



Fortescue
The New Force in Iron Ore

Corporate Social Responsibility Report

FY19

**Global force
Thriving communities**

ABN 57 002 594 872

The year at a glance





2.8 Total
Recordable Injury
Frequency Rate

15.1%

Aboriginal employment rate across Pilbara operations

25.5%

Female employment in senior management roles

A\$ 13.1 billion

Total global economic contribution

A\$ 2.3 billion

Contracts to Aboriginal businesses and joint ventures

About this report

Fortescue Metals Group Ltd (Fortescue) values its relationships with its stakeholders and is committed to maintaining open and transparent communication.

This report outlines the performance of the Company against key material corporate social responsibility commitments and targets during the financial year 1 July 2018 to 30 June 2019 (FY19). The report has been prepared for the Company's stakeholders including employees, shareholders, community groups, governments, customers and non-government organisations.

Fortescue is a signatory to the United Nations Global Compact (UNGC), and this report represents the Company's ongoing commitment to report progress towards the principles of the UNGC. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option. A copy of the GRI Content Index is provided on pages 110 to 116.

This report also considers issues identified through Fortescue's Risk Management Framework and guidance provided by key bodies including the International Council on Mining and Metals (ICMM).

A summary of Fortescue's operations and financial statements for 1 July 2018 to 30 June 2019 is reported separately in the FY19 Annual Report available at www.fmgil.com.au

This report captures Fortescue's operations including those under exploration and development and those operated through subsidiaries and joint ventures where Fortescue has management control. All references to Fortescue, the Group, the Company, refer to Fortescue Metals Group Ltd (ABN 57 002 594 872) and its subsidiaries. All references to a year are the financial year ended 30 June 2019, unless otherwise stated.

Assurance

KPMG has provided independent assurance of greenhouse gas emissions, total energy consumption and total energy production in accordance with the National Greenhouse and Energy Reporting (Audit) Determination 2009 and ASAE 3410: Assurance Engagement on Greenhouse Gas Statement, and the Australian Standard on Assurance Engagement.

Other than stated, no additional external assurance has been sought regarding the content of this report. All data was subject to internal reviews and assessments.

This report was approved for publication by Fortescue's Board of Directors on 26 August 2019.

Feedback

Fortescue values feedback from its stakeholders. Please forward any comments on this report or requests for additional information to CSR@fmgil.com.au

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01

Overview

Our Vision

The safest, lowest cost,
most profitable mining company

Fortescue's Values



Safety



Family



Empowerment



Frugality



Stretch targets



Integrity



Enthusiasm



Courage and
determination



Generating ideas



Humility



Values

Fortescue's unique Values drive the Company's performance in a way that sets it apart from others.

Culture

Fortescue is a values-based business with a strong, differentiated culture. The Company believes that by leveraging the unique culture of its greatest asset, its people, it will achieve its stretch targets.



Chief Executive Officer's message

Elizabeth Gaines

Fortescue is a proud West Australian company built on a foundation of a unique culture and values with a commitment to ensuring communities benefit from the growth and development of our business.

At the heart of our culture is trust and respect and a focus on our entire Fortescue family.

Safety of our people

The health, safety and wellbeing of the Fortescue family is our number one priority and our focus remains on ensuring our people go home safely after every single shift.

We are committed to providing strong leadership and empowering all our team members to take the action required to ensure the safety of their workmates and themselves.

Fortescue is using technology and innovation wherever possible to create a safer workplace. A great example of this is our autonomy program - our investment in autonomous haulage has significant safety benefits, while driving productivity improvements across the operations.

Fundamentally though, safety is about people. We empower our people to pause the job and take control of their work environment to ensure they stay safe.

Over the past five years, our TRIFR has reduced by 53 per cent and this year we achieved our TRIFR stretch target of 2.8, which is a record annual low. We are proud of the result and remain focussed on achieving our goal of becoming global leaders in safety.

Building a strong business

Our Chairman Andrew Forrest AO founded Fortescue with the goal to meet the iron ore supply gap in China. In just over 11 years, Fortescue has delivered more than 1.3 billion tonnes of iron ore to our customers and we have been widely recognised as the world's lowest cost producer of seaborne iron ore to China.

Our business started as an exploration company and today we are building on our world class exploration capability to drive future growth through product diversification and asset development, reflected by our US\$96 million investment in exploration in the past 12 months.

The long-term sustainability of our core iron ore business in the Pilbara remains a key priority for Fortescue and in the past 18 months we announced two significant new investments: the Eliwana Mine and Rail development and the Iron Bridge Magnetite Project.

The Eliwana and Iron Bridge projects are important to Fortescue and the state of Western Australia (WA) with a total investment of US\$3.875 billion. Iron Bridge will underpin the future significant contribution of magnetite processing to the Australian economy, while together Iron Bridge and Eliwana will create up to 5,000 new jobs during construction and 1,400 full-time site positions once operational.

Economic contribution

Since Fortescue began, our achievements in business have underpinned our ongoing contribution to WA and the country's economic strength. In FY19, Fortescue made a total global economic contribution of A\$13.1 billion including over A\$2.8 billion in government tax and royalty payments.

We currently directly employ more than 6,700 people. Of these 524 are based in the Pilbara.



Fortescue Founder and Chairman, Andrew Forrest AO and CEO, Elizabeth Gaines celebrate Fortescue's tug fleet and the opening of Judith Street Harbour.

Creating opportunities for Aboriginal people

Fortescue is proud to be one of Australia's largest employers of Aboriginal people. We believe the biggest impact we can have is through our focus on practical initiatives that create opportunities and empower Aboriginal people.

For over a decade, we have provided Aboriginal people a pathway to employment through training for a guaranteed job. This combines their will to succeed with a collaborative approach to breaking down barriers to success, through our pioneering Vocational Training and Employment Centre program (VTEC).

We are providing unprecedented business development opportunities through our Billion Opportunities procurement initiative, which this year reached A\$2.3 billion in contracts awarded to Aboriginal businesses and joint ventures.

At 30 June 2019, Fortescue directly employed 779 Aboriginal people, representing 12.1 per cent of the total Australian based workforce. 15.1 per cent of employees at our Pilbara sites are Aboriginal.

We commend those in the business community who, like us, are committed to closing the gap and ending disparity. We believe our resources as a business will have the most impact if they remain squarely directed at building our successful practical initiatives that generate economic empowerment for Aboriginal people.

Advocacy

In November 2018, we welcomed the passing of Australia's *Modern Slavery Act 2018* as an important step in harnessing the power of Australian business to eradicate modern slavery in global supply chains. We are an active participant in the United Nations Global Compact for Business' campaign to eradicate the scourge of modern slavery in business supply chains.

Fortescue remains a signatory and is committed to the initiatives and principles of the United Nations Global Compact. We are also committed to contributing to the achievement of the United Nations Sustainable Development Goals and use this report to demonstrate our contribution.

Climate change

Fortescue accepts the scientific consensus as assessed by the Intergovernmental Panel on Climate Change and is committed to contributing to global efforts to address climate change.

We support Australia's Paris Agreement commitment to reduce emissions by 26 to 28 per cent from 2005 levels by 2030 and the UN Framework Convention on Climate Change which mandates that individual nations take responsibility for emissions within their own borders.

As industry, government and the community work together to mitigate this issue, it is critical that Australia's climate change goals are managed through a nationally consistent approach that incentivises economic development and job creation.

Diversity

To be the best Company we can be, we need the very best ideas and the best ideas come from a diverse workforce: teams with a broad range of backgrounds, skills, experience and personalities.

This year, our female employment rate reached 19 per cent with 26 per cent of senior management positions held by women as at 30 June 2019. We want our female employment rate to continue to grow and we remain focussed on implementing initiatives such as child care and flexible work arrangements that help families balance work and family responsibilities, while fostering a workplace culture that truly embraces diversity.

Our people

Fortescue is a values-based business with a unique and strong culture that is maintained and strengthened by our people. We would not be where we are today without the hard work and dedication of the entire Fortescue team.

These values drive our behaviours, leadership, teams, results, and our approach to working with our stakeholders and communities.

Through courage and determination, we continue to challenge the status quo and by empowering our people we have ensured Fortescue remains relevant and transformational, so we can continue to contribute positively to our community.



About Fortescue

Fortescue Metals Group Ltd (Fortescue) is a global leader in the iron ore industry, recognised for its 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 Company has grown to be one of the largest global iron ore producers and is focussed on its vision of being the safest, lowest cost, most profitable mining company.

Now consistently shipping around 170 million tonnes of iron ore per annum (mtpa), Fortescue is the lowest cost provider of seaborne iron ore to China.

Fortescue owns and operates a fully integrated infrastructure and supply chain spanning two mine hubs, with a third under development, in the Pilbara, the five berth Herb Elliott Port in Port Hedland, the Judith Street Harbour towage infrastructure and the fastest, heavy haul railway in the world. Fortescue's innovative tug fleet and the eight purpose built Fortescue Ore Carriers have been designed to complement the industry best practice efficiency of Fortescue's port and maximise the safety and productivity of its operation.

The Company is developing the Eliwana Mine and Rail Project and the Iron Bridge Magnetite Project. Together, the Iron Bridge and Eliwana projects will increase the average iron content of Fortescue's ores and provide the ability to deliver on its strategy of the majority of products at greater than 60% Fe.

Consistent with Fortescue's track record of introducing cutting edge technology across the business, the Eliwana Mine and Rail Project will build on the Company's development and construction capability by utilising the latest technology, autonomous trucks and design efficiency.

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

The Company continues to assess exploration and development opportunities throughout Australia and South America including Ecuador, Colombia and Argentina.

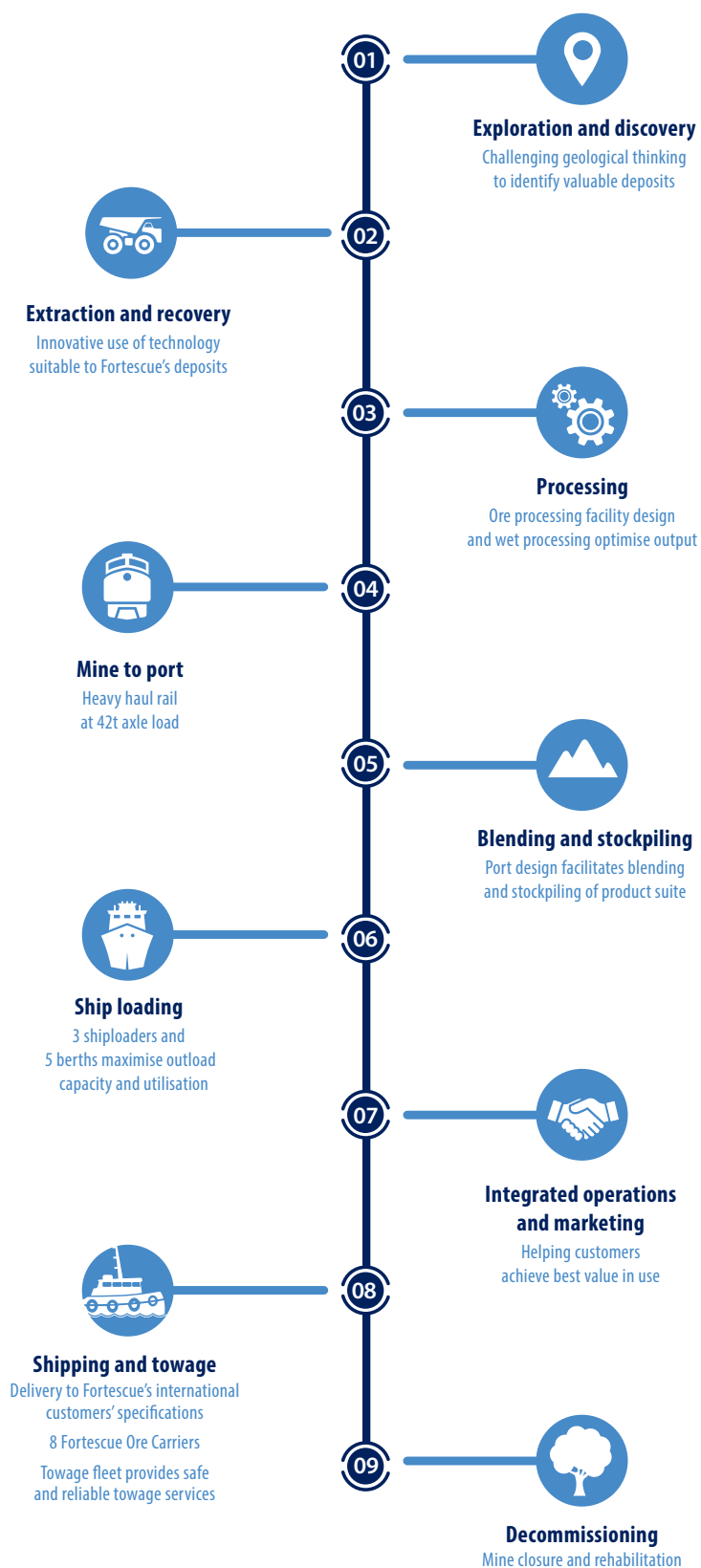
Fortescue's longstanding relationships with customers in China have grown from the first commercial shipment of iron ore in 2008, to now being a core supplier of seaborne iron ore to China and expanding into markets including Japan, South Korea and India.

Fortescue is committed to its strategic goals of ensuring balance sheet strength and flexibility, investing in the core long term sustainability of the business while pursuing growth and development 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, contribute to the success of local communities, protect the environment and strengthen the broader Australian economy.

Value Chain

Innovation in process and design has been a key component of Fortescue's strategy in challenging industry standards to more efficiently and effectively deliver its product suite from mine to market.



The Board overview

Fortescue has a talented and diverse Board committed to enhancing and protecting the interests of shareholders and other stakeholders, and fulfilling a strong governance role over the Company's affairs.



Andrew Forrest AO
Chairman



Mark Barnaba AM
Lead Independent Director/
Deputy Chair



Elizabeth Gaines
Chief Executive Officer/
Managing Director



Sharon Warburton
Deputy Chair



Lord Sebastian Coe CH, KBE
Non-Executive Director



Jennifer Morris OAM
Non-Executive Director



Dr Jean Baderschneider
Non-Executive Director



Penny Bingham-Hall
Non-Executive Director



Dr Cao Zhiqiang
Non-Executive Director

The appointment and reappointment of directors is intended to maintain and enhance the overall quality of the Board through a composition which reflects a diversity of skills, ethnicity, experience, gender and age.

The primary driver for the Board in seeking new directors is skills and experience which are relevant to the needs of the Board in discharging its responsibilities to shareholders. All new Board members benefit from a comprehensive induction process that supports their understanding of Fortescue's business.

Fortescue's policy is to assess all potential Board candidates without regard to race, gender, age, physical ability, sexuality, nationality, religious beliefs, or any other factor not relevant to their competence and performance.

There is also a range of support given to Board members which enables them to stay strongly connected to the Company, its culture and Values.

These include:

- Opportunities for significant contribution to the annual strategy setting process conducted with executive and senior management
- Regular briefings from executive and senior management regarding all major business areas, tailored site visits and annual site tours to operations
- Visits to meet with key customers that strengthen their understanding of the Company's key markets
- Regular formal and informal opportunities for the directors to meet with management and staff.

The Board has established Committees to assist in the execution of its duties and to ensure that important and complex issues are given appropriate consideration. The primary Committees of the Board are the Remuneration and People Committee, the Audit and Risk Management Committee, the Nomination Committee and the Finance Committee.

Each Committee has a non-executive Chair and operates under its own Charter which has been approved by the Board.

Directors are expected to act independently, ethically and comply with all relevant requirements of the *Corporations Act 2001*, ASX Listing Rules and the Company's constitution.

The Company actively promotes ethical and responsible decision making through its Values and Code of Conduct and Integrity that embodies these Values. There is a formal process and policy to identify, disclose and manage potential conflicts of interest, should they arise.

The Board and each of its four primary Committees have established a process to evaluate their performance annually. The process is based on a formal questionnaire and interview conducted every second year by an independent consultant and every other year by the Company Secretary under the direction of the Chair of the Remuneration and People Committee. The most recent review was undertaken in June 2019 by EY. The results and recommendations are reported to the full Board for further consideration and agreement of improvement actions, where required.

At the date of this report, the Board has eight non-executive directors and one executive director, being Chief Executive Officer, Elizabeth Gaines. The Board believes that an appropriate mix of non-executive and executive directors is beneficial to its role and provides strong operational and financial insights to support the business.

Andrew Forrest AO **Chairman**

Appointed Chairman in July 2003; Assumed role of Chief Executive Officer in 2005; Resumed non-executive responsibilities in July 2011.

Mr Forrest is Australia's most active philanthropist and one of the most effective business leaders of his generation.

As Fortescue's Founder and Chairman, he has led the Company from inception to its Top 20 status in the Australian economy, during which time Fortescue invested more than US\$20 billion in the resources sector.

In 2001, Mr Forrest co-founded the Minderoo Foundation with his wife

Nicola Forrest AO, which has supported over 280 initiatives across Australia and internationally in pursuit of a range of causes. In May 2017, the Forrests announced one of Australia's largest private philanthropic donations of A\$400 million, and have continued giving, with their total philanthropic donations exceeding A\$1.5 billion in May 2019.

Mr Forrest was awarded an honorary doctorate by The University of Western Australia, is an Adjunct Professor of the Central South University in China, a lifetime Fellow of the Australian Institute of Mining and Metallurgy and was awarded the Global Entrepreneur of the Year by EY for Impact.

He is Co-Chairman of the Senior Business Leaders' Forum, the leading formal dialogue for China and Australia's most senior business leaders.

In 2017, Mr Forrest was appointed an Officer of the Order of Australia (AO) for distinguished service to the mining sector, to the development of employment and business opportunities, as a supporter of sustainable foreign investment, and to philanthropy.

He is Global Patron of the Centre for Humanitarian Dialogue, recipient of the Australian Sports Medal and the Australian Centenary Medal, and Vice-Patron of the SAS Resources Fund.

He is also a Councillor of the Global Citizen Commission, which made a series of human rights recommendations to update the Universal Declaration of Human Rights presented to the United Nations Secretary General in April 2016.

Mr Forrest was appointed in 2013 by the Prime Minister and Cabinet of Australia, to Chair the Review of Indigenous Training and Employment Programmes, to end Indigenous disparity through employment.

He was Western Australia's 2017 Australian of the Year for his outstanding contribution to the community and in 2018, Mr Forrest was inducted into the Australian Prospectors & Miners' Hall of Fame.

Committee memberships:
Finance Committee (Chair)

Mark Barnaba AM

Lead Independent Director/ Deputy Chair

*Deputy Chair since November 2017;
Lead Independent Director since
November 2014; Non-Executive Director
since February 2010.*

Mr Barnaba is a career investment banker, having focussed predominately in the natural resources sector.

Mr Barnaba has spent most of his career with McKinsey & Company (both in Australia and overseas), companies he founded, led and then sold - GEM Consulting and Azure Capital (both independent corporate advisory firms which provide financial, corporate and strategic advice to companies, governments and institutions in the Asia Pacific region), and in several senior executive roles at Macquarie Group (one being the Chairman and Global Head of the Natural Resources Group). He has previously chaired the State Theatre Company of Western Australia, the West Coast Eagles (an Australian Rules Football League Team) and several large publicly listed (ASX) companies within the mining and infrastructure sectors.

He also is a member of the Board (and Chairman of the Audit Committee) of the Reserve Bank of Australia.

He also chairs the Board of the University of Western Australia Business School, chairs the Hospital Benefit Fund (HBF) Investment Committee, is a member of the Senior Advisory Board of Appian Capital (a London based pure-play mining private-equity fund), and is a senior adviser to EY (Oceania).

Mr Barnaba holds a Bachelor of Commerce (First Class Honours and University Medal) from the University of Western Australia, an MBA from Harvard Business School (Baker Scholar) and an Honorary Doctor of Commerce from the University of Western Australia.

Committee memberships:

Audit and Risk Management Committee (Chair), Nomination Committee (Chair), Remuneration and People Committee (Member)

Elizabeth Gaines

Chief Executive Officer/ Managing Director

Chief Executive Officer since February 2018 and Executive Director since February 2017; Former Non-Executive Director from February 2013 to February 2017.

Ms Gaines commenced as Chief Executive Officer of Fortescue Metals Group in February 2018.

A highly experienced business leader with extensive international experience as a Chief Executive Officer and group executive, Ms Gaines has a proven track record in financial and operational leadership across a number of industries, including resources, construction and infrastructure, financial services and travel and hospitality.

After joining Fortescue as a Non-Executive Director in February 2013, Ms Gaines was appointed Chief Financial Officer and Executive Director in February 2017. She is a former Chief Executive Officer of Helloworld Limited and Heytesbury Pty Limited and has also held the position of Chief Financial Officer at Stella Group and Entertainment Rights Plc.

A member of Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and Chief Executive Women, she holds a Bachelor of Commerce degree and Master of Applied Finance degree.

Ms Gaines is a member of the Curtin University - Faculty of Business and Law Advisory Council.

Former directorships in the last three years (ASX Listed Entities): NEXTDC Limited (Non-Executive Director); Nine Entertainment Co. Holdings Limited (Non-Executive Director); ImpediMed Limited (Non-Executive Director).

Sharon Warburton

Deputy Chair

Deputy Chair since July 2017; Non-Executive Director since November 2013.

Ms Warburton has extensive experience in the mining, infrastructure and construction sectors. She gained substantial operational, commercial and risk management experience in the global resources sector through her time as an executive at Rio Tinto. She has also previously held senior executive positions at Brookfield Multiplex, ALDAR Properties PJSC, Multiplex and Citigroup.

In recognition of her experience, she was awarded Western Australian Telstra Business Woman of the Year in 2014 and was a finalist in 2015 for The Financial Review's Westpac 100 Women of Influence. She is a Director of the Perth Children's Hospital Foundation and formerly the Chairman of the Northern Australia Infrastructure Facility and Director of Western Power.

Ms Warburton is regarded as a financial, governance and remuneration expert and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and Australian Institute of Building. She is a Graduate of the Australian Institute of Company Directors, a member of Chief Executive Women and a part-time member of the Australian Takeovers Panel.

She holds a Bachelor of Business (Accounting and Business Law) from Curtin University and is an Adjunct Professor of Curtin University's Faculty of Business and Law.

Other current directorships (ASX listed entities): Gold Road Resources Limited (Non-Executive Director); NEXTDC Limited (Non-Executive Director); Worley Parsons Limited (Non-Executive Director); Wesfarmers Limited (Non-Executive Director).

Former directorships in the last three years (ASX Listed Entities): Wellard Limited.

Committee memberships:

Remuneration and People Committee (Chair), Nomination Committee (Member), Audit and Risk Management Committee (Member), Finance Committee (Member)

Cameron Wilson

Company Secretary

Mr Wilson was appointed Company Secretary in February 2018, bringing over 20 years' mining industry experience across the gold, nickel, coal and mineral sands sectors.

Mr Wilson holds a Bachelor of Laws from the University of Western Australia and is a Graduate of the Australian Institute of Company Directors.

Lord Sebastian Coe CH, KBE

Non-Executive Director

Non-Executive Director since February 2018.

Lord Coe is currently a senior advisor with Morgan Stanley & Co International plc and a Non-Executive Director of the Vitality Group of health and life insurance companies. In 2017, he became Chancellor of Loughborough University having previously served as Pro Chancellor of the University.

Based in the United Kingdom, Lord Coe is the Executive Chairman of CSM Sport and Entertainment, within the Chime Communications group. He was elected President of the International Association of Athletics Federations (IAAF) in 2015 where he is driving significant governance reforms through the organisation and its 214 Member Federations around the world.

Lord Coe previously served as Chairman of the British Olympic Association and was Chairman of the Organising Committee for the London 2012 Olympic Games and Paralympic Games. He was a member of the British athletics team at the 1980 and 1984 Olympic Games where he won two gold and two silver medals, as well as breaking twelve world records.

In 1992, Lord Coe became a Member of Parliament and during his political career served as a Government Whip and then Private Secretary to William Hague, Leader of the Opposition and Leader of the Conservative Party. He was appointed to The House of Lords in 2000.

Jennifer Morris OAM

Non-Executive Director

Non-Executive Director since November 2016.

Ms Morris is a former Partner in the Consulting Division of Deloitte, where she specialised in complex large-scale business transformation programs and strategy development. She currently holds a senior position at the Minderoo Foundation as Chief Executive Officer of Walk Free.

She has senior corporate governance experience and is currently a Commissioner of the Board of Australian Sports Commission.

A former Director of the Fremantle Football Club and Western Australian Institute of Sport, Ms Morris also served as Chairperson of the Board of Healthway – the WA Government's peak health promotion body.

A former member of the Australian Women's Hockey Team, Ms Morris won Olympic gold medals at the Atlanta 1996 and Sydney 2000 Olympic Games. In 1997, she was awarded a Medal of the Order of Australia (OAM).

Ms Morris' various roles in elite sport and the corporate world allow her to provide significant demonstrated experience in the areas of leadership and high performance.

Ms Morris is a Member of the Australian Institute of Company Directors, a Fellow of Leadership WA and a member of the Vice Chancellor's List, Curtin University.

She holds a Bachelor of Arts (Psychology and Journalism) received with Distinction and has completed Finance for Executives at INSEAD.

Committee memberships:

Remuneration and People Committee (Member), Audit and Risk Management Committee (Member)

Dr Jean Baderschneider

Non-Executive Director

Non-Executive Director since January 2015.

A highly regarded leader in both business and civil society, Dr Baderschneider brings 35 years of extensive international experience in procurement, strategic sourcing and supply chain management along with a deep understanding of high-risk operations and locations and complex partnerships.

Dr Baderschneider retired from ExxonMobil in 2013 where she was Vice-President of Global Procurement. During her 30-year career, she was responsible for operations all over the world, including Africa, South America the Middle East and Asia.

A past member of the Board of Directors of the Institute for Supply Management and the Executive Board of the National Minority Supplier Development Council, Dr Baderschneider also served on the boards of The Center of Advanced Purchasing Studies and the Procurement Council of both The Conference Board and the Corporate Executive Board.

In February 2011, she was the Presidential appointee to the US Department of Commerce's National Advisory Council of Minority Business Enterprises. She holds a Masters Degree from the University of Michigan and a PhD from Cornell University.

Penny Bingham-Hall

Non-Executive Director

Non-Executive Director since November 2016.

Ms Bingham-Hall has over 30 years' experience in senior executive and non-executive roles in large ASX listed companies. She is a Non-Executive Director of Macquarie Specialised Asset Management, the Port Authority of NSW, Taronga Conservation Society Australia and the Crescent Foundation.

Ms Bingham-Hall has worked in the construction, infrastructure, mining and property industries across Australia and the Asian region. She has a particular interest in environmental sustainability, workplace safety and indigenous employment.

Prior to becoming a company director, Ms Bingham-Hall was Executive General Manager, Strategy at Leighton Holdings (now CIMIC) - Australia's largest construction, mining services and property group. As part of the leadership team at Leighton she had responsibilities across the group's Australian and Asian operations.

Ms Bingham-Hall has a Bachelor of Arts degree in Industrial Design, is a Fellow of the Australian Institute of Company Directors, a Senior Fellow of the Financial Services Institute of Australasia and a member of Chief Executive Women and Corporate Women Directors.

Other current directorships (ASX listed entities): BlueScope Steel Limited (Non-Executive Director); DEXUS Property Group (Non-Executive Director).

Committee memberships:

Audit and Risk Management Committee (Member), Finance Committee (Member)

Dr Cao Zhiqiang

Non-Executive Director

Non-Executive Director since January 2018 (nominated director from Hunan Valin Iron and Steel Group Company Ltd).

Dr Cao is currently the Chairman of Hunan Valin Iron and Steel Group Company Ltd and brings extensive experience in technology and steel mill management, along with a deep background in international co-operation.

Dr Cao joined Valin Xiangtan Steel in 1997 and has worked in a variety of roles including Director of the Research and Development centre, before being appointed Chief Executive Officer. He holds a PhD in Science and is a senior engineer research fellow.

Core Leadership Team

Fortescue's Core Leadership Team (CLT) was announced in November 2017 and is focussed on the core Values and culture of the Company and empowering the workforce to make decisions that drive success for the Company.



Elizabeth Gaines Chief Executive Officer

Ms Gaines commenced as Chief Executive Officer in February 2018.

A highly experienced business leader with extensive international experience as a Chief Executive Officer and group executive, Ms Gaines has a proven track record in financial and operational leadership across a number of industries including resources, construction and infrastructure, financial services and travel and hospitality.

After joining Fortescue as a Non-Executive Director in February 2013, Ms Gaines was appointed Chief Financial Officer and Executive Director in February 2017. She is a former Chief Executive Officer of Helloworld Limited and Heytesbury Pty Limited and has also held the position of Chief Financial Officer at Stella Group and Entertainment Rights Plc.

A member of Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and Chief Executive Women, Ms Gaines holds a Bachelor of Commerce degree and Master of Applied Finance degree.

Ms Gaines is a member of the Curtin University - Faculty of Business and Law Advisory Council.

Julie Shuttleworth Deputy Chief Executive Officer

Ms Shuttleworth commenced as Deputy Chief Executive Officer in February 2018.

Having joined Fortescue in 2013, Ms Shuttleworth has held General Manager roles at both Fortescue's Cloudbreak and Solomon mines.

Ms Shuttleworth holds a double major in Extractive Metallurgy and Chemistry from Murdoch University and has 25 years' experience in the mining industry in Australia, China and Tanzania, including 19 years in gold/copper working for Newcrest Mining, Sino Mining and Barrick Gold, and six years' iron ore experience with Fortescue.

Ms Shuttleworth is a Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy (AusIMM), is a Graduate Member of the Australian Institute of Company Directors, on the International Committee of the Society of Mining Metallurgy and Exploration, and a Member of the Mining and Metallurgical Society of America. She also serves on the AusIMM Council for Diversity and Inclusion and has attended Harvard Business School and INSEAD Business School, holds Diplomas in Financial Markets and Management, and sponsors the Julie Shuttleworth Prize in Mineral Processing at Murdoch University.



Ian Wells

Chief Financial Officer

Mr Wells joined Fortescue in 2010 and has held multiple senior executive roles in the Finance team, including funding, treasury, planning and analysis as well as Company Secretary. He commenced as Chief Financial Officer in February 2018.

Mr Wells' prior experience includes financing Fortescue's US\$10 billion major iron ore project development to 155 million tonnes per annum, and successfully undertaking multi-billion dollar capital raising and refinancing transactions in domestic and international capital markets.

Most recently, he has held the position of Group Manager Corporate Finance, leading Fortescue's capital management strategy with group responsibility for Treasury and Funding.

With more than 25 years' experience as a senior executive in leading ASX listed and private companies in the mining, energy infrastructure and healthcare industries, Mr Wells' prior positions include Chief Financial Officer of Singapore Power subsidiary Jemena Limited and Acting Chief Financial Officer of Alinta Limited.

Mr Wells holds a Bachelor of Business in Accounting, is a Fellow of CPA Australia, a Certified Finance and Treasury Professional and a Graduate of the Australian Institute of Company Directors.

Mr Wells is Chairman of The Salvation Army Business Committee.

Greg Lilleyman

Chief Operating Officer

Mr Lilleyman commenced as Chief Operating Officer in February 2018, after joining Fortescue as Director Operations in January 2017.

With nearly three decades of extensive international experience in the mining sector, including over 20 years' in the iron ore sector across multiple commodities in large scope project development and construction, operational and business leadership, joint venture management and technology deployment, Mr Lilleyman brings significant business credentials and iron ore market knowledge to Fortescue's Core Leadership Team.

Mr Lilleyman holds a degree in Construction Engineering from Curtin University and has completed the Vincent Fairfax Fellowship in Ethical Leadership at the University of Melbourne as well as the prestigious Wharton Business School's Advanced Management Program.

He is a member of the Australian Institute of Mining and Metallurgy, the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

Executive Team

Fortescue's Executive Team is accountable for the safety of its people, upholding the Company's Values, acting with integrity and honesty, and leading the business to achieve its vision of becoming the safest, lowest cost, most profitable mining company.



Danny Goeman
Director Sales and Marketing



Peter Huston
Chief General Counsel and
Director Corporate Services



Anthony Kirke
General Manager Iron Ore Projects



Tim Langmead
Director Community, Environment
and Government



David Liu
Senior Advisor to the CEO and COO



Linda O'Farrell
Group Manager Fortescue People



Fernando Pereira
Director Pilbara Operations



Alison Terry
Group Manager Corporate Affairs
and Joint Company Secretary



Rob Watson
Group Manager Health and Safety

Danny Goeman

Director Sales and Marketing

Mr Goeman was appointed Director Sales and Marketing in August 2018.

Mr Goeman has more than 25 years of experience in management, sales and marketing, strategy development and high level commercial negotiations including more than 20 years with the Rio Tinto group of Companies.

Mr Goeman has a wealth of experience in leading commercial transactions in different geographies including Australia, Asia and Europe, and has experience in a range of commodities including diamonds, iron ore, coal and potash. Mr Goeman has a Masters degree in Business Administration.

Peter Huston

Chief General Counsel and Director Corporate Services

Mr Huston joined Fortescue in 2005 and has over 20 years' experience in legal and advisory roles. Prior to joining Fortescue, Mr Huston spent 12 years as a Partner of the law firm now known as Norton Rose Fulbright. He then spent over a decade in "Activism Private Equity" as an Executive Director at Troika Securities Limited. Mr Huston is a well-regarded corporate lawyer in Australia.

Mr Huston is admitted as a Solicitor and Barrister of the Supreme Court of Western Australia, the Federal and High Court of Australia and has a Bachelor of Jurisprudence, Bachelor of Laws (with Honours), Bachelor of Commerce and a Master of Laws.

Anthony Kirke

General Manager Iron Ore Projects

Mr Kirke was appointed General Manager Iron Ore Projects in February 2018. After joining Fortescue in 2010, he has had a number of roles including General Manager Solomon and Group Manager Operations Planning.

Mr Kirke is responsible for Fortescue's major Iron Ore development projects including the Eliwana Mine and Rail and the Iron Bridge Magnetite Project.

He is also responsible for the feasibility studies for all future iron ore projects, ensuring the long term sustainability of Fortescue's iron ore operations.

Commencing with Mt Newman Mining in 1985 in Port Hedland, Mr Kirke

has worked across the full supply chain with roles encompassing port operations, ore processing, mining and maintenance.

Tim Langmead

Director Community, Environment and Government

Mr Langmead was appointed Director External Relations in January 2014, after joining Fortescue as Group Manager Corporate Affairs in January 2013 and was subsequently appointed Director Community, Environment and Government.

Previously, Mr Langmead held senior corporate affairs roles in the Australian business units of global oil and gas companies. Mr Langmead served in senior staff roles for Ministers in the Howard-Anderson and Howard-Vaile governments and commenced his career as an agribusiness journalist.

David Liu

Senior Advisor to the CEO and COO

Mr Liu was appointed Director Sales and Marketing in 2011. He has almost 30 years' experience in trade and investment projects between Australia and China and a strong understanding of Chinese culture and business practices.

Mr Liu moved from Director Sales and Marketing into the role of Senior Advisor to the Chief Executive Officer and Chief Operating Officer in August 2018.

Linda O'Farrell

Group Manager Fortescue People

Ms O'Farrell joined Fortescue in October 2013 as Group Manager Fortescue People, joining the Executive team in December 2014.

Having held a number of executive human resources roles in major Australian resource companies, Ms O'Farrell brings deep experience in strategic people management, diversity and Aboriginal employment.

Ms O'Farrell holds a Bachelor of Economics (Honours in Industrial Relations) from the University of Western Australia and is a Director at the Australian Institute of Management Western Australia and AMMA, the Australian Resources and Energy Group.

Fernando Pereira

Director Pilbara Operations

Mr Pereira was appointed Director Pilbara Operations in June 2019. Having started his career at Fortescue in 2010, Mr Pereira has led the Company's Port and Rail Operations and Asset Management teams.

Mr Pereira has more than 19 years' experience in the mining industry, spanning various commodities and operations in Australia and South America. He has expertise in senior management, mining and mineral engineering, supply chain optimisation and overseeing mechanical, structural and expansion projects.

Mr Pereira holds a Bachelor in Mining and Mineral Processing Engineering and Specialisation in Business Management.

Alison Terry

Group Manager Corporate Affairs and Joint Company Secretary

Ms Terry joined Fortescue in 2014 as Group Manager Corporate Affairs and serves as Joint Company Secretary, having been appointed to the role in February 2017.

With significant experience in corporate affairs, legal, company secretarial and general management, Ms Terry has previously held senior executive and Board roles across a number of sectors including automotive, telecommunications and superannuation.

Ms Terry holds a Bachelor of Economics and Bachelor of Laws (Honours) and a Graduate Diploma of Business (Accounting). She is a member of Chief Executive Women and a Graduate of the Australian Institute of Company Directors.

Rob Watson

Group Manager Health and Safety

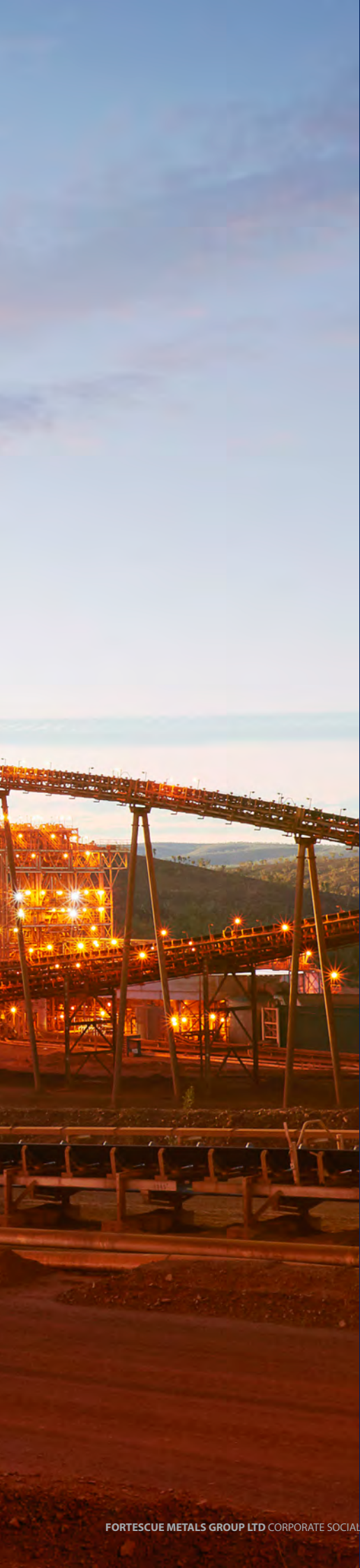
Mr Watson was appointed Group Manager Health and Safety in 2014 after joining Fortescue in 2011. Prior to this, Mr Watson spent 15 years in a number of senior corporate health and safety roles in large mining companies.

Mr Watson's career in health and safety spans over 25 years in a number of industries and commodities. Mr Watson holds a Masters in Occupational Health and Safety.

02

Operating and Financial Overview





167.7_{mt}

Shipped

US\$ 13.11_{/wmt}

C1 costs

US\$ 1.9_{billion}

Cash on hand

US\$ 10.0_{billion}

Revenue

US\$ 4.0_{billion}

Gross debt

US\$ 2.1_{billion}

Net debt

Overview of operations

As one of the world's largest iron ore producers, Fortescue owns and operates integrated operations spanning two iron ore mine hubs, the five berth Herb Elliott Port and Judith Street Harbour towage facility in Port Hedland and the fastest, heavy haul railway in the world.



Chichester Hub

The Chichester Hub in the Chichester Ranges, comprising Cloudbreak and Christmas Creek mines, has an annual production capacity of 100 million tonnes per annum (mtpa) from three Ore Processing Facilities (OPFs).

Fortescue's innovative Papa Waringka (Niyiyaparli language for water in the ground) Managed Aquifer Recharge Program at the Chichester Hub represents one of the largest dewatering schemes in the world and is fundamental to the Company's commitment to protecting the adjacent Fortescue Marsh.

The Christmas Creek and Cloudbreak teams are proud of their strong relationships with the local Aboriginal people as Fortescue's Chichester operations covers Niyiyaparli, Palyku, Njamal and Martu Idja Banjima Native Title groups.

As part of the Company's Rapid Trades Upskilling program, 82 Defence Force veterans began work at Fortescue's Chichester Hub in FY19. The Program was introduced to deliver training and employment pathways for former Defence Force personnel.

Throughout the year, having successfully completed training at Fortescue's Vocational Training and Employment Centre program (VTEC), 20 VTEC trainees began full-time employment at the Chichester Hub.

Solomon Hub

The Solomon Hub in the Hamersley Ranges is located 60km north of Tom Price and 120km to the west of Fortescue's Chichester Hub. It comprises the Firetail and Kings Valley mines which together have a production capacity of 70 to 75mtpa.

Fortescue is committed to maximising the Pilbara's rich endowment of natural gas to its advantage. The Fortescue River Gas Pipeline connecting to the gas fired Solomon Power Station, reduces the mine's diesel consumption and drives sustainable improvements in greenhouse gas emissions and energy intensity.

Operating on Yindjibarndi, Eastern Guruma, Ngarluma/ Yindjibarndi and Kariyarra land, Solomon is proud to provide training and employment opportunities for Aboriginal people.

In FY19, 16 VTEC graduates from Fortescue's VTEC training centre in Roebourne started full-time work at the Solomon Hub.

Hedland Operations

Fortescue wholly owns and operates its purpose designed rail and port facilities, constructed to deliver iron ore from its mines to Port Hedland and onto its customers. Covering 620km of track, the railway is the fastest, heavy haul line in the world.

The efficient design and layout, optimal berthing configuration and ongoing innovation to increase productivity makes Fortescue's port the most efficient bulk port operation in Australia. The port has five operating berths and is capable of safely and efficiently exporting more than 170mtpa.

Fortescue's eight Ore Carriers were innovatively designed to complement the Company's port infrastructure. The fleet delivers approximately 14 per cent of Fortescue's shipping requirements, and has improved load rates, efficiencies and reduced operating costs.

In FY19, the Company celebrated the completion of its fleet of tugs and towage infrastructure to provide safe and reliable towage services that will maximise the efficiencies of its operations and provide additional towage capacity for all Port Hedland users.

Fortescue is committed to building and retaining its residential workforce in Port Hedland, launching the In Home Child Care program to help families balance work and caring responsibilities.

The Company's School Leaver Rail Shunting Program provides Port Hedland based school leavers with an entry level pathway into the mining industry. In FY19, three trainees completed the program. Participants are encouraged to apply for full time roles at Fortescue.

Eliwana Mine and Rail Project

Fortescue's US\$1.275bn Eliwana Mine and Rail development in the Western Hub includes 143km of rail and a 30mtpa dry OPF.

The project underpins the introduction and growth of the 60.1% iron grade product, West Pilbara Fines, and will maintain Fortescue's low cost status, providing greater flexibility to capitalise on market dynamics while maintaining Fortescue's overall production rate of a minimum 170mtpa over 20 years.

The Eliwana project continues Fortescue's significant contribution to the State with the generation of up to 1,900 jobs during construction and 500 full time positions once operational. Approximately 80 per cent of contracts already awarded for the project are with Western Australian owned businesses.



Iron Bridge

In April 2019, the development of the US\$2.6 billion Iron Bridge Magnetite Project was approved by the Board. The project will deliver 22mtpa of high grade 67% Fe magnetite concentrate product, with first ore on ship scheduled for mid-2022.

Iron Bridge, located 145km by road south of Port Hedland and incorporating the world class North Star and Glacier Valley magnetite ore bodies, is an unincorporated joint venture between Fortescue Metals Group subsidiary FMG Iron Bridge and Formosa Steel IB. Baosteel also has an interest in the Project, with a 12 per cent shareholding of FMG Iron Bridge.

The Iron Bridge project holds Australia's largest Joint Ore Reserves Committee (JORC) compliant magnetite resource supporting a long mine life. The innovative process design, including the use of a dry crushing and grinding circuit, will deliver an industry leading energy efficient operation.

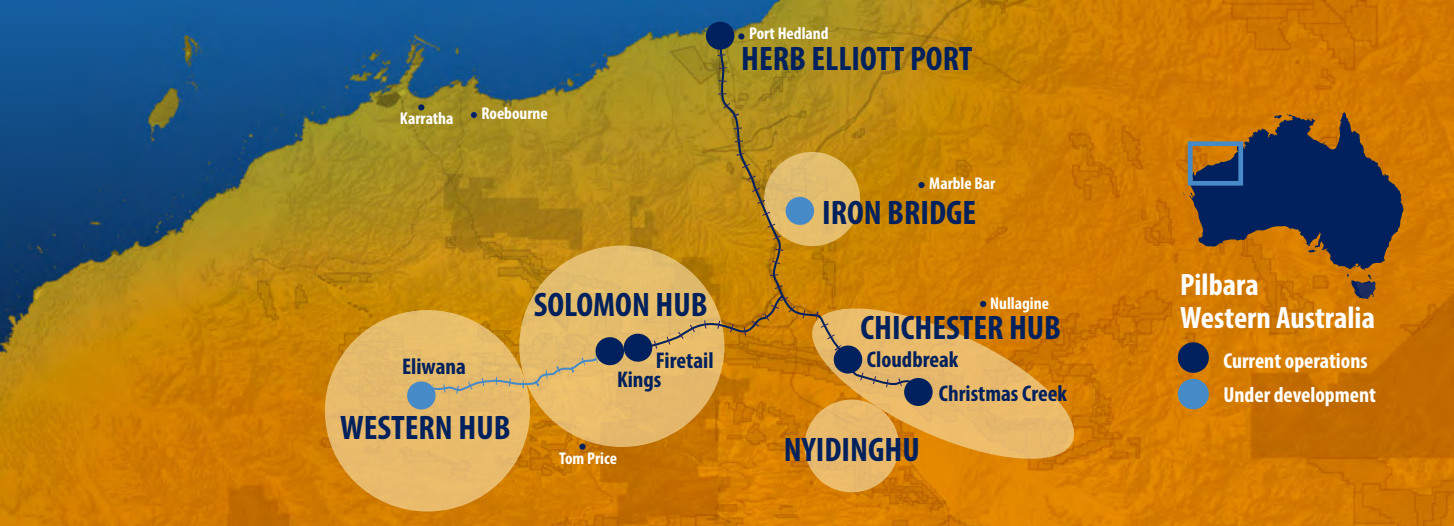
Exploration in Australia

Fortescue holds the largest tenement portfolio in the Pilbara region of Western Australia. The Company's iron ore tenements are key to maintaining mine life and sustaining product quality in Fortescue's core iron ore business.

The Western Hub Resources include significant amounts of high iron content bedded iron ore, adding high iron content, dry, low cost tonnes to Fortescue's product suite.

Recent Australian exploration activity has been primarily focussed on early stage target generation for copper-gold in the North Paterson and Rudall region in Western Australia, with additional exploration activity undertaken in New South Wales and South Australia.

Details of the Company's Reserves and Resources are summarised in the Ore Reserves and Mineral Resources Report on pages 39 to 46 of the FY19 Annual Report.



02

International footprint

Fortescue is building on its world-class exploration expertise, operational reputation and capability of its people to diversify its portfolio through early stage exploration in highly prospective areas to deliver future shareholder value.

The Company is assessing exploration and development opportunities throughout South America including Ecuador, Colombia and Argentina. Drilling on targets prospective for copper commenced in April 2019 at Fortescue's Santa Ana concessions in Ecuador.

In November 2018, Fortescue acquired an exploration company in Argentina which provided access to a large greenfield landholding of approximately 2,930km² in the Argentinian Province of San Juan, which is prospective for copper-gold. Initial field work commenced in January 2019 in a project area approximately 180km from San Juan.

Fortescue is committed to providing on the job training and employment opportunities for local communities. Fortescue Ecuador partnered with the local Plateado community to help build a roof for the primary school, Simon Rodriguez Bilingual Education Centre, which will allow the children to stay dry during the wet season.

The Company worked in partnership with the Ecuadorian Ministry of Education to also improve other areas of the school through painting, building fences and donating computers.

Fortescue has also applied for tenements prospective for lithium in Portugal.

Fortescue is building on its world-class exploration expertise, operational reputation and capability of its people to diversify its portfolio



03

Approach to Corporate Social Responsibility



Empowerment of employees and communities is at the heart of Fortescue's approach to CSR



Approach to Corporate Social Responsibility

Fortescue is committed to playing its role as the world strives to meet the United Nations Sustainable Development Goals.

Fortescue strives to ensure that communities benefit from its growth and development and recognises that in order to achieve its vision of being the safest, lowest cost, most profitable mining company, a strong focus on corporate social responsibility (CSR) must be integrated into all aspects of its business.

Fortescue's Values form the foundation of the Company's approach to CSR; setting the ethical and moral compass by which the business operates.

The Value of empowerment of employees and communities is at the heart of Fortescue's approach to CSR.

Empowerment encourages people to:

- Strive to be the best
- Find innovative solutions to business and societal challenges

- Improve the business' bottom line while delivering positive change.

Compliance with all relevant legislation and obligations including those that govern health, safety and environment is the absolute minimum standard to which the Company adheres.

Fortescue's Board approved Code of Conduct and Integrity establishes the essential standards of personal and corporate conduct and behaviour of employees, suppliers and contractors.

This strong base supports the Company's commitments and principles which leads to the development and implementation of policies, opportunities and objectives. These inform the application of specific business unit targets, processes and plans.

United Nations Sustainable Development Goals

On 25 September 2015, the United Nations adopted the Sustainable Development Goals (SDGs) setting the 2030 global agenda for sustainable development. The SDGs are a call for global action through national governments to end poverty, protect the planet and ensure that all people are able to enjoy peace and prosperity.

Fortescue is committed to working with its host governments as they strive to meet these goals. Fortescue's approach to CSR aligns with the SDGs.

The table on pages 28 and 29 demonstrates how the Company's CSR targets, set against identified material issues, are contributing towards the achievement of SDGs.

SUSTAINABLE DEVELOPMENT GOALS



A woman with dark hair tied back, wearing clear safety glasses and a white protective suit, is painting a vibrant mural on a wall. She is holding a paintbrush in her right hand, applying red paint to a section of the mural. The mural features bold, colorful shapes in yellow, blue, and red, with black outlines. She is also holding a blue paint tray in her left hand. The background shows a clear blue sky and a white structural element of the building.

**Fortescue works with its stakeholders
to create sustainable communities**

Material issues, related targets and link to SDGs

	Target	Result		SDGs
Employee health, safety and wellbeing	Annually, achieve zero fatalities at Fortescue's operations	0 Workplace fatalities		
	By 2020, reduce injuries to lowest TRIFR and severity quartile of resources industry	2.8 TRIFR		
	Annually achieve top quartile Safety Excellence and Culture Survey results	93% survey participation rate		
	Annual decrease in positive alcohol and illicit drug test results	0.78% positive alcohol and illicit drug test results		
Workforce diversity	By 2020, achieve a female employment rate of 25%	19.4% female employment		
	By 2020, achieve an employment rate of 30% women in manager and above roles	22.4% female employment in manager and above roles		
		25.5% female employment in senior management roles		
	Annually, support community led programs empowering women and ending discrimination	White Ribbon Accreditation process Port Hedland and Roebourne Women's refuge support		
Protecting Aboriginal heritage	Annually, ensure Fortescue has no impact on Aboriginal heritage without consultation with Aboriginal people	0 reportable heritage incidents		 
Ethical conduct and anti-bribery and corruption	Annually, ensure ethical conduct is maintained by targeting leadership programs, training, performance assessments and remuneration	Leadership programs, training, performance assessment targets implemented to ensure ethical conduct		
Climate change and emissions reduction	By FY20, achieve a 25% decrease in emissions intensity in electricity generation from FY15 levels	17% reduction		 
	By FY20, achieve a 5% decrease in emissions intensity in energy consumption in the production process from FY17 levels	8.1% reduction		

 Target met
  Target in progress
  Target not met

Material issues, related targets and link to SDGs

	Target	Result		SDGs
Safeguarding the environment	Achieve a net positive impact on biodiversity	Ongoing program		
	Annually, achieve zero significant environmental incidents	0 significant environmental incidents		
	Initiate, host and coordinate a series of Mine Water Management Forums about the Pilbara Region of WA to encourage the sharing of learnings for practitioners and regulators	To commence FY20		
	Ensure at least 75% of dewatered water at the Cloudbreak and Christmas Creek mine sites is used for beneficial purposes or reinjected via the Managed Aquifer Recharge Program	More than 75% of dewatered water used for beneficial purposes or reinjected		 
	Annually, ensure the Company is adequately provisioned to comply with all relevant legal obligations and commitments once mining is complete	Appropriate financial provisions included in financial statements		
	By the end of FY20, identify a sustainable disposal method for off-the-road tyres and conveyor belt	Investigations underway		
	By the end of FY20, investigate composting opportunities for food related mine wastes	Investigations underway		
Building local communities	Annually, achieve at least 5% of actual spend with local Pilbara suppliers	5.5% of actual spend with local Pilbara suppliers		  
Creating opportunities for Aboriginal people	By 2021, achieve a spend of 10% of total procurement with Aboriginal businesses, with 50% of the number of contracts awarded to businesses with more than 50% Aboriginal ownership	5.5% spend of total procurement with Aboriginal businesses		 
	By 2020, achieve an employment rate of 20% for Aboriginal people across Fortescue	12.1% employment rate		
	By 2020, achieve an employment rate of 10% for Aboriginal people in leadership roles	4% of leadership roles held by Aboriginal people		
	By 2022, achieve an employment rate of 20% for Aboriginal people in skilled trades	17.6% of skilled trade positions held by Aboriginal people		
	Annual involvement in the policy debate to address Aboriginal disparity	Ongoing contribution to policy debate		
	Annually, deliver at least two major community projects with Aboriginal stakeholder partners	Big hART Jawun - Five secondees participated in the program		
Respecting human rights	Active engagement on human rights issues in business	Ongoing active engagement including on modern slavery in the supply chain		

Material issues

This report covers the material issues associated with Fortescue's operations.

Material issues are those that may have a material bearing on Fortescue's ability to achieve its goals. These issues are identified via an annual assessment process that considers risks and opportunities and internal and external stakeholder views.

The assessment is undertaken through a cycle of research, identification, prioritisation, validation and review.

During FY19, the assessment considered the following:

- Company CSR initiatives
- Corporate risk assessments
- Company policies, standards and guidelines
- Outcomes of internal and external engagement with stakeholders
- Media and investor interest and feedback
- Government/regulator interest and feedback
- Material issues identified by peers and sustainability leaders
- Benchmarking and environmental, social and governance assessments.

Priorities were informed by formal internal and external engagement which included focussed workshops with Fortescue employees and a wide range of external stakeholders. Materiality was validated by subject leaders and the Executive team.

Based on this assessment, the following were determined to be Fortescue's most material issues:

- Employee health and safety
- Economic contribution (including taxes)
- Creating employment and business opportunities for Aboriginal people
- Workforce diversity
- Business conduct
- Climate change action and disclosure
- Building sustainable communities
- Protecting biodiversity and water resources
- Protecting Aboriginal heritage
- Tailings management
- Human Rights including the eradication of modern slavery.

Research

1

Identification

2

Prioritisation

3

Validation

4

Review

5

Fortescue's commitments, targets and performance against each material issue are reported against three core pillars

Setting high standards



- Employee health and safety
- Economic contribution (including taxes)
- Workforce diversity
- Protecting Aboriginal heritage
- Business conduct.

Safeguarding the environment



- Climate change action and disclosure
- Protecting biodiversity and water resources
- Tailings management.

Creating positive social change



- Creating employment and business opportunities for Aboriginal people
- Building sustainable communities
- Human rights including the eradication of modern slavery.



04

Corporate Governance



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

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 supports the intent of the 4th Edition of the ASX Corporate Governance Council Principles and Recommendations (Principles and Recommendations). Unless otherwise disclosed, Fortescue has adopted the revised requirements of the Principles and Recommendations.

The cornerstone principles of corporate governance at Fortescue are:

Transparency: Being clear and unambiguous about the Company's structure, operations and performance, both externally and internally, and maintaining a genuine dialogue with, and providing insight to, stakeholders and the market generally.

Integrity: Developing and maintaining a corporate culture committed to ethical behaviour and compliance with the law.

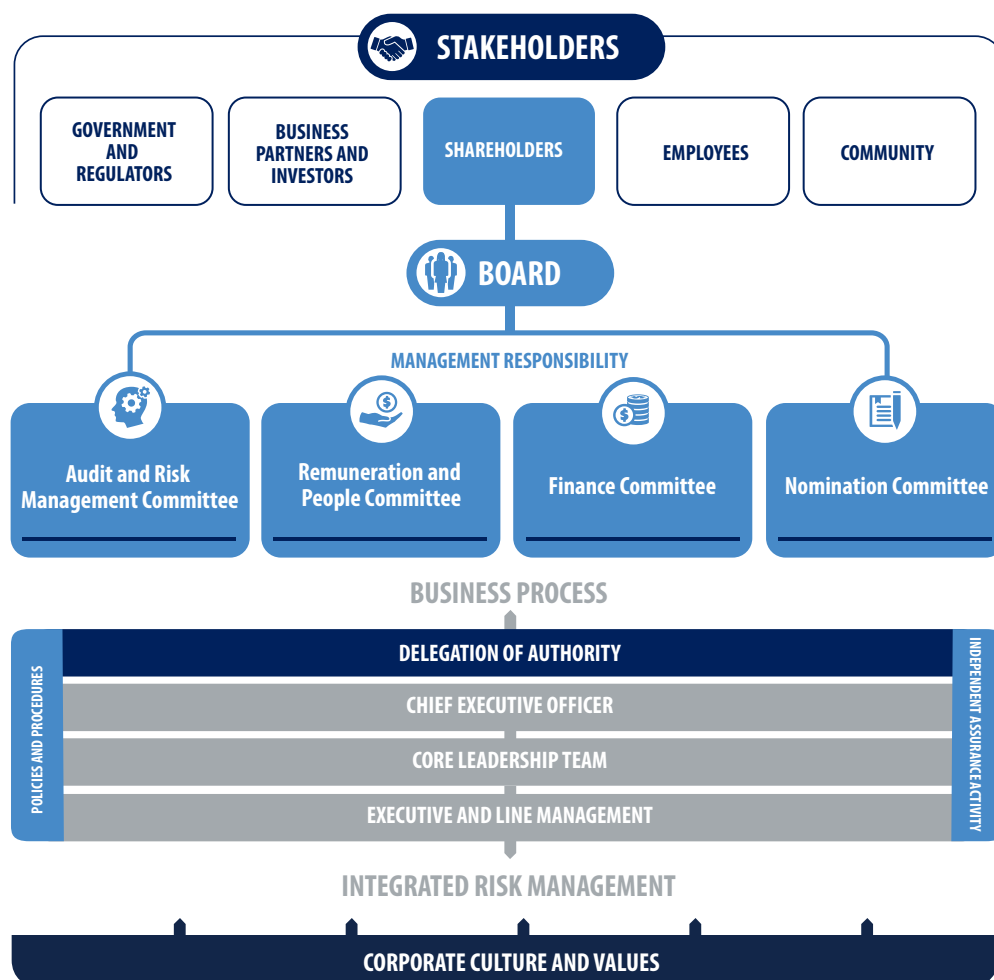
Empowerment: Everyone at Fortescue is empowered to make decisions that support the Company's objectives and are in the best interests of stakeholders. Management and employees are encouraged to be innovative and strategic in making decisions that align with Fortescue's culture and risk appetite and

are undertaken in a manner consistent with corporate expectations and standards.

Corporate accountability: Ensuring that there is clarity of decision making within the Company, with processes in place to authorise the right people to make effective and efficient decisions, with appropriate consequences delivered for failures to follow those processes.

Stewardship: Developing and maintaining a company-wide recognition that Fortescue is managed for the benefit of its shareholders, taking into account the interests of other stakeholders.

A full copy of the Corporate Governance Statement is available on the Company's website at www.fmgil.com.au



05

Engaging with stakeholders





Fortescue's Recruitment Trailer visits Yandeyarra, an Aboriginal community in the Pilbara region.

Meaningful stakeholder engagement is at the heart of Fortescue's approach to building trust and respect and maintaining constructive relationships with the communities in which it operates.

The Company's Stakeholder Engagement Framework is underpinned by Fortescue's commitment to 'do what we say we're going to do' and promotes open, transparent, continuous and inclusive communication. The Company aims to ensure that it is able to gain and maintain its social and regulatory licences to operate.

Fortescue engages with a large number of stakeholders. The Company identifies stakeholders according to the level of interest, potential impacts and opportunities of operations, prioritising those who may be directly impacted.

The form and frequency of engagement depends on the stakeholders and the issue and includes:

- Communication with all stakeholders through annual reports, company publications, the Company's website and the Company's Annual General Meeting
- Direct engagement through meetings, forums, workshops, consultation groups and community programs
- Consultation with employees through internal communications such as newsletters, corporate meetings, team meetings, intranet notifications and feedback surveys.

The Company works to ensure the resolution of grievances in a transparent and accountable manner and implements feedback, monitoring and evaluation processes to ensure continual improvement. Fortescue's key stakeholders include:

- Employees
- Customers
- Shareholders and investors
- Suppliers and contractors
- Native Title partners
- Traditional Custodians
- Government and regulators
- Pastoralists
- General community
- Non-government organisations
- Educational institutions
- Local communities.

Key stakeholders

 Employees	 Native Title Partners	 General community
 Customers	 Traditional Custodians	 Non-government organisations
 Shareholders and investors	 Government and regulators	 Educational institutions
 Suppliers and contractors	 Pastoralists	 Local communities



Fortescue tracks performance to ensure continual improvement

Benchmarking and memberships

Fortescue participates in benchmarking assessments including indices such as the Dow Jones Sustainability Index assessment and memberships with key bodies. Together with our commitments, partnerships and stakeholder feedback, these assessments and memberships allow the Company to track performance against relevant standards and peers to ensure continual improvement.

Memberships

- Association of Mining and Exploration Companies (AMEC)
- Australia-China Business Council
- Australian Resources and Energy Group (AMMA)
- Business Council of Australia
- Chamber of Commerce and Industry of Western Australia
- Chamber of Minerals and Energy WA
- Committee for Perth
- Corporate Tax Association
- DomGas Alliance
- Global Reporting Initiative
- Green Ammonia Consortium
- Hydrogen Mobility Australia
- Port Hedland Industries Council
- Supply Nation - founding member
- United Nations Global Compact
- United Nations Global Compact Network Australia.

Commitments to external initiatives/standards

- Bloomberg Gender-Equality Index
- Dow Jones Sustainability Index
- International Council on Mining and Metals (ICMM) Sustainable Development Principles
- ISO Standards
 - 14001 – Environmental Management
 - 3100 – Risk Management.
- Sustainable Development Goals
- Task Force on Climate-related Financial Disclosures (TCFD)
- Tax Transparency Code of Australia 2016
- UN Guiding Principles on Business and Human Rights
- Workplace Gender Equality Agency (WGEA).





06

Setting high standards

Championing
safety, embracing
diversity and
demonstrating integrity

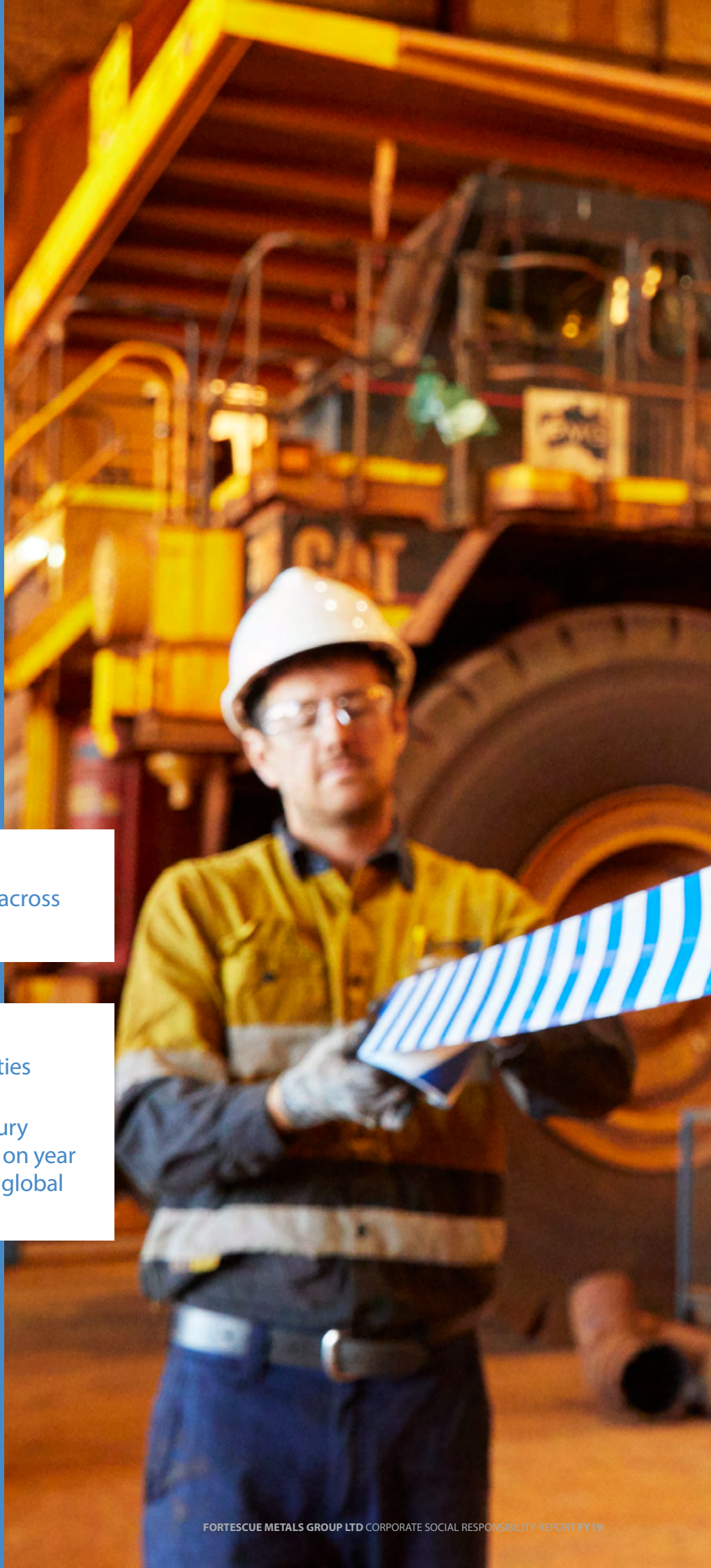
Employee health, safety and wellbeing

Objective

To be global leaders in safety across all operations.

Target

- Annually, achieve zero fatalities at Fortescue's operations
- Reduce Total Recordable Injury Frequency Rate (TRIFR) year on year to the lowest quartile of the global resources industry.



A Company wide focus on improving safety has seen Fortescue's TRIFR reduce by 53 per cent over the past five years to 2.8, including a reduction of 24 per cent over the last year.

Fortescue acknowledges that its activities have the potential to expose its employees, contractors and communities to health and safety risks and works diligently to identify these risks and ensure adequate controls are in place to mitigate them.

Safety is both a Value and Fortescue's number one priority. The Company reports there were no workplace fatalities at any of its sites during FY19.

Fortescue leaders are focussed on creating a culture that empowers each person to look out for their mates and themselves. Every team member working on Fortescue's sites is empowered to take the time to assess each task to ensure it is safe before proceeding and to pause and reassess whenever something changes.

The Company has established a program of education, coaching, training, monitoring and reporting to encourage continuous improvement and is actively engaged with industry and regulators at both a local and global level.

The prevention of high-risk events is managed through the implementation of a risk profile reduction program and critical control monitoring. Critical control audits are conducted by leadership teams to ensure these controls are in place and effective according to risk profiles.

Fortescue's Board is responsible for overseeing the management of safety and occupational health, while the CLT has overall responsibility to ensure health and safety in the workplace.

During FY19, the Significant Incident Frequency Rate (SIFR) per million hours increased from 3.3 in FY18 to 3.7 due to increased identification and improved reporting. A Company wide focus on improving safety has seen Fortescue's TRIFR reduce by 53 per cent over the past five years to 2.8, including a reduction of 24 per cent over the last year.

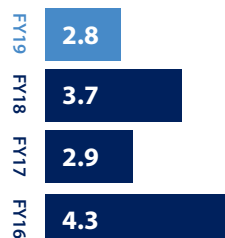
By having a focussed effort on proactive injury management, Fortescue's injury

severity rate per million hours worked has reduced by 14 per cent over the last year.

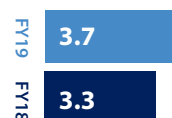
Fortescue was fined \$A64,000 during the reporting period for failing to provide and maintain a working environment where employees were not exposed to hazards. The incident related to a contractor injury in 2015.

Fortescue's reporting is aligned with the United States of America's Government Occupational Safety and Health Administration (OSHA) guidelines for the recording and reporting of occupational injuries and illnesses. The rates provided include all employees and contractors working on a Fortescue site and are based on one million hours. The severity rates include days lost and days restricted from work and are also based on one million hours.

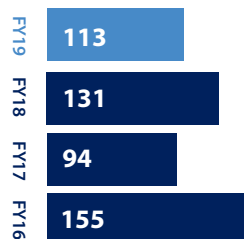
Total Recordable Injury Frequency Rate (TRIFR)



Significant Incident Frequency Rate (SIFR) per million hours



Injury Severity Rate





CASE STUDY



Fortescue stops for safety

At 12 noon on Wednesday, 8 August 2019 and midnight on Thursday, 9 August 2019, everyone across Fortescue's sites, including contracting partners, paused work for an hour to come together with their supervisors for a discussion on reducing safety exposures and looking out for their mates.

The Safety Stop was the first of its kind in Fortescue's history and demonstrates the Company's commitment to prioritising safety above anything else. Key themes included:

- Living the Value of safety
- Being empowered to make a safe decision
- Looking out for mates
- Education on safety procedures, fire and lockdown processes
- Responding to hazards immediately

- The importance of implementing improvement ideas immediately
- The importance of education around interactions with autonomous and non-autonomous machinery.

Since the Safety Stop, a number of improvements have been introduced including:

- Controlling energy training for all new starters in Mobile Maintenance
- A soft tissue injury review to identify possible engineering controls
- Combining team pre starts to better communicate relevant hazards.



CASE STUDY



Risk reduction program

During FY19, Fortescue implemented a semi-qualitative risk reduction program aimed at reducing fatal exposures by 15 per cent across all of its operations.

Commencing in July 2018, each operational area reassessed safety risks and recalculated fatality risk profiles using the potential loss of life (PLL) measure. Operations engaged their teams to identify sustainable risk reduction activities and reduce the risk profile by at least 15 per cent. The focus was on elimination and engineering controls.

Feedback from the program was positive due to the number of risk reduction activities completed across all areas. The combined risk reduction achieved in FY19 was 16.2 per cent.

Risk reduction activities included:

- Installation of shedder barricades under conveyors to guard against potential falling product
- A drive through go line for service and flatbed trucks, separating them from the active mine area
- A secondary dropped rod safety system on drill rigs to prevent rods from falling during the changing process
- Automatic hook releases to reduce line of fire exposure from ship mooring lines
- The design and fabrication of a tray dolly to improve movability of the trays, eliminating the need for cranes and working at heights exposures.

Safety culture

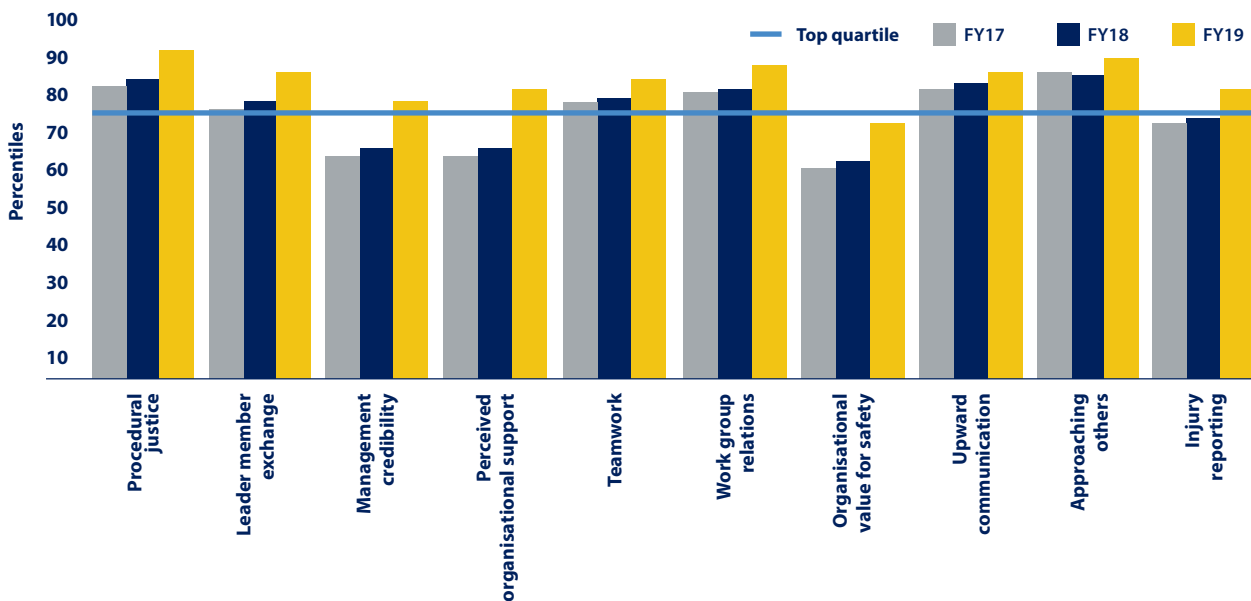
Objective

To continuously improve and develop a leading safety culture that works towards an organisation wide value for safety, led by leadership teams, and to create an organisation that actively cares for all employees and contractors.

Target

- Annually, achieve top quartile Safety Excellence and Culture Survey results.

Safety Excellence and Culture Survey results FY17 to FY19



Each year, Fortescue conducts an independent Safety Excellence and Culture Survey of its employees and contractors. The survey is undertaken between May and June and is a valuable tool to measure engagement with employees and contractors.

The survey also allows the Company to identify opportunities to improve its unique safety culture.

This year, 93 per cent of employees and contractors participated in the survey.

The improvement in culture across all ten categories from FY17 to FY19 is illustrated in the graph above with nine categories in the top quartile compared to six in FY18.



Fortescue is a values-based business with a unique, strong culture that is maintained and strengthened through its employees

Wellbeing

Fortescue engages with employees and contractors to promote a healthy, balanced lifestyle. The Company recognises the growing importance of mental health and the significant impact mental health illnesses can have on the wider community.

Fortescue has a Mental Health and Wellbeing Blueprint which outlines a comprehensive approach to effectively manage the health and wellbeing of employees. All operational sites have health and wellness coordinators, gyms, pools and other recreational facilities, as well as a medical centre with onsite medical staff. Reliable internet and communications are provided to ensure all employees and contractors can easily communicate with family and friends.

Fortescue also provides mental health awareness training across all operations.

To support employees on their journey to better health, the Company introduced Health inSite in 2018. Health inSite is an online health and wellbeing resource that provides tailored information and advice to employees. The program is actively used by over 29 per cent of Fortescue employees and more than 70 per cent of Perth employees.

Fortescue's Chaplaincy, a dedicated pastoral care service offering support for all employees, contractors and their families is available across all sites and in Perth.

The Company also provides access to the Employee Assistance Program (EAP) which provides 24/7 support via professional counselling services to employees, contractors and their families.



Alcohol and other drugs

Objective

To address the prevention of substance abuse, including the harmful use of alcohol and illicit drugs.

Target

- Annual decrease in positive alcohol and illicit drug tests.

Fortescue's alcohol and other drugs (AOD) program reinforces the importance of maintaining a zero tolerance of alcohol and illicit drug use while working.

In FY19, Fortescue conducted over 21,800 drug tests across its sites

through random, blanket or 'for cause' programs. During FY19, alcohol and drug testing was also introduced at inductions at the Fortescue Centre, Perth, in addition to pre-employment testing, to ensure people starting in the business are safe to work on site.

Fortescue implements a range of initiatives including online awareness and education training, the 'Speak Up' program and the continued support provided to employees by leadership teams, the Fortescue Chaplains and the Employee Assistance Program, to prevent substance abuse.



CASE STUDY



Four days, 4,000 kilometres, 24 workshops and one message - your mental health matters

During Mental Health Week in October 2018, Sharon Warburton, Deputy Chair, David Bradbury, Company Chaplain, Todd Beaton, Fixed Plant Manager Christmas Creek and Nick Balzarelli, Fabricator Hedland Operations, embarked on a four day tour of Fortescue's sites in the Pilbara to spread the word about the importance of looking after our mental health.

The group shared personal stories and advice and presented workshops to team members. Employees were taught how to recognise the signs of mental health concerns, in their mates and in themselves, and were encouraged to seek help as soon as possible. They were also provided with tips on how to stay mentally healthy.

The Fortescue family



Fortescue is committed to providing a safe and inclusive workplace that provides the incentives and opportunities to attract, develop and retain the best people.

It is only with the best people that Fortescue will be able to meet and exceed business goals and stakeholder expectations.

As at 30 June 2019, Fortescue has 6,750 employees. Of these, 454 were permanent part-time employees and 1,244 people worked under labour hire contracts. 47.5 per cent of Fortescue's employees are covered by enterprise agreements and the annualised voluntary turnover in FY19 was 9.2 per cent.

Fortescue respects freedom of association, the right to a fair 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.

Employee engagement and development

Employee engagement is a key priority for Fortescue and the Company is committed to ensuring its employees are provided with opportunities to help shape the way it conducts business.

The Company encourages and measures engagement with employees through a number of mechanisms including forums, surveys, social media and workshops.

Fortescue holds bi-annual Values Forums at each of its sites where the CLT provide business updates and lead discussions on the Company's Values. Fortescue also conducts an annual independent Safety Excellence and Culture Survey of its employees and contractors. This survey is a valuable tool to engage with employees and contractors and identify opportunities to improve the Company's unique culture. Refer to page 41 of this Report for details.

6,750
employees



Fortescue is committed to providing a safe, inclusive workplace that provides the incentives and opportunities to attract, develop and retain the best people.



CASE STUDY



Forums drive valuable discussions

In March, the CLT hit the road to visit Fortescue's sites and hear from team members at the first Values Forums for the calendar year.

More than 400 team members attended the forums where the CLT provided a business update and offered the opportunity for attendees to ask questions.

The Company's refreshed Values video, developed with Founder and Chairman, Andrew Forrest AO provided the basis for discussion and participants formed small groups to talk about which Values are most important to them and how they can keep the Values front of mind everyday.



CASE STUDY



Fortescue recruits Defence Force veterans

In August 2018, Fortescue launched a program to train and recruit former Defence Force personnel for trades roles at its mine sites in the Pilbara.

Since the launch, 82 veterans have commenced work at Fortescue's operations. The retention rate for these roles is at 99 per cent.

Fortescue worked with a third party to identify current and former members of the Defence Force who were looking to take the next step in their career. Fortescue's Rapid Trades Upskilling program was established to expand the qualifications of veterans to meet mining industry standards.

CEO, Elizabeth Gaines said "Fortescue has a proud history of delivering opportunities through training

and employment pathways and we are always looking to attract individuals with diverse backgrounds and experiences who share our Values of family, integrity, courage and determination."

"Our veterans' recruitment program has been extremely successful and we look forward to welcoming more members of the defence community to the Fortescue family," Ms Gaines said.

In March 2019, Fortescue's Training and Development Manager, Chris Mayfield was awarded the Outstanding Contribution of an Individual to Veterans' Employment award at Australia's Prime Minister's Veterans' Employment Awards for his instrumental role in establishing this program.

Recognising individuals

Fortescue's employee recognition program, Northern Spirits, celebrates and rewards employees who demonstrate and strengthen the Company's culture.

The awards recognise the contribution of team members across six categories and are awarded quarterly.



Northern Spirits categories



**KEEPING
OURSELVES AND
OUR MATES SAFE**



HAVE A CRACK



**BUILDING GREAT
TEAM CULTURE**



**CLOSING THE GAP
ON ABORIGINAL
DEVELOPMENT**



**INSPIRING FEMALE
EMPLOYEES TO
THRIVE**



**GOING THE EXTRA
MILE FOR OUR
COMMUNITY**

Supporting leaders

Fortescue values its leaders and works to ensure they are provided with support and development opportunities that allow them to excel.

This year, Fortescue continued the implementation of its Leadership Excellence Pathway Program. The in-house program, designed specifically to align with the Company's Values and culture, includes four core components; a two-day Emerging Leaders Program, four-day Leadership Fundamentals Program, two-day Advanced Leadership Program and short and targeted Leadership Development Programs on sites, focussing on specific leadership aspects.

In FY19, 492 current and emerging leaders completed formal leadership training in 31 courses. Since its inception in 2015, 1,933 leaders have completed this development program.

In FY19, Fortescue also commenced the Empower Program. Designed to support high performing employees and develop their career path, at least 50 per cent of those nominated for participation are female.



“Diversity is not just the right thing to do, it is the smart thing to do.” CEO, Elizabeth Gaines

Workplace diversity

Fortescue is committed to building and maintaining a workplace that is diverse and inclusive of all people. Increasing female and Aboriginal employment rates across the Company is a key priority.

Fortescue's female employment rate continued to increase in FY19 with females holding 19.4 per cent of positions across the company. In the Fortescue Centre, Perth, 38.9 per cent of employees are female. This year, an additional 396 women joined Fortescue, representing 23.9 per cent of new starters.

The female employment rate has also increased at each of the operational sites.

19.4%
Female employment rate

Objective

Increase the number of female employees and leaders, to build a more inclusive culture.

Target

- By 2020, achieve a female employment rate of 25 per cent
- By 2020, achieve a female employment rate of 30 per cent in manager and above roles.

Objective

Support the empowerment of women and end discrimination in local communities.

Target

- Annually, support community led programs empowering women and ending discrimination.

Supporting female employees

	Target	Result
Promote female employment	Company-wide target: By 2020, achieve female employment rate of 25%	- The number of female employees reached 1,312, an increase from 17.3% in FY17 to 19.4% in FY19 25.5% of Fortescue's senior management team are female, an increase from 20% in FY17 - Fortescue will continue to enhance its programs and initiatives to meet its 2020 targets The target of 25% participation rate was exceeded in the following programs: 60% Graduate program 37% VTEC 35% Vacation Student Program
	Recruitment team and external providers target: Achieve 25% female recruitment	- Females made up 20.2% of the job applicants, with females appointed to 23.9% of roles 24.5% females onboarded via contracted labour hire providers
Build talent pools	Update Flexible Working Guidelines	Flexible Working Guidelines updated September 2018
	Promote Fortescue as an employer of choice for women	- Senior leaders promoted Fortescue's diversity goals and performance at various functions and events - Fortescue's regular Business Update in March 2019 for parents considering returning to work was well attended
	Attract parents to return to work following career breaks	87.9% Primary carers parental leave retention rate
	Encourage and support female employees to obtain professional qualifications	- In FY17, Fortescue's Trade Up Program was opened to all women. 11 females form part of Fortescue's Trade Up which is close to 42% of the overall participants - Fortescue encourages female employees to obtain qualifications and further their career opportunities through its bi-annual performance review program, Success Factors and via its Rookies and Coaches mentoring program
Create a workplace which supports diversity	Celebrate success in diversity through the Company's recognition programs	6 Northern Spirits recipients were recognised for their role in encouraging female employees to thrive in FY19
	Encourage all eligible employees to access paid parental leave and to return to work following parental leave	The number of both males and females accessing primary carer's paid parental leave increased from previous years 463 direct employees utilised flexible working arrangements, an increase from 347 in FY18.
	Conduct bi-annual contractor gender diversity forums to share learnings across partners and WA industry more generally	A forum was held in December 2018, with a follow up in July 2019. Suppliers are committed to improving diversity in their businesses and a Committee was recently formed to ensure actions are implemented

Supporting female employees

	Target	Result
Provide childcare options	Continue to operate Fortescue Family Room at the Fortescue Centre in Perth	Fortescue's Family Room operates 24 hours per day, seven days a week and has cared for 1,549 children over 4,165 stays since August 2017
	Support employees with family responsibilities through family site visits and community based family support	Family and friends hosted at each site during FY19: 184 Hedland Operations 329 Cloudbreak 233 Christmas Creek 209 Solomon Hub
	Establish In-Home Child Care for Port Hedland	In-Home Child Care program established for Port Hedland employees in June 2019
Promote opportunities for women to move into leadership positions	By 2020, achieve a female employment rate of 30% in manager and above roles	22.4% females in manager and above roles in FY19 25.5% female employment in senior manager roles in FY19
	Identify females with leadership potential, with a focus on operational roles, through talent reviews and ensure participation in Leadership Development Programs	During FY19, 30 females identified as having leadership potential participated in the Empower Program, where at least 50% of the participants are women. The program is designed to empower and support high performing employees in developing their career path
	Continue the CEO for a Day initiative and mentoring programs	- Two females of a total of four participated in the CEO for a Day Program in FY19 - Fortescue continues to encourage and support its mentoring program, Rookies and Coaches, which is available to all employees

"Offering flexible work arrangements empowers us all to work in a way that suits us, our team and our business."

Group Manager Fortescue People, Linda O'Farrell



CASE STUDY

Fortescue's flexibility allows for balance

This year, Fortescue updated its Flexible Working Guidelines as part of its commitment to retaining and attracting highly talented people.

The Guidelines introduced a wider range of options including job share, staggered start and finish times, part time work, school holiday hours, change in work location and the option for occasional working from home arrangements.

All employees can request a flexible working arrangement regardless of length of service.

GM Fortescue People, Linda O'Farrell said "Flexible working is proven to offer many benefits including

assisting in retention, reducing absenteeism and turnover, increasing employee morale and attracting the best people."

Heavy Duty Mechanic at Cloudbreak, Brayden Spencer started working flexibly in 2017 to allow him to spend more time with his family.

"A flexible working arrangement has allowed me to spend more time with my mother and sister while still continuing to work on site which I love. I would encourage anyone thinking about a flexible working arrangement to give it a go and see if it works for them," Mr Spencer said.





CASE STUDY



Family and Domestic Violence Leave Policy

Fortescue recognises that employees are sometimes affected by situations of violence or abuse in their personal life that may impact their health, safety, attendance or performance at work. The Company is committed to providing a supportive environment and prioritising the safety of any employee affected by family and domestic violence.

As part of its journey to become a White Ribbon Australia Accredited Workplace, the Company introduced a Family and Domestic Violence Leave Policy in November 2018. The Policy allows full time, part time and casual employees to take up to ten days paid leave to make arrangements for

their safety, or the safety of an immediate family member, to attend court hearings or access police services.

Leave may also be made available for those employees to access formal counselling sessions and/or behavioural improvement programs.

Fortescue's Family and Domestic Violence Leave Policy, together with other support services, such as flexible work arrangements and access to the Employee Assistance Program, are practical ways in which the Company supports its team members and their families who may be impacted by violence in their home.

Pay equity

Fortescue undertakes an annual remuneration benchmarking assessment to ensure that remuneration is comparative with those within the Australian mining industry and that equitable remuneration exists for like-for-like roles, independent of gender, race, age or culture. If necessary, remuneration is adjusted according to the results of these reviews.

Looking forward

Ensuring Fortescue's commitment to diversity is embedded in the Company's culture, the following diversity initiatives will be implemented in FY20:

- Continuing to build talent pools to meet the Company's growth needs by providing training opportunities, work experience and secondments
- Retraining and redeployment of employees impacted by innovation projects
- Continuing support for families through the Fortescue Family Room and Port Hedland In Home Child Care and consideration of options for site based employees
- Career progression for females moving towards senior roles
- Further consultation with employees concerning diversity initiatives and retention strategies for female employment
- Working with our key suppliers to increase diversity in their businesses.

463

employees with flexible working arrangements

24/7

Fortescue Family Room

CASE STUDY



In Home Child Care program in Port Hedland

As part of Fortescue's broader commitment to diversity and inclusion, the Company has launched an In Home Child Care program in Port Hedland to help families balance work and caring responsibilities.

The child care program, facilitated by YMCA, consists of a pool of self-employed early childhood educators who provided the In Home Child care for up to five children living in the same home. Fortescue has committed to support the recruitment, training and start up costs for twenty early childhood educators over two years.

Many of Fortescue's residential families in Port Hedland have difficulty accessing traditional child care due to limited vacancies or standard operating hours not aligning with rosters. Not only does this impact an individual's ability to work as much as they choose, it can limit the opportunity to attract and retain talent and diversity across our business, especially women.

CEO, Elizabeth Gaines said "By increasing the availability and flexibility of In Home Child Care to our Hedland Operations team, we are providing a practical solution that supports parents balancing work and family responsibilities and helps them reach their full potential."

Bryni Kelly, a Trades Assistant based in Port Hedland, is excited about the child care program and what it means for her family.

"I am lucky to be able to work a flexible roster so I can take my daughter to school every morning. I would like to progress to full time work but trying to find someone to care for her has been hard," Ms Kelly said.

"As a single mother trying to do the best I can for my child, in home care would help a lot and enable me to move forward in my career."

Bryni Kelly, Trades Assistant, Hedland Operations



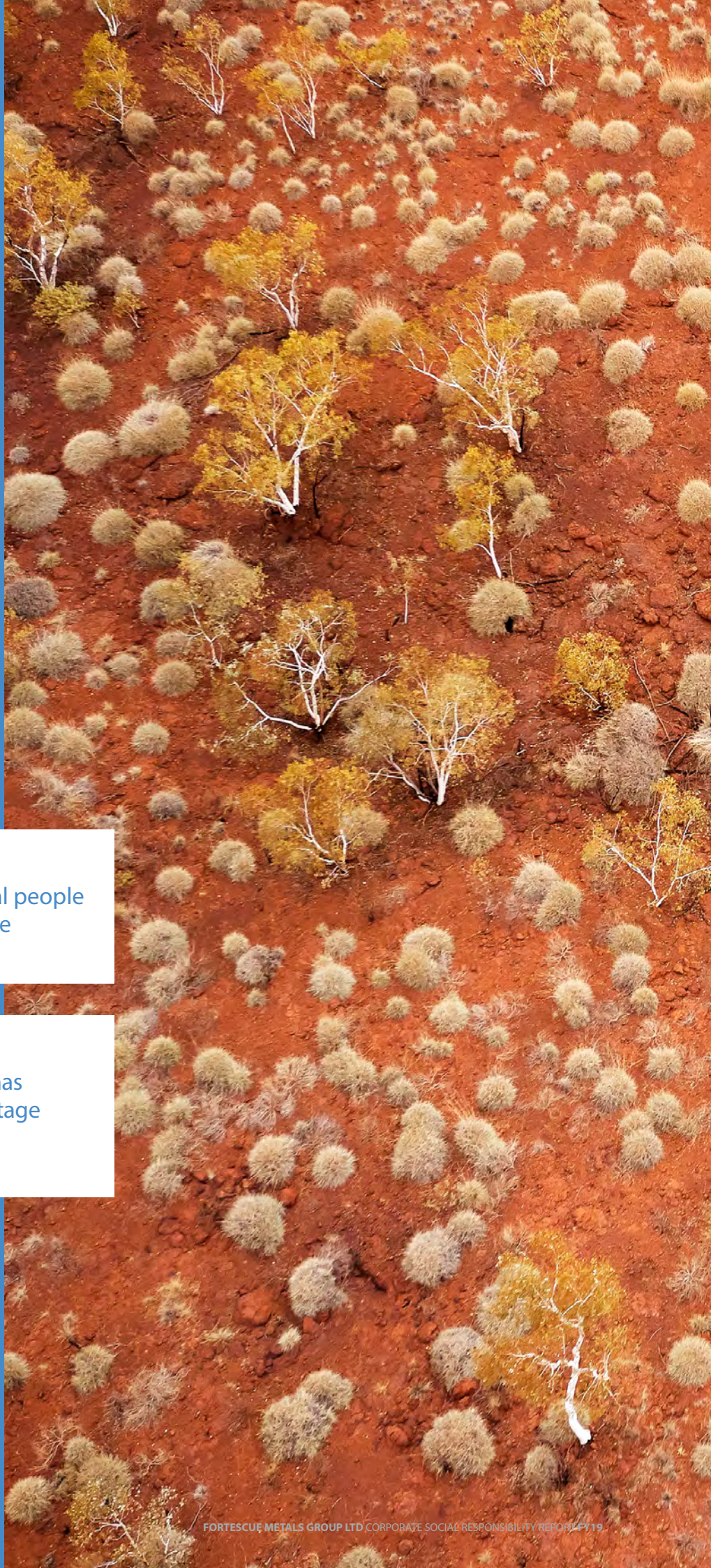
Preserving Aboriginal heritage

Objective

Work together with Aboriginal people to manage Aboriginal heritage responsibly and sustainably.

Target

- Annually, ensure Fortescue has no impact to Aboriginal heritage without consultation with Aboriginal people.



The identification and preservation of Aboriginal heritage is fundamental to Fortescue's approach to operating sustainably and the Company's ongoing commitment to preserve and promote Aboriginal history and culture.

This commitment is built on Fortescue's Values, and is measured against four pillars:

Meaningful consultation with Aboriginal people and their representatives

Implementation of effective business systems and processes

Contributions to researching Aboriginal cultural heritage sites

Ongoing education and engagement with Fortescue's workforce

0

reportable heritage incidents



2.4_m

hectares of land ethnographically surveyed



5,902

active heritage sites managed



Fortescue considers these pillars critical to ensuring compliance with legislation and agreements, fostering and protecting stakeholder relationships and sustainably managing the Aboriginal cultural landscape.

The Company consults closely with its Native Title Partners (NTPs) and governments to responsibly manage Aboriginal heritage, ensure the protection of Aboriginal culture and heritage and comply with all applicable legislation.

Fortescue has no impact on Aboriginal heritage without 'free, prior and informed' consultation, and wherever possible, sites of significance are protected from impact. Conducting heritage surveys early in the planning phase, together with open, transparent and inclusive consultation, enhances Fortescue's capacity to avoid and preserve Aboriginal heritage wherever possible.

During FY19, Fortescue coordinated multiple heritage surveys in the Pilbara region. These surveys were associated with the expansion of existing mining areas and the development of the Company's Eliwana and Iron Bridge projects. The outcomes of these surveys are shared with stakeholders through various mechanisms including via NTP subcommittee heritage meetings which also provide an opportunity to discuss learnings and opportunities for improvement.

For the fourth consecutive year, Fortescue is proud to report there were no reportable heritage incidents on Aboriginal heritage sites in FY19.

Program support

During FY19, Fortescue supported a number of heritage-related projects including The Keeping Place project, which has developed innovative, user friendly software to collect, protect and appropriately share cultural knowledge. The project is designed, owned and managed by Aboriginal people. The software enables co-founding partners Niyaparli and Yinhawangka People to regain data sovereignty, apply cultural protocols, improve governance and unlock social and economic opportunities for current and future generations.

Fortescue also continued to support the Gamburlarna Project and Foundation, with the vision of developing opportunities for Yindjibarndi engagement, employment, education and enterprise around Yindjibarndi knowledge.

Native Title Partners

Fortescue continues to build on its longstanding relationships with with NTPs and has comprehensive agreements in place with seven Native Title groups in the Pilbara.

In 2018, Fortescue completed the process of converting its three earliest Land Access Agreements (LAAs) with the Kariyarra, Palyku and Niyaparli Native Title groups into Indigenous Land Use Agreements (ILUAs). LAAs remain in place with each of the Martu Idja Banjima, Eastern Guruma, Puuti Kunti Kuruma and Pinikura Native Title holders, and a Project Area Agreement with the Njamal People Native Title claim group.

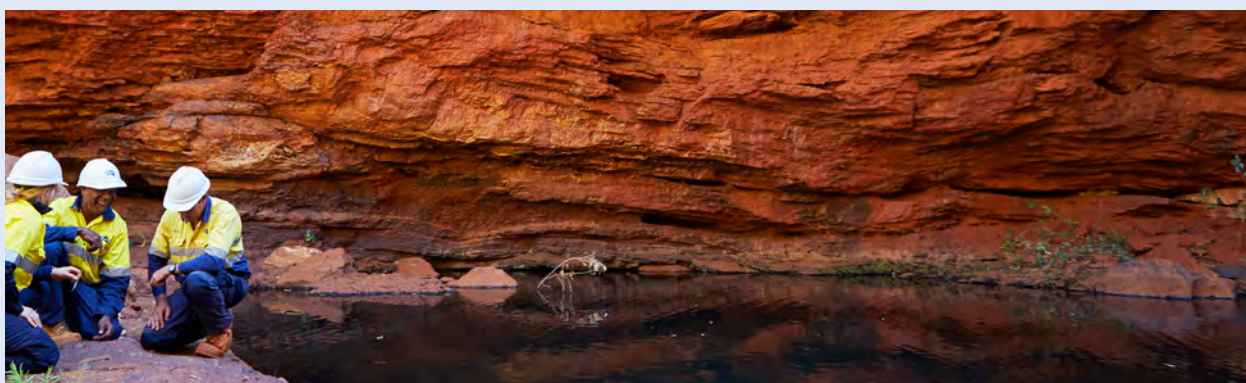
The ILUA process offers Fortescue's NTPs the opportunity to work more closely with the Company to deliver greater opportunities to their communities. Fortescue looks forward to continuing the conversion process with other NTPs.

Promoting Aboriginal culture

A critical component of Fortescue's ongoing commitment to preserving Aboriginal heritage and promoting Aboriginal culture is ensuring all Fortescue employees undertake Cross Cultural Awareness training. This year, the training was refreshed in consultation with NTPs and was delivered to 462 employees and contractors. Heritage inductions are also provided to employees or contractors who may come into contact with heritage sites through their work on site. Since inductions commenced in 2006, 8,988 heritage inductions have been delivered.

7

Agreements with Native Title Groups



CASE STUDY



Understanding the cultural landscape around the Solomon Hub mine

In partnership with Wirlu-murra Yindjibarndi Aboriginal Corporation (WMYAC) and Terra Rosa Consulting, Fortescue commissioned a research project to better understand the cultural landscape around the Solomon Hub mine area. As part of previous surveys, Fortescue conducted excavation on Yindjibarndi Country.

Previously, many of the excavation results had only been considered in isolation. This project will collate data from these excavations to improve an understanding of occupation and habitation of the area.

While this project is ongoing, it has already delivered 3D scans of three significant rock shelters. These scans have been used to create a video which will be used by WMYAC for community education. The video will also be played at Fortescue's Solomon Village to raise awareness of the local area's heritage.

The project is planned for completion in December 2019 and will assist in promoting cultural awareness and contribute to the archaeological and cultural records of Australia.

Business conduct

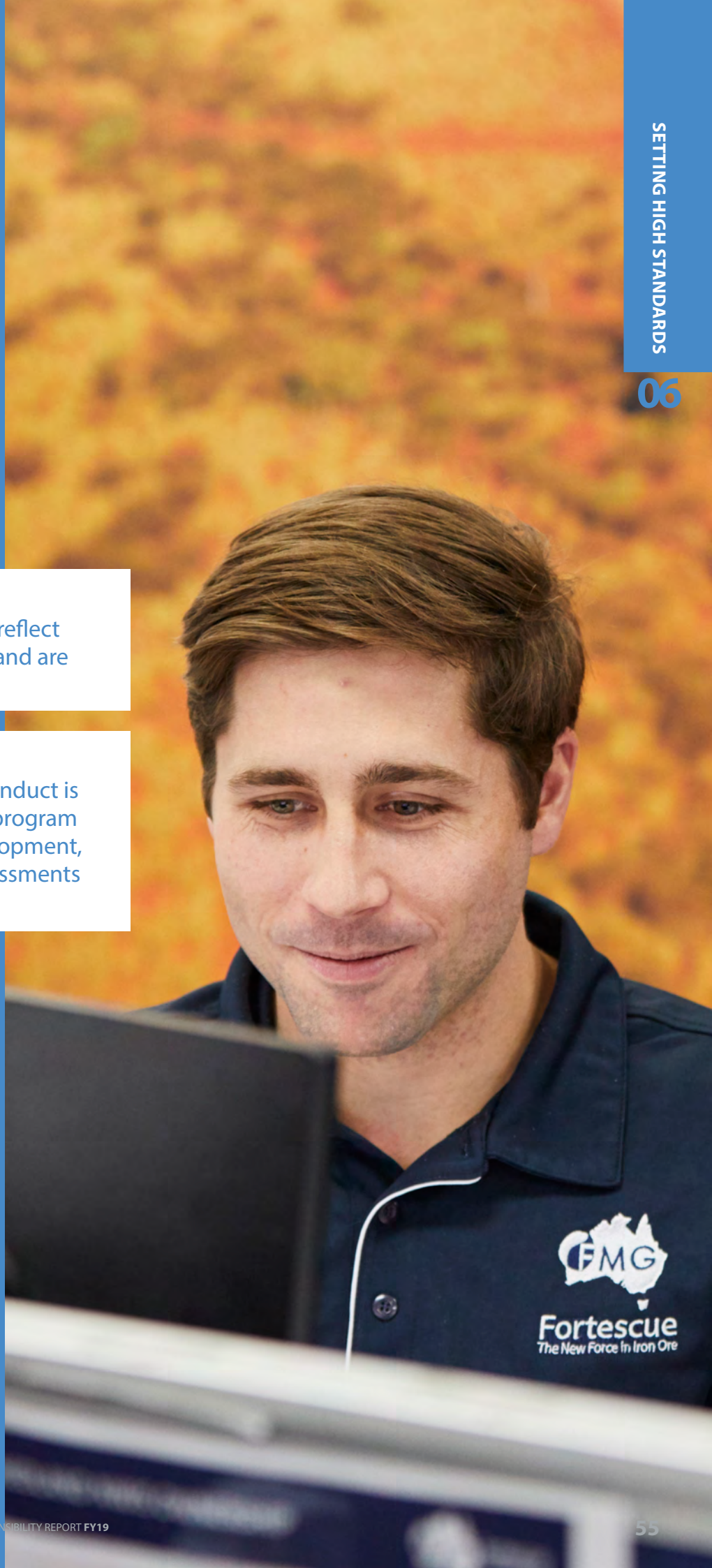
Objective

To ensure Fortescue's Values reflect ethical conduct and respect and are embedded in the business.

Target

- Annually, ensure ethical conduct is maintained by a targeted program including leadership development, training, performance assessments and remuneration.

Fortescue's commitment to doing business with integrity and honesty is built on the Company's Values, the professionalism of its employees and a collective responsibility to act with accountability and transparency.





Ethical conduct

Fortescue operates under a Code of Conduct and Integrity (the Code) which reflects the Company's Values and represents its commitment to uphold the highest ethical business practices.

The Code provides guidance on the standards of behaviour expected from those that work for and with Fortescue including directors, employees, contractors, suppliers and business partners of Fortescue, its subsidiaries and related companies over which it has control. The document is regularly reviewed to ensure it clearly reflects business and community expectations and was last updated in 2018.

The Code does not stand alone, rather it incorporates key elements of Fortescue's extensive framework of policies and standards including:

- Health and Safety Policy
- Procurement Policy
- Diversity Policy
- Anti-Bribery and Corruption Policy
- Human Rights Policy
- Equal Opportunity, Harassment and Bullying Policy
- Securities Trading and Continuous Disclosure and Market Communications Policies
- Appropriate Use of Information Technology Policy.

Each employee and contractor must ensure they are familiar with the Code, which is accessible both in printed and electronic formats on Fortescue's website and intranet. Training provided across the business reinforces the requirements of the Code.

Fortescue employees are subject to Performance Assessments every six months where adherence to the Code is assessed and reported. Remuneration is linked to these assessments.

Reporting and investigation

Fortescue provides a number of mechanisms to report suspected breaches of the Code. Employees are encouraged to raise issues with their manager or a member of the Fortescue People team. Community members are encouraged to report via the Company's community or site offices.

Fortescue also provides a Whistleblower system which provides an independent, anonymous and confidential mechanism for anyone to raise concerns regarding potential illegal activity or breaches of the Code. The system can be accessed via an online portal, phone or email and has multilingual capabilities.

During FY19, 35 Whistleblower disclosures were reported. Each incident was investigated by Fortescue's Corporate Governance Manager, with the assistance, where required, from Fortescue's Employee Relations Manager. A number of these investigations have resulted in corrective actions, including warnings and in some cases, termination.

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 and is committed to working with governments and others to prevent corruption in our society.

The Company's Corporate Governance Manager oversees compliance with relevant laws and implements an Anti-Bribery and Corruption Standard. Employees who are found to have breached anti-bribery and corruption laws or the standard are subject to disciplinary action which may include termination.

The Audit and Risk Management Committee is responsible for overseeing all matters related to anti-bribery and corruption as well as Whistleblower reporting and investigation.

Fortescue's Anti-Bribery and Corruption Compliance Program is designed to meet the requirements of the Australian Criminal Code and applicable legislation in the countries in which the Company operates. The program includes:

- Participation in voluntary anti-corruption initiatives, including the Corporate Business Integrity Council
- Fraud and corruption risk assessments that consider the potential fraud, bribery and corruption risks associated with the business, third-party partners and geographic locations in which the Company operates
- A commitment to sourcing from suppliers that adhere to Company standards, including the Human Rights Policy, Code of Conduct and Integrity and Procurement Policy
- Prohibition of the giving and receiving of gifts in connection with the Company's operations which go beyond common courtesies associated with general commercial practice
- A number of channels for employees and third parties to anonymously report suspected or actual misconduct or violations of Company policy, including the Whistleblower reporting system.



Total global economic contribution

A\$ 13.1 bn
Total global economic contribution

Gross salaries,
superannuation,
incentive payments
(bonuses) and training

A\$ 952m

Shareholders
and investors
including
interest payments

A\$ 3,534m

Taxes, royalties,
other government
payments and
Native Title payments

A\$ 2,814m

Community programs,
partnerships and grants

A\$ 3.0m

All operational
payments including
payments made to
suppliers

A\$ 5,821m

Approach to tax

Fortescue makes sustainable investments by using the strength of its business to ensure communities benefit from its growth and development. Payment of tax is an important element of this as the tax Fortescue pays contributes to the economic development of the countries in which it operates.

The Company strives for full and timely compliance with the letter and intent of the prevailing tax laws of all jurisdictions in which it operates. Fortescue seeks good working, collaborative relationships with all relevant revenue authorities.

Fortescue works to achieve these commitments by:

- Ensuring implementation of the Company's Tax Governance Framework
- Complying with all applicable tax laws and regulations of each country in which it operates including reporting and paying all necessary taxes in a timely manner

- Managing tax risks through constructing appropriate mechanisms to assess both short and long term tax impacts when making major commercial decisions
- Developing mutually transparent, cooperative and respectful relationships with tax authorities in the countries which it operates, and communicating with those authorities on tax matters where appropriate
- Ensuring public disclosures are transparent, timely, accurate and meet stakeholder expectations
- Operating in good faith through appropriate transfer pricing and not undertaking 'profit shifting' activities
- Entering into transactions on the basis of commercial merit, not for the purpose of avoiding tax
- Maintaining a well-resourced, in-house tax function to mitigate tax risk with the capacity to audit tax systems if and when necessary.

Governance

Fortescue's Board is ultimately responsible for ensuring a robust system of internal controls is in place for tax governance purposes. Fortescue's comprehensive Tax Governance Framework is the key policy that governs the management of tax related risks in Australia and in all relevant overseas jurisdictions.

The Board of Directors, through the Audit and Risk Management Committee, receives regular updates from senior management as to the operation and effectiveness of Fortescue's Tax Governance Framework.

TAX GOVERNANCE FRAMEWORK



BOARD OF DIRECTORS

Audit and Risk Management Committee

Chief Executive Officer

Chief Financial Officer



Fortescue's tax team is proactively involved in business operations and seeks external tax advice when necessary

Corporate objectives

1 Manage risk

2 Timely and accurate disclosures

3 Preventative and detective controls

Tax strategy



VISION AND VALUES

Fortescue's attitude to tax risk

Fortescue accepts a low level of risk in relation to major transactions and tax compliance activities, undertaking to file only verified tax positions. Where the application of the tax legislation is unclear, Fortescue seeks external tax advice and consults with the relevant taxation authorities to achieve an appropriate level of certainty.

In the last five years, no material adjustments have been made to Fortescue's tax payments following income tax reviews by relevant authorities.

Tax Transparency Code

Fortescue is committed to transparency across all aspects of its business including in relation to its tax obligations. By providing the Company's investors and other external stakeholders with relevant tax information, Fortescue is able to build a deeper understanding of its tax profile.

Fortescue's continuous review of internal tax policies, industry best practice, feedback from key stakeholders and legislative developments further underpins the Company's commitment to tax transparency.

Fortescue has been a signatory to the Australian Board of Taxation (BoT) voluntary Tax Transparency Code (TTC) since 2017. The TTC sets out a number of principles and minimum standards to guide additional disclosures of tax information by multinational businesses. The TTC is divided into two parts, with the BoT recommending that Part A and Part B be adopted by large businesses such as Fortescue.

To comply with Part A of the TTC, Fortescue has extended the scope of its income tax disclosures contained within its annual financial report since FY17. The Part B disclosures contained herein detail Fortescue's approach to tax strategy and governance, as well as providing additional information on overseas operations and international related party transactions.

Total tax contributions

Fortescue's primary revenue generating operations are located in Australia, which means the majority of the Company's tax liabilities are paid in Australia. The Company pays taxes according to the prevailing laws in each jurisdiction. Taxes applicable to Fortescue's business include:

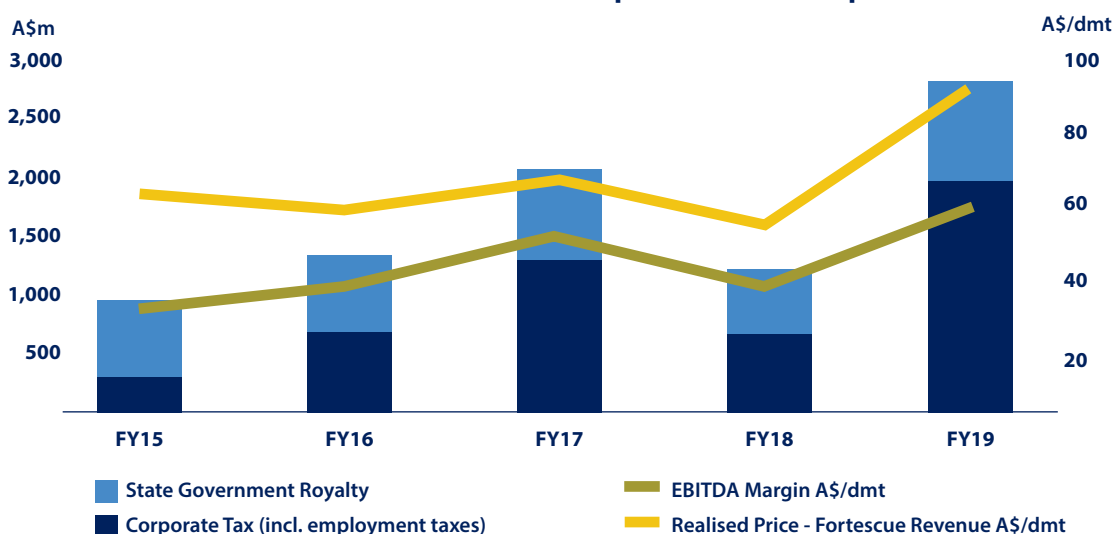
- Corporate taxes
- State government royalties
- Comprehensive employment taxes such as fringe benefits taxes, payroll taxes and various employee insurances.

Fortescue also collects and pays a number of additional taxes beyond those directly attributable to the Company. These include Pay As You Go (PAYG) withholding tax from salary and wages paid to employees.

In addition, given the current structure of Fortescue's international operations, some companies are subject to Australia's Controlled Foreign Company (CFC) rules. Under these rules, profits generated by relevant overseas entities are attributable and taxable in Australia at the 30 per cent Australian corporate tax rate.

There is a direct correlation between Fortescue's Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) margin and the total taxes paid. Therefore, Fortescue's taxation payments will vary in proportion to earnings which are driven primarily by the iron ore price and the cost of production. A summary of Fortescue's FY19 tax obligations and tax payment history is detailed below.

Correlation between taxes paid and iron ore price



Note: While Fortescue's functional (and reporting) currency is US\$, the above chart provides the A\$ tax obligations, realised iron ore price and EBITDA margin, converted using an exchange rate prescribed by the Australian Tax Office.

Total income**A\$7,354,316,739****Taxable income****A\$1,366,722,682****Income tax payable****A\$392,912,629****Australian Tax Office Report**

Each December, the Australian Tax Office (ATO) issues a Report of Entity Tax Information, which provides high level details of Fortescue's income tax return. The above details are expected to be published by the ATO in December 2019 for Fortescue's income tax return lodged for the prior financial year ended 30 June 2018. All figures are disclosed in Australian Dollars.

The following additional information provides important context for the data anticipated to be published by the ATO:

- The information provided by the ATO only reflects Fortescue's Australian tax consolidated group, which is comprised of Fortescue and its wholly-owned subsidiaries in Australia

- Total income represents gross revenue from all operating activities and not Fortescue's profit. Fortescue's Australian accounting profit for the year ended 30 June 2018 was A\$1.461bn
- The income tax payable of A\$393m is determined by multiplying Fortescue's taxable income of A\$1.37bn by the 30 per cent corporate tax rate and then deducting eligible tax offsets, such as the research and development (R&D) incentive and foreign income tax offset (FITO) credits, totalling A\$17m for the year ended 30 June 2018.

International related party transactions

Fortescue is a proud Australian company and has a relatively small proportion of international related party dealings.

As part of Fortescue's tax strategy, all international related party dealings are conducted in accordance with arm's length principles, methodologies as prescribed by the Australian transfer pricing laws, and in accordance with the Organisation of Economic Cooperation and Development guidelines.

Fortescue discloses all material international related party transactions through the lodgement of tax returns and other statutory disclosures to revenue authorities, including Fortescue's detailed International Dealings Schedules and Country-by-Country reports.

The Fortescue Group includes a number of active subsidiary companies that are incorporated in jurisdictions outside of Australia. These are summarised in the table on page 62 and 63.

Income tax payable FY18

= (Fortescue's taxable income x corporate tax rate of 30 per cent) – eligible tax offsets
(A\$1.37bn x 30%) – A\$17m = A\$393m

Active subsidiary companies

Nature of activities		
Singapore*	Shipping services	• FMG International Pte Ltd (FMGI) is a Singaporean resident entity, which is 100 per cent directly owned by Fortescue • Since 2012, FMGI has managed the majority of Fortescue's shipping services including chartering activities, voyage operations, technical and crew management, as well as the commercial management of the ore carriers • Under the Transportation Operations Agreement, FMGI provides ship management services to FMG Hong Kong Shipping Ltd (FMGHKS) • FMGI lodges an income tax return in Singapore and consequently pays income tax at the prevailing corporate income tax rate of 17 per cent on its total taxable income for the financial year. In Australia, the majority of the taxable income in Singapore is attributed back to Fortescue under the CFC provisions and taxed at 30 per cent.
	Other services	• In FY19, Fortescue reallocated its captive insurance company from Guernsey to Singapore. Fortescue Insurance Singapore Pte Ltd (Fortescue Insurance) will provide insurance services to Fortescue and its subsidiaries • The Company is taxed at the standard rate of tax in Singapore of 17 per cent. However, the total taxable income of Fortescue Insurance is attributed back to Fortescue in Australia and taxed at 30 per cent • Fortescue has a number of holding companies incorporated and domiciled in Singapore. The primary purpose of these entities is to hold Fortescue's investments in South America and Europe. These entities have not generated any income for the year ended 30 June 2019.
China	Sales and Marketing	• During the year ended 30 June 2019, Fortescue incorporated a wholly-owned subsidiary, FMG Trading Shanghai Co.,Ltd (FMG China), domiciled in China • The key purpose of the entity is to expand Fortescue's client networks and enable selling in local currency and through local channels • FMG China will pay corporate income tax of 30 per cent across China and Australia.
Guernsey*	Insurance	• GMF Insurance Limited (GMF) was Fortescue's captive insurance company and provided insurance services to Fortescue and its subsidiaries • GMF was liquidated during the year ended 30 June 2019. Any current year income earned by GMF will be attributed to Fortescue in Australia and taxed at 30 per cent • Fortescue does not have any active operations in Guernsey.
Hong Kong	Magnetite investment	• In 2013, Fortescue and Formosa Plastics Group (Formosa) announced a joint venture to develop and operate the Iron Bridge project. FMG Iron Bridge Ltd (FMG IB) is a Hong Kong resident company which is jointly owned by Fortescue (88 per cent) and Baosteel Resources International Co. Ltd., a subsidiary of China's Baowu Group (12 per cent) • FMG IB was incorporated as a result of a restructure of Baosteel Resources' interest in the magnetite tenements. This entity has not generated any income for the year ended 30 June 2019.
	Shipping services	• Fortescue's fully owned subsidiary FMG Hong Kong Shipping (FMGHKS) provides iron ore transportation services to wholly owned subsidiary FMG Pilbara Pty Ltd (FMG Pilbara) under a Transportation Services Agreement utilising ore carriers • FMGHKS is taxed in Australia under the Australian Shipping Regime.

Active subsidiary companies

Nature of activities		
United States of America	Finance	• FMG America Finance Inc has been Fortescue's registered holder of certain US dollar debt facilities • Fortescue has not generated any income in USA for the year ended 30 June 2019.
Portugal*	Exploration	• During the year ended 30 June 2019, Fortescue incorporated a wholly-owned subsidiary, Portugal Fortescue Unipessoal Lda, domiciled in Portugal. The entity is involved in exploration activities in Portugal • Fortescue has not generated any income in Portugal for the year ended 30 June 2019.
New Zealand		• Fortescue formerly undertook minor exploration activities in New Zealand through its subsidiary FMG Pacific Ltd, incorporated in New Zealand • Fortescue has not generated any income in New Zealand for the year ended 30 June 2019.
South America*		• Fortescue operates offices and has hired personnel to support exploration activities and future company operations in Ecuador, Colombia and Argentina • Fortescue engages a number of local vendors and employees, which further reflects Fortescue's commitment to contributing to the local economy • Fortescue has not generated any income in South America for the year ended 30 June 2019, however Fortescue has laid the foundations to expand its operation in the region.
	Ecuador	• Ecuador Fortescue S.A. is Fortescue's wholly owned subsidiary in Ecuador • The company maintains possession of 32 mining conservation patents, all of which are in exploration phase. No income was earned in Ecuador in FY19.
	Colombia	• Colombia Fortescue S.A.S. is Fortescue's wholly owned subsidiary in Colombia • The entity's corporate purpose is to assess, acquire and develop mining properties in Colombia. No income was earned in Colombia in FY19.
	Argentina	• Fortescue has two wholly-owned subsidiaries in Argentina, being Argentina Fortescue S.A.U. and Argentina Minera SA.

* Companies subject to the Australian CFC rules. Under these rules, profits generated by these subsidiaries from trading with Fortescue are taxable at the Australian Corporate Tax rate



07

Safeguarding the environment

Protecting biodiversity,
addressing climate
change and managing
water resources



Approach to climate change

Fortescue strives to create value for its shareholders and communities and is committed to contributing to global efforts to combat climate change.

Fortescue's commitment

Fortescue is committed to contributing to global efforts to combat climate change. The Company accepts the scientific consensus as assessed by the Intergovernmental Panel on Climate Change (IPCC) and supports the Paris Agreement goal of limiting global temperature rise to well below 2°C above pre-industrial levels.

Fortescue also supports Australia's commitment to reduce emissions by 26-28 per cent from 2005 levels by 2030 and the UN Framework Convention on Climate Change which mandates that individual nations take responsibility for emissions within their own borders.

Climate change is a complex and challenging issue and successful mitigation will require a coordinated approach between government, business and the community. Collaboration will be critical in ensuring that policy frameworks are able to deliver mitigation outcomes that support the Paris Agreement objectives while incentivising innovation and supporting economic stability and growth.

TCFD recommendations

Fortescue supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), recognising that TCFD-aligned climate risk disclosures provide the transparency, consistency and detail required by the Company's stakeholders to assess performance in this area.

The Company's climate related reporting aligns with the TCFD recommendations which focus on the four key elements below. This report also presents case studies which highlight some of the practical solutions Fortescue is implementing to support its strategy.

Strategy

The Company's climate change strategy focuses on implementing innovative and practical initiatives to reduce emissions and manage climate-related risks. The strategy also ensures the Company manages its growth in an environmentally sustainable manner and is able to create and maximise opportunities. The strategy comprises four key elements:

- Building resilience
- Reducing emissions
- Maximising opportunities
- Stakeholder engagement.

The implementation of this strategy is supported by the Board and driven by the management team with input from all areas of the business.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business strategy, and financial planning where such information is material.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Risk management

Disclose how the organisation identifies, assesses and manages, climate-related risks.

Building resilience

Fortescue's operational and financial planning processes support the Company's overall business strategy and an understanding of the risks and opportunities associated with that strategy. Such planning considers a range of physical, environmental, market, and regulatory scenarios related to climate change and models these to evaluate potential operational and financial impacts to ensure the resilience of the business.

In FY19, Fortescue commenced more detailed climate change scenario modelling to analyse the potential impacts of climate change on its business strategy. This modelling will continue in FY20 and evolve over the coming years.

To protect assets and operations from the physical risks of climate change, including the predicted increase in severity of extreme weather events in the Pilbara, the Company factors identified risks into major project designs and annual business forecasts.

Fortescue is focussed on incorporating the potential impacts of climate change into the design phase of major projects and upgrades to existing operational sites to more efficiently and effectively mitigate these risks. It is clear from industry experience that post-event, remedial action is less effective and more costly than building enhanced asset resilience into the design phase.

In response to recent extreme weather associated with Cyclone Veronica (see case study on page 68), Fortescue undertook surface water investigations around the Company's assets. The work included a trend analysis of historical rainfall data from weather stations near the Iron Bridge site. This trend analysis will inform an infrastructure stress testing exercise in FY20.

Reducing emissions

Fortescue is working to implement practical solutions to reduce the emissions intensity of its operations.

Mine site power requirements account for approximately 25 per cent of Fortescue's emissions. To reduce these

emissions and to ensure operations are supplied with a cost effective, secure and reliable power supply, the Company has developed an Energy Strategy that includes investment in low emissions energy sources, including renewables. The Energy Strategy is supported by the following short-term targets related to the energy mix that underpins Fortescue's business strategy:

- By FY20, achieve a 25 per cent decrease in emissions intensity in electricity generation from FY15 levels
- By FY20, achieve a five per cent decrease in emissions intensity in energy consumption in the production process from FY17 levels.

Fortescue also models various carbon price scenarios when assessing new projects including power supply options and applies an internal price on carbon as part of project evaluation.

In FY19, Fortescue developed policy scenario models which include both explicit and implicit carbon price ranges. Outcomes of this modelling will be integrated into investment decisions to ensure consideration of carbon price impacts over time.

As policy and regulation in this area evolves, Fortescue will review the appropriateness of its carbon price ranges and update its investment models appropriately.

In 2018, Fortescue installed its first relocatable conveyor at Cloudbreak to address the increases in haulage distances and this has seen a displacement of haul trucks and associated diesel fuel usage and related emissions (refer to the case study on page 69). The Company is exploring opportunities to implement similar technology across its operations, including at its currently under construction Eliwana site.

Fortescue will focus on the following initiatives over the next 12 months, to directly drive greenhouse gas and energy intensity reductions:

- Improve the efficiency of the Cloudbreak and Christmas Creek mine site power generation

- Reduce the number of haul trucks in operation through the expanded use of relocatable conveyor systems which reduce fleet emissions
- Continue the rollout of Autonomous Haulage System (AHS) at the Christmas Creek and Cloudbreak mine sites which increases productivity by approximately 30 per cent and therefore reduces diesel consumption
- Substitute large diesel engines with gas technology
- Improve ore recovery from wet plant operations
- Continue research with CSIRO on hydrogen metal membrane technology.

Fortescue will also continue to investigate mechanisms to offset emissions.

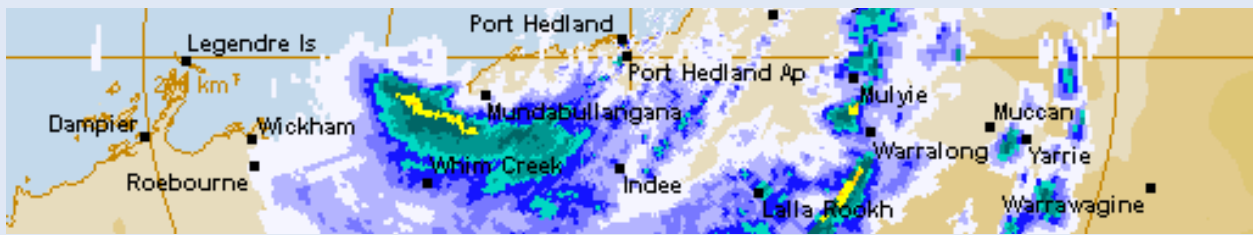
Maximising opportunities

Fortescue will continue to assess opportunities to diversify and grow its portfolio as the world transitions to a net-zero emissions global economy. This includes increasing exposure to base metals where demand is expected to increase. The Company is currently undertaking low cost, early stage, exploration and evaluation work for a range of commodities including copper and lithium.

Fortescue has also entered into an agreement with the CSIRO to fund and support select technologies in the hydrogen space (refer to case study on page 73). Fortescue believes the potential establishment of bulk export markets through CSIRO's metal membrane technology provides additional opportunities for the Company.

Stakeholder engagement

Fortescue will continue to work with its customers to ensure its iron ore products meet their requirements and will adjust its product strategy to maximise value in use. As emission reduction frameworks evolve, Fortescue will work to ensure the emissions profile of its products align with market expectations.



CASE STUDY



Cyclone Veronica

Fortescue's Climate Change Strategy includes a focus on building resilience into its operations by protecting assets and minimising operational downtime that may result from extreme weather events.

In March 2019, Cyclone Veronica crossed the Pilbara coast near Port Hedland. Over a four day period, 370mm of rain fell in Port Hedland, with a burst of 131mm in just under five hours on the fourth day. The Iron Bridge site experienced 550mm of rainfall over a two day period.

Fortescue's Hydrology team undertook investigations around the Company's facilities during and immediately after the event to assess surface water flows, determine how these flows compared with modelled flows and to assess the impact on the Company's infrastructure.

The investigations determined the impacts and surface water flows were consistent with previous flood studies and modelling. While areas of Fortescue's rail near Port Hedland were flooded, flood waters receded within 24 hours and the flooding led to no operational delays as the port and rail operations had already been closed for a period in preparation for the cyclone.

The heavier rainfall near the Iron Bridge site led to some access road damage and erosion. There were no mining operations at the site during FY19.

Outcomes of these investigations will be fed into the Company's modelling and risk assessment processes including those that consider the potential for increased severity of extreme weather events that may eventuate as a result of climate change.

Stakeholder engagement (continued)

Fortescue's medium-term strategy of producing ore with an average iron content above 60% Fe is aimed at creating a product range to meet customer expectations.

Fortescue acknowledges that the steel making process generates GHG emissions and that the Company has a role in engaging with customers and suppliers to facilitate the reduction of emissions and to share learnings that will assist in achieving this goal. Fortescue acknowledges the recent public debate regarding disclosure of Scope 3 emissions and its current disclosure is in line with regulatory requirements and is consistent with the principles outlined in the UN Framework Convention on Climate Change. Fortescue also believes that current systems, data and market reporting frameworks are not sufficiently robust to enable it to reliably and accurately report Scope 3 emissions from downstream steel production and that reporting such data would add little benefit to investors.

Fortescue will also continue to engage with other stakeholders including the State and Commonwealth Governments as policy frameworks evolve to ensure any changes still incentivise innovation and allow for economic growth.

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 the Company and is the collective responsibility of the Board and all levels of management.

Fortescue seeks to adopt leading practice and 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 FY19 Corporate Governance Statement, available at www.fmgil.com.au

The governance of climate change related matters, including risks

and opportunities, operates within the Company's overall governance framework. Fortescue's Board has ultimate responsibility for the oversight and approval of all risk management and financial investment decisions, including those related to climate change. The Board's Audit and Risk Management Committee (ARMC) has specific responsibility to consider climate change related risks and the Company's related risk management strategies.

The Board regularly considers how climate change may impact the market and industry and drive changes to Fortescue's physical, regulatory and commercial and operating environments to inform the development of the Company's medium-to-longer-term goals and strategies.

Fortescue has a dedicated Climate Change Committee (CCC) chaired by COO, Greg Lilleyman with senior executive representation from across the Company including from Environment, Investor Relations, Operations, Finance, Legal and Risk Management teams.



CASE STUDY



Fortescue's innovative relocatable conveyor begins operation

In 2018, Fortescue commenced the operation of its first relocatable conveyor at the Cloudbreak mine site. A key productivity initiative, the five kilometre conveyor includes semi-mobile primary crushing stations and feeds directly into the Cloudbreak ore processing facility.

The relocatable conveyor and semi-mobile crushing facilities can be positioned close to mine pits and relocated once mining in that pit is complete. By providing greater flexibility and increased accessibility to mine pits, the relocatable conveyor reduces haulage distances which deliver Greenhouse Gas (GHG) emissions reductions and sustained efficiency improvements across the business. Over a 12 month period the conveyor is expected to reduce emissions on site by up to 17,600 tonnes -CO₂e.

Fortescue will continue to review the introduction of additional relocatable conveyors to further assist the

Company in meeting its commitments to reduce its GHG emission at Cloudbreak mine and other existing operations. CEO, Elizabeth Gaines said Fortescue has a proud history of embracing technology and innovation.

"The long and shallow nature of the ore body at the Chichester Hub presents unique challenges and opportunities. Since Fortescue first began operation with surface miners, the team has consistently brought new ideas and solutions to deliver the most from our ore bodies."

"Together with the rollout of autonomous haulage technology across the Chichester Hub, this innovative conveyor system will contribute to further productivity and efficiency improvements including the reduction of GHG emissions," Ms Gaines said.

Governance (continued)

The role of the CCC is to monitor and coordinate Fortescue's overall response to climate change and to ensure risks and opportunities are considered from a whole of business perspective. Specifically, the CCC has responsibility for coordinating the assessment of climate change and critically evaluating risk management strategies. The CCC provides regular updates to the CLT, ARMC and the Board.

Metrics and targets

This year, Fortescue set itself the long-term goal to achieve net-zero operational GHG emissions in the second half of the century. This goal is intended to support the Company's alignment to the Paris Agreement objectives. Fortescue also continues to report performance against its short-term targets established in FY17 (refer to FY19 emissions on page 72).

Fortescue recognises the challenge of transitioning its reported metrics and targets from a short-term emissions intensity focus (refer to FY19 performance on page 72) to

align with its longer term goal of net-zero operational GHG emissions by the second half of the century. Management is further developing its predictive emissions modelling capability to support the generation of reliable, medium-term emissions reductions targets (Scope 1 and 2) which are aligned with Fortescue's business strategy and longer term goals.

The modelling considers business as usual (BAU) emissions and quantified notional financial exposure under various government policy scenarios. In combination with the Company's policy scenario analysis, this modelling is supporting the evaluation of low emissions investment options and will be used to develop medium-term absolute emissions reduction targets.

The modelling and scenario analysis will also be used to define environmental performance metrics that will support the management of relevant climate-related risk and opportunities.

Fortescue has established a dedicated working group to set environmental performance metrics to support the management of climate-related

risks. This group has identified that water usage and renewable energy consumption targets would support proactive management of both physical and transition risks. Specific targets in these areas are proposed to be set in the coming financial year.

Risk management

The evaluation of climate change risks and opportunities is integrated into Fortescue's company-wide risk management process. Fortescue's Risk Management Framework (FRMF) ensures a consistent approach to the recognition, measurement and evaluation of all risks and opportunities, including climate change.

Fortescue has a well developed process for the identification, assessment, and management of risk. Primary responsibility for this process lies with management, with oversight provided by the ARMC and the Board. Regular reporting is provided to the ARMC on management's progress.

Material climate related risks and opportunities

Transitional risks

	Risk detail	Mitigation and opportunities
Policy and regulatory changes	Policy and regulatory changes, including those that cap emissions, may increase operational costs. It is expected that these frameworks and associated market mechanisms will continue to evolve in the coming years	- Fortescue will continue to work with industry bodies, its peers, the government and the community to ensure an effective regulatory framework. Any regulatory framework must enable the transition to lower emission outcomes by incentivising innovation and supporting economic stability and growth - The Company is focussed on continuing to reduce its GHG emissions and has set a voluntary short-term target and a long-term emission goal for its operations - Fortescue's Energy Strategy ensures that the use of gas and renewable energy sources are considered during the development and replacement of power stations and applies a price on carbon when assessing new projects including power supply options, and potential energy infrastructure projects. Specifically, Fortescue's policy scenario models, developed during FY19, include both explicit and implicit carbon price ranges with these tools being integrated into investment decision-making processes to ensure consideration of carbon price impacts over time - The Energy Strategy specifically focuses on opportunities to gain commercial advantage from investment in renewable sources. Investment in renewables and alternative fuel technology may also improve energy security, reduce energy costs and GHG emissions which would reduce the Company's exposure to policy and regulatory changes that cap absolute emissions.
Reduced product demand	Demand for Fortescue's products may change if market demand shifts, for example, as a result of the introduction of climate change regulations directly impacting the steel manufacturing sector in China	- Fortescue will continue to engage with customers and pursue opportunities to reduce emissions from steel mills - As emission reduction frameworks evolve, Fortescue will work to ensure the emissions profile of its products align with market expectations - Fortescue's long-term strategy of producing the majority of ore with an average iron content above 60% Fe will create a product range that continues to be valued by the market, through all market cycles - The Company is also assessing diversification options to increase business exposure to base metals where demand is expected to increase in a global economy transitioning towards net-zero emissions, and is undertaking low cost, early stage, exploration and evaluation work of commodities such as copper and lithium.
Reputational damage	Fortescue may experience reputational damage if stakeholders view the Company's action on climate change as inadequate. This may impact the Company's social licence to operate and its financing and investment opportunities	Fortescue supports the Paris Agreement, works to maintain open relationships with its stakeholders, and has voluntarily aligned its climate change reporting with TCFD recommendations. The Company has set voluntary short-term emissions intensity targets and a voluntary long-term goal to achieve net-zero operational GHG emissions in the second half of the century.

Material climate related risks and opportunities

Physical risks

	Risk detail	Mitigation and opportunities
Increased severity of extreme weather events	Acute Increased severity of extreme weather events including cyclones, flooding and bushfires may cause material damage to assets leading to operational disruptions, impacts to production rates and increased costs associated with asset repair	- Fortescue's Climate Change Strategy focuses on building resilience into its operations to protect assets and minimise operational downtime from extreme weather events - The Company has constructed its port, rail and mine infrastructure to meet the highest specifications accounting for the risk of extreme weather events. All new projects assess and develop management and mitigation mechanisms to address the potential physical impacts of climate change - Fortescue will continue to work with the Pilbara Ports Authority and other operators to minimise impacts to ship movements during extreme weather events.
Changes in precipitation patterns	Chronic The potential for prolonged drought events in the Pilbara region may place increasing stress on the availability of water resources to the business. This may delay approvals and lead to more stringent controls	- Fortescue's Water Strategy is focussed on reducing water usage requirements of operations. This includes adopting technological solutions and using metrics and internal performance standards to proactively manage water scarcity risks - Fortescue will continue to work with regulators to reduce the risk of approval delays.
Rising sea levels	Chronic Sea level rise has the potential to cause material damage to port infrastructure	- Fortescue's Climate Change Strategy focuses on building resilience into its operations to protect assets and minimise operational downtime - The Company has constructed its port infrastructure to meet the highest specifications accounting for the risk of extreme weather events and rising sea levels. All new projects assess and develop management and mitigation mechanisms to address the potential physical impacts of climate change.



CASE STUDY



Renewables

Fortescue is working to reduce its CO₂ emissions and has set voluntary short-term targets for its operations and the voluntary long-term goal to achieve net-zero operational GHG emissions in the second half of the century. To achieve this goal, Fortescue must continue to explore opportunities to use low emission fuels and renewables as a power source at all its sites.

A reliable, secure and cost effective power source is essential to Fortescue's operations and the Company is currently investigating the large-scale use of renewables including solar energy at its sites as well as increasing the connectivity of the Pilbara to drive efficient power use. Fortescue's energy strategy ensures renewable energy sources are considered during the development of new power stations and the replacement of existing ones.

FY19 performance

Objective

Reduce carbon emissions across the business.

Short-term targets

- By FY20, achieve a 25 per cent decrease in emissions intensity in electricity generation from FY15 levels
- By FY20, achieve a five per cent decrease in emissions intensity in energy consumption in the production process from FY17 levels.

In FY19, Fortescue emitted 1.85 million tonnes of CO₂e. Since FY15, GHG emissions intensity across operations has reduced by 10.9 per cent and the emissions intensity in electricity generation has reduced by 17 per cent.

Emissions intensity in energy consumption during FY19 was 319.6 t CO₂e/mt.km, a reduction of 8.1 per cent since FY17.

Total emissions generated in FY19 are approximately 10 per cent higher than FY18. This increase is mainly as a result of expanding operations, including the commencement of early works at the Eliwana mine development, and additional diesel use associated with increased haulage distances due to the long and shallow nature of Fortescue's ore body at the Chichester and Solomon Hubs.

The haul distance metric of tonne.km for the Solomon and Christmas Creek mining operations increased by 26 per cent compared to FY18 and has directly impacted the total emissions from these operations and contributed significantly to Fortescue's increase in absolute emissions.

As Fortescue continues to expand its operations, absolute emissions are expected to increase in the short term. The Company is committed to mitigating any such increases by implementing programs to reduce its overall emission intensity and by pursuing innovative energy strategies that could significantly change its fuel mix away from fossil fuels. Fortescue is committed to its long-term goal to reach net-zero emissions in the second half of the century. This will require stabilisation of emissions in the medium-term and a reduction of absolute emissions into the medium to longer term.

Fortescue supports the UN Framework Convention on Climate Change which mandates that individual nations take responsibility for emissions within their own borders. In line with this, Fortescue does not report the Scope 3 downstream emissions associated with the manufacture of steel from its iron ore.

Fortescue's approach to GHG emissions reporting is compliant with the Australian Commonwealth Government's *National Greenhouse and Energy Reporting Act 2007*, and associated regulations.



CASE STUDY



Hydrogen partnership with CSIRO

In November 2018, Fortescue announced a landmark partnership with CSIRO which includes a five-year agreement to fund and support select CSIRO technologies in the hydrogen space. The first of the agreements will focus on CSIRO's metal membrane technology (MMT), which has the potential to make the transportation of hydrogen economically viable.

Chairman and Founder, Andrew Forrest AO said "We are at the beginning of an energy revolution and Fortescue intends to be at the forefront of this once in a generation opportunity."

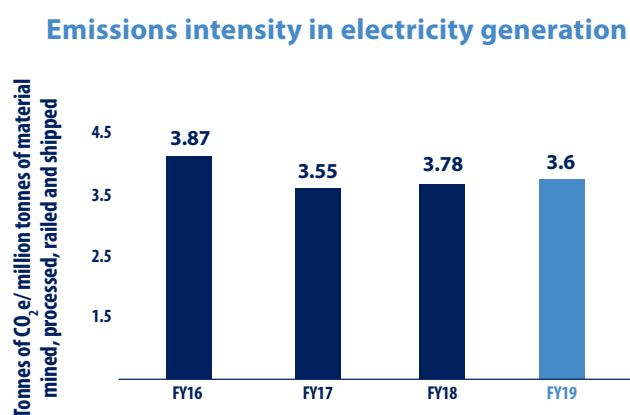
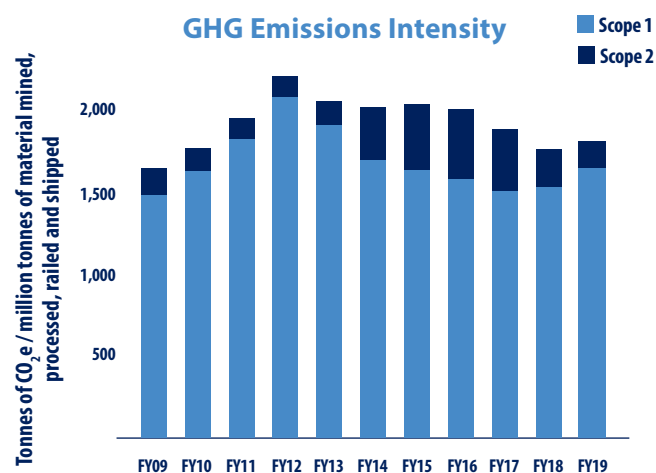
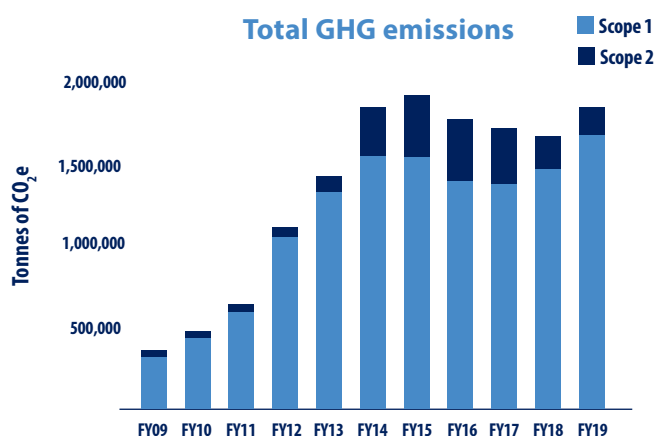
"As a proud Australian company, we are excited to partner with CSIRO, our nation's pre-eminent science and research body, to unlock the potential of hydrogen, the low emission fuel of the future," Mr Forrest said.

CEO, Elizabeth Gaines said "Working with CSIRO to capitalise on the benefits of a low emission fuel such as hydrogen demonstrates Fortescue's commitment to reduce our carbon footprint by ensuring security of supply of cost-effective energy for our operations."

A significant proportion of Fortescue's diesel consumption can be attributed to its operational mining fleet including light vehicles, buses and heavy earth moving equipment. The potential to use renewable hydrogen as a replacement fuel for diesel provides a great opportunity to reduce emissions from our operations.

Fortescue sees potential for CSIRO's MMT to establish bulk export market opportunities with further research required to determine if the technology can be developed to commercial scale.

Fortescue has set a long term goal to achieve net-zero operational GHG emissions in the second half of the century.



Protecting biodiversity

Objective

To take responsibility for Fortescue's disturbance by protecting biodiversity in the regions where the Company operates.

Target

- Achieve a net positive impact on biodiversity
- Annually, achieve zero significant environmental incidents.

Fortescue is committed to safeguarding the environment and takes a precautionary approach to environmental management. The Company acknowledges that its activities have the potential to adversely impact on the environment and is committed to mitigating impacts by integrating environmental considerations into all stages of its activities and contributing to research and conservation programs.

Compliance with all relevant environmental laws and obligations is the absolute minimum standard to which Fortescue operates and the Company respects legally designated protected areas¹ and conservation listed species².

To effectively manage biodiversity risks and achieve targeted outcomes, Fortescue implements the mitigation hierarchy of avoid, minimise, rehabilitate and offset impacts associated with activities. Fortescue also works closely with its stakeholders including government agencies, Traditional Custodians and the general community to ensure appropriate mitigation practices are in place.

Fortescue's Environmental Policy and Environmental Management System (EMS) reflects the Company's commitment to continually improve environmental performance and provide a robust and comprehensive framework for the identification and management of environmental impacts. The EMS aligns with ICMM, UNGC principles and the requirements of ISO14001:2016 International Standard for Environmental Management Systems. The EMS is internally assured.

Fortescue employs internal and external biodiversity experts to survey exploration, development and operational areas. These surveys also identify the biodiversity value of the regions where Fortescue operates and help provide advice on biodiversity protection measures consistent with the biodiversity mitigation hierarchy. Collected data is used to develop and inform project design, operational and closure activities and provide input into detailed environmental impact assessments.

¹ ICMM 2003, Mining and protected areas position statement.

² Species listed as significant within the legal instruments pertaining to our areas of operation, including local, state, national and international instruments including the IUCN Red List of Threatened Species.



CASE STUDY



Drones enhance environmental management at the Chichester Hub

The drive to embrace technology and adopt more innovative ways to undertake environmental management led the Chichester Environment team to purchase an unmanned aerial vehicle, or drone.

During FY19, the team used the drone to conduct stream assessments, complete work area inspections and audit ground disturbance activities. The drone also enabled the team to capture high resolution aerial imagery for use in the development and delivery of targeted environmental impact assessments. In support of Fortescue's safety Value, the use of

drones also reduces the safety risk associated with environmental work required within higher risk work areas such as the Autonomous Operating Zone. As drone technology improves, Fortescue will work to identify other areas of their management program that may benefit from the technology and result in further efficiencies and productivity improvements.

Drone technology is also used by other departments across Fortescue including the Survey and Drill and Blast teams, who complete post blast inspections, stockpile pickups and post incident inspections using drones.

Collaboration and partnership

As part of a long-term strategic collaboration with the Department of Biodiversity, Conservation and Attractions (DBCA), Fortescue has provided over A\$5.5 million to fund biodiversity protection programs at the Fortescue Marsh. This includes the implementation of feral cat baiting and feral herbivore control programs and the funding of a dedicated Fortescue Marsh Conservation Officer, employed through the DBCA.

Over the past five years, Fortescue has provided over A\$4 million to conservation funds for on-ground research, land management and offset programs. Specifically, investments support programs that improve the knowledge and understanding of species or ecosystems subject to an elevated risk as the result of Fortescue's operations. These programs include weed extension control programs

and fire mapping and controlled fuel reduction burn programs that minimise the frequency and likelihood of habitat destructive high intensity wildfires. Fortescue has also continued to invest in research regarding the Greater Bilby's distribution, abundance and ecology in the Pilbara. The Company is also researching the benefits of broad-scale feral cat baiting to the Northern Quoll.

Protection of the Fortescue Marsh

Fortescue's Cloudbreak and Christmas Creek mine sites lie north of the Fortescue Marsh in the Pilbara region of Western Australia. The Marsh is a wetland of national significance listed on the Directory of Important Wetlands of Australia and is culturally significant to the Banjima, Nyiyaparli and Palyku Traditional Custodians. Fortescue implements mitigation and management measures that

are consistent with the WA State Government Fortescue Marsh Management Strategy (2018-24) to protect the Marsh.

Research and conservation programs

Fortescue invests in initiatives and technologies to contribute to the collective body of environmental knowledge for the areas in which it operates and continues to support ongoing relationships with government, universities and other researchers. During FY19, the Company contributed funds to a number of monitoring programs to improve the knowledge and management of rare and threatened fauna species including sub-terranean fauna, the Pilbara Leaf-nosed Bat, the Pilbara Olive Python, the Night Parrot and the Northern Quoll.

Fortescue has provided over A\$5.5 million to fund biodiversity programs at the Fortescue Marsh



CASE STUDY



Chichester operations take part in a Curtin University topsoil health study

Staff from the Australia Research Council (ARC) Centre for Mine Site Restoration (CMSR) at Curtin University visited Christmas Creek and Cloudbreak mines during the year to collect soil samples for a study assessing the microbial health of topsoil stockpiled at mine sites across Western Australia.

The study, led by Dr Haylee D'Agui, aims to determine the changes that occur in microbial communities (fungi and bacteria) as topsoil is stockpiled. Fortescue's Chichester operations is one of seven mine sites taking part in the study and is one of two participating iron ore mines.

Topsoil is a valuable resource in post-mining rehabilitation as it is high in organic matter and nutrients and contains plant spores and soil microbes. A variety of factors, including the size and depth of stockpiles, duration of storage, soil type, climate, and method of storage affect the quality and functionality of the topsoil when it is eventually used in rehabilitation.

Outcomes of the study will contribute to the development of science-based topsoil management guidelines to optimise biodiversity recovery in mining soils for improved rehabilitation outcomes.

Significant fauna

Fortescue implements a Fauna Management Plan (FMP) across all sites to identify potential impacts to conservation significant fauna species and develop management and monitoring measures that maximise their ongoing protection, and long-term conservation within, and adjacent to Fortescue's controlled sites.

Fauna managed in accordance with the FMP include the Pilbara Olive Python, Night Parrot, Northern Quoll, Greater Bilby, Ghost Bat, Pilbara Leaf-nosed Bat and various migratory birds. Monitoring of these species to date has determined that, with the exception of the Night Parrot which has not been recorded at any Fortescue site, conservation significant fauna continue to reside in habitats surrounding Fortescue's operations, and have not been significantly impacted by Fortescue's mining or rail operations.

Incidents and compliance monitoring

Fortescue investigates all environmental incidents. During FY19, there were no significant environmental incidents and no fines/sanctions or environmental impact grievances filed against Fortescue.

Internal compliance auditing against environmental obligations occurs at all sites on a continuous basis. These internal audits are supplemented with independent external audits.

During FY19, numerous field and desktop audits were undertaken by the Western Australian Department of Water and Environmental Regulation, Department of Mines, Industry Regulation and Safety and the Commonwealth Department of Environment and Energy.

The audits assessed compliance against Ministerial Statements issued under the *Environmental Protection Act 1986 (WA)*, Mining Proposals under the *Mining Act 1978 (WA)* and Controlled Action approvals under the *Environment Protection and Biodiversity Conservation Act 1999 (Commonwealth)*. All audits determined Fortescue has demonstrated a high level of compliance and that its operations are aligned with the expectations of regulators.

During FY19, there were no significant environmental incidents

Managing water responsibly

Objective

Lead a better understanding of regional hydrogeological systems where the Company operates.

Target

- Initiate, host and coordinate a series of Mine Water Management Forums about the Pilbara Region of Western Australia to encourage the sharing of learnings for practitioners and regulators.

Objective

Use water responsibly by improving water use efficiency and minimising water loss through surface water discharge and evaporation.

Target

- Annually ensure at least 75 per cent of dewatered water at the Cloudbreak and Christmas Creek mine sites is used for beneficial purposes or reinjected via the Managed Aquifer Recharge program.

Managing water responsibly

Water is a critical resource and its effective management is fundamental to the sustainability of Fortescue's operations, the ecosystems and the communities in which the business operates.

The Company acknowledges the potential of its operations to impact water resources and takes a proactive approach to responsible water management, as a minimum complying with all regulatory requirements.

Fortescue withdraws groundwater to enable the mining of ore bodies that sit below the groundwater table. Known as dewatering, the water is then used for ore processing, dust control and village needs including for drinking water. Wherever possible, recycled waste water is used to limit abstraction and the use of lower quality water is prioritised over high quality water.

The Company assesses and manages water resources by applying adaptive responses to water excess, scarcity, quality and wastewater treatment. The Company does not have operations located in areas defined as 'water stressed'.

Dewatering accounts for the majority of water abstracted by Fortescue. To minimise environmental impacts and to maintain the water balance, the

Company implements Managed Aquifer Recharge (MAR) programs to ensure much of this water is returned through reinjection to the local groundwater system.

Fortescue does not remove surface water for use at its operations and does not discharge excess water to surface water bodies.

Groundwater management activities at each site are undertaken in accordance with specific Groundwater Management Plans which are based on the WA Department of Water and Environment Regulations published options for the use and/or release of dewatering volumes (previously referred to as a hierarchy). This guideline lists mitigation of environmental impacts, use for fit-for-purpose activities, transfer to third parties, reinjection back into the aquifer and the controlled release of water to the environment as options for surplus water disposal (Western Australia Water in Mining Guideline 2013, Water licencing delivery series Report no.12).

Fortescue monitors groundwater and surface water conditions, and local ecosystem and habitat health to ensure that its operations do not significantly impact on the quantity or quality of natural water systems and natural environments. Monitoring has consistently shown that Fortescue's

abstraction activities have not had a significant impact on Pilbara natural water sources or water dependant ecosystems.

Fortescue's evaluation of water related risks and opportunities, including those related to climate change, are integrated into multi-disciplinary, company-wide risk management processes and are considered as part of the Company's overall business strategy. Facility level risk assessments are undertaken regularly as part of mine planning processes which include operational and environmental risks, constraints and challenges.

Some of Fortescue's mining operations are located near sensitive and 'water-related' receptors including semi-permanent, groundwater fed pools at the Solomon Hub and the Fortescue Marsh near the Chichester Hub. Fortescue is subject to a number of environmental protection obligations, as well as voluntary monitoring programs to minimise impacts to these ecosystems.

Fortescue continues to investigate alternative water management options to mitigate its impact on water resources and the environment on an ongoing basis.

CASE STUDY



Sustainable groundwater management

The Papa Waringka Scheme – ten years of the large scale Managed Aquifer Recharge (MAR) scheme

Fortescue's MAR scheme has been operating across the Cloudbreak and Christmas Creek mines for over ten years.

The scheme currently returns over 90 GL per annum of groundwater abstracted to facilitate open pit mining. The scheme includes the careful reinjection, storage and redraw of water to form a hydraulic barrier between dewatering operations and the internationally significant Fortescue Marsh ecosystem.

The Scheme, named after the Traditional Nyiyaparli word for water of the ground, has progressively expanded from conception in 2009 to its current scale comprising of 207

abstraction bores, 132 injection bores, over 500km of pipeline and 12 transfer ponds. The scheme manages a range of water quality from brackish through to hypersaline. Monitoring scheme performance has been used to develop and maintain models. Outputs from the model are used to assess and influence mine planning decisions and optimise the ongoing management of groundwater to minimise drawdown impacts on the surrounding ecohydrological systems.

Closure and rehabilitation

Mine closure

Fortescue's mine closure planning focuses on returning the land to a state that will provide future use and value when mining is complete. Although none of the Company's sites are expected to close within the next five to 10 years, the Company works with its stakeholders including local communities, Traditional Custodians and government agencies when considering post-closure land uses and developing achievable objectives.

Studies and field trials are undertaken to demonstrate that the closure strategies described in the Company's mine closure plans can be achieved. Financial provisions for closure are developed and maintained for all sites. These provisions are detailed in Fortescue's FY19 Annual Report which can be found at www.fmgil.com.au

Fortescue considers mine closure initially during the project feasibility phase, when objectives are developed with stakeholders and site strategies created to minimise environmental impacts. To minimise the potential financial, social and environmental risks of mine closure, strategies are reviewed over the life of each operation which ensures maximum effectiveness in rehabilitation activities and future uses.

During FY19, mine closure works included:

- Completion of the first phase of a seed metering, delivery and establishment study which determined that certain types of waste rock and tailings materials can be used to improve seed emergence. The trial also confirmed that the depth at which different Pilbara native seeds are sown affects growth success

- Implementation of a rehabilitation trial studying the performance of topsoil and native seed on waste rock under irrigated and non-irrigated conditions
- Development of guidelines defining acceptable erosion rates for use in waste rock landform modelling in the Pilbara, in conjunction with other Pilbara-based mining companies
- Reviews of creek-related geomorphic erosion and landform evolution processes associated with mine closure designs
- Development and approval of the Eliwana mine and Solomon Hub Queens deposit mine closure plans by the WA Department of Mines, Industry Regulation and Safety
- Completion of an independent assessment of Solomon's infrastructure demolition and disposal costs as part of ongoing cost validation and improvement cycle.

Sharing knowledge

Fortescue has gained considerable expertise in investigating, monitoring and managing Pilbara groundwater systems and is committed to working with government, industry and the community to share these learnings and to advance the understanding of the Pilbara hydrogeological systems.

Fortescue will initiate, host and coordinate a series of Mine Water Management Forums in FY20.

Sustainable rehabilitation

Progressive rehabilitation activities are integrated into Fortescue's standard operating procedures to ensure the required environmental performance objectives are met on closure.

In FY19, these activities included:

- Direct disposal (backfill) of more than 10 million tonnes of waste rock into exhausted mine pits
- Ongoing geochemical and physical characterisation of the mineral waste rock
- Regular review, including computer modelling, of proposed post-mining landforms and water systems
- Monitoring of local water quality and vegetation health indicators.

To ensure responsible rehabilitation practices are implemented throughout each stage of the mining life cycle, Fortescue applies an integrated approach where rehabilitation monitoring procedures are tailored to local environmental issues, using indices such as plant species diversity and composition, nutrient cycling, infiltration and erosion.

Monitoring activities completed during FY19 included over 100 rehabilitation and associated control transects and over 55 photographic monitoring points, as well as weed mapping and monitoring programs, and management, where required, across Fortescue's operations.

Tailings management



Tailings management

Fortescue acknowledges that the effective management of the storage of tailings includes rigorous design practices, comprehensive monitoring and management programs, independent auditing and a strict corporate governance regime. To this extent, Fortescue utilises internal expertise together with external design consultants to ensure that the Company's Tailings Storage Facilities (TSFs) are designed to the highest standard to minimise any environmental and community impacts and to maximise operational efficiency.

Generation of tailings

Fortescue's iron ore processing facilities generate a fine-grained by-product, referred to as tailings. This material is pumped as a slurry via pipelines to specifically designed TSFs. Over time, the fine-grained material settles, allowing water to be recovered and recycled.

The tailings produced during the beneficiation of Fortescue's iron ore is geochemically benign and therefore poses a negligible environmental and/or health contamination risk.

Fortescue's tailings are geochemically benign and pose a negligible contamination risk

Fortescue's tailings storage

Fortescue currently operates three active TSFs and manages an additional six inactive facilities. All of these facilities are located in the Pilbara region of Western Australia.

Two of the inactive facilities have been rehabilitated, one is in the process of being rehabilitated and another two are being dried for future rehabilitation. The final inactive TSF is located at the Company's Iron Bridge mine and is in care and maintenance pending development of the Iron Bridge project. The active TSFs are located at Fortescue's operational mine sites at Cloudbreak, Christmas Creek and Solomon Hub.

None of Fortescue's TSFs are considered to be large or complex engineering structures, or operated in geotechnically, geologically, topographically or meteorologically complex settings.

Fortescue does not use the upstream raise construction method and does not use tailings as a structural element in any of its active or closed TSFs.

All of Fortescue's TSFs are located in remote areas and there are no communities situated near any facilities.

As part of the TSF design phase, a number of aspects are considered including the location of mining infrastructure, employees and communities, areas of environmental significance, topography, geological and climatic conditions, surface and groundwater, future land use, tailings characteristics and seismic activity of the area.

Fortescue's TSF register which includes detailed information on each TSF, can be found on the Environment page on the Company's website at www.fmgl.com.au

In FY19, 22.6 million tonnes of tailings were produced at Fortescue's sites.



Fortescue's tailings management framework

Fortescue carries out all tailings management activities including design, construction and monitoring in accordance with the requirements of risk-based TSF management set out in the Western Australian Government's Department of Mines, Industry Regulations and Safety (DMIRS) tailings guidelines and the Australian National Committee on Large Dams (ANCOLD) guidelines. The risk-based process ensures risks are identified and reviewed, and that implementation and control effectiveness are monitored and audited. This process also assists in mitigating the impacts of failure through targeted response plans.

Fortescue implements a life-cycle TSF risk management framework (see figure 1). The objective of this framework is to define, understand, prioritise, control, mitigate and effectively eliminate TSF failure.

Fortescue's TSF risk management framework is underpinned by three preventative critical control groups.

- **Critical Control Group #1**
Risk and consequence based planning, investigation, design and construction supervision and quality assurance and quality control
- **Critical Control Group #2**
Operation, surveillance, monitoring and maintenance through an observational approach
- **Critical Control Group #3**
Technical, condition, performance and dam safety review process.

Each active TSF has a comprehensive operations, surveillance and monitoring plan and a Dam Safety Emergency Plan that act in parallel with the site emergency response plan.



Tailings facilities are audited annually by independent experts

Inspections and audits

Fortescue implements internal TSF monitoring programs that include daily, weekly and monthly visual inspections and instrumentation surveillance monitoring and alarm systems. All tailings related personnel are trained and must be assessed as competent prior to operating a TSF.

The Company also has each tailings facility audited annually by independent experts to ensure the ongoing integrity and safety of each facility. The most recent external audits were completed in late 2018.

In addition, during 2019, Fortescue undertook an internal tailings management risk and control review. Findings of this review were reported to the Board.

Fortescue is committed to maintaining tailings risk management in accordance with industry leading practice and stakeholder expectations. The Company will continue to engage with tailings storage management experts and regulators to ensure risks are mitigated and managed effectively.



Waste management

Objective

To reduce waste generation through prevention, reduction, recycling and reuse.

Target

- By the end of FY20, identify a sustainable disposal method for off-the-road tyres (OTRs) and conveyor belts
- By the end of FY20, investigate composting opportunities for food related mine wastes.

Reducing waste through the prevention, reduction, recycling and reuse of waste produced during operations is a priority for Fortescue and the Company continues to investigate options to minimise the volumes of non-mineral general waste being sent to landfill.

Non-mineral wastes generated at the Company's sites include food and food packaging wastes, used oil and office wastes. Where waste is not able to be recycled or reused it is disposed of at landfill facilities on site.

These facilities are managed in accordance with the Company's Waste Management Plan and Hazardous Materials Management Procedure.

The Waste Management Plan aims to ensure that the disposal and management of waste does not adversely impact environmental values or the health, welfare and amenity of people and land uses, and details the key management actions to achieve this goal.

No hazardous waste, as classified under the Basel Convention, was

generated or disposed of by Fortescue during FY19.

During FY19, Fortescue recycled 91 per cent of non-mineral waste volumes across all sites, excluding tyres, concrete and waste from the North Star mine site.

During FY19, in excess of 100 reels of used conveyor belt was removed from the Cloudbreak landfill facility to be recycled and repurposed into other products.

Most mine processing waste rock and overburden is disposed of in mined out pits.



CASE STUDY

Fortescue saves used linen from landfill

In partnership with the Rotary Club of Mill Point, Fortescue donated over 18,000 items of used linen from its operational sites across the Pilbara to a variety of charitable organisations. 47 pallets, with an estimated replacement value of more than \$200,000, were shipped to the Rotary Club, and redistributed to 20 charities in Perth, East Timor, Cambodia and Thailand. The recycled linen will be used at hospitals, an orphanage, a women's refuge and a number of support facilities for the elderly, homeless, at-risk youth and those affected by drugs and alcohol.

CEO, Elizabeth Gaines said "Following our donation to Rotary in 2016, we received great feedback on the positive impact our donations had on the lives of some of the most vulnerable members of our community, both at home and abroad."

"When we had a surplus of linen following an upgrade across our sites, we reached out to Rotary again. We're proud to work with Rotary to provide some comfort to those less fortunate in our community," Ms Gaines said.



08

Creating positive social change

Building sustainable communities, empowering Aboriginal people and eradicating modern slavery

Building business capabilities

Objective

Create economic opportunities for Aboriginal businesses through local procurement, business development, mentoring and capacity-building opportunities.

Target

- By 2021, achieve a spend of 10 per cent of total procurement with Aboriginal businesses, with at least 50 per cent of the number of contracts awarded to businesses which have more than 50 per cent Aboriginal ownership.



Billion Opportunities

Fortescue is committed to championing generational change within Aboriginal communities by creating opportunities through training, employment and business development.

Fortescue's Billion Opportunities program is an initiative that promotes sustainable business opportunities for Aboriginal people by building the capability and capacity of Aboriginal businesses. Since its commencement in 2011, the program has awarded 284 contracts and subcontracts worth more than A\$2.3 billion to 117 Aboriginal businesses. This program forms a critical element of the Company's approach to ensuring economic opportunity and participation through Native Title agreements.

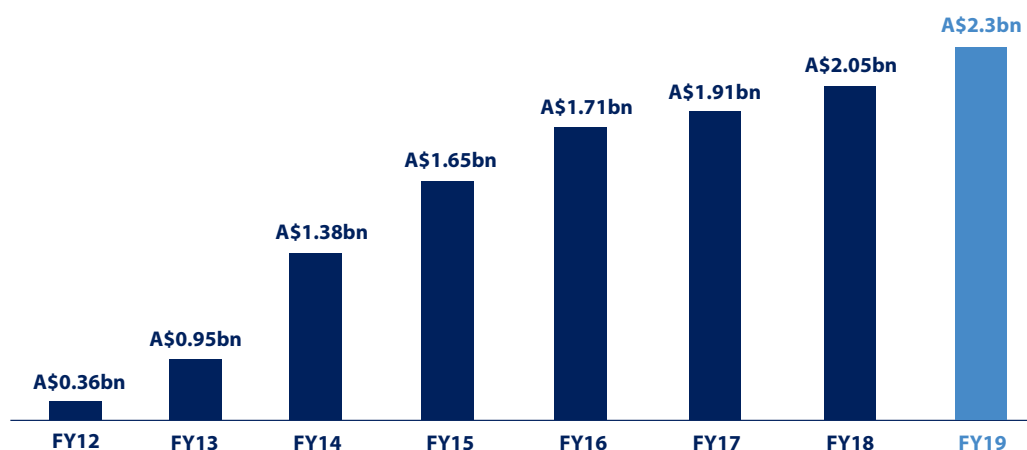
The Billion Opportunities program is complemented by a range of additional practical measures introduced to provide Aboriginal businesses with the tools to build value and sustainability which in turn creates employment and development opportunities.

In 2017, Fortescue partnered with the ANZ Bank to initiate a A\$50 million funding scheme to allow eligible Aboriginal businesses to access finance at a competitive rate. Fortescue acts as the guarantor which eliminates the need for the Aboriginal business to provide security. The Aboriginal business will own these assets at the expiry of the contract which gives them the ability to use these assets as security in the future. This initiative has provided A\$5 million in funding to three Aboriginal businesses.

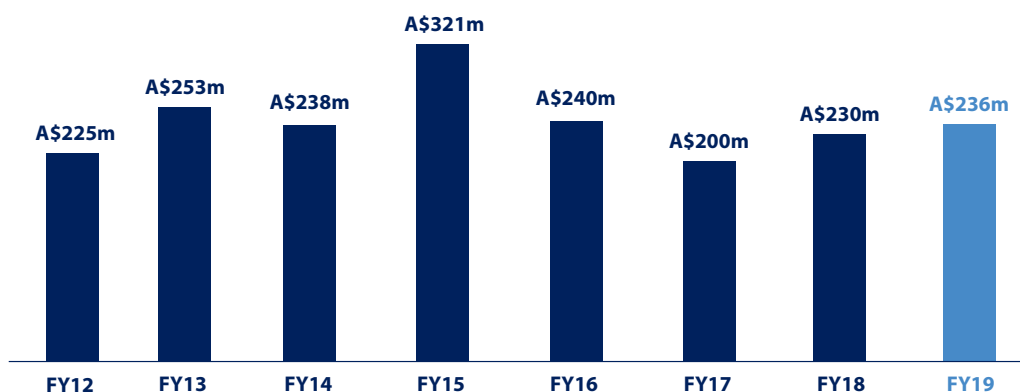
Fortescue is also committed to spending a portion of its procurement budget with Aboriginal businesses. In FY19, Fortescue spent approximately A\$236 million with 54 Aboriginal businesses, representing 5.5 per cent of the Company's total contestable procurement spend with more than 90 per cent of the spend awarded to businesses owned by Native Title groups and their members.

In FY19, Fortescue also awarded or extended 23 contracts and subcontracts to Aboriginal businesses with a value of A\$240 million. Of these, 65 per cent were with Aboriginal businesses that have Aboriginal ownership greater than 50 per cent.

Cumulative value of contracts awarded



Spend per year





Wirlu-murra Yindjibarndi Aboriginal Corporation Directors celebrate their contract award with Fortescue.

CASE STUDY



Billion Opportunities program awards contracts to Yindjibarndi businesses

On 25 June 2019, Fortescue announced the award of two contracts to the value of A\$179 million to Yindjibarndi businesses through the Company's Billion Opportunities program. This represents the largest contracts awarded to 100 per cent owned Aboriginal businesses in Fortescue's history.

The Billion Opportunities initiative has provided the Company's Native title groups and their members with the chance to build sustainable futures for their communities through the provision of genuine economic opportunity.

The first of two separate contracts was awarded to Wirlu-murra Enterprises Pty Ltd (Wirlu-murra), a 100 per cent Aboriginal owned business based in Roebourne, to support the non-process infrastructure operations at Fortescue's Solomon Hub.

The second contract is with the unincorporated joint venture EG WME JV, consisting of Eastern Guruma Pty Ltd and Wirlu-murra, for road maintenance and resource definition services at Solomon. The EG WME JV has been performing these services since 2013 and the new five-year term is as a result of their excellent safety and operational performance.

CEO, Elizabeth Gaines said "Fortescue is in the privileged position of being able to empower these businesses with the capability and capacity to effect positive change in Aboriginal communities across the Pilbara.

"We are delighted to see Aboriginal businesses we have partnered with for some time grow and prosper. These contracts establish Wirlu-murra as one of the largest Aboriginal businesses in Australia and, significantly, empowers them to deliver further employment opportunities for Aboriginal people," Ms Gaines said.

Wirlu-murra Yindjibarndi Aboriginal Corporation Chairperson Rodney Adams said, "Through these business contracts with Fortescue, Wirlu-murra has been able to provide jobs to the Yindjibarndi people and support many local community organisations providing services to the Roebourne community. We look forward to continuing our close relationship with Fortescue to provide new opportunities to empower our people."

"We are proud to see our Billion Opportunities program inspiring others to implement Aboriginal procurement strategies to provide opportunities to thousands of Aboriginal businesses across the country," Ms Gaines said.

Creating employment opportunities for Aboriginal people

Fortescue has a proud history of championing Aboriginal employment and strives to provide training, employment and development opportunities for Aboriginal people.

Fortescue is a major employer of Aboriginal people employing 779 Aboriginal people, which represents 12.1 per cent of Fortescue's Australian-based workforce.

The total number of Aboriginal people working on Fortescue sites at 30 June 2019 is 1,070 which includes direct employees, labour hire and contractors.

Fortescue implements a range of training, development and support initiatives to assist Aboriginal people to gain employment and achieve their career goals with Fortescue.

Objective

Train, employ and develop Aboriginal people within Fortescue and its contractor partners.

Target

- By 2020, achieve an Aboriginal employment rate of 20 per cent across Fortescue's Australian operations
- By 2020, achieve an Aboriginal employment rate of 10 per cent in leadership roles
- By 2022, achieve an Aboriginal employment rate of 20 per cent in skilled trades.

847 Aboriginal people have begun employment with Fortescue through VTEC since 2006

41 VTEC graduates in FY19



June 2019 Karratha/ Roebourne VTEC graduation.

CASE STUDY



Fortescue's VTEC continues to provide more career opportunities

Fortescue's Vocational Training and Employment Centre (VTEC) program is based on the simple, but compelling idea that after successfully completing training, you are guaranteed a job. VTEC, together with Fortescue's Trade Up and the Leadership Excellence in Aboriginal People (LEAP) initiative is crucial to Fortescue's commitment to provide sustainable career pathways for Aboriginal people.

During FY19, Fortescue celebrated the graduation of 41 VTEC students from South Hedland and Karratha/ Roebourne. The graduates commenced full time employment at Fortescue in roles spanning mining, fixed plant, drill and blast and water services.

Chief Financial Officer, Ian Wells who attended one of the graduations, said that VTEC continues to empower generational change and sustainable development in Aboriginal communities.

"Fortescue is a leader in its commitment to creating opportunities for Aboriginal people and the success of VTEC can be measured by the 847 Aboriginal people who have been offered employment since VTEC began in 2006."

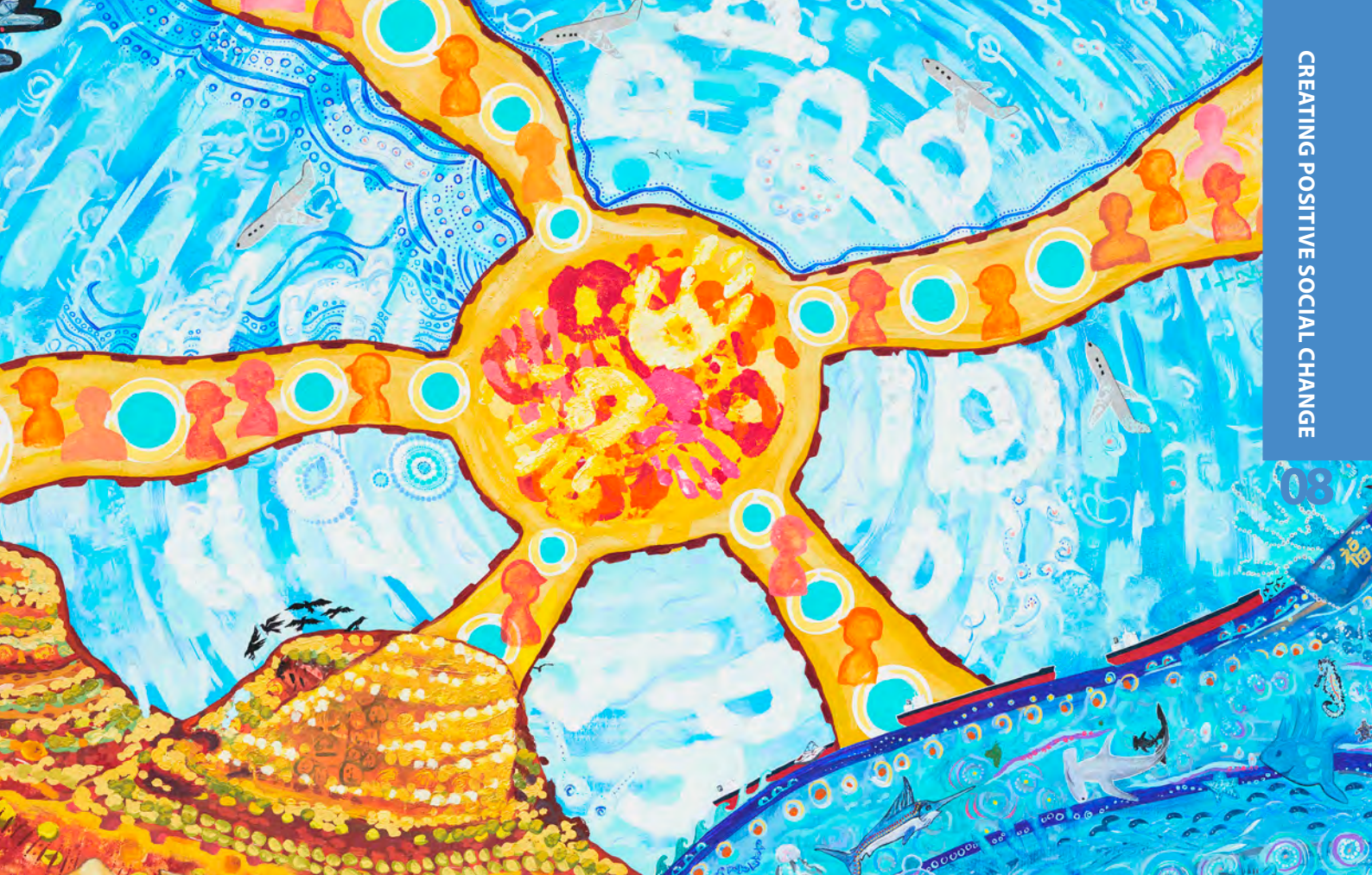
"I am always humbled by the personal stories of our VTEC graduates, including their courage and determination to take on new challenges and begin an exciting new career with Fortescue," Mr Wells said.



"All of Fortescue" was created by Fortescue employees with Aboriginal artist, Jilaga Murray.

Supporting Aboriginal employees

	Target	Progress		
Creating employment opportunities for Aboriginal people	By 2020, achieve an Aboriginal employment rate of 20% across Fortescue's Australian operations	779 Aboriginal people employed	12.1% of the total Australian workforce	1,070 Aboriginal people working on Fortescue sites (including contractors)
	Build skills, capability and opportunities	41 People completed VTEC training in FY19	82 Trade Up Program trainees were employed during FY19	85% of Trade Up Program participants were Aboriginal
	Create a workplace which supports and promotes Aboriginal employment	Key programs: - Fortescue's Trade Up Program - Cultural awareness training of all employees - Leadership and Excellence in Aboriginal People (LEAP) Program - Regional FIFO - CEO for a Day Program - Aboriginal development team support - Housing support - Aboriginal health programs		

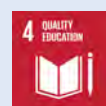


Supporting Aboriginal employees

Target		Progress			
Creating employment opportunities for Aboriginal people	Provide family support options including family site visits and community based family support programs	Family and friends hosted at each site during FY19:			
		184 Hedland Operations	329 Cloudbreak	233 Christmas Creek	209 Solomon Hub
		The following key Aboriginal community-based programs were supported during FY19:			
		- Big hART - Hedland Trade Training Centre - Community Support Grants - Hedland Women's Refuge - Jawun Program - Youth Indigenous Council Mingle Mob - Pilbara Community Hockey Program - Roebourne High School Working Bee			
	Promote opportunities for Aboriginal employees to move into the LEAP Program and participate in CEO for a Day	38 Aboriginal employees participated in the LEAP Program in FY19	4 Aboriginal employees participated in the CEO for a Day Program	1 Aboriginal employee acted as GM Solomon Hub mine for a week as a development opportunity	



CASE STUDY



Fortescue's Recruitment Trailer on the road for the first time

This year, Fortescue launched its Recruitment Trailer which aims to help close the gap in employment outcomes between Aboriginal and non-Aboriginal Australians by providing better access to job opportunities and training in remote communities.

Packed full of career resources and job application forms, the trailer encourages young people to think about their future and learn about various employment opportunities available at Fortescue and other organisations.

Fortescue's Manager of Aboriginal Development Projects, Damien Ardagh led the Recruitment Trailer's tour of the Pilbara.

"As Fortescue grows as a business, we remain committed to ensuring the Traditional Custodians have access to the training and employment opportunities Fortescue offers. The trailer is a practical way we are delivering on this promise," Mr Ardagh said.

The launch of the Recruitment Trailer also supports the Up4It initiative which has been running for the past 12 years. Up4It is a school based program delivering healthy messages and school attendance incentives to remote schools in the Pilbara, designed specifically to improve the attendance rates of Aboriginal students in remote Western Australian schools.

CASE STUDY



Annual Pilbara hockey carnivals were a hit

Fortescue is the naming rights partner of the Kookaburras and a supporting partner of the Hockeyroos, Australia's national hockey teams. As part of these partnerships, Fortescue delivered the Pilbara Community Hockey Program (PCHP) which finished with a series of hockey carnivals held in Roebourne, Yandeyarra and Port Hedland.

Throughout August 2018, around 150 students from across the Pilbara joined Olympians and members of the Kookaburras and Hockeyroos including Grant Schubert, Matthew Dawson, Aaron Kleinschmidt, Brooke Peris and Georgia Wilson at the interschool carnivals.

Since 2011, Fortescue has partnered with Hockey Australia to deliver the PCHP, which sits under the umbrella of Hockey Australia's National Indigenous Program. Through this program, members of the Kookaburras and Hockeyroos host workshops with 12 schools and two local hockey associations. The clinics, delivered over ten weeks, develop hockey skills and demonstrate the importance of teamwork and a healthy lifestyle to school children.

Congratulations to Roebourne who were the overall winners of the carnival and a big thank you to all participants and volunteers who made the carnival a success.



Fortescue is committed to championing generational change and creating sustainable Aboriginal communities

Fortescue's seventh annual Working Bee at Roebourne District High School.

Youth education initiatives



Fortescue implements five key education initiatives for Aboriginal people

Up4It



Up4It

Fortescue has supported Role Models and Leaders Australia in the delivery of the Up4It program for almost a decade. The program is designed to attract students back to school and reward those with good attendance in remote Pilbara communities.

Aboriginal Cadetship Program



Aboriginal Cadetship Program

Secondary school students are able to access this program which provides mentoring, training and professional development opportunities. Cadets are offered direct entry to the Graduate Program or Certificate II courses or the opportunity to apply for permanent employment upon completion of their studies.

Graduate Program



Graduate Program

Aboriginal secondary school or university graduates are employed for two years where they complete a structured program with exposure to a range of departments across Fortescue.

Fortescue's Vacation Student Program



Fortescue's Vacation Student Program

Aboriginal university students are supported in completing work experience during their holidays. Three Aboriginal students were enrolled in this program during FY19.

The Girls Academy



The Girls Academy

This year, Fortescue announced a new partnership with Role Models and Leaders Australia to provide financial support for The Girls Academy. The Academy develops and empowers Aboriginal girls through leadership training, mentoring, sport and extra-curricular programs to enable them to realise their full potential.

Career development and support

Building a supportive culture

Fundamental to the provision of meaningful employment is the ongoing development of Fortescue's Aboriginal workforce through training and professional development, and a workplace culture that understands, supports and champions Aboriginal participation.

Fortescue has a range of programs which actively work to build a workplace that is openly supportive of Aboriginal employment.

Key elements include:

- Compulsory cross-cultural awareness training for all employees
- Rewarding and recognising those people within the Company who support Aboriginal development and employment
- Providing Aboriginal Development Superintendents and Coordinators at each site to support Aboriginal employees
- Ensuring leaders are provided with the skills and knowledge to support and manage Aboriginal employees
- Celebrating significant Aboriginal cultural events during the year, including NAIDOC Week.

Supporting Aboriginal leaders

Leadership and Excellence in Aboriginal People (LEAP)

Fortescue believes Aboriginal leaders are essential to enabling a culture that truly supports Aboriginal people. In 2015, the Company established the Leadership and Excellence in Aboriginal People (LEAP) program to help Aboriginal employees with leadership aspirations realise their goals.

LEAP is a 12-month formal training program that includes off-site education, practical on-site development, internal mentoring, Aboriginal leadership education and business leadership training.

Each year, the launch of the program coincides with the Company's Annual General Meeting, giving LEAP participants an opportunity to spend time with Fortescue's Board and to be inspired by the most senior leaders in the business.

To date, 42 Aboriginal people have completed the LEAP program, with up to 20 candidates selected each year. Of the 42 people, 50 per cent have been promoted and 30 per cent have become Supervisors.

Trade Up

Fortescue's Trade Up program is an award-winning initiative that provides a pathway to an apprenticeship for Aboriginal employees. Supported by Fortescue's contracting partners Thiess, Goodline and Eastern Guruma Wirlu-Murra Yindjibarndi Joint Venture,

there are currently 75 Aboriginal people undertaking a traineeship or apprenticeship as a result of the program. The first group of Trade Up students have almost completed their studies.

Personal and family support

Fortescue's Aboriginal training and employment programs are complemented by initiatives designed to overcome the barriers faced by Aboriginal people in securing and maintaining work. To provide specific health support, the Company employs a full-time Aboriginal Health Coordinator and implements the Aboriginal Health Program which works to proactively improve the health of Fortescue's Aboriginal workforce.

Fortescue is the only Pilbara-based mining Company with flights in and out of all mine sites to the major communities of Karratha, Port Hedland, Broome, Kununurra and Fitzroy Crossing. This allows Aboriginal people to remain on country with their families and access the employment opportunities.

In FY19, all Pilbara-based employees were eligible to receive housing support and entitlements. Currently, 199 Aboriginal employees are accessing Fortescue owned and leased properties. The Company spent approximately A\$7.5 million in FY19 on housing support for Aboriginal employees who reside in the Pilbara and its surrounds.

CASE STUDY



Fortescue supports the Up4It program

Henry Lockyer, Aboriginal Development Coordinator Cloudbreak, and Amy Scheepers, Training Administrator, Cloudbreak, helped to deliver the Up4It program at Nullagine Primary School.

Fortescue has supported Up4It for the past nine years, with the program designed to improve school attendance rates of Aboriginal students in regional and remote communities.



CASE STUDY



CEO for the Day inspires team to reach their potential

Rebecca Councillor joined CEO, Elizabeth Gaines and other members of the leadership team for the release of the Company's March FY19 Quarterly Production Report.

Rebecca, a Bunjima woman born and raised in Port Hedland, began her journey with Fortescue five years ago as an entry level Civil Operator. Since then, she has progressed through operational roles and now leads a team of 11 as a Production Supervisor, Hedland Operations.

Rebecca credits her involvement in Fortescue's LEAP program as key to her career growth. "The program has helped me grow both professionally and personally. As a leader I strive to help people reach their potential just as my supervisor supported me to reach my potential. For example, I had an operator in my team who didn't have faith in her own abilities but after working closely with her

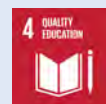
and focussing on training and development, she can now confidently load a ship."

"I think a leader needs to be approachable and a 'people person' to effectively lead a team. I try to lead by example and ensure that my actions reflect my words," Ms Councillor said.

Ms Gaines said, "Rebecca's drive to empower her team, several of whom are currently completing the LEAP program, and other Aboriginal employees at Fortescue makes her an inspiration to her colleagues and an excellent role model for the community. Aboriginal leaders are essential to ensuring a culture that truly supports Aboriginal people. We established the LEAP program, as well as the CEO for a Day initiative, to support Aboriginal employees with leadership aspirations."



CASE STUDY



Leadership and Excellence in Aboriginal People (LEAP)

Aboriginal leaders are essential to ensuring a culture that truly supports Aboriginal people and is key to creating generational change in Aboriginal communities.

Launched in late 2015, LEAP is a 12 month formal training program designed to help Aboriginal employees with leadership aspirations realise their goals.

The program includes:

- Off-site education
- Practical on-site development

- Internal mentoring
- Leadership education
- Business leadership training.

Since LEAP's inception in 2015, 42 participants have successfully completed the LEAP program. Of the 42 people, 50 per cent have been promoted and 30 per cent have become Supervisors. This is a true testament to the success of the program.

Addressing Aboriginal disparity

Objective

Increase engagement with communities, governments, corporate Australia, non-government organisations and industry peers to address Aboriginal disparity.

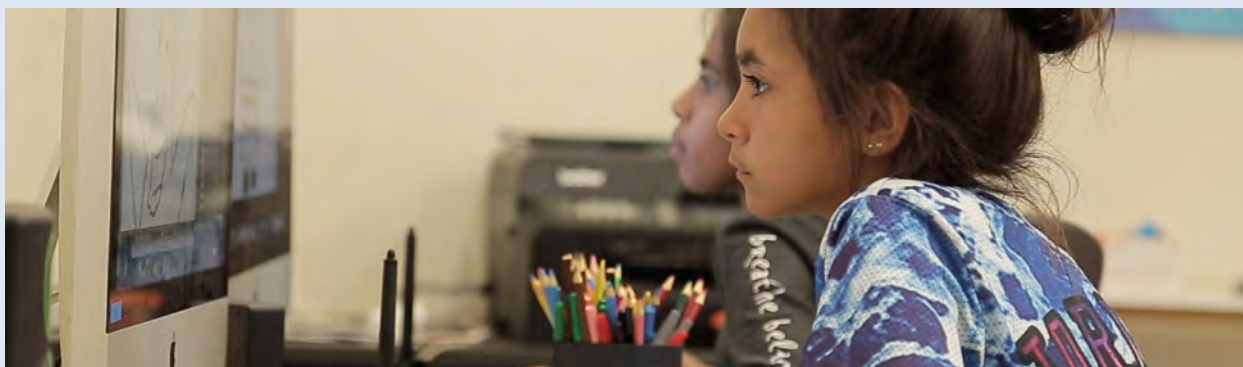
Target

- Annual involvement in the policy debate to address Aboriginal disparity.

Fortescue's operations provide a unique opportunity to empower Aboriginal people and help bring about generational change for Aboriginal people. To support this, Fortescue participates in a wide range of industry organisations and global bodies including:

- Member and active participant in Business Council of Australia's (BCA) Indigenous Taskforce
- Member and active participant in BCA's Raising the Bar Project (implementation of Indigenous procurement targets)
- Active participant in Supply Nation's Leadership Round Table
- Member and active participant in Association of Mining and Exploration Companies (AMEC) Aboriginal Heritage Affairs Committee
- Vocational Training and Employment Centre advisor to Government and industry.





CASE STUDY



Proudly supporting Big hART

Fortescue was proud to continue its support of Big hART in FY19 as part of the Company's commitment to developing partnerships to address Aboriginal disadvantage.

Established 25 years ago, Big hART is a not-for-profit organisation that delivers social change programs through the arts and media.

The ongoing partnership has supported the delivery of Aboriginal youth workshops for children living in Roebourne, which are focussed on family violence prevention, increasing digital inclusion, generational change, connection to culture and engagement in education.

The workshops help establish a safe place to seek help and

to build values amongst young people that de-normalise family violence.

CEO, Elizabeth Gaines said the Company was committed to working with local Pilbara communities to develop innovative partnerships and initiatives which contribute to vibrant and sustainable communities.

"We value the community organisations that we work with and are proud of the difference we can make together," Ms Gaines said.

Objective

Empower Aboriginal corporations and develop partnerships to address key challenges facing communities, with a focus on education and young people.

Target

- Annually, deliver at least two major community projects with Aboriginal stakeholder partners.

Fortescue works with Aboriginal communities to address challenges they face. During FY19, the Company continued to build on two key partnerships.

Partnerships in Aboriginal communities

Jawun Program

In January 2017, Fortescue joined the Jawun Program and during FY19, five secondees travelled to the East Kimberley region for six week placements.

Jawun is a program focussed on building the capacity of Indigenous people by placing skilled individuals from Australia's leading companies and government agencies into Indigenous organisations.

These secondees share their expertise and support Indigenous leaders to achieve development goals for the community.

Youth workshops

The Wirlu-murra Yindijibarndi Aboriginal Corporation and Fortescue partnered with Big hART, a not-for-profit, non-government organisation to deliver Aboriginal youth workshops program to children living in Roebourne.

The program uses art and media to lead social change on issues including the prevention of family violence, connection to culture and engagement in education.



Students from across the Pilbara joined Olympians and members of the Kookaburras and Hockeyroos at a series of hockey carnivals.

Building sustainable communities

Fortescue strives to create economic opportunities within the regions in which it operates by employing local people and purchasing local products and services. The Company recognises the need to create vibrant and flourishing communities that will attract and retain a mining workforce and their families. Fortescue supports a regional fly-in fly-out workforce from Port Hedland, Broome, Fitzroy Crossing, Kununurra and Karratha, with 524 employees based in the Pilbara, 437 of whom receive housing support.

Fortescue seeks regular feedback from its residential workforce and other stakeholders, including local governments to ensure its initiatives and programs support and address the challenges facing these communities. The Company also works to ensure its community investment strategy is aligned with community expectations.

Objective

To create economic opportunities in the regions in which Fortescue operates through engagement with local businesses, local employment and the residential workforce.

Target

- Annually, achieve at least five per cent of actual spend with local Pilbara suppliers.

Local procurement

Fortescue is committed to supporting local businesses that in turn employ local people. In FY19, 2,402 suppliers were engaged with a total contestable spend of A\$4,298 million (GST inclusive). Over 97 per cent of Fortescue's total procurement spend was with Australian entities, 58 per cent within Western Australia and 5 per cent directly in the Pilbara.

Fortescue's overseas spend in FY19 includes a spend of A\$32.2 million with 29 have entities based in the United States of America and a A\$24.6 million spend with 26 Chinese suppliers.

Fortescue is also a member and active contributor of the Pilbara based Chamber of Commerce and Industry and the Port Hedland Industries Council.



CASE STUDY



Fortescue keeps it local to benefit the community

In April 2019, Fortescue awarded a Major Component Overhaul and Replacement Services (MCORS) contract to three businesses in Port Hedland. The contract resulted in 17 newly created full time, local jobs and positive outcomes for supply chain and infrastructure investment in the Pilbara.

Local service providers Force Equipment, WesTrac and Komatsu were jointly awarded a A\$35 million service contract to conduct maintenance on Fortescue's heavy mobile equipment in Port Hedland. Previously, the vehicles and machinery were transported to Perth for repairs, a 3,200 kilometre return trip.

CEO, Elizabeth Gaines said, "Fortescue is committed to creating economic opportunities in the Pilbara through

engagement with regionally based businesses and supporting local jobs."

"Thriving businesses are fundamental to the economic prosperity of our communities and basing the maintenance of our heavy mobile equipment in Port Hedland is a very practical, common sense approach that has significant benefits for our community."

"Last financial year, five per cent of our procurement spend was with local Pilbara businesses and for more than 10 years we've proudly supported local organisations involved in initiatives, activities and events in the Pilbara through our community grants program," Ms Gaines said.

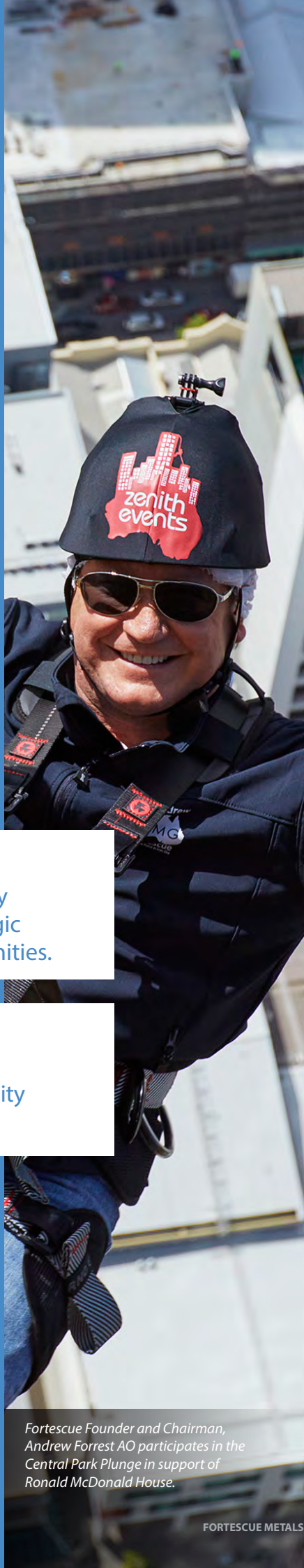
Community investment

Objective

Ensure Fortescue's community investment program is strategic and delivers value to communities.

Target

- Allocate grants according to priorities set in the community investment strategy.



Fortescue Founder and Chairman, Andrew Forrest AO participates in the Central Park Plunge in support of Ronald McDonald House.

Fortescue seeks to empower its communities by developing partnerships to deliver strategic and meaningful outcomes that generate value for communities.

Fortescue's biannual Community Grants Program has been operating for 11 years and continues to provide eligible organisations with up to A\$5,000 in funding to support a variety of community initiatives that benefit the Pilbara.

During FY19, Fortescue provided community grants totalling over A\$150,000 to 64 community, sporting and non-profit organisations in the Pilbara, delivering a range of beneficial programs, activities and outcomes to the local community.

Fortescue focuses on community projects that champion:

- Education and training
- Aboriginal engagement
- Health and wellness
- Community safety and involvement
- Economic development
- Arts and culture
- Environmental responsibility.

Community partnership

Port Hedland community

Fortescue has a longstanding partnership with the Town of Port Hedland to create a vibrant and flourishing place for people to live and work. Fortescue provides free access to employees and their families to movies, theatre performances, the aquatic centre and subsidised access to the Town's Wanangkura Stadium for gymnasium and fitness programs. Fortescue is also a sponsor of the North West Festival, a major music concert coordinated by the town.

Mingle Mob Program

Fortescue is proud of its ongoing support of the Youth Involvement Council's (YIC) Mingle Mob program in South Hedland.

Aimed at reducing antisocial and criminal behaviour, Mingle Mob runs a bus that picks up at-risk youth off the streets at night and takes them to a safe shelter.

Hedland Women's Refuge

Fortescue believes it has a responsibility to demonstrate leadership on the issue of domestic and family violence in its workplace and in the wider community. In 2016, the Company entered into a five-year partnership with the Hedland Women's Refuge which includes direct operational funding and opportunities to assist through activities such as the upgrade of the refuge's outdoor recreation area.

The refuge provides crisis accommodation and holistic programs to women and children escaping family and domestic violence.

Fortescue stands together with the refuge and participates in annual White Ribbon Day events, including the Port Hedland White Ribbon March, in recognition of the need to eliminate family violence in communities. Chief Operating Officer, Greg Lilleyman, is a White Ribbon Australia Ambassador and is committed to building greater equality and respect between men and women, with Fortescue working towards achieving White Ribbon Australia Workplace Accreditation in 2019.

Roebourne District High School

In August 2018, Fortescue held the annual Working Bee at Roebourne District High School. Fortescue employees, friends and community members volunteered their time to revitalise the school grounds with painting, landscaping, repairs and maintenance, making the school a vibrant and welcoming environment. The eighth annual Working Bee will take place in August 2019.

Hedland Senior High School

Fortescue remains an operational sponsor of the Hedland Senior High School's Trade Training Centre which provides students with a pathway to employment in the mining industry and other industries.

In FY19, Fortescue offered work placement opportunities at its Hedland Operations and engaged six recently graduated students in traineeship positions.

Young Australian Art and Writer's Awards: Pilbara Region

In FY19, Fortescue continued its support of the Young Australian Art and Writers' Awards: Pilbara Region program which was delivered to eight Pilbara schools, several of which are remote community schools.

The program aims to develop literacy, teach creativity and increase school attendance levels with a view to addressing the broader concern of child suicide rates in remote communities.

Ronald McDonald House

Fortescue maintains its strong partnership with Ronald McDonald House (RMH), which provides emergency accommodation to regional families with children needing medical treatment in Perth. In FY19, Fortescue maintained its sponsorship of two rooms through the RMH Adopt-A-Room program, in addition to employees making significant contributions through a variety of fundraising activities including participation in the annual Central Park Plunge and volunteer activities.

Pilbara Community Hockey Program

Fortescue is the naming rights partner of the Kookaburras and a supporting partner of the Hockeyroos, Australia's national hockey teams.

In partnership with Hockey Australia, Fortescue delivers the Pilbara Community Hockey Program to schools and local hockey associations. In May and June 2019, members of the Kookaburras and Hockeyroos delivered hockey workshops to 11 primary schools and one high school in the Pilbara.

The workshops develop hockey skills and demonstrate the importance of teamwork and a healthy lifestyle to school children. As well as the school workshops, Fortescue and Hockey Australia support two Pilbara hockey associations, enabling children and adults to experience hockey for the first time or develop a pathway into professional hockey. The partnership also sees the Kookaburras and Hockeyroos participate in community outreach events such as the Welcome to Hedland Expo, Roebourne Working Bee and Town of Port Hedland Sports Awards.



Fortescue sponsors award winning short film

Locally made, Fortescue sponsored short film, Yulubidyi – Until The End, was awarded Best Australian Short Film at Flickerfest in Sydney.

Yulubidyi, which was filmed on location in the Pilbara, was screened alongside Birds of Passage as part of the 2019 Perth Festival in March.

Congratulations to the film's creators, Nathan Mewett and Curtis Taylor.

CASE STUDY





CASE STUDY



Supporting White Ribbon Day on our journey to becoming an Accredited Workplace

Fortescue is a proud supporter of White Ribbon Day and team members joined the Port Hedland community for the annual White Ribbon Day march in November, 2018.

Having recognised White Ribbon Day since 2015, Fortescue is striving to become a White Ribbon Australia Accredited Workplace.

Chief Operating Officer and White Ribbon Ambassador, Greg Lilleyman joined the Hedland Operations team for the community march and is leading our accreditation process.

"As a business with a majority of male employees, we believe that men have an important role to play alongside women in preventing domestic violence," Mr Lilleyman said.

"The Accreditation process helps facilitate open and honest conversations about what constitutes domestic violence and provides a framework for engaging with our people through surveys, policy reviews and the implementation of training programs."



CASE STUDY



Fortescue family get busy at annual Roebourne Working Bee

Over 100 volunteers came together for Fortescue's annual Roebourne Working Bee in August 2018 to revitalise Roebourne District High School's grounds with painting, landscape repairs and maintenance.

Now in its seventh year, the Roebourne Working Bee is a highlight of Fortescue's community calendar and brings together Fortescue team members and their families, teachers, parents and children of the school and local community members from Roebourne, Karratha and Port Hedland.

General Manager Solomon, Jessica Pringle volunteered at the event and said it was inspiring to see the community come together and make a difference.

"It was tremendously uplifting to see teachers, members of the community, Fortescue team members and our contracting partners all supporting the Roebourne

Working Bee initiative together, making a positive change in the community," Ms Pringle said.

"It was inspiring to see how much can get accomplished in one day when you have a great group of motivated people willing to do lots of hard work and get their hands dirty!"

Local businesses involved in the annual working bee include Blackwoods, Coates Hire Karratha, Diverse Group Wickham, Hanson Construction Materials, Hertz Karratha, Home Hardware, Linfox, Northwest Tree Services, Morris, Monadelphous, and Toxfree Australia, as well as Mingullatharndo Community, The Ngarluma Yindjibarndi Foundation and Wiru-murra Yindjibarndi Aboriginal Corporation.



CASE STUDY

Community grant supports mental health outcomes for youth in the Pilbara

In 2019, Fortescue supported the Youth Involvement Council's (YIC) Mindfulness and Meditation for Youth Program in the Pilbara. The program is designed to empower five to 10 year old children with the skills to regulate their emotions and reduce stress and anxiety.

YIC was awarded a grant through Fortescue's Community Support program to assist with the delivery of a weekly workshop based in South Hedland during the first two school terms this year.

The program was developed by Roxanne Dow, a YIC Youth Worker who also owns her own meditation and mindfulness business.

"There weren't any programs available like this when my kids were growing up in Karratha. My goal was to bring this type of program to at risk kids in Pilbara communities. The program teaches kids the basics of mindfulness and meditation – including breathing exercises, visualisations,

journaling, affirmations and yoga – to help them stay calm, focussed and relaxed."

"Fortescue has been a great supporter of the program and through the community grant, we've been able to get it off the ground. This is the second year that the program has received funding and some of the kids have already made significant transformations," Ms Dow said.

Hedland Operations General Manager, Katie Day said from the outset it was Fortescue's vision to empower the communities in which it operates by supporting local organisations like YIC that deliver meaningful outcomes.

"At Fortescue, we are committed to building thriving communities and are proud to support a program that is working to improve the mental health outcomes for children living in the Pilbara," Ms Day said.



CASE STUDY

Fortescue Ecuador provides shelter for local school

Fortescue Ecuador partnered with the local Plateado community to help build a roof for the Simon Rodriguez Bilingual Education Centre, which will allow children to stay dry during the wet season.

The school is attended by 18 children from Plateado as well as the nearby area of Ankuash. It is also used for communal meetings so the benefits of having a covered area will be felt throughout the wider community.

School teacher, Maria Isabel Sarango said she was pleased the welfare of the children had been prioritised.

"As a teacher at the school, it gives me a sense of wellbeing that Fortescue has supported the development of the community from a social aspect, and placed importance on the children of the community of the Plateado," Ms Sarango said.

The Company worked in partnership with the Ecuadorian Ministry of Education to also improve other areas of the school through painting, building fences and donating computers.

Fortescue's Board visited Ecuador in May 2019.

Human rights

Objective

Fortescue complies with global standards on business and human rights and takes a leading role in the Australian business community on human rights.

Target

- Annual, active engagement on human rights issues in business.



Protecting human rights

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 conducts business in a manner consistent with the human rights principles encompassed in the Universal Declaration on Human Rights, the International Labour Organisation's Declaration on the Fundamental Principles and Rights at Work, the United Nations Global Compact, the Forced Labor Convention and the United Nations Guiding Principles on Business and Human Rights. The Company also works to ensure it is not complicit in human rights abuses committed by others.

The foundation documents for human rights protection are the Company's Code of Conduct and Integrity and Human Rights Policy. Below these documents sit specific policies and guidelines.

Fortescue recognises the significant role it has in ensuring that the rights of Indigenous people are protected in the communities in which it operates. The Company 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 (FPIC). Consistent with FPIC, Fortescue's engagement processes seek to secure the consent of Traditional Custodians to conduct mineral exploration and development on their traditional lands.

Fortescue works with its stakeholders to identify and understand the impacts of its activities and to optimise benefits and minimise negative impacts. Due diligence is implemented to prevent and mitigate adverse impacts and the Company provides access to remedy through grievance mechanisms.

These include the Whistleblower reporting system which provides an independent, anonymous and confidential avenue for anyone to raise concerns regarding potential illegal activity or breaches of Fortescue's Code, including human rights matters.

Potential human rights risks are identified and assessed within Fortescue's corporate wide Risk Management Framework. This framework supports proper consideration of potential human rights risks by senior management and the Board.

Appropriate risk management strategies are implemented and monitored on a regular basis. The Audit and Risk Management Committee (ARMC) is responsible for oversight of risk management (including human rights risk) on behalf of the Board.

Fortescue also undertakes 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.

A Human Rights assessment undertaken in 2018 identified key risks as 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 operations.

Annually, Fortescue participates in engagement sessions related to human rights policy and regulatory development including through the Global Compact Network Australia. In FY19, this included participating in a number of external workshops and sessions with business, government and civil society regarding Australia's Modern Slavery legislation.

Fortescue undertakes in-country risk assessments before investing in any country



Modern slavery

One of the major human rights risks facing Fortescue is the existence of modern slavery practices in its supply chain.

Fortescue has a global supply chain procuring a range of goods and services from different countries around the world. The Company acknowledges that modern slavery has the potential to exist in its supply chain through a variety of circumstances including forced labour, child labour, debt bondage and human trafficking.

Fortescue is working in collaboration with its suppliers, industry, government and NGOs to identify and address the risk of modern slavery in its own

operations and its supply chain. The Company also recognises that it has a role to influence its customers.

This year, Fortescue published its second Modern Slavery Voluntary Statement. The statement is produced voluntarily as the Company is not currently required to produce a statement under any legislation until 2020.

The statement outlines the actions Fortescue is undertaking to ensure modern slavery does not occur in its operations and supply chains.

A copy of the Modern Slavery Voluntary Statement is available on the Company's website at www.fmgil.com.au



CASE STUDY



Fortescue commends passing of Australian Modern Slavery Act

Fortescue welcomed the passing of Australia's *Modern Slavery Act 2018* as an important step in harnessing the power of Australian business to eradicate modern slavery in global supply chains.

Fortescue has long been an advocate of the Walk Free Foundation, founded by Fortescue Founder and Chairman, Andrew Forrest AO who has tirelessly campaigned for the introduction of legislation to address modern slavery risks.

CEO, Elizabeth Gaines said "Fortescue fully endorses the introduction of the Australian *Modern Slavery Act 2018* and we commend the Liberal, National, Labor and cross bench supporters for making this anti-slavery legislation a priority."

"We oppose all forms of slavery and forced labour across our operations and the operations of our suppliers and will continue to work closely with these businesses to eliminate slavery from supply chains," Ms Gaines said.



09

Corporate Directory

Navigational Index

Fortescue's CSR report contains Standard Disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and the associated Mining and Metals Sector Supplement.

Fortescue's CSR report also serves as its Active Level Communication on Progress for the United Nations Global Compact. The Navigation Index indicates the sections of Fortescue's

FY19 Corporate Social Responsibility Annual Report and FY19 Corporate Governance Statement that align with the GRI Standards, the principles of the United Nations Global Compact,

the 10 principles of the International Council on Mining and Metals and the UN Sustainable Development Goals.

General Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
102-1	Name of the organisation	About this Report: page 2		
102-2	Activities, brands, products and services	About Fortescue: page 8 Operating and Financial Review: pages 18-23		
102-3	Location of headquarters	About Fortescue: page 8 Full address: page 123		
102-4	Location of operations	About Fortescue: page 8		
102-5	Ownership and legal form	About Fortescue: page 8 Annual Report – Shareholder information: page 146		
102-6	Markets served	About Fortescue: page 8		
102-7	Scale of the organisation	About Fortescue: page 8 FY19 Annual Report – Operating and Financial Review – Overview of Operations, Financial Results and position: pages 18-38 and pages 59-110		
102-8	Information on employees and other workers	Fortescue Family: pages 44-51 Data tables: pages: 117-120		6
102-9	Supply chain	Fortescue's Supply Chain: page 108 Modern Slavery Voluntary Statement		
102-10	Significant changes to the organisation and supply chain	FY19 Annual Report – Financial Report – Director's Report: pages 60-62		

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General Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
102-11	Precautionary Principle or approach	Protecting biodiversity: pages 74-76	1,2,4	7
102-12	External initiatives	Message from CEO: pages 6-7 Fortescue's approach to CSR: page 24-26 Memberships and Commitments to external initiatives relevant to CSR: page 36	2	
102-13	Memberships	Message from CEO: pages 6-7 Fortescue's approach to CSR: pages 24-26	2	
102-14	Statement from senior decision-maker	Message from CEO: pages 6-7	2	1,4,5
102-15	Key impacts, risks and opportunities	Material issues: page 30 Throughout report		
102-16	Values, principles, standards and norms of behaviours	Vision and Values: page 4 Throughout report	1,2	10
102-18	Governance structure	Corporate Governance: page 33	1	
102-32	Highest governance body's role in sustainability reporting	Corporate Governance: page 33 Respecting human rights: pages 106-108 Fortescue's response to climate change: page 66-73	1	
102-40	List of stakeholder groups	Engaging with stakeholders: pages 35	4,10	
102-41	Collective bargaining agreements	Fortescue Family: pages 44-51	3	3
102-42	Identifying and selecting stakeholders	Engaging with stakeholders: pages 35	4,10	
102-43	Approach to stakeholder engagement	Engaging with stakeholders: pages 35	4,10	
102-45	Entities included in the consolidated financial statements	FY19 Annual Report – Notes to the Consolidated Financial Statements: pages 74-110		
102-46	Defining report content and its boundary	Fortescue's approach to CSR: pages 24-26	2	
102-47	List of material topics	Material Issues: page 30 United Nations Sustainable development Goals: pages 26-29	2	
102-48	Restatements of information	Restatements of information are noted in the text		
102-49	Changes in reporting	Fortescue's approach to CSR: pages 24-26		

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General Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
102-50	Reporting period	About this Report: page 2	10	
102-51	Date of most recent report	2019		
102-52	Reporting cycle	About this Report: page 2		
102-53	Contact point for questions regarding the report	About this Report: page 2		
102-54	Claims reporting in accordance with the GRI standards	About this Report: page 2		
102-55	GRI Content index	Corporate Directory: pages 110-116		
102-56	External Assurance	About this Report: page 2	10	

Management Approach

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
103-1	Explanation of the material topic and its boundary	Covered for each material issue throughout the report. Material Issues: page 30	4,10	
103-2	The management approach and its components	Covered for each material issue throughout the report. Material Issues: page 30		
103-3	Evaluation of the management approach	Covered for each material issue throughout the report. Material Issues: page 30		
Economic performance				
201-1	Direct economic value generated and distributed	Approach to Tax: pages 59-63 FY19 Annual Report – pages 59-110	9	
201-2	Financial implications and other risks and opportunities due to climate change	Approach to climate change: pages 66-71	6	7

Specific Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
Material Topic: Employee health, safety and wellbeing				
Occupational Health and safety				
DMA	Disclosure on Management Approach	Employee health, safety and wellbeing: pages 38-43		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Employee health, safety and wellbeing: pages 38-43 Data tables: page 117-120	5	1

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Specific Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
Material Topic: Diversity				
Diversity and equal opportunity				
DMA	Disclosure on Management Approach	Workplace diversity: pages 47-51		
405-1	Diversity of governance bodies and employees	Workplace diversity: pages 47-51	3	6
Employee training and education				
404-1	Average hours of training per year per employee	Data tables: pages 117-120	5	6
404-2	Programs for upgrading employee skills and transition assistance programs	Fortescue Family: pages 44-51	3	6
404-3	Percentage of employees receiving regular performance and career development reviews	Data tables: pages 117-120	3	6
Employment				
401-1	Total number and rates of new employee hires and employee turnover	Data tables: pages 117-120	3	6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Fortescue Family: pages 44-51 Data tables: pages 117-120		6
413-2	Operations with significant actual and potential negative impacts on local communities	Engaging with our stakeholders: pages 35 Building sustainable communities: pages 100-105	3,9	1,2
Material Topic: Ethical conduct, anti-bribery and corruption				
Anti-corruption				
DMA	Disclosure on Management Approach	Ethical conduct, anti-bribery and corruption: pages 55-57		
205-3	Confirmed incidents of corruption and actions taken	Ethical conduct, anti-bribery and corruption: pages 55-57	1	10
Material Topic: Protecting Aboriginal heritage				
Rights of Indigenous peoples				
DMA	Disclosure on Management Approach	Preserving Aboriginal heritage: pages 52-54		
G4-MM5	Total number of operations taking place in or adjacent to Indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	Preserving Aboriginal heritage: pages 52-54	3,9	1,2

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Specific Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
Material Topic: Building Local Communities				
Indirect Economic Impacts				
DMA	Disclosure on management approach	Building sustainable communities: pages 100-105		
203-2	Significant indirect economic impacts	Building sustainable communities: pages 100-105		
Procurement practices				
204-1	Proportion of spending on local suppliers	Building sustainable communities: page 100	2,9	6
Material Topic: Respecting human rights				
Human Rights assessment				
DMA	Disclosure on Management Approach	Respecting human rights: pages 106-108		
412-1	Operations that have been subject to human rights reviews or impact assessments	Respecting human rights: pages 106-108	3	1,2
412-2	Employee training on human rights policies or procedures	Respecting human rights: pages 106-108 Modern Slavery Voluntary Statement	3	1,2,3,4,5,6
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Respecting human rights: pages 106-108 Modern Slavery Voluntary Statement	2	1,2,3,4,5,6
Supplier environmental assessment				
Supplier environmental assessment				
308-1	New suppliers that were screened using environmental criteria	Modern Slavery Voluntary Statement	6	7,8,9
Child labour				
408-1	Operations and suppliers at significant risk for incidents of child labour	Modern Slavery Voluntary Statement	3	1,2,5
Forced or compulsory labour				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Modern Slavery Voluntary Statement	3	1,2,4,5

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Specific Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
Material Issue: Protecting the environment				
Biodiversity				
DMA	Disclosure on management approach	Protecting biodiversity: pages 74-76		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protecting biodiversity: pages 74-76	7	8
G4-MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Data tables: page 120	6	8
G4-MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Protecting biodiversity: pages 74-76	7	8
304-2	Significant impacts of activities, products, and services on biodiversity	Protecting biodiversity: pages 74-76	7	8
304-3	Habitats protected or restored	Protecting biodiversity: pages 74-76	7	8
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Protecting biodiversity: pages 74-76	7	8
Closure planning				
G4-MM10	Number and percentage of operations with closure plans	Mine closure: page 79	6,9	7
Water				
303-1	Water withdrawal by source	Data tables: page 120	6	7,8
303-3	Water recycled and reused	Data tables: page 120		8

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Specific Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
Material Issue: Safeguarding the environment				
Effluents and waste				
306-2	Waste by type and disposal method	Data tables: page 120	6	8
306-4	Transport of hazardous waste	Waste management: page 84		8
Material Topic: Climate change				
Emissions				
DMA	Disclosure on management approach	Fortescue's response to climate change: pages 66-71		
305-1	Direct (Scope 1) GHG emissions	FY19 performance: pages 72-73	6	8
305-2	Energy indirect (Scope 2) GHG emissions	FY19 performance: pages 72-73	6	8
305-4	GHG emissions intensity	FY19 performance: pages 72-73	6	8
305-5	Reduction of GHG emissions	FY19 performance: pages 72-73	6	8

Data Tables

Health and safety data

Fatalities

Region	FY19	FY18	FY17
Australia	0	0	0
China	0	0	0
Singapore	0	0	0
Ecuador	0	0	NA
Total	0	0	0
Safety Excellence and Culture Survey participation (%)	93	94	92
Positive drugs test results (%)	0.78	0.55	0.51

TRIFR

Region	FY19 Total	FY19 Contractor	FY19 Employee	FY18	FY17
Australia	2.8	3.5	2	3.7	2.9
China	0	0	0	0	0
Singapore	0	0	0	0	0
Ecuador	3.7	0	5.1	0	0
Total	2.8	3.5	2.0	3.7	2.9

Injury Severity Rate

Region	FY19 Employees	FY19 Contractors
Australia	83	132
China	0	0
Singapore	0	0
Ecuador	80	0
Total	79	132

Recordable occupational illness rate FY19

Region	Employees	Contractors
Australia	0.2	0.1
China	0	0
Singapore	0	0
Ecuador	0	0
Total	0.2	0.1

Regional safety fines FY19

Region	No.	Value (A\$)
Australia	1	64,000
International	0	0
Total	1	64,000

Employment data

Number of staff by gender (employees and labour hire)	FY19	FY18
Male	5,438	4,749
Female	1,312	1,002
Total	6,750	5,751

Number of staff by employment type (employees and labour hire)

Full-time	4,756	3,953
Part-time	454	347
Fixed term Full-time	148	174
Fixed term Part-time	2	5
Casual	146	46
Labour Hire	1,244	1,226
Total	6,750	5,751

Data Tables

Employment data		
Flexible working arrangements	FY19	FY18
No. of staff that utilised flexible working arrangements	463	360
Number of Staff by employment category (employees only)	Female	Male
CEO	1	0
GM and above	11	35
Managers	31	114
Superintendent	49	191
Supervisor	32	373
Other (professionals, operators, trades, support staff)	941	3,728
Total	1,065	4,441
Number of staff by region (employees and labour hire)	Female	Male
Australia	1,204	5,244
China	8	10
Singapore	7	5
Ecuador/Columbia	79	154
Argentina	14	25
Total	1,312	5,438
	FY19	FY18
Females working in Perth office (%)	38.9	24
Aboriginal people working on Pilbara sites (%)	15.1	22
Age distribution (employees and labour hire)	FY19	FY18
< 30 Male	1,018	883
< 30 Female	390	273
31-50 Male	3,264	2,865
31-50 Female	747	587
51+ Male	1,156	1,001
51+ Female	175	142
Total	6,750	5,751
Females in management positions (%)	FY19	FY18
Females in senior leadership	25.5	24
Females in management positions	22.4	22
Board membership	FY19	FY18
Male	4	4
Female	5	5
Aboriginal employment data (employees and labour hire)	FY19	FY18
Employees – Male	573	607
Employees – Female	206	203
Total	779	810
Aboriginal people working across all sites	FY19	FY18
No. of Aboriginal people working across all sites (incl. contractors)	1,070	1,161
% of employees that are Aboriginal (direct employees and labour hire)	12.1	14.1
Employee turnover	FY19	FY18
Voluntary turnover (%)	9.2	10.5
Involuntary turnover (%)	2.0	2
Total		12.5
Voluntary turnover by gender (direct employees only)	FY19	FY18
Male (%)	9.9	10.2
Female (%)	11.2	11.7

Data Tables

Employment data		
Parental leave	FY19	FY18
Employees who took primary carers parental leave	114	95
Primary carers parental leave retention rate (%)	87.9	-
Employees eligible for parental leave (%)	76	88
Female employees who took primary carers parental leave	91	82
Percentage of employees receiving regular performance and career development reviews		
	FY19	FY18
Male	100	100
Female	100	100
Total hours of training by gender		
Male	325,235	146,222
Female	40,368	23,881
Total hours of training by employee type		
Permanent Full-time	164,190	154,437
Fixed term	4,511	4,222
Part-time	14,597	11,415
Health and safety training in hours by gender		
Male employees	24,703	19,303
Female employees	3,298	2,426
Male contractors	40,246	51,156
Female contractors	3,023	4,780
New employee hires by gender (Direct)		
Male	1,256	603
Female	396	155
Total	1,652	758
Native title and heritage		
	FY19	FY18
No. of reportable heritage incidents	0	0
No. of heritage places managed	5,902	5,597
Land ethnographically surveyed (ha)	219,894	202,575
Land ethnographical surveyed (ha)	2,357,549	2,095,346
No. of Land Access Agreements in place	7	7

Data Tables

Environment and water		
Land	FY19	FY18
Total land disturbed (ha)	28,973	27,304
Total land rehabilitated (ha)	4,232	4,008
Greenhouse gas emissions		
Total Scope 1 emissions (million tonnes CO ₂ e)	1.69	1.46
Total Scope 2 emissions (million tonnes CO ₂ e)	0.15	0.21
Total Scope 1 and Scope 2 reduction since FY15 (%)	3.7	12.8
Reduction in GHG emissions intensity since FY15 (%)	10.9	13.5
Emissions intensity in electricity generation (t CO ₂ e/wmt ('000))	3.6	3.78
Reduction in emissions intensity in electricity generation from FY15 levels (%)	17	13
Emissions intensity in energy consumption (t CO ₂ e/mt.km)	319.6	324.4
Water withdrawn by source (kL)		
Surface water withdrawal	0	0
Groundwater withdrawal	136,266,801	142,292,710
Sea water withdrawal	541,621	530,992
Rainwater collected/stored	0	0
Municipal water supplies, other public or private water utilities	21,875	17,658
Water sources significantly affected by withdrawal of water	0	0
Returns to the environment (kL)		
Managed aquifer recharge	95,826,877	91,679,678
Surface water discharge	0	0
Supplementation	2,417,352	2,907,454
Evaporation and seepage	1,076,840	988,258
No. of significant environmental incidents	0	0
Water use (kL)		
Ore processing facilities	33,470,287	31,820,491
Potable camp supply	817,728	1,124,400
Dust suppression	8,789,361	7,036,979
Waste		
	FY19	FY18
Total waste (t)	25,259	13,513
Material recycled (%)	91	86
Material landfilled (%)	9	14
Tailings		
Total tailings (dmt)	22,566,064	21,375,094
Taxes paid		
	FY19	FY18
Company taxes (A\$ million)	1,669	381
Royalties (A\$ million)	823	529
Foreign (A\$ million)	13	12
Total (A\$ million)	2,505	1,182
Salaries and benefits (A\$million) FY18		
	FY19	FY18
Total salaries (A\$ million)	767.6	693.7
Total superannuation (A\$ million)	79.7	71.4
Amount of housing support (A\$ million)	11	11
Total (A\$ million)	940	776.1

Glossary

Aboriginal

Describes both Aboriginal and Torres Strait Islander people.

Aboriginal owned businesses

Contractors, joint ventures, subcontractors or other legal entities owned by Aboriginal people.

Australian Accounting Standards

Australian Accounting Standards are developed, issued and maintained by the Australian Accounting Standards Board, an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*.

AMMA

Australian Resources and Energy Group.

ASX

Australian Securities Exchange.

ASX 100 Resource Index

A capitalisation-weighted index which measures the performance of the resources sector of the ASX 100. The index is calculated on an end of day basis.

ASX Corporate Governance Principles and Recommendations (4th Edition)

Principles and recommendations developed and released by the ASX Corporate Governance Council on the corporate governance practices to be adopted by ASX listed entities and which are designed to promote investor confidence and to assist listed entities to meet shareholder expectations.

Beneficiation

Beneficiation is a process whereby ore is pulverised into fine particles and the higher grade material is separated, often magnetically, from the gangue (waste).

BID

Bedded Iron Deposit.

bt

Billion tonnes.

C1 Cost

Operating costs of mining, processing, rail and port on a per tonne basis, including allocation of direct administration charges and production overheads.

CFR

A delivery term that indicates that the shipment price includes the cost of goods, freight costs and marine costs associated with a particular delivery.

Chichester Hub

Fortescue's mining hub with two operating iron ore mines, Cloudbreak and Christmas Creek, located in the Pilbara, approximately 250 kilometres south east of Fortescue's Herb Elliott Port in Port Hedland.

CID

Channel Iron Deposit.

CLT

Fortescue's Core Leadership Team.

CO₂e

Carbon dioxide equivalent which is the internationally recognised measure of greenhouse gas emissions.

Contestable spend

Spend that is subject to Fortescue's procurement process, in accordance with Fortescue's Procurement Policy. It excludes shipping, Government costs or charges, including royalties, donations, subscriptions and memberships, Native Title group payments (other than payments as consideration for the provision of direct goods or services), property leasing, related Fortescue entities and legal fees.

Contractors

Non-Fortescue employees, working with the Company to support specific business activities.

Corporations Act

Corporations Act 2001 of the Commonwealth of Australia.

DID

Detrital Iron Deposit.

Direct employees

Total number of employees including permanent, fixed term and part-time. Does not include contractors.

dmt

Dry metric tonne.

dmtu

Dry metric tonne unit.

EPA

Environmental Protection Authority.

Fe

The chemical symbol for iron.

FIFO

Fly-in Fly-out is defined as circumstances of work where the place of work is sufficiently isolated from the worker's place of residence to make daily commute impractical.

Fortescue

Fortescue Metals Group Ltd (ACN 002 594 872) and its subsidiaries.

Fortescue River Gas Pipeline

A 270 kilometre gas pipeline which delivers natural gas from the Dampier to Bunbury Pipeline to the main power station in the Solomon Hub.

FY

Refers to a Financial Year.

Gearing

Debt/(debt + equity).

GJ

Gigajoules.

GRI

The Global Reporting Initiative (GRI) is an international independent organisation which has developed a standard for sustainability reporting and disclosure.

Ha

Hectares.

Hematite

An iron ore compound with an average iron content of between 57% and 63% Fe. Hematite deposits are typically large, close to the surface and mined via open pits.

Glossary

HSES

Health, safety, environment and security.

ICMM

The International Council on Mining and Metals, established in 2001 to act as a catalyst for performance improvement in the mining and metals industry.

Indigenous Land Use Agreement (ILUA)

Statutory agreement between a native title group and others about the use of land and waters.

IUCN

International Union for Conservation of Nature.

Key Management Personnel

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Kings CID Fines

Fortescue's stand-alone product produced from Channel Iron Deposit Ore from its Kings mine in the Solomon Hub, with an iron grade of 57.3% Fe.

kL

Kilolitre.

Labour Hire

Contractors backfilling permanent Fortescue roles and not hired in a service contractor capacity.

Local supplier

Suppliers based in the Pilbara region.

LOM

Life of Mine, being the number of years over which available reserves will be extracted.

m³

Cubic metres.

Magnetite

An iron ore compound that is typically a lower iron content than Hematite iron ore. Magnetite ore requires significant beneficiation to form a saleable concentrate. After beneficiation,

Magnetite ore can be palletised for direct use as a high-grade raw material for steel production.

mt

Million tonnes.

mtpa

Million tonnes per annum.

Net gearing

(Debt - cash)/(debt - cash + equity).

NGER

The National Greenhouse and Energy Reporting (NGER) Scheme, introduced in 2007 to provide data and accounting in relation to Greenhouse Gas emissions and energy consumption and production. The NGER Scheme operates under the *National Greenhouse and Energy Reporting Act 2007 (NGER Act)*.

NPAT

Net profit after tax.

OPF

Ore Processing Facility.

Pilbara

The Pilbara region in the north west of Western Australia.

Probable Ore Reserve

As defined in the JORC Code, the economically mineable part of an indicated mineral resource, and in some circumstances, a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Senior Executive

Leadership position title of Director or Group Manager.

Solomon Hub

A mining hub with two operating iron ore mines, Firetail and Kings. The Hub is located approximately 60 kilometres north of the township of Tom Price and 120 kilometres west of the railway that links the Chichester Hub to Port Hedland.

Super Special Fines

Fortescue's iron ore product from the Chichester Hub, with an iron content of 56.4% Fe.

TRIFR

Total Recordable Injury Frequency Rate per million man hours worked, comprising lost time injuries, restricted work and medical treatments.

Underlying EBITDA

Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses.

Underlying EBITDA margin

Underlying EBITDA / Operating sales revenue.

UNGC

United Nations Global Compact, which provides a leadership platform for businesses that are committed to aligning their strategies and operations with ten universally accepted principles in human rights, labour, environment and anti-corruption.

Voluntary employee turnover

Permanent and fixed term employees who left Fortescue voluntarily for reasons not initiated by the Company.

VTEC

Vocational Training and Employment Centre.

wmt

Wet metric tonne.

WMYAC

Wirru-murra Yindjibarndi Aboriginal Corporation.

WTI

West Texas Intermediate.

Corporate information

Event calendar 2019

Key dates for Fortescue shareholders in 2019

Full year results announcement
26 August 2019

September Quarterly Production Report
24 October 2019

Annual General Meeting
29 October 2019

Contact details

Fortescue Australia

Level 2, 87 Adelaide Terrace
East Perth, WA 6004
T: +61 8 6218 8888
F: +61 8 6218 8880
E: fmgl@fmgl.com.au
www.fmgl.com.au

Fortescue Shanghai, China

Current address:
33/F East Building
Eton International Business Plaza
555 Pudong Ave, Pudong, PC200120
Shanghai, P.R China

Address from October 2019:
Unit 3, Floor 15
No. 1366 Lujiazui Ring Road
Pudong New Area
Shanghai, P.R China

Singapore

FMG International, The Central
8 Eu Tong Sen St, 24-91 Singapore
059818

Fortescue VTEC and Community office

1B/2 Byass Street
South Hedland, WA 6722
T: +61 8 9158 5800
F: +61 8 6218 8880
E: hedlandcommunity@fmgl.com.au
E: vtec@fmgl.com.au

Orange, NSW

5 Corporation Place
Orange, NSW 2800

South Australia

34 Croydon Road
Kewick, SA 5035

Fortescue Argentina

Ombú 3017
Ciudad Autónoma de Buenos Aires (1425)
Buenos Aires Argentina

Fortescue Colombia

Carrera 12ª # 78 - 40, Edificio Wework
piso 10, oficina 105
Bogotá Cundinamarca
Colombia

Fortescue Ecuador

Avenida Nayon s/n y Avenida Simon Bolivar Conjunto Corporativo EkoPark, torre 2, piso 7, oficina 702
Quito Ecuador

Australian Business Number

ABN 57 002 594 872

Auditor

PwC
Level 15, 125 St Georges Terrace
Perth, WA 6000
www.pwc.com.au

Securities Exchange listings

Fortescue Metals Group Limited shares are listed on the Australian Securities Exchange (ASX)
ASX Code: FMG

Fortescue Share Registry

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
Perth, WA 6000
Locked Bag A14
Sydney South, NSW 1235
T: 1300 733 136 (within Australia)
T: +61 2 8280 7603 (International)
F: +61 2 9287 0309
www.linkmarketservices.com.au

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www.youtube.com/user/FortescueMetalsGroup



Fortescue Founder and Chairman, Andrew Forrest AO is greeted by local children in Santa Ana, Ecuador.

Global force
Thriving communities



Fortescue
The New Force in Iron Ore