve carbon neutrality by 2030 and a goal to achieve net zero Scope 3 emissions by 2040. We expect suppliers to be undertaking actions to evaluate the risks and opportunities of climate change to their business and work towards reducing their greenhouse gas emissions in line with and beyond the objectives of the Paris Agreement.

## **1.8 Waste Management**

Fortescue is committed to minimising waste through reduction, reuse and recycling. The eradication of plastics is a key component of our waste management approach and suppliers are expected to work with us and innovate to support this objective.

Suppliers can support our waste management approach by avoiding plastic in goods and packaging where possible and minimising the use of plastic when it cannot be avoided, avoiding unnecessary packaging of goods and providing advice on the optimal management of goods and packaging following use.

## **1.9 Human Rights and Labour Conditions**

Fortescue is committed to upholding and respecting the human rights of all people including its employees, the communities in which it operates, those who may be impacted by its activities and those within its supply chains. Fortescue respects freedom of association, the right to a living

wage and ensures all employees are treated fairly and without discrimination including against age, race, gender, political or religious belief, culture, family commitments, physical or mental ability, marital status or sexual orientation.

Suppliers are expected to conduct business in a manner consistent with Fortescue's [Human Rights Policy](#), which includes human rights principles encompassed in the International Bill of Rights and the United Nations Guiding Principles on Business and Human Rights.

Fortescue rejects and prohibits the use of all forms of slavery, child or forced labour within its operations and the operations of its suppliers. Suppliers are expected to comply with the requirements of the *Modern Slavery Act 2018* (Cth) including having the necessary processes and procedures in place to investigate, assess and address the risk of modern slavery within their operations, and those of their supply chain including implementing appropriate due diligence and remediation programs.

Suppliers are expected to take practical steps to ensure:

- (a) Compliance with all applicable laws and regulations on working conditions;
- (b) provision of wages and benefits that meet or exceed the national legal standards;
- (c) compliance with all applicable laws and regulations on freedom of association and collective bargaining;
- (d) no payment of recruitment fees by workers;
- (e) no use of child labour; and
- (f) no use of forced, prison or compulsory labour.

Regular training should also be provided for security services employees and contractors on human rights, gender-based violence, and appropriate use of force.

### **1.10 Respect in the Workplace**

Fortescue is committed to ensuring respect in the workplace and considers respect essential in establishing and maintaining successful business relationships. Fortescue has a zero-tolerance approach to sexual harassment in its workplaces.

Suppliers are expected to take practical steps to ensure:

- (a) A safe, secure and healthy workplace that does not tolerate discrimination, gender-based violence, harassment or retaliation;
- (b) all people are treated with dignity, courtesy, and respect, irrespective of age, gender, race, sexual orientation, political or religious belief, culture, marital status, family commitments, physical or mental ability;

- (c) appropriate due diligence is undertaken prior to on-boarding new employees, including checking for criminal activity, human rights violations and misconduct; and
- (d) an appropriate and accessible grievance mechanism is available to staff.

Suppliers are also expected to have a zero-tolerance approach to sexual harassment within their workforces and in the places where their workers work. Suppliers will need to ensure they work with Fortescue to carefully manage and respond to any incidents should they arise.

### **1.11 Security and Human Rights**

Fortescue is aligned with the Voluntary Principles on Security and Human Rights. All suppliers should conduct activities in accordance with security and human rights standards and national, state and local laws. This includes ensuring employees are appropriately trained.

### **1.12 Indigenous Rights and Opportunities**

Fortescue respects and acknowledges the United Nations Declaration on the Rights of Indigenous Peoples and the human rights principles it embodies, including the principle of free, prior and informed consent. We work to obtain the consent of Traditional Custodians for activities located on their traditional lands, with consent processes focusing on reaching agreement on the basis upon which a project should proceed, as well as ensuring access to appropriate grievance and dispute resolution processes.

Suppliers are expected to respect the rights and interests of Traditional Custodians and to protect and promote Indigenous history and culture, as well as ensure access to appropriate grievance and dispute resolution processes.

Suppliers are expected to operate in alignment with these principles and support Fortescue in working together with Traditional Custodians to manage cultural heritage responsibly and sustainably. We aim to ensure we have no impact on cultural heritage without consultation with appropriate cultural knowledge holders.

With respect to Fortescue's Australian activities, suppliers are expected to acknowledge Fortescue's commitment to the employment of Aboriginal people and adopt a proactive policy with respect to the employment of local Aboriginal people and the engagement of local Aboriginal enterprises.

Weighting will be given to suppliers that are Aboriginal-owned, engage Aboriginal businesses (including native title groups) and/or provide benefits to Aboriginal communities.

### **1.13 Communities**

Suppliers must take a systematic approach to identifying and managing potential impacts of their activities on communities. This should include the identification and engagement of stakeholder groups, and assessment and management of impacts.

Suppliers are expected to:

- (a) Demonstrate respect for the communities in which we operate and make positive contributions to local communities;
- (b) manage the social impacts of their activities carefully; and
- (c) engage regularly and transparently with stakeholders. All interactions with employees, business partners and local communities should be honest and respectful of local and cultural norms.

### **1.14 Diversity**

Fortescue prioritises the growth in employment and support of female and Aboriginal people as well as the following key groups:

- (a) Age diverse.
- (b) LGBTQI+.
- (c) Culturally diverse backgrounds.
- (d) Differing abilities.

Fortescue sets employment targets for key diversity groups, supports flexible work arrangements encourages equal opportunity for all diversity groups and is proud to be an employer of choice for women.

Suppliers are expected to acknowledge our commitment to diversity and adopt a proactive policy with respect to increasing the rate of female employment and providing opportunity for key diversity groups.

### **1.15 Local Procurement**

Fortescue strives to create economic opportunities within the regions it operates by employing local people and purchasing local products and services.

With respect to Fortescue's Australian activities, weighting will be given to businesses with employees, facilities and supply chains in the Pilbara, followed by Australian based suppliers.

As Fortescue continues to expand globally, weighting will be given to local suppliers that provide benefits and employment to the communities within the regions Fortescue operates.

### **1.16 Reporting Misconduct**

Any suspected breaches of Fortescue's [Code of Conduct and Integrity](#) and relevant policies, procedures and standards including instances of corruption, bribery and human rights abuses should be reported to Fortescue's Corporate Governance and Compliance Manager on 6218

8888 or via Fortescue's 24/7 secure, confidential and independent [Whistleblower Hotline](#), available to employees, suppliers and the community - 1800 976 100 (Australia).

## **2. MORE INFORMATION**

---

For more information please visit [www.fmgl.com.au](http://www.fmgl.com.au) or contact your Fortescue procurement advisor.

## **3. DOCUMENTATION AND RECORDS MANAGEMENT**

---

This document and all supporting documents will be managed as per Fortescue Document Governance Standard.