

22 December 2021

The Companies Officer
Australian Securities Exchange Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Madam or Sir

FORTESCUE PUBLISHES FY21 MODERN SLAVERY STATEMENT

Fortescue Metals Group (Fortescue, ASX: FMG) has today published its annual Modern Slavery Statement (the Statement), reiterating the Company's strong commitment to respecting and supporting the human rights of all people and its opposition to all forms of slavery across its operations and operations of its suppliers.

In line with its commitment to transparency and accountability, Fortescue released its first Modern Slavery Voluntary Statement in 2018. The latest report is the Company's fourth statement and the second required under the *Australian Modern Slavery Act 2018*.

Fortescue Chief Executive Officer, Ms Elizabeth Gaines, said, "In line with Fortescue's Values of family, safety and empowerment, we are committed to protecting the human rights of our team members, the communities in which we operate, those who may be impacted by our activities, our customers and those within our supply chain.

"Modern slavery is one of the biggest human rights issues facing the world, and Fortescue has been at the forefront of industry in Australia in introducing practices to identify and remove slavery from our supply chain.

"Eradicating modern slavery requires the courage to actively seek out where it's occurring and then to take steps to eliminate it. As a leader in the resources sector, Fortescue recognises our vital role in working collaboratively with our suppliers, government and the community to address this important issue," Ms Gaines said.

The Statement outlines key actions undertaken during FY21, including:

- Development of a Modern Slavery Procurement Procedure
- Creation and implementation of a human rights site checklist
- Development of a remediation protocol as part of an industry collaboration
- Independent audits conducted in Australia and overseas
- Updated human rights and modern slavery training for high risk work areas

Fortescue's FY21 Modern Slavery Statement is available [here](#).

Yours sincerely
Fortescue Metals Group Ltd

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Modern Slavery Statement FY21

ABN 57 002 594 872

Thriving communities | Global force

Thriving communities Global force

Our Values

Safety

Family

Empowerment

Frugality

Stretch targets

Integrity

Enthusiasm

Courage and
determination

Generating ideas

Humility

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

Culture

Fortescue is a values-based business with a strong, differentiated culture.

We believe that by leveraging the unique culture of our greatest asset, our people, we will achieve our stretch targets



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

About this statement



Elizabeth Gaines

This statement has been prepared by Fortescue Metals Group Ltd (Fortescue) to meet the requirements of the Australian *Modern Slavery Act 2018* (Cth) for the financial year ending 30 June 2021 (FY21).

It forms part of our annual reporting suite which also includes our FY21 Annual Report, FY21 Climate Change Report, FY21 Sustainability Report and FY21 Corporate Governance Statement, all of which are available on our website at www.fmgl.com.au

The statement captures the activities of Fortescue, our subsidiaries and the entities owned and controlled by our Company. It has been prepared by our Sustainability team in collaboration with representatives from our Human Rights Advisory Group.

All references to our, we, us, the Company, the Group and Fortescue refer to Fortescue Metals Group Ltd (ABN 57 002 594 872) and its subsidiaries, including Fortescue Future Industries (FFI). All references to a year are the financial year ended 30 June 2021 unless otherwise stated.

Assurance

Management has sought independent, third-party verification of a range of metrics in this report. This includes data on procurement spend, training and auditing.

Feedback

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

This statement was approved by Fortescue's Board of Directors on 9 December 2021

A handwritten signature in black ink, appearing to read 'Elizabeth Gaines'.

Elizabeth Gaines
Chief Executive Officer
9 December 2021

FY21 Highlights



Senior Adviser Human Rights appointed



Development of Modern Slavery Procurement Procedure



Human Rights Site Checklist created and implemented



Remediation Protocol developed as part of industry collaborative



Independent audits conducted in Australia and overseas



Human Rights and Modern Slavery training for high risk work areas updated

EMPLOYMENT

10,164

Employees (including labour hire)

1,915

Employees under labour hire contracts



530

permanent part-time employees

42%

employees covered by Enterprise Agreements



9,732

employees based in Australia



Fortescue is committed to empowering thriving communities

About Fortescue

Fortescue is a proud West Australian company, recognised for our culture, innovation and industry-leading development of infrastructure and mining assets

Underpinned by operational excellence and balance sheet strength, we are focused on our strategic goals of building thriving communities, optimising returns from our operations through disciplined capital management and diversifying to commodities that support decarbonisation.

Together with Fortescue Future Industries (FFI), our 100 per cent renewable green energy and industry company, we are establishing a global portfolio of green hydrogen and green product operations that will position us at the forefront of the global renewable hydrogen industry.

Our iron ore business comprises integrated mining, rail, shipping and marketing teams working together to export over 180 million tonnes of iron ore annually. Our commitment to technology and innovation ensures we remain one of the world's lowest cost iron ore producers and continues to guide our pursuit of green energy opportunities.

Our operations include three mining hubs in the Pilbara, Western Australia, which are connected to the five berth Herb Elliott Port and the Judith Street Harbour towage infrastructure in Port Hedland via 760 kilometres of the fastest and heaviest haul railway in the world.

Our supply chain extends to our innovative tug fleet and the eight purpose-built 260,000 tonne capacity Fortescue Ore Carriers, which have been designed to complement the efficiency of our port and maximise the safety and productivity of Fortescue's operations.

The Fortescue Hive, our expanded Integrated Operations Centre based in our East Perth headquarters, brings together our entire supply chain to deliver enhanced safety, productivity, efficiency and commercial benefits, and will underpin our future use of technology including artificial intelligence and robotics.

Our longstanding relationships with customers in China have grown from our first commercial shipment of iron ore in 2008. Today, we are a core supplier of seaborne iron ore to China and have expanded into markets including Japan and South Korea.

Driven by our industry leading target to be carbon neutral by 2030, Fortescue is committed to lead the heavy industry battle against global warming. In addition

to our ongoing investments in renewable energy to power our Pilbara iron ore operations, we are also undertaking a range of initiatives to decarbonise our mobile fleet through the next phase of hydrogen and battery electric energy solutions to eliminate the need for diesel across our operations.

Fortescue was founded on the belief that the communities in which we operate should benefit from our success. Globally, we are empowering thriving communities and delivering positive social and economic benefits through training, employment and business development opportunities, including for our Indigenous employees and partners.

Fortescue is a values-based business with a strong, unique culture which celebrates diversity and inclusiveness. By empowering our people, we will continue to generate economic growth and create jobs as we take a global leadership position in the green energy transition. As we enter this new phase of growth in our journey, our team will continue to challenge the status quo to sustain operational excellence, achieve our stretch targets, drive future success and deliver strong returns to our shareholders.

Fortescue is a public company listed on the Australian Securities Exchange, with headquarters based in Perth, Western Australia. We have a number of owned and controlled entities in jurisdictions both within and outside of Australia (Group Subsidiaries). A list of our active subsidiaries is included in Appendix 2.

Fortescue's standards, policies and procedures relating to human rights and modern slavery apply to all Group Subsidiaries.

As of 30 June 2021, we have 10,164 direct employees, including 1,915 people under labour hire contracts. Those working under labour hire contracts backfill permanent Fortescue roles and are not hired in a service contractor capacity. 530 of our employees are permanent part-time and 42 per cent are covered by Enterprise Agreements. 9,732 employees are based in Australia with the remainder working overseas in countries including Argentina, China, Ecuador, Papua New Guinea, Portugal and Singapore. The majority of our Australian workforce is based in the Pilbara region of Western Australia.



Our approach

Fortescue is committed to respecting and supporting the human rights of all people and opposes all forms of slavery in our operations and the operations of our suppliers

We are committed to identifying, preventing and mitigating human rights impacts, providing access to remedy through effective grievance mechanisms and ensuring continuous improvement to strengthen our actions.

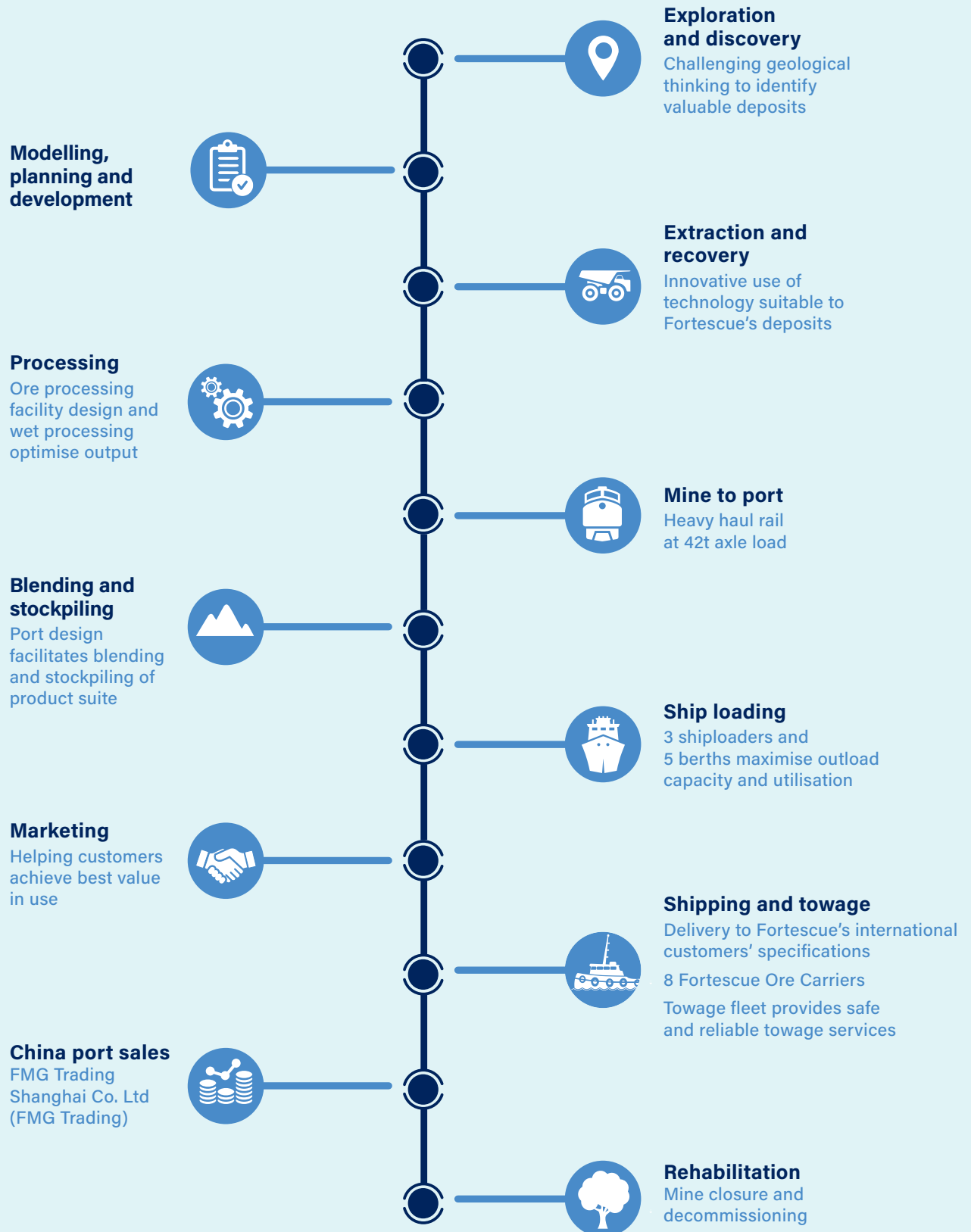
Our Human Rights Policy forms the foundation of our approach to managing human rights risk. It details our commitment to respect the internationally recognised human rights of all people, including our employees, the communities in which we operate, those who may be impacted by our activities and those within our supply chain. It clearly states our prohibition of the use of all forms of slavery, child or forced labour within our operations and the operations of our suppliers. The policy also includes specific commitments to undertake ongoing due diligence to identify, prevent and mitigate any adverse impacts of our activities and provide access to remedy through effective grievance mechanisms.

This is our fourth Modern Slavery Statement, the second required under the *Australian Modern Slavery Act 2018* (Cth). We are not required to report under modern slavery legislation in any other international jurisdictions.

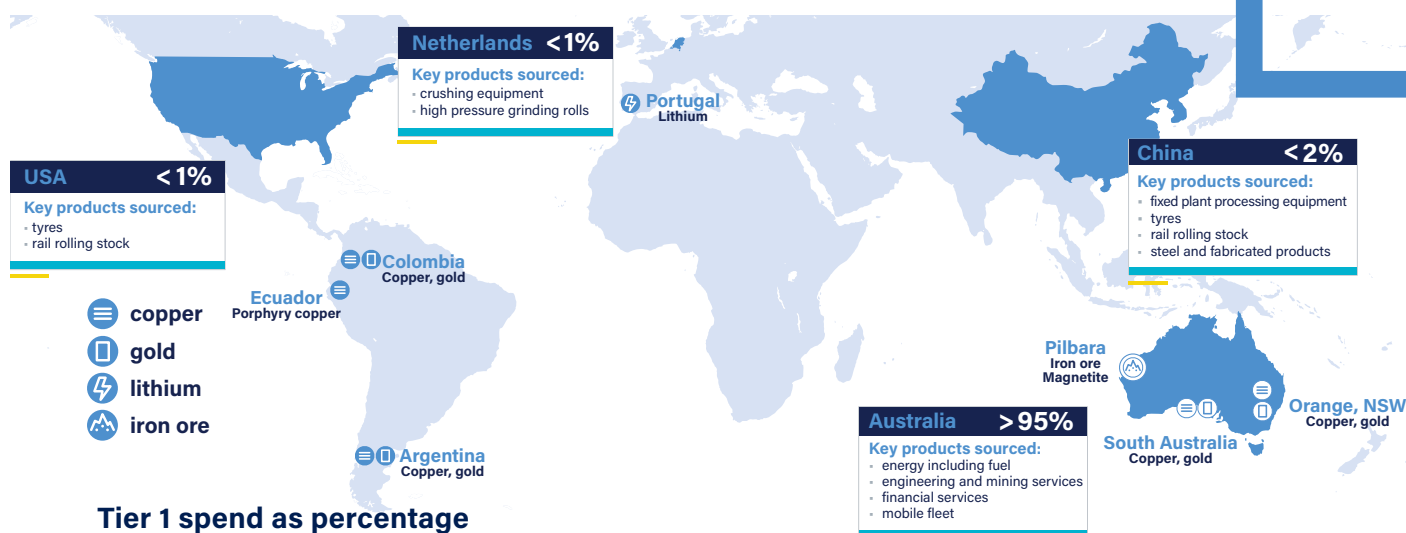
Key actions undertaken in FY21 include:

- Senior Adviser Human Rights appointed.
- Development of Modern Slavery Procurement Procedure.
- Human Rights Site Checklist created and implemented.
- Remediation Protocol developed as part of industry collaborative.
- Independent audits conducted in Australia and overseas.
- Human Rights and Modern Slavery training for high risk work areas updated.

Value chain



Our supply chain



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

Over 95 per cent of our total procurement spend was with Australian businesses and entities. Of this, 68 per cent was within Western Australia and four per cent directly in the Pilbara.

In FY21, our overseas spend was A\$146.6 million with 27 Chinese suppliers, A\$82.5 million with six entities based in the Netherlands, A\$49.8 million with 43 entities based in the United States of America and A\$74.8 million with other overseas suppliers.

All procurement figures represent the spend with our Tier 1 suppliers and may not represent the source country of these goods. We remain focused on addressing the risks of modern slavery within our Tier 1 suppliers and improving our understanding of all suppliers, including beyond Tier 1.

During FY21, we procured goods and services across a wide range of categories, including:

- Commodities, including tools, stationery, and medical supplies
- Electronics and electrical equipment including solar panels
- Chartered vessels/shipping
- Cleaning security and catering services

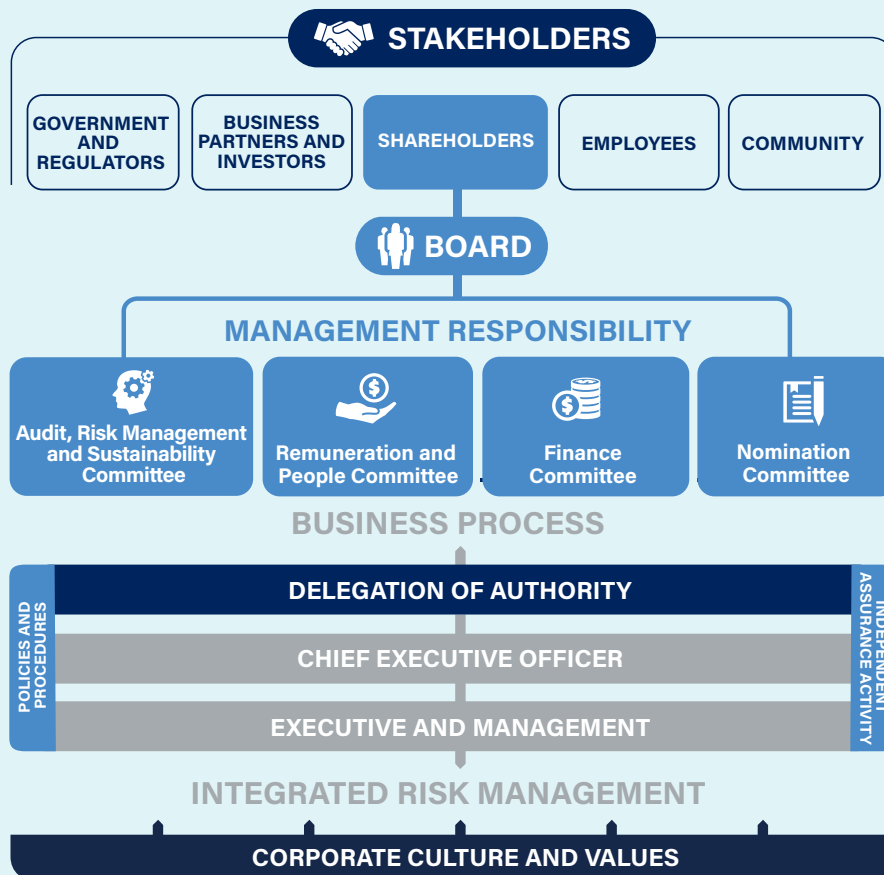
- Energy and utilities
- Engineering and construction services
- Fixed plant
- Fuel and explosives
- Information technology services
- Logistics and transport
- Security services
- Mining equipment and infrastructure
- Mobile fleet, including parts
- Personal protective equipment (PPE) and clothing
- Labour hire

We enter into contractual arrangements with suppliers ranging from one-off transactional purchase orders governed by standard terms and conditions, through to multi-year, large value fixed-term contracts. We operate a centralised procurement function which is based in our head office, in Perth, Western Australia. The Procurement and Logistics team reports to the Chief Financial Officer and supports our international procurement teams. Our major projects and FFI teams have separate specialist procurement teams which are supported by our centralised team.

In FY21, 2,592 Tier 1 suppliers were engaged with a total spend of A\$8.2 billion*

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

Governance



Fortescue recognises that good corporate governance is critical to the long-term, sustainable success of the Company and has established a governance framework to oversee strategic and financial decisions, approve policies and programs, monitor the management of risks and opportunities and report on performance. The management of human rights matters has been identified as strategic, with Board oversight of human rights matters across all entities managed through this governance framework. Our overall approach to corporate governance is outlined in the FY21 Corporate Governance Statement, available on our website at www.fmg.com.au

Audit, Risk Management and Sustainability Committee

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

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

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

Jennifer Morris OAM and Penny Bingham-Hall have specific experience in the management of human rights issues including modern slavery in supply chains.

Sustainability Committee

At the management level, the Sustainability Committee (SC) is responsible for monitoring and coordinating our overall response to human rights, ensuring risks are managed and considered from a whole of business perspective. The CEO chairs the SC which comprises executives and technical experts from across the business, including Finance, Environment, Investor Relations, Sustainability, Risk Management, FFI and Procurement and Logistics. The SC was established in FY21 and met twice during that period. The SC provided updates and advice to the ARMSC on a range of issues.

Day-to-Day management

Our Chief Executive Officer is accountable for the implementation of our human rights approach across all entities, supported by our Director Sustainability and Corporate Affairs.

The day-to-day implementation and coordination of human rights activities is undertaken by our

Sustainability team in close collaboration with other areas of the business. The Procurement and Logistics team manage most procurement processes including purchasing, supplier due diligence, accounts payable, contracts and engagement. The FFI and Major Projects teams manage their own contracts and engagement and our Shipping team manage all shipping activities relating to the export of our product. We also collaborate closely with our Legal team.

In FY21 we appointed a Senior Adviser Human Rights, who reports to our Sustainability Manager with responsibilities that include monitoring our management of modern slavery risks, the implementation of human rights due diligence processes and reporting.

We take a boarder view of modern slavery and throughout FY21, transitioned our Modern Slavery Working Group to a Human Rights Advisory Group. Our Human Rights Advisory Group reports to the SC and includes representatives from across Fortescue and FFI in the areas of Corporate Governance, Sustainability, Procurement and Logistics, Security, International, Communities, Major Projects and Shipping.

CASE STUDY

Human rights before economics

FFI is harnessing the world's renewable energy resources to produce green electricity, green hydrogen, green ammonia and other green industrial products.

As we work with countries around the world to investigate opportunities, we will use our voice to advance certain issues. This includes working to address exploitation and slavery, equality of employment and education, and enriching communities through economic growth.

We have entered into agreements with various countries that include serious commitments to human rights. We are proud that these agreements are the first to place human rights and environment before economics in every discussion we have, with every government.

FFI's proposal in the Democratic Republic of Congo (DRC) to create a major downstream green hydrogen and green ammonia industry, will contribute to the elimination of global warming. The long anticipated Grand Inga Hydroelectric Project, including the Matadi and the Pioka projects, will include downstream green industry processing and interconnected port precinct.

This project will provide significant economic opportunities for the people of the DRC and, in partnership with the government, we will establish training facilities to maximise local community participation in the workforce.

Respecting human rights

FY21 Key achievements

- ☒ Appointed Senior Human Rights Adviser
- ☒ Updated Human Rights Policy
- ☒ FY20 Modern Slavery Statement
- ☒ Revised Human Rights Work Program

Respect for the human rights of all people is embedded throughout our business. The following policies and standards guide our actions:

- **Code of Conduct and Integrity** establishes the essential standards of personal and corporate conduct we expect of our employees, suppliers, contractors and all those with whom we do business, including in relation to human rights and modern slavery. This supports our commitments and principles underpinning the development and implementation of policies and objectives.
- **Human Rights Policy** sets out our commitment to respect the internationally recognised human rights of all people, including our employees, the communities in which we operate, those who may be impacted by our activities and those within our supply chains. It also clearly states our prohibition of the use of all forms of slavery, child or forced labour within our operations and the operations of our suppliers. The Policy includes specific commitments to undertake ongoing due diligence to identify, prevent and mitigate any adverse impacts of our activities and provide access to remedy through effective grievance mechanisms.

- **Human Rights Work Program** outlines the actions required to address the risks of modern slavery within our supply chain. This aligns with the requirements of the *Modern Slavery Act 2018* (Cth).
- **Procurement Policy** outlines our approach to procurement which includes zero tolerance for modern slavery in our supply chain.
- **Sustainable Procurement Standard** provides an overview of our expectations regarding sustainable sourcing. The Standard details the policies and procedures that suppliers are required to comply with in relation to environmental, social, governance, labour and human rights. It includes an expectation that suppliers conduct business in a manner consistent with internationally recognised human rights and the United Nations Guiding Principles on Business and Human Rights and that they comply with the requirements of the *Modern Slavery Act 2018* (Cth).

All of these documents are publicly available, with the exception of the Human Rights Work Program which is an internal document.

The Code of Conduct and Integrity, Human Rights Policy, Procurement Policy and Purchase Order Standard Terms and Conditions are available in multiple languages, including Chinese and Spanish. They can be viewed on our website at www.fmgil.com.au

To ensure continual improvement and compliance with the *Modern Slavery Act 2018* (Cth), we reviewed and updated our Human Rights Policy during FY21.

FY22 Commitments

- ☐ Update Procurement Policy
- ☐ Externally assure FY21 Modern Slavery Statement
- ☐ Develop Human Rights Due Diligence Standard

Due diligence

Due diligence underpins our management of modern slavery risks and assists us in ensuring the ongoing alignment of our processes with the United Nations Guiding Principles on Business and Human Rights.

Our due diligence is an ongoing and iterative process of identification, prevention and mitigation that considers both actual and potential adverse human rights impacts through our activities and our business relationships.

The three elements of our human rights due diligence are:

- **Identification and assessment**
- **Prevention and mitigation**
- **Tracking responses and communicating how impacts are addressed.**

FY21 Key achievements

- ✓ Reviewed and updated risk screening software with specific human rights categories
- ✓ Revised and improved Risk Assessment Tool
- ✓ Piloted external risk assessment platform for 12 months
- ✓ Undertook detailed assessments of 30 suppliers
- ✓ Developed and implemented Human Rights Site Checklist
- ✓ Conducted third-party in-country risk assessments for FFI
- ✓ Implemented VNQ process for ship vetting

During FY21, all of Fortescue's mining operations were based in Australia, which has a low prevalence of modern slavery (Global Slavery Index 2018) and a strong regulatory environment. Our due diligence processes have demonstrated a low risk of Fortescue causing or contributing to instances of modern slavery within our current operations.

We acknowledge the risk of being linked to modern slavery in our supply chain, particularly with suppliers beyond Tiers 1 and 2, where visibility and the ability to influence becomes difficult. We are working to gain a better understanding beyond Tiers 1 and 2 and will report our findings annually.

As our business expands to areas where human rights issues are more prevalent, we will ensure robust due diligence measures are implemented.

An analysis of our value and supply chain identified a number of categories where there is the potential for Fortescue to cause, contribute or be directly linked to modern slavery.

The risk response depends on our internal risk assessments and may include:

- Implementing processes to preventing the impact
- Ceasing the action
- Providing appropriate remedy
- Using leverage to mitigate the risk
- Collaborating with a supplier to rectify the issue.

Identification and assessment

Modern slavery has the potential to exist in our operations and supply chain through a variety of circumstances, including forced labour, child labour, debt bondage and human trafficking.

The extractives industry is considered high risk for instances of modern slavery. These risks are directly linked to the country where extractive activities are undertaken.

Risk assessment

We use a number of tools to assess the risk of modern slavery in our supply chains including:

- Risk analytics software
- Modern Slavery Risk Assessment Tool
- Self-Assessment Questionnaires
- Beyond Tier 1 assessment tool
- Human Rights Site Checklist
- Ship vetting.

In FY21, we analysed the effectiveness of these tools and identified some limitations. We will continue to evaluate them, and where possible, will use multiple tools to verify our data rather than relying on one source.

Risk analytics software

All suppliers and partners working with Fortescue are screened by risk analytics software prior to commencing with us and continuously throughout the term of any contract.

The software assesses the risk of the supplier, its directors and any affiliated companies against specific criteria within international databases for environment, social and governance (ESG) related violations, including human rights.

Data is sourced from publicly available information including media reports, court cases, websites, business registrations and disclosure documentation. Automatic alerts advise us when a potential risk is identified.

In FY21, we reviewed the effectiveness of this system and are working with the provider to improve the categorisation of human rights data, comparable to sanctions, bribery and corruption.

Vendors flagged as high risk during the screening process are investigated further using other tools including our Risk Assessment Tool and the supplier Self-Assessment Questionnaire (SAQ). If the risk rating remains high after conducting this additional due diligence, the supplier may be required to comply with special conditions or may not be engaged.

If a new risk or issue is identified during the continuous monitoring process, the company is investigated further using these tools.

Modern Slavery Risk Assessment Tool

Our Modern Slavery Risk Assessment Tool (MSRAT) evaluates each vendor and allocates a risk rating. In FY21, we refined the MSRAT to improve its accuracy and outputs, including incorporating data from additional sources, revising risk weightings and building a user friendly interactive platform.

During FY21, we trialled a number of external systems which did not fully meet our needs. As a result, we developed a tool using internal expertise from our Procurement Analytics team.

Our MSRAT evaluates active Tier 1 vendors against the following risk criteria:

- Geographic risk
- Sector, industry and product risk
- Entity risk
- Spend.

The tool and its use will continue to be reviewed to ensure continual improvement.

▪ Geographic risk

According to the Global Slavery Index 2018 and other available data, some countries have a higher prevalence of modern slavery. This is often associated with poor governance, weak rule of law, conflict, migration flows and socioeconomic factors such as poverty.

▪ Sector, industry and product risk

Particular sectors and products have a higher risk of modern slavery as a result of their characteristics, raw materials and manufacturing processes. They may be unregulated, have poor supply chain visibility and use low-skilled, seasonal or low-paid workers. These risk factors can also include low margin products and those with hazardous manufacturing processes.

▪ Entity risk

Some entities may have a history of human rights violations and/or poor governance structures. Ownership of a company is also considered under this criteria, including whether the entity is publicly listed, state owned or privately owned. This detail can provide an indication of organisational transparency and the extent to which they are motivated by stakeholder ESG expectations.

▪ Spend

While spend is not a specific contributing factor to modern slavery, we use it to guide our assessment to ensure a focus on larger and critical suppliers where we can have greater influence.

To improve the outcomes of the MSRAT, we are increasing categorisation of the products we source, expanding the data collected during the supplier engagement process and allowing the supplier's previous performance to be incorporated into the assessment process.

Each criteria (referred to as 'factors' in the model) is assigned a weighting which considers several factors including data quality and reliability.

MSRAT scores are indicative of the likelihood that modern slavery could be taking place however do not provide an absolute measure that an event has occurred or a risk is present.

The final risk score is able to be manually adjusted following a 'sense check'. For example, if a particular product is linked to modern slavery allegations, we may increase a risk score until we conduct further investigations. Adjustments are only able to be made by authorised people and justification for any adjustment must be noted.

Self-Assessment Questionnaire

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

The SAQ requires suppliers to provide information on how they identify and address the risks of modern slavery in their own operations and the operations of their suppliers. Engagement with each supplier is an important component of the SAQ process as it enables us to reinforce our expectations and provide support, including training where required.

While no instances of modern slavery have been detected through the SAQs process to date, a number of suppliers have been identified as requiring additional support and others asked to undertake corrective actions to improve their performance. We will continue to monitor and assist these suppliers.

The SAQ process may result in a requirement for corrective action and, more regular performance reporting. In cases where action by the supplier is deemed inadequate or the risk remains too high the contract may be terminated.

In FY21, we investigated a number of technology platforms, including a trial with a leading provider, to support the SAQ process.

To date a suitable platform has not been identified and we continue to investigate solutions, managing SAQs through a manual process.

Beyond Tier 1 assessment tool

In FY21, we worked with an industry leader in supply chain assessment to map the supply chains of our highest risk suppliers, providing insights into our modern slavery risk exposure beyond Tiers 1 and 2.

This tool is still in development and an assessment of approximately 30 higher risk suppliers and their supply chains has commenced. We will report on the outcomes of this activity in FY22.

Human Rights Site Checklist

During FY21, we developed a Human Rights Site Checklist for use by our Procurement and Logistics teams when visiting a supplier's site or operations.

The checklist prompts a quick assessment of key practices, including those related to health and safety, to determine whether further investigations are required into practices on site. The results of all assessments are provided to the Fortescue Sustainability team for further review.

To date, the checklist has been used in Australia, Thailand, Vietnam and China, and has proven to be a proactive way to discuss human rights and health and safety matters with suppliers.

Ship vetting

Fortescue vets all chartered vessels against specific criteria to ensure we only use vessels that meet our standards to transport iron ore to our customers. The ship vetting process was expanded during FY21 with the implementation of a Vessel Nomination Questionnaire (VNQ).

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

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

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

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

We also undertake Bulk Vessel Inspections using a BVIQ, a specifically designed questionnaire, with inspections generally conducted by a third-party contractor experienced in ship vetting. While inspections are mainly focused on vessel safety and quality, seafarer wellness and labour are also assessed. In FY21, due to COVID-19 restrictions which limited access to vessels, we were only able to conduct one inspection, and plan to increase this number in FY22 and beyond.

In-country risk assessments

We undertake in-country risk assessments to determine whether we will commence activities, including

exploration and mining, within a particular country. The assessments consider a wide range of factors including sovereign, environmental and human rights risks.

This ensures the level of human rights risk, including the risk of modern slavery, is well understood before we commence activities in any new jurisdiction, of particular relevance to our FFI business.

FY22 Commitments

- ☐ Continue to review the effectiveness of risk screening software
- ☐ Investigate improvement of supplier source data quality
- ☐ Continue to investigate alternative external risk assessment and screening tools
- ☐ Increase the use of SAQs with improved internal processing
- ☐ Implement human rights impact assessments for all international projects
- ☐ Expand BVIQ inspections to further assess seafarer wellness and labour conditions

FOCUS AREA

Temporary Labour

Temporary work, such as labour hire and short-term contracting, has a higher risk of modern slavery. As a company that uses temporary labour, Fortescue understands this increased risk and is working to improve our labour hire arrangements.

Fortescue was one of two companies referenced in the Australasian Centre for Corporate Responsibility's 2020 report into 'Labour Hire and

Contracting Across the ASX100' for our labour-related disclosures. In FY21, Fortescue had 1915 employees under labour hire contracts.

Fortescue has commenced a review of our labour hire contracts to identify permanent roles with the aim of transitioning where possible, to direct hire, in order to reduce reliance on temporary labour. In FY22 we aim to conduct a review of our labour hire arrangements overseas.

FY21 Key achievements

- ✓ Updated human rights and modern slavery training twice over the reporting period
- ✓ Developed online training module
- ✓ Continued regular engagement with suppliers through; the vendor onboarding process, contract negotiations and contract management meetings
- ✓ Reviewed procurement processes to determine areas of improvement
- ✓ Created FFI new vendor form with specific clauses relating to modern slavery and human rights
- ✓ Updated tender evaluation process to account for human rights and modern slavery risks
- ✓ Developed Audit Protocol to guide social and labour audits

Prevention and mitigation

We apply a number of measures to prevent and mitigate the risk of modern slavery in our supply chains including:

- **Employee training**
- **Supplier engagement**
- **Supplier onboarding processes**

Employee training

Training builds awareness and informs and empowers our team members. In FY21, we reviewed our face-to-face human rights training and made amendments to incorporate our

growing knowledge in this area, changing processes and expanding global presence through FFI.

Training sessions are conducted at least twice a month and include an introductory module on human rights as well as a module focused solely on modern slavery.

This training is mandatory for employees working within high-risk areas of the Company including Shipping, Procurement and Logistics and FFI.

During FY21, our Sustainability team delivered advanced face-to-face human rights training to more than 200 employees from the Procurement and Logistics and FFI teams, including those based internationally. During FY22, we will introduce a general online human rights and modern slavery induction package for Fortescue employees.

Supplier engagement

Robust engagement with suppliers is critical to preventing and mitigating our modern slavery risks.

Engagement with our suppliers in FY21 has been undertaken primarily on a one-on-one basis and in relation to specific contracts. A workshop on managing the risks of modern slavery was postponed due to a COVID-19 lockdown.

Our engagement focuses on collaboration and is undertaken according to three governing principles:

- Building collaborative partnerships
- Risk-based engagement
- Recognising the power to influence
- Seeking feedback.

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

TRAINING

Human rights training - learning outcomes

On completion of training our employees:

- Understand human rights and how they apply to our business, and our growing international locations
- Can identify and locate Fortescue's Human Rights Policy, Sustainable Procurement Process, Modern Slavery Statements
- Understand and describe modern slavery
- Understand how they can contribute to respecting human rights
- Can identify modern slavery and indicators of modern slavery that may be present in our businesses and supply chains
- Recognise Fortescue's modern slavery risk areas
- Can describe the actions being undertaken by Fortescue, including the application of key policies
- Know their responsibilities and what actions to take, including how to report suspected incidents of modern slavery
- Understand Fortescue's grievance and remediation processes.

Supplier onboarding

Our supplier onboarding process is managed by our Procurement and Logistics team. Provision of vendor packs and associated engagement ensures our expectations are well understood.

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

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

Our Purchase Order Standard Terms and Conditions include a specific modern slavery clause under which suppliers must agree to investigate their modern slavery risks and implement appropriate due diligence and remediation programs.

Vendors must also have an equivalent version of the modern slavery clause in their terms and conditions with their suppliers. This clause is also included in all contracts related to the procurement of goods and services and allows us to terminate a contract if a supplier does not remedy, or provide an acceptable plan to remedy, any identified instances of modern slavery.

In FY21, we expanded our onboarding process with suppliers now required to provide evidence in tender documents of their modern slavery due diligence processes. This has been implemented in most parts of the business, with the implementation ongoing in FFI and our Major Projects teams. This will improve how vendors are evaluated before we onboard them as suppliers.

Independent audits

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

In FY21, we developed an Audit Protocol to better define our audit process. The Protocol includes a requirement to undertake a desktop review of relevant human rights procedures and processes, followed by face-to-face interviews with a cross-section of employees at their place of work. Site audits provide a detailed insight into how a company operates and improves opportunities for engagement and collaboration.

During FY21, we commissioned independent audits of one international Tier 1 supplier and three Australian Tier 1 suppliers. The industries audited included industrial manufacturing, office services and facilities management.

We commissioned experienced third-party audit companies based in the local geographic locations of the audits to prevent any impact from COVID-19.

Two of the four audits were completed with no instances of modern slavery identified. Corrective actions were requested in the areas of grievance mechanisms and labour management. We will continue to engage with these two suppliers to ensure ongoing compliance and to foster transparent relationships.

We were unable to complete the two remaining audits in the reporting period, with one incomplete and the other postponed due to COVID-19 restrictions.

Independent audits are a valuable and necessary part of ongoing supplier due diligence. We understand there can be sensitivities involved and are committed to working with our vendors on creating a transparent and robust process that provides mutual benefit. In some instances, our obligations may require us to consider alternative arrangements.

The results of all audits are reported to the ARMSC.

Further information on our audit protocol is on page 22.

Procurement process review

In FY21, we commenced a review of our procurement policies and procedures. This identified a need to supplement the current Sustainable Procurement Standard with a detailed Modern Slavery Procurement Procedure which is due for completion by the end of 2021.

We also commenced a review of the terms and conditions applied across vendor forms, contracts and purchase orders to ensure appropriate protections and clauses that align with our management of human rights matters.

Collaboration

We collaborate with a number of organisations including industry associations and the Human Rights Resources and Energy Collaborative (HRREC), previously referred to as WAMSC, to share knowledge on modern slavery risks and refine best practices. Fortescue is a founding member of HRREC.

FY22 Commitments

- | | |
|--------------------------|--|
| ☐ | Implement online human rights and modern slavery training module |
| ☐ | Continue regular engagement with our suppliers through the vendor onboarding process, contract negotiations and contract management meetings |
| ☐ | Develop Modern Slavery Procurement Procedure to support Sustainable Procurement Standard |
| ☐ | Complete review of modern slavery and human rights clauses in existing contracts |
| ☐ | Update Fortescue new vendor form to include human rights clauses |
| ☐ | Complete implementation of updated tender schedule |
| ☐ | Develop audit standard for social and labour audits |

FOCUS AREA

Improving transparency - Fortescue's audit protocol

During FY20, like most companies, Fortescue faced challenges conducting business during a global pandemic. Business as usual was no longer possible and conducting audits became increasingly challenging.

In FY21, we created an Audit Protocol to clearly define how an audit should be conducted. The Protocol provides options to reduce impacts associated with factors like COVID-19, while not compromising the integrity of the audit. It also assists suppliers in understanding the audit process to reduce apprehension.

We consulted internally and externally during the development of the Protocol, while a core component of an effective audit is conducting face-to-face worker interviews, this can be difficult during a global pandemic and accordingly we adjusted our approach.

We partnered with three experienced and highly regarded third-party providers, who have offices in regions relevant to our supply chain, to conduct independent on-ground audits. All audits must include face-to-face engagement with workers at their workplace.

We also encourage our suppliers to conduct their own audits according to the Protocol and with an approved third-party provider.

The Audit Protocol includes supporting materials, including a Frequently Asked Questions document that can be shared with vendors to assist them in understanding the audit process.

The Modern Slavery Act 2018 (Cth) requires us to conduct appropriate due diligence on our suppliers. Working with suppliers who align with our Values and commitment to human rights and modern slavery is a key Fortescue objective.



FY21 Key achievements

- ✓ Monitored external environment for risks and opportunities
- ✓ Actively collaborated in industry groups such as GCNA and HRREC
- ✓ Reviewed and updated Grievance Procedure
- ✓ Updated accessibility and disclosure categories for the Whistle-blower Hotline
- ✓ Collaborated to develop a Remediation Protocol with HRREC
- ✓ Developed new KPIs

Tracking responses and communication

Fortescue's due diligence processes are continuous, targeted and tailored to the issue and the supplier.

As we strive for leading practice and continual improvement, we monitor the external environment to better understand the risks developing in our own supply chain, as well as the experience of others.

Our engagement with suppliers is a crucial part of mitigating modern slavery risk with any identified risks or concerns about a particular industry, product or supplier, raised with suppliers to improve our understanding of the situation. We also undertake additional research, collaborate with third-party providers to perform further screening and update our risk assessment to assist in determining appropriate action.

While our intent is to continue investigations until conclusive evidence is collected, difficulties and sensitivities around some industries and countries, as well as lengthy timeframes can impact the collection of adequate evidence. In certain jurisdictions, it is increasingly difficult to undertake appropriate due diligence activities in order to meet the requirements of the *Modern Slavery Act 2018* (Cth).

To ensure we are able to adequately respond to emerging issues and concerns, a Risk Management Program (RMP) has been developed to guide the tracking of flagged suppliers who require greater due diligence and support. The RMP incorporates the use of assessment tools including the MSRAT, SAQ and audits, as well as the use and monitoring of corrective actions.

If a supplier does not progress with an acceptable level of performance, the contract may be terminated and an alternative supplier engaged.

Communication

Engagement with stakeholders, including suppliers, investors, regulators, customers and industry peers is a critical component of Fortescue's Modern Slavery Strategy.

Our statement, together with other means of formal and informal communication, including investor roadshows, conferences and the Annual General Meeting (AGM), provides a key mechanism for disclosing Fortescue's actions in this area. Throughout the year, we also communicate through other platforms such as media statements, reporting publications and our website.

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

Building capacity and knowledge

We engage with a number of organisations, including peers, suppliers, industry organisations, partners and civil society, on human rights matters such as modern slavery. One of the key aims of this engagement is to share and improve our knowledge and performance in this area. Key initiatives include the following:

- Being a founding member of the Human Rights Resources and Energy collaborative (formerly WAMSC - Western Australia Modern Slavery Collaborative) which provides a mechanism for mining, energy and resource organisations to share learnings and define best practice. Fortescue has representatives on the Shipping, Procurement and Remedy work streams.
- Maintaining our participation in the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative. We report annually on our progress towards the implementation of the UNGC principles, including in relation to human rights.
- We are also an active participant in the Global Compact Network Australia (GCNA) and a member of GCNA's Modern Slavery Community of Practice (COP). The COP aims to support companies to work together to solve problems, share knowledge, cultivate best practice and foster innovation.
- Being an active participant in the Corporate Business Integrity Council. The group meets quarterly to share information and discuss issues including international best practice on human rights and business integrity matters.
- Working closely with Walk Free to share knowledge and learnings. In addition to this, our Founder and Chairman Dr Andrew Forrest AO has been a long-time advocate for the eradication of modern slavery throughout the world. Dr Forrest established Walk Free and co-chairs the Bali Process Government and Business Forum, which provides a unique opportunity for influential business leaders to meet with government leaders from across 45 countries in the Indo-Pacific region to combat the challenges of modern slavery.

We acknowledge the key role that civil society (including community groups and non-governmental organisations) plays in modern slavery, in particular through the expertise available in the identification, remediation and support for survivors.

As part of our commitment to collaborate across sectors, we continue to host working groups and present to other industry groups working to tackle modern slavery, including The Australian Property Council, through the HRREC.

Evaluating effectiveness

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

- Annual modern slavery risk assessments covering our operations and supply chain.

- Internal and external review of processes and procedures.
- External assurance of data in the FY22 Modern Slavery Statement.
- Benchmarking our performance against investor ESG expectations.
- Seeking feedback from employees on training and grievance processes.
- Collaborating with other organisations to share knowledge and identify gaps.
- Measuring performance through the establishment of key performance indicators (KPIs) (see FY22 KPIs below).

FY22 Modern Slavery Key Performance Indicators

Effectiveness

KPI	FY22 target
Percentage of high-risk employees who completed human rights and modern slavery training	100%
Percentage of new suppliers screened and monitored via third-party platform	100%
Percentage of higher risk suppliers issued an SAQ within a 24 month period	100%
Percentage of tender documents assessed against human rights and modern slavery criteria	100%
Number of identified modern slavery incidents	-
Number of human rights related grievances reported	-
Number of suppliers on Risk Management Plan (RMP)	-



Raising grievances

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

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

Fortescue began a review of its grievance procedure in FY21. The review focused on achieving greater alignment with the UNGP's key effectiveness criteria. We believe this is an essential step in ensuring our grievance process is transparent, fair, trusted and easily accessible. Our revised procedure was also reviewed by an independent third party.

Implementation of our revised procedure will continue across the Company with full implementation expected by the end of FY22. Our internal incident management system is also being updated to support the reporting of social incidents and grievances.

Our Speak Up program encourages employees to talk with their leaders or Fortescue People team representatives to share concerns about inappropriate behaviour in a confidential manner.

Our Fair Treatment Procedure ensures grievances are managed transparently and fairly. Community members are encouraged to report concerns via our community or site offices.

While our expectation is that our contractors have their own effective grievance procedures in place, the review of our grievance procedure will allow for employees, contractors, and suppliers to raise complaints via our mechanisms.

In addition to our grievance procedure, we also have a Whistleblower Hotline. While the Whistleblower Hotline should not replace an effective grievance mechanism, its details are widely available and all potential human rights or modern slavery concerns or allegations received via the hotline are investigated. In FY21, we added a disclosure reporting category for human rights to the Whistleblower Hotline to enable more detailed reporting. The Whistleblower Hotline can be called toll-free from most countries.

All grievances reported via the Whistleblower Hotline are reviewed by our Corporate Governance and Compliance Manager who either conducts or commissions an investigation to ensure appropriate action is taken. All findings are reported to the Board via the ARMSC.

Our Whistleblower Hotline Policy is aligned with the *Treasury Laws Amendment (Enhancing Whistleblower Protection) Act 2019* and is publicly available on our website at www.fmgil.com.au. The Hotline can be accessed via an online portal, phone, email or post and has multilingual capabilities. These grievance reporting mechanisms are promoted widely including through training programs, our internal and external websites and posters in work areas.

No modern slavery related complaints were received via any mechanisms during FY21.

Remediation protocol

During FY21, via HRREC, we collaborated with Walk Free to develop a practical, victim-centred approach to remediation that can be implemented by HRREC members.

We evaluated examples of remediation to improve our understanding of how best to protect and support victims of modern slavery. We also sought advice from external experts, including those from civil society.

The collaboration resulted in the development of a remediation protocol that provides information on understanding remedy, minimum standards for workers and outlines potential remediation actions.

We are committed to implementing the remediation protocol over the next reporting period and providing feedback on its effectiveness and use. After the initial pilot period, we will share our knowledge with the wider HRREC group and other stakeholders including our suppliers.

FY22 Commitments

- | | |
|--------------------------|---|
| ☐ | Continue monitoring of external environment |
| ☐ | Continue to lead and collaborate with external partners and groups |
| ☐ | Fully implement the revised grievance procedure at corporate and local levels |
| ☐ | Update incident reporting system to include social incidents and grievance |
| ☐ | Identify additional measures for seafarers |
| ☐ | Adapt systems to support public reporting on complaints |
| ☐ | Implement and report on the effectiveness of Remediation Protocol |
| ☐ | Evaluate and report on KPIs |

CASE STUDY

Collaborating on remediation

Fortescue is a member of the HRREC, a group of Australian companies in the energy and resources sector that are collaborating to share knowledge and develop practical tools to identify and address modern slavery in supply chains. HRREC members have developed specific workstreams that focus on delivering practical outcomes. Fortescue is an active participant in the Remedy and Shipping workstreams.

Walk Free, an initiative of the Minderoo Foundation, is a human rights organisation working to accelerate the end of all forms of modern slavery. During FY21, Walkfree worked with the Remedy workstream to develop a Remediation Action Plan (Action Plan) that could be shared amongst HRREC members.

The Action Plan is designed to provide guidance and practical steps for companies to assist their response to any instances of modern slavery or related exploitation and to provide for or cooperate in the remediation of victims. Companies are encouraged to use the Action Plan to inform their own company policies and procedures, including developing supplementary guidance as appropriate.

The Action Plan addresses the following key elements:

- I. Understanding remedy
- II. Remedy of modern slavery and related exploitation: minimum standards for workers
- III. Remediation steps: an outline of actions that can be taken to provide or facilitate remedy in situations where a business has caused, contributed or is directly linked to modern slavery and associated risks.

The Action Plan is being implemented across companies within the HRREC and will be reviewed at the end of 2022.



Human Rights Resource
and Energy Collaborative

FOCUS AREA

Technology platforms

During FY21, we piloted a new due diligence technology platform with the aim of automating part of our process to identify the risk of modern slavery in our supply chain, including undertaking the initial screening of a supplier.

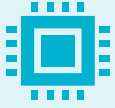
The pilot determined that the automated platform added minimal benefit to our processes and, as a result, we will continue to carry out this important work internally. To support this, we have increased the effort of our in-house Procurement and Analytics team.

As more companies begin to report on this data, we believe platforms and tools will continue to improve. Based on our engagement with other stakeholders, data quality and the effectiveness of screening tools is a common concern. We will continue to work collaboratively with our industry and technology providers to improve the data relating to human rights and modern slavery.

Feedback from our suppliers is an important part of assessing these platforms.

FY21 high risk categories

The FY21 analysis of our value and supply chain identified similar high-risk categories from the previous reporting period. The key high-risk categories where there is the potential for us to cause, contribute or be directly linked to modern slavery. This is an assessment of our current Tier 1 suppliers only.



Electronics and electrical equipment

The electronics and electrical industry is recognised globally as a high-risk industry. Manufacturing often occurs in locations with minimal regulation and oversight, where workers have limited resources and methods for resolving grievances.

There is also a risk that products are manufactured from raw materials where workers have been subjected to modern slavery. Accordingly, we could contribute or be directly linked to modern slavery practices through the purchase of electronic devices, such as computers and mobile phones, as well as, electrical equipment such as solar panels, transformers, batteries and cables. We have undertaken considerable work on solar panels in FY22 and will detail this work in our FY22 Statement.



Offshore fabrication and logistics

We source and manufacture large items of equipment for use in mining and processing centres from overseas vendors. This equipment is often fabricated in factories that use migrant or low-skilled labour and/or employ contracted labour which can be linked to inconsistencies in working conditions. Where possible, we employ Fortescue representatives on the ground to assist with monitoring product quality as well as work conditions from a health, safety and human rights perspective.



Rail rolling stock

Most items of rail equipment that we procured for our operations, such as locomotives, rail ore cars and rail steel are sourced from overseas. Some vendors are in high-risk countries where there is limited transparency of worker conditions. We seek to employ Fortescue representatives on the ground to assist with monitoring product quality as well as work conditions from a health, safety and human rights perspective. We have undertaken detailed risk assessments on these products in FY22 and will detail this work in our FY22 Statement.



Rubber products

Rubber is farmed and produced in countries where there is a higher risk of modern slavery practices, including child or forced labour. Without adequate contractual arrangements and due diligence, there is a risk that we could contribute or be directly linked to modern slavery practices through the procurement of rubber products. This includes tyres, conveyor belts and gloves, which source rubber through third-party suppliers, where there is limited visibility of their processes.



Cleaning, catering and security services

Cleaning and catering carry a higher risk of modern slavery, including in Australia, due to low-skilled, low-paid, manual work and the high prevalence of short-term, seasonal and migrant workers and subcontractors. Without adequate contractual arrangements and due diligence there is a risk that we could contribute or be directly linked to modern slavery practices through our arrangements with suppliers in the cleaning and catering sectors. This includes the provision of cleaning and catering services at our mine sites and cleaning services in the office spaces we lease. We undertook auditing of suppliers in this category during FY21.



Construction

The construction industry commonly involves long supply chains and low-skilled, low-paid, manual work which can create risks of modern slavery. Raw materials used for construction can also be sourced from suppliers beyond Tier 1 in higher risk countries. The on-ground construction of our mining-related infrastructure occurs in Australia where the modern slavery risks are lower than in other countries. As our business operations expand into new jurisdictions we are reassessing human rights risks. There is also a risk of being directly linked to modern slavery through the sourcing of raw materials and large equipment manufactured outside of Australia.



Labour hire and short-term contract workers

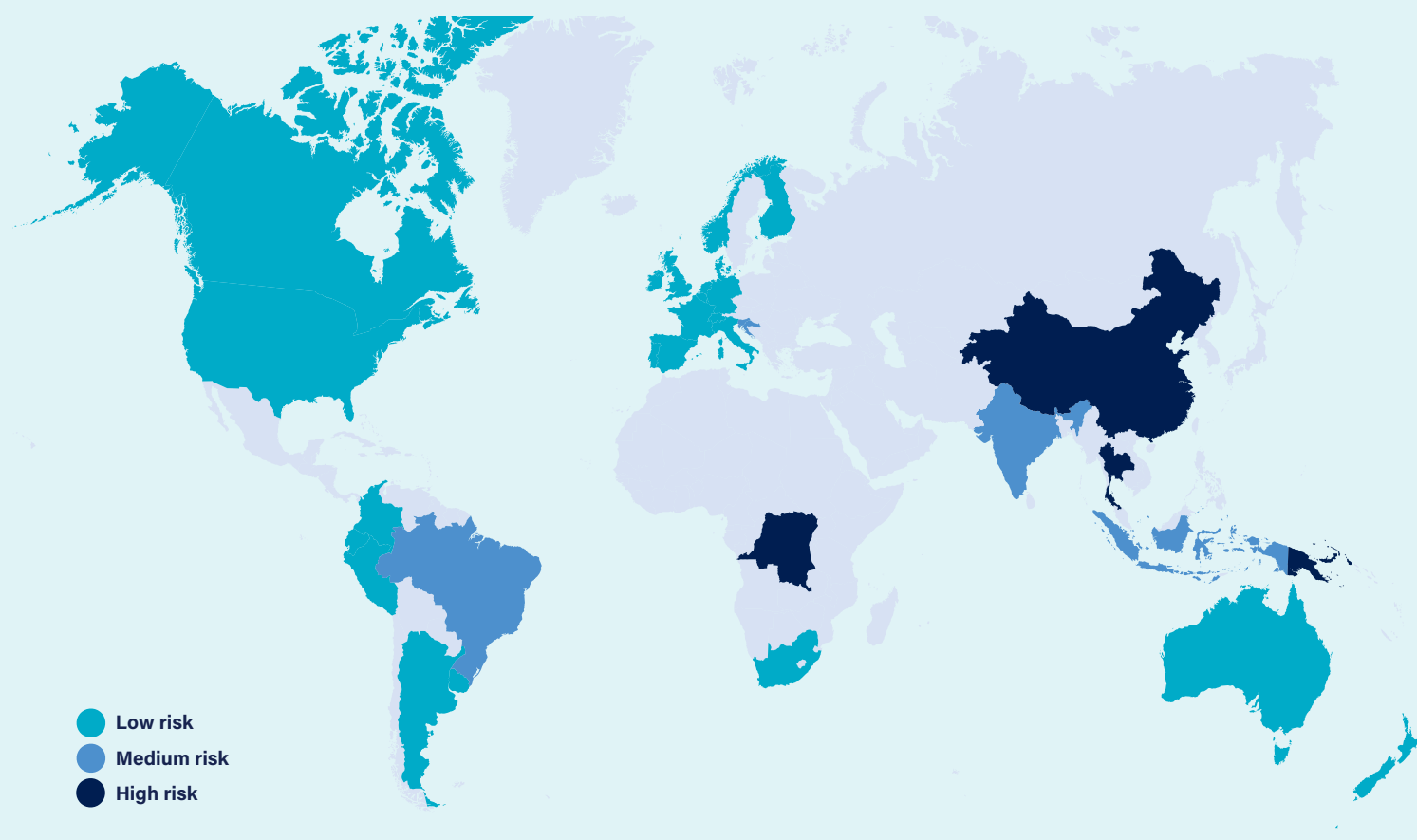
Temporary work tends to carry a higher risk of modern slavery due to its transitory nature, a higher rate of migrant workers and strong competition causing pressure to minimise costs. These factors can incentivise the use of modern slavery practices. Without adequate contractual arrangements and due diligence, there is a risk that we could contribute or be directly linked to modern slavery practices through the hiring of short-term contract workers via recruitment agencies. Whilst no instances of modern slavery have been identified in this area, a number of concerns have been investigated following complaints to our Whistleblower Hotline.



¹Shipping

The nature of the international shipping industry creates challenges for regulators to provide complete oversight of a shipping company's practices. A number of modern slavery risks have been identified in the international shipping industry, including those associated with limited due diligence, the withholding of crew wages, remuneration below the minimum living wage, poor living and working conditions and the lack of access to appropriate grievance processes. Without adequate contractual arrangements and due diligence, there is a risk that we could contribute to or be directly linked to modern slavery through arrangements with charter vessels who may use exploited labour practices and who may also have modern slavery risks in their own supply chains.

Geographic risk profile of our current Tier 1 suppliers



¹ Shipping is not assessed by our Risk Assessment Tool. We classify all vessels chartered as high risk. Our ship vetting team have due diligence processes in place to manage modern slavery risk, as discussed on pXX of this statement.

Looking ahead

We have set the following key priorities for FY22:

Risk

- Further refinement of our Risk Assessment Tool
- Identify additional third-party platforms to improve data quality and analysis

Training

- Develop an online human rights and modern slavery training module for all Fortescue employees to complement our existing face-to-training for high-risk employees

Engagement

- Continue engagement with suppliers to raise awareness and improve performance
- Collaborate with civil society to improve processes and procedures

Effectiveness

- Evaluate our modern slavery KPIs over FY22 to ensure their value in measuring performance

Human rights

- Develop and implement a human rights due diligence standard and comprehensive audit standard that aligns with international best practice

Appendix 1

Navigational index

Legislation	Reporting criteria	Summary and location
Australian Modern Slavery Act 2018 (Cth)	Section 16 (a) Identify the reporting entity.	About Fortescue: page 6 Our approach: page 7
	Section 16 (b) Describe the reporting entities structure, operations and supply chains.	About Fortescue: page 6 Supply chain: page 9
	Section 16 (c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls.	Governance: page 10 Human Rights: page 12
	Section 16 (d) Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address the risks, including due diligence and remediation processes.	Due diligence: pages 13-25
	Section 16 (e) Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks.	Evaluating effectiveness: page 21
	Section 16 (f) Describe the process of consultation with: (i) any entities that the reporting entity owns or controls	About this statement: page 4 About Fortescue: page 6 Governance: page 10 Appendix: page 28
	(ii) in the case of a reporting entity covered by a statement under section 14—the entity giving the statement.	About this statement: page 4 Governance: page 10
	Section 16 (g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant.	Tracking responses and engagement: page 20 Looking ahead: page 26

Appendix 2

Active subsidiary companies

Jurisdiction	Entity	Owner	Nature of activities	Employing entity
Argentina	Argentina Fortescue SAU	FMG Exploration Pty Ltd	We operate offices and have hired team members to support exploration activities in South America	Yes
Kazakhstan	Kazakhstan Fortescue LLP	FMG International Exploration Pte Ltd	We operate offices and have hired team members to assess, acquire and develop mining tenements in Kazakhstan	Yes
Australia	FMG Autonomy Pty Ltd	Fortescue Metals Group Ltd	Goods and services related to the development and commercialisation of autonomous technology	
Australia	FMG Air Pty Ltd	Fortescue Metals Group Ltd	Aviation and associated services	
Australia	Pilbara Marine Pty Ltd	International Bulk Ports Pty Ltd	Goods and services supporting towage operations	
Hong Kong	FMG Hong Kong Shipping Ltd	FMG International Shipping Pte Ltd	Fortescue's wholly owned subsidiary FMGHKS provides iron ore transportation services to wholly owned subsidiary FMG Pilbara Pty Ltd under a Transportation Services Agreement utilising ore carriers	
Australia	Fortescue Future Industries Pty Ltd	Fortescue Metals Group Ltd	Goods and services in relation to renewable energy investment and assets	
Australia	The Pilbara Infrastructure Pty Ltd	International Bulk Ports Pty Ltd	Goods and services for Yard, Port and associated rail infrastructure	Yes

Appendix 2

Active subsidiary companies continued

Jurisdiction	Entity	Owner	Nature of activities	Employing entity
China	FMG Trading Shanghai Co Ltd	Fortescue Metals Group Limited	FMG Trading Shanghai Co., Ltd (FMG Trading) is a wholly owned subsidiary of Fortescue, domiciled in China. The key purpose of FMG Trading is to supply iron ore products directly to Chinese customers in smaller volumes, in Renminbi from regional ports	Yes
Singapore	FMG International Pte Ltd	Fortescue Metals Group Limited	FMG International Pty Ltd (FMGI) is a Singaporean resident entity, which is 100 per cent directly owned by Fortescue. Since 2012, FMGI manages the majority of our shipping services, including chartering activities, voyage operations, technical and crew management, as well as the commercial management of Fortescue's ore carriers	Yes
Australia	FMG Solomon Pty Ltd	FMG Pilbara Pty Ltd	Goods and services for Solomon and Eliwana	
Australia	Chichester Metals Pty Ltd	FMG Pilbara Pty Ltd	Goods and services for Christmas Creek and Cloudbreak	

