



Sustainability Report

ABN 57 002 594 872

FY20

Global force | Thriving communities

Our Purpose

Global force | Thriving communities

Our Culture

We are 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.

Our Values





FY20

Year at a glance

2.4

Total Recordable Injury
Frequency Rate

A\$17.2_{bn}

Total global economic
contribution

14%

Aboriginal employment
rate across
Pilbara operations

A\$2.7_{bn}

Contracts to
Aboriginal businesses
and joint ventures

26%

Female employment
rate in senior
leadership roles

A\$6.6_m

Social investment in
our communities

About this report

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

This report details Fortescue's performance against key material sustainability commitments and targets during the financial year 1 July 2019 to 30 June 2020 (FY20). It is part of our annual reporting suite which also includes the FY20 Annual Report, FY20 Climate Change Report and the FY20 Corporate Governance Statement, all of which are available on our website at www.fmg.com.au

The report has been prepared for our stakeholders including employees, shareholders, community groups, government, customers and non-government organisations.

We are a signatory to the United Nations Global Compact (UNGC), and this report outlines our 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 107 to 112.

The 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).

This report captures our operations including those under exploration and development and those operated through subsidiaries and joint ventures where we have management control. All references to our, we, us, the Group and Fortescue refer to Fortescue Metals Group Ltd (ABN 57 002 594 872) and its subsidiaries. All references to a year are to the financial year ended 30 June 2020 unless otherwise stated.

Assurance

Management has sought independent, third party verification of a range of metrics in this report. This includes data on safety performance, Aboriginal employment, the Billion Opportunities initiative and gender diversity. Independent assurance on emissions data is discussed in our FY20 Climate Change Report.

Feedback

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



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An aerial photograph of rolling hills covered in dry, yellowish-brown vegetation, likely a savanna or scrubland. The hills are bathed in the warm, golden light of a low sun, creating long shadows and highlighting the textures of the landscape. The horizon is visible in the distance under a pale sky.



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Overview

Chief Executive Officer's message

Elizabeth Gaines

Fortescue was founded on the belief that the communities in which we operate should benefit from our success. Today, we are a global force, committed to empowering thriving communities.



Building a strong business

FY20 was a year of record achievements for Fortescue, underpinned by the hard work and dedication of the entire Fortescue team.

The team has delivered strong results for the year, achieving our lowest Total Recordable Injury Frequency Rate (TRIFR) safety performance of 2.4, as well as record shipments of 178.2 million tonnes (mt), while maintaining our industry leading cost position of US\$12.94/ wet metric tonne (wmt).

Our sustained focus on the economic success of our business allows us to contribute to our communities and societal outcomes more broadly.

The COVID-19 pandemic has caused unprecedented disruption to our homes and workplaces. We understand the ongoing impact of COVID-19 is challenging for many, especially small businesses, and we have implemented practical solutions to assist them as this global health and economic crisis continues.

We have also worked proactively and cooperatively with our industry peers to ensure support for local communities during the pandemic, including contributing to

a A\$6.6 million donation to Lifeline, Foodbank and the Royal Flying Doctor Service (RFDS) facilitated by the Chamber of Minerals and Energy of Western Australia. Our additional A\$1 million donation to the RFDS ensured it had the necessary resources, infrastructure, capital and people to safely deliver its range of 24/7 healthcare services for remote and regional West Australians.

Economic contribution

Fortescue continues to provide substantial contributions to the West Australian and Australian economy. In FY20, we made a total global economic contribution of A\$17.2 billion including A\$4.3 billion in government tax and royalty payments.

We recognise our role in reliably delivering iron ore shipments in the interests of maintaining jobs and the flows of taxes and royalties which contribute to economic activity at this time of critical national need.

Setting high standards

Fortescue is proud to be a leader in our community and we take our responsibility to set high standards seriously.

The health, safety and wellbeing

of the entire Fortescue family is our number one priority and we are committed to continuously improving as we strive to become global leaders in safety. This year, 96 per cent of our employees and contractors participated in our annual Safety Excellence and Culture Survey, providing valuable feedback on how we can continue to build on the culture that makes Fortescue a great and safe place to work.

Our strong and inclusive culture underpins our approach to diversity and increasing female and Aboriginal employment across Fortescue is a key priority. Our female employment rate increased in FY20 with females holding 19 per cent of total roles and 26 per cent of senior leadership roles.

During the year, the mining industry's approach to protecting Aboriginal heritage came into focus. Fortescue's seven Native Title Land Access Agreements and many dozens of Aboriginal heritage agreements have established detailed processes for the conduct of Aboriginal cultural heritage surveys, consultation, project planning, impact mitigation and negotiation. We have worked closely and transparently with Native Title Partners and with Traditional Knowledge Holders to avoid almost 6,000 significant heritage places.

Safeguarding the environment

Fortescue has a proud history of setting stretch targets and during the year we announced an emissions reduction goal to achieve net zero operational emissions by 2040, positioning us as a leader in addressing the global climate change challenge.

Our success will be founded on practical initiatives that will allow us to achieve our targets in an economically sustainable manner. Since October 2019, Fortescue and our partners have announced investments in excess of US\$800 million in significant energy infrastructure projects which will deliver 25 to 30 per cent of our stationary energy requirements from solar power.

This year, we also released Fortescue's inaugural Climate Change Report which details our progress in managing climate change-related risks and opportunities during FY20. The Report is available on our website at www.fmgf.com.au

Creating positive social change

We believe we are in a unique position to support remote Aboriginal communities and contribute to the vibrancy of regional centres by creating economic opportunity.

We support local businesses that in turn employ local people and we are building on this strong track record through our growth projects, Eliwana and Iron Bridge, which have to-date awarded over A\$60 million in contracts to Aboriginal businesses.

Since Fortescue was founded by our Chairman, Dr Andrew Forrest AO in 2003, we have consistently provided significant training, employment and development opportunities for Aboriginal people. We directly employ 844 Aboriginal people, representing 10 per cent of our Australian workforce and 14 per cent of our Pilbara operations workforce.

Our procurement initiative Billion Opportunities is building the capability and capacity of more than

120 Aboriginal businesses through the award of over A\$2.7 billion in contracts and subcontracts since 2011.

Our people

Fundamentally, our approach to sustainability is driven by our people and our Values. We are in a privileged position to empower individuals within our company and the community to be their best, to find innovative and practical solutions to the most complex business and societal challenges and to improve the bottom line while delivering positive social change.

On behalf of the Core Leadership Team (CLT), I would like to thank the Fortescue family for their integrity, enthusiasm and determination to ensure our communities continue to thrive.



Training delivers life changing opportunities

To contribute to closing the gap between Aboriginal and non-Aboriginal Australians it is critical that Aboriginal people are empowered through training and employment opportunities which help them to become role models in their communities.

Fortescue's Vocational Training and Employment Centre (VTEC) was established in 2006 to drive real economic and generational change in the regions where we operate by providing training for guaranteed jobs. This year, we proudly celebrated the 900th Aboriginal person to be offered full time employment after successfully completing the program in either Karratha or Port Hedland.

We also celebrated a significant milestone for our Trade Up trainees. Established in 2015, Fortescue's Trade Up provides Aboriginal and female team members with an accredited pathway to an apprenticeship. There are currently 122 participants completing the training.

At a ceremony in December, nine Trade Up participants from the inaugural intake joined 15 other

apprentices, together with our Founder and Chairman, Dr Andrew Forrest, members of the CLT and the Fortescue team in celebrating the completion of their apprenticeship and successfully gaining permanent employment with Fortescue.

VTEC and Trade Up are wonderful examples of how education and training drives sustainable change in people's lives, careers and communities.

About Fortescue

A proud West Australian company, 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 Fortescue was established by our Founder and Chairman Dr Andrew Forrest AO in 2003, we have discovered and developed major iron ore deposits, constructed some of the most globally significant mines and have grown to be one of the world's largest producers of iron ore.

Delivering consistent operational excellence, our integrated mining, rail, shipping and marketing teams work together to export 175 to 180 million tonnes of iron ore annually (mtpa) and our commitment to technology and innovation ensures we remain one of the world's lowest cost iron ore producers.

Fortescue's wholly owned and fully integrated operations in the Pilbara include the Chichester and Solomon mining hubs and we are developing the Western Hub, home to the new Eliwana mine. The Iron Bridge Magnetite Project, an industry-leader in cost and energy efficiency, will be one of the highest-grade magnetite projects in the world.

Our mining hubs are connected to the five berth Herb Elliott Port and the Judith Street Harbour towage infrastructure in Port Hedland via 620 kilometres (km) of the fastest, heavy haul railway in the world, with an additional 143km under development to support Eliwana.

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, brings together our entire supply chain to deliver significant safety, productivity, efficiency and commercial benefits and will underpin our future use of technology including artificial intelligence and robotics.

Through our world class exploration capability together with our business development and projects focus, we are driving future growth, targeting the early stage exploration of commodities that support decarbonisation and the electrification of the transport sector.

We are undertaking exploration activities in New South Wales and South Australia, as well as in Ecuador and Argentina, and preliminary exploration activities on tenements that are in application in Colombia, Peru, Portugal and Kazakhstan, prospective for copper, gold and lithium.

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.

In 2019, we established FMG Trading Shanghai (FMG Trading), a wholly owned Chinese sales entity, to support our customers through the direct supply of iron ore from regional Chinese ports, providing them with an option to purchase smaller volumes in renminbi.

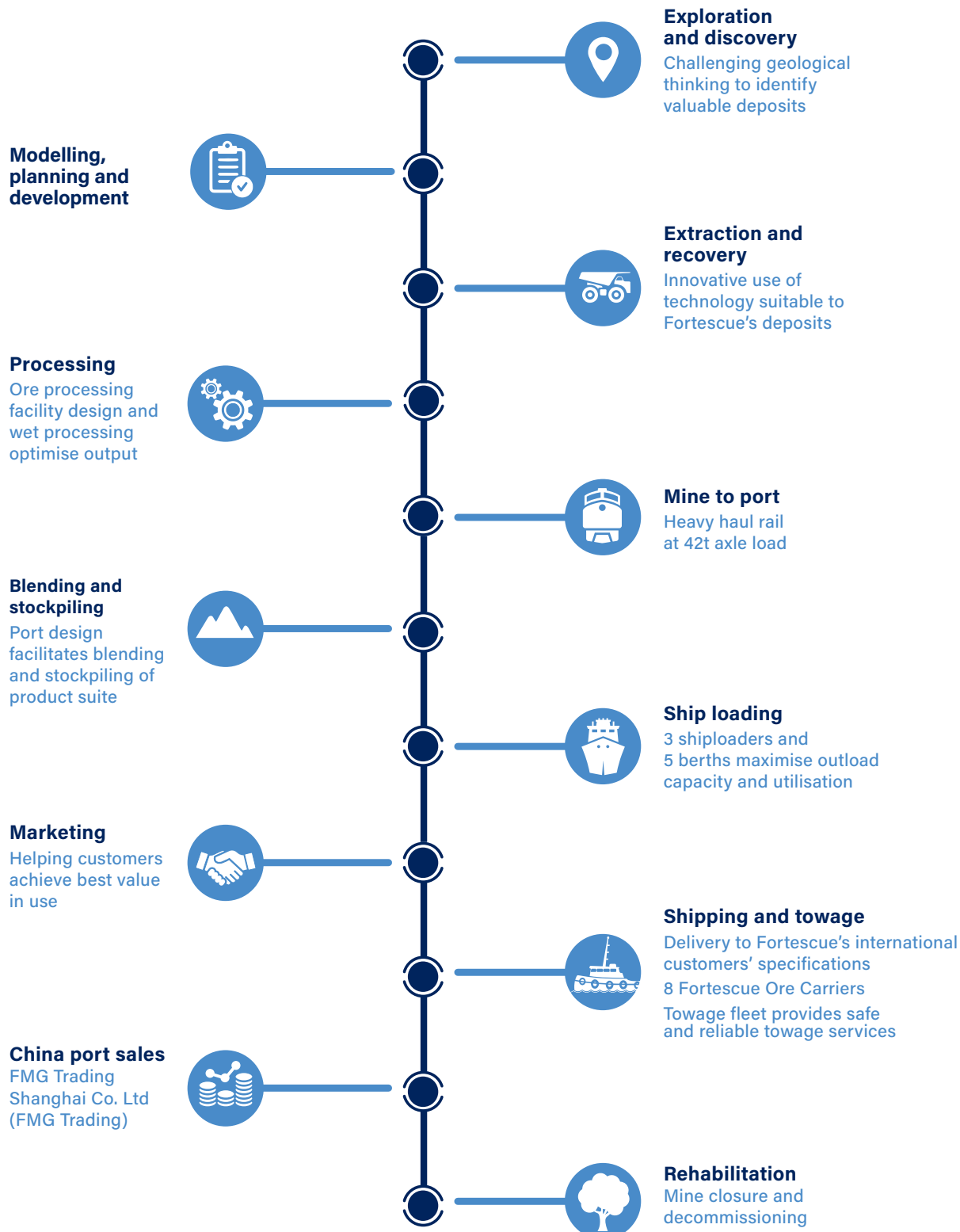
Fortescue was founded on the belief that our communities should benefit from our success. Today, we are a **global force**, committed to empowering **thriving communities**, as we deliver training, employment and business development opportunities for Aboriginal people.

As a large consumer of energy, we have committed to an industry-leading carbon emissions target of net zero operational emissions by 2040. To achieve this, we are investing in practical initiatives such as the development of wind and solar energy, as well as gas and battery storage hybrid projects to displace our current thermal generation. We are also investigating the next phase of hydrogen and battery electric vehicle mobility.

Fortescue is a values-based business, committed to our strategic goals of ensuring balance sheet strength and flexibility, investing in the long-term sustainability of our core business while pursuing growth and development options and delivering enhanced returns to our shareholders.

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.



Our 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.



Dr Andrew Forrest AO

Chairman



Mark Barnaba AM

Lead Independent Director/
Deputy Chair



Elizabeth Gaines

Chief Executive Officer/
Managing Director



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



Dr Ya-Qin Zhang

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 that 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 Fortescue, its culture and Values.

This support includes:

- 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 and 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.

The Board and each of its Committees have established a process to evaluate their performance annually. The process is based on a formal questionnaire covering a range of performance topics. The process is managed by the Company Secretary under the direction of the Lead Independent Director. The most recent review was undertaken in June 2020.

The results and recommendations from the evaluation of the Board and Committees are reported to the full Board for further consideration and action, where required.

At the date of this report, the Board has eight non-executive directors and one executive director, being the 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.

Dr Andrew Forrest AO

Chairman

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

Dr 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 10 status on the Australian Stock Exchange, during which time Fortescue invested more than US\$27 billion in the resources sector.

In 2001, Dr Forrest co-founded the Minderoo Foundation with his wife Nicola. It has supported over 300 initiatives across Australia and internationally in pursuit of a range of causes. In April 2020, the Forrests announced one of Australia's largest private philanthropic donations of A\$520 million, and have continued giving, with their total philanthropic donations now exceeding A\$2 billion.

Dr Forrest recently completed a PhD in Marine Ecology and is passionate about ocean conservation. Prior to that he was awarded an honorary doctorate by the University of Western Australia. He is an Adjunct Professor of the Central South University in China and a lifetime Fellow of the Australian Institute of Mining and Metallurgy.

In 2019, he was announced as an IUCN Patron of Nature and is a member of the United Nations (UN) Environment Programme Scientific Advisory Committee on the Assessment on Marine Litter and Microplastics.

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, Dr 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 was a Councillor of the Global Citizen Commission, charged by the UN, to modernise the Universal Declaration of Human Rights presented to the UN Secretary General in April 2016. Dr Forrest was appointed by the Prime Minister and Cabinet of Australia to chair the Review of Indigenous Training and Employment Programmes, to end Indigenous disparity through employment; its recommendations are being slowly implemented.

He was Western Australia's 2017 Australian of the Year for his outstanding contribution to the community. In 2018, Dr Forrest was inducted into the Australian Prospectors & Miners' Hall of Fame and was the inaugural winner of the EY Global Entrepreneur of the Year Social Impact Award.

Committee memberships:

Finance Committee (Chair),
Nomination Committee

Mark Barnaba AM CitWA

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 focused predominately in the natural resources sector.

Mr Barnaba spent most of his career with 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), McKinsey & Company (both in Australia and overseas) 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 is also a member of the Board (and Chairman of the Audit Committee) of the Reserve Bank of Australia and was the inaugural Chairman of the University of Western Australia Business School Board from 2002 to 2020 and now holds the title of (inaugural) Emeritus Board Member, also serving as an Adjunct Professor in Finance.

Mr Barnaba also chairs GLX (a specialist technology company that develops software based marketplace solutions for commodity markets) and 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), is a member of the Board of The Centre for Independent Studies and is a senior fellow at 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 (High Distinction; Baker Scholar) and an Honorary Doctor of Commerce from the University of Western Australia. He has lived in Australia, the United States, Italy, the United Kingdom and South Africa.

Committee memberships:

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

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.

Ms Gaines was ranked second on the 2019 Fortune Magazine Businessperson of the Year list, and in 2020 the Chamber of Minerals and Energy of Western Australia awarded her the 'Women in Resources Champion' at their annual Women in Resources Awards.

She has significant exposure to the impact of the growth in Asian economies, particularly China, on the Australian business environment and economy as well as a deep understanding of all aspects of financial and commercial management at a senior executive level in both listed and private companies.

Ms Gaines holds a Bachelor of Commerce and Masters of Applied Finance and, in 2019, was awarded an Honorary Doctorate of Commerce by Curtin University. She is a member of Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and Chief Executive Women.

Ms Gaines has previously held Non-Executive Director roles with NEXTDC Limited, Mantra Group Limited, Nine Entertainment Co. Holdings Limited and ImpediMed Limited.

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 Non-Executive Chairman of CSM Sport and Entertainment, within the Chime Communications group. He was elected President of World Athletics in 2015 where he is driving significant governance reforms through the organisation and its 214 Member Federations around the world. He is currently serving his second term as President.

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 12 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.

Committee memberships:
Nomination Committee (Chair)

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 Master's Degree from the University of Michigan and a PhD from Cornell University.

Dr Baderschneider is the recipient of Cornell's Jerome Alpern Award and the Nomi Network's Corporate Social Responsibility Award.

Committee memberships:
Audit and Risk Management Committee

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.

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 cooperation.

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.

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, Taronga Conservation Society Australia, Supply Nation and the Crescent Foundation. She is also Chair of the NSW Freight and Logistics Council.

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 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), Remuneration and People Committee (Member), Finance Committee (Member)

Dr Ya-Qin Zhang

Non-Executive Director

Non-Executive Director since August 2019.

Dr Ya-Qin Zhang is a renowned scientist, technologist and business executive. He is the founder and Chairman of Blue Entropy LLC, a Seattle-based technology consulting firm. He joined Tsinghua University as the Chair Professor of AI Science in 2020, starting the Tsinghua Institute for AI Industry Research (AIR). Dr Zhang was President of Baidu Inc. (NASDAQ: BIDU) from September 2014 to October 2019, a leading Chinese multinational technology company specialising in Internet-related services, mobility, artificial intelligence and cloud computing. Prior to joining Baidu, he was a key executive of Microsoft Corporation for 16 years, including Corporate Vice President for Mobile and Embedded Products, Managing Director of Microsoft Research Asia and Chairman of Microsoft China.

Dr Zhang has made significant contributions to digital media, AI, autonomous driving and cloud computing industries, with over 60 granted US patents, 500 peer-reviewed publications, and numerous contributions to international standards. Dr Zhang was inducted into the American Academy of Arts and Sciences (AAAS) in 2019 and the Australian Academy of Technology and Engineering (ATSE) as the only foreign fellow in 2017, and became a Fellow of the Institute of Electrical and Electronics Engineers (IEEE) in 1997 at the age of 31, making him the youngest scientist winning this honour in the 100+ year history of the organisation.

Dr Zhang has served on the Board of Directors of Chinasoft International Ltd (HKEX: 354) and AsialInfo Technologies Ltd (HKEX: 1675). He serves on the Board of Stewardship for the Future of Mobility of the Davos World Economic Forum and Chairman of the Apollo Alliance, the largest open platform for autonomous driving in the world. Dr Zhang received his Bachelor's and Master's degree in Electrical Engineering from the University of Science and Technology of China, and a PhD in Electrical Engineering from George Washington University.

Jennifer Morris OAM

Non-Executive Director

Non-Executive Director since November 2016.

Ms Morris is currently the National Director of Strategy for Cannings Purple, one of Australia's leading fully integrated strategic communications consultancies. Prior to joining Cannings Purple, Ms Morris was a consulting partner at Deloitte, and more recently the CEO of Walk Free, the Minderoo Foundation's global initiative against slavery. She is currently a Non-Executive Director of the Australian Sports Commission.

Ms Morris has key experience in advising government entities and corporations on strategy development, governance controls, complex large scale business transformation, the embedding of environment, social and governance policies and the understanding of high-performance environments.

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

Core Leadership Team



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.

Ms Gaines holds a Bachelor of Commerce and Masters of Applied Finance and, in 2019, was awarded an Honorary Doctorate of Commerce by Curtin University. She is a member of Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and Chief Executive Women.

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

Mr Lilleyman holds a Bachelor of 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. Mr Lilleyman has recently been appointed to the Board of the University of Western Australia Business School.



Ian Wells

Chief Financial Officer

Mr Wells commenced as Chief Financial Officer in February 2018 having responsibility for the Fortescue Group capital management strategy, core finance functions including reporting, tax and treasury, together with Group procurement and logistics, and technology and autonomy. Mr Wells is a Director of a number of Fortescue's subsidiaries and is a member and alternate chair of the Iron Bridge Joint Venture Committee.

Since joining Fortescue in 2010, he has held multiple senior executive roles in the Group Finance Leadership team, including Group Manager Corporate Finance, leading Fortescue's capital management strategy, Group Manager Planning and Analysis and he also held the position of Company Secretary.

Mr Wells' prior experience includes financing Fortescue's major iron ore project development, leading multi-billion dollar capital raising and refinancing transactions in domestic and international capital markets.

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's WA Corporate & Philanthropic 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 26 years' experience in the mining industry in Australia, China, Tanzania and South America, including 19 years in gold/copper working for Newcrest Mining, Sino Mining and Barrick Gold, and seven years' iron ore experience with Fortescue.

Ms Shuttleworth is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy, a Graduate Member of the Australian Institute of Company Directors, a member of Chief Executive Women, a member of the Institution of Engineers Australia and she is on the International Committee of the Society for Mining, Metallurgy and Exploration. She 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.

Executive team

Fortescue's Executive Team is accountable for the safety of its people, upholding the Company's Values, and acting with integrity and honesty.



Danny Goeman

Director Sales and Marketing



Peter Huston

Director Corporate Development,
Legal and Strategy



Don Hyma

Director Projects



Tim Langmead

Director Community, Environment
and Government



Linda O'Farrell

Director Fortescue People



Fernando Pereira

Director Pilbara Operations



Alison Terry

Director Sustainability and
Corporate Affairs and Joint Company
Secretary



Rob Watson

Director 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 regions including Australia, Asia, Europe and Africa, and has experience in a range of commodities including diamonds, iron ore, coal and potash. Mr Goeman has a Master's degree in Business Administration.

Peter Huston

Director Corporate Development, Legal and Strategy

Mr Huston joined Fortescue in 2005 and has over 20 years' experience in legal and corporate 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 Activist Private Equity as an Executive Director at Troika Securities Limited.

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.

Don Hyma

Director Projects

Mr Hyma joined Fortescue in early 2019 as Project Director Iron Bridge before moving into the role of Director Projects in October 2019. He has over 25 years of progressive capital project experience in the resources sector in Canada, Chile, New Caledonia and Australia.

Prior to joining Fortescue, Mr Hyma held senior management positions with Rio Tinto, including Vice President Projects Iron Ore in Canada and General Manager

Pilbara Growth in Western Australia, as well as Chief Technical Officer for Mitsui & Co. He has extensive experience in managing large, complex capital projects, particularly those implemented under joint ventures and involving multiple stakeholders.

Tim Langmead

Director Community, Environment and Government

Mr Langmead joined Fortescue as Group Manager Corporate Affairs in January 2013 and from January 2014 served as Director External Relations before being appointed to his current role.

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.

Linda O'Farrell

Director 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. She is a Director at the Australian Institute of Management Western Australia (AMMA), the Australian Resources and Energy Group and Lifeline Australia.

Fernando Pereira

Director Pilbara Operations

Mr Pereira was appointed Director Pilbara Operations in June 2019, having started his career at Fortescue in 2010 and has previously 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 with a specialisation in Business Management.

Alison Terry

Director Sustainability and 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, a Graduate of the Australian Institute of Company Directors and a Director of the Black Swan State Theatre Company of Western Australia.

Rob Watson

Director Health and Safety

Mr Watson was appointed Director Health and Safety in July 2020 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 Master's in Occupational Health and Safety.

178.2_{mt}

Shipped

US\$
12.94_{/wmt}

C1 costs

US\$
4.9_{bn}

Cash on hand

US\$
12.8_{bn}

Revenue

US\$
5.1_{bn}

Gross debt

US\$
0.3_{bn}

Net debt

02

Operating and financial review



Overview of operations

As one of the world's largest producers of iron ore, Fortescue's wholly owned and integrated operations in the Pilbara include the Chichester and Solomon mining hubs and the Western Hub, which is currently under development. Our mining infrastructure is connected to the five berth Herb Elliott Port and Judith Street Harbour towage facility in Port Hedland via the fastest, heavy haul railway in the world.

Chichester Hub

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

Consistent and sustained output delivered from the OPFs has allowed us to optimise our product strategy through enhanced blending and beneficiation, increasing iron upgrades and reducing impurities. This has contributed to lower mining cut-off grades, as we optimise ore bodies with sustainably lower strip ratios.

The Christmas Creek OPF infrastructure is being upgraded to include a Wet High Intensity Magnetic Separator (WHIMS) plant to further maximise production rates and enhance the value of our ore. The WHIMS construction will be completed by the end of 2020.

Cloudbreak utilises relocatable conveyors which can be moved, lengthened or shortened once an area is mined. The conveyors now cover 10km, extended from the initial 5km length due to the success and efficiency of this innovative infrastructure.

Solomon Hub

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

Solomon represents a valuable source of production by blending higher iron grade, low cost Firetail ore with low phosphorous Chichester ore to create Fortescue Blend. The current operation will expand to include the Queens Valley mining area to maintain production of the Kings Fines product.

Western Hub

Fortescue is developing the Western Hub, which includes significant amounts of high iron content bedded iron ore and will be home to the Eliwana mine. Located 140km to the west of Solomon and due to be completed in December 2020, the Eliwana project includes 143km of rail and a 30mtpa dry OPF.

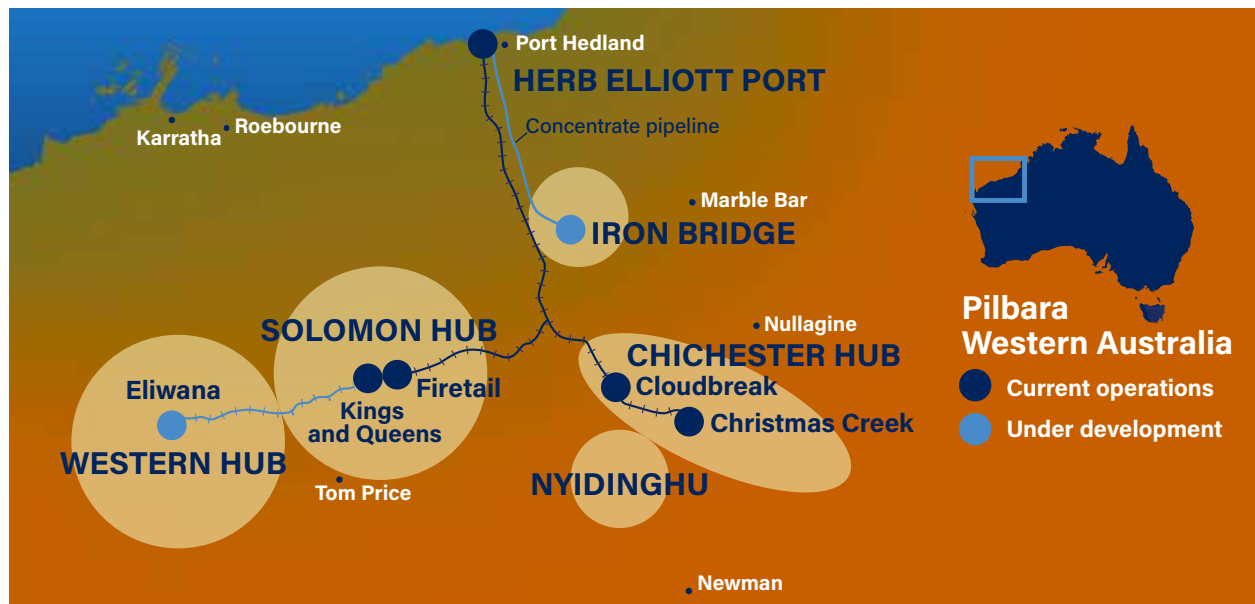
Eliwana will contribute to Fortescue's core iron ore business as it underpins the ramp up of our 60.1% Fe West Pilbara Fines product. The operation will maintain our low cost status, providing greater flexibility to capitalise on market dynamics.

Hedland Operations

Fortescue wholly owns and operates our purpose designed rail and port facilities, constructed to deliver iron ore from our mines to Port Hedland for shipment to our customers. Covering 620km of track, with the additional 143km under construction for Eliwana, our 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 Herb Elliott Port the most efficient bulk port operation in Australia. The port has five operating berths with our current infrastructure capable of safely and efficiently exporting in excess of 180mtpa.

The Judith Street Harbour towage infrastructure and our fleet of tugs provides safe and reliable towage services that maximise the efficiency of our operations, while offering competitive third party towage services within the port.



Shipping

Designed to complement our port infrastructure, the fleet of eight 260,000 tonne capacity Fortescue Ore Carriers deliver approximately 14 per cent of our shipping requirements, while improving load rates, efficiencies and reducing operating costs. Our shipping fleet completes our mine to market supply chain.

Iron Bridge Magnetite Project

The US\$2.6 billion Iron Bridge Magnetite Project is under development and will deliver 22mtpa of high grade 67% Fe magnetite concentrate product, further enhancing the range of products available to our customers.

Iron Bridge, located 145km south of Port Hedland and incorporating the world class North Star and Glacier Valley Magnetite ore bodies, is an unincorporated joint venture between Fortescue's subsidiary FMG Iron Bridge and Formosa Steel IB. Baosteel also has an interest in the Project, as a minority shareholder of FMG Iron Bridge.

The innovative process design, including the use of a dry crushing and grinding circuit, will deliver globally competitive capital intensity and operating costs.

Sales and marketing

Fortescue has an integrated operating and marketing strategy, focused on meeting the needs of our customers while maximising value. In 2019, we established FMG Trading, a wholly owned Chinese sales entity which supplies our products directly to Chinese steel mills from regional ports.

The introduction of portside sales has allowed us to enhance our service to small and medium-sized customers through direct supply in renminbi from regional Chinese ports, complementing our existing contractual seaborne arrangements.

World leading technology

Fortescue was the first company in the world to deploy Caterpillar (CAT) autonomous haulage on a commercial scale when trucks fitted with autonomous haulage system (AHS) technology began operating at the Solomon Hub in 2012. Today, our AHS deployment represents the largest fleet conversion to autonomous haulage in the industry and demonstrates our unique capability to manage and operate a multi-class truck size autonomous haulage site.

When our Train Control Centre opened in 2009, we were the first operation in Western Australia to control a railway from outside the region. Now known as the Fortescue Hive, the expanded, purpose-built remote operations facility was opened in 2020 and includes our planning, operations and mine control teams, together with port, rail, shipping and marketing teams. The newly refurbished space allows team members across our complete supply chain to work together, 24 hours a day, seven days a week, to deliver improved safety, reliability, efficiency and commercial outcomes.

The Fortescue Hive underpins our future use of technology including artificial intelligence and robotics and will evolve to include the generation and integrated distribution network for the Pilbara Energy Connect, our hybrid solar gas power solution.



Energy infrastructure

Since October 2019, Fortescue and our partners have announced investments in excess of US\$800 million in significant energy infrastructure projects which will increase our use of renewable energy, a key contributor to our pathway to achieve our emissions reduction targets.

The Pilbara Energy Connect (PEC), together with the Chichester Solar Gas Hybrid Project, will deliver 25 to 30 per cent of our stationary energy requirements from solar power. The PEC leverages existing assets and provides Fortescue with a hybrid solar gas energy solution that enables the delivery of stable, low cost power and supports the incorporation of additional large scale renewable energy in the future.

The new infrastructure builds on our previous energy initiatives including the construction of the Fortescue River Gas Pipeline, the conversion of the Solomon Power Station from diesel to gas generation, as well as a partnership agreement with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to develop and commercialise hydrogen technology.

Exploration

Fortescue began as an exploration company and today our iron ore tenements remain key to maintaining mine life and sustaining product quality in our core iron ore business.

The resources in the Western Hub and Solomon Hub add high iron content, dry, low cost tonnes to our product suite, providing further optionality for the business.

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

International footprint

We recognise that early stage exploration can unlock significant value and our world class exploration capability is driving future growth as we target global opportunities and commodities that support decarbonisation and electrification of the transport sector.

Fortescue has a well-established presence in Ecuador, where we have concessions prospective for copper in exploration phase covering 135,000 hectares and in Argentina we currently hold 450,000 hectares of tenements, prospective for copper-gold.

We are also assessing exploration and development opportunities in Colombia, Chile and Peru, as well as Portugal and Kazakhstan.

In its short history, Fortescue has accomplished what was judged as impossible: to build a company from a start up to a global leader in the mining industry.



THE DREAM BEGINS



Fortescue's Vocational Training and Employment Centre (VTEC) established



A\$150,000 Community Grants Program established



Commenced the Billion Opportunities Program



Billion Opportunities Program reached A\$1 billion in contracts



Northern Spirits recognition program established



Commitment to the UNGC Principles and SDGs
Tenth anniversary of Fortescue's VTEC
Board reached gender parity



Published inaugural Corporate Social Responsibility Report
Fortescue Family Room at the Fortescue Centre in Perth opened
Climate Change Committee established
Audit and Risk Management Committee assigned responsibility for overseeing material issues and sustainability targets



Partnered with ANZ to initiate a A\$50 million funding scheme for Aboriginal businesses



Landmark hydrogen partnership with CSIRO announced
Dedicated Modern Slavery Committee and Working Group established
Published inaugural Modern Slavery Statement



Chichester Solar Gas Hybrid Project announced
Signed ParityPledge
Established In-Home Childcare for Port Hedland employees
Added to Dow Jones Sustainability World Index



Fortescue's VTEC celebrated its 900th job for Aboriginal people
Formation of a Sustainability Committee and dedicated Plastics Reduction Committee
Published inaugural Climate Change Report

THE JOURNEY CONTINUES

A photograph of two men in work attire. The man on the left is wearing a high-visibility yellow and blue jacket and is smiling while looking at a rock formation. The man on the right is wearing a tan button-down shirt with a small logo on the chest and is looking at the same rock formation. They are outdoors, with a clear blue sky and the ocean in the background. A white text box is overlaid on the right side of the image.

03

Our approach to sustainability

**Our Values form the foundation
of our approach to sustainability**

Our approach to sustainability

Sustainability is integrated into all aspects of our business. At the heart of our approach to sustainability is a commitment to create value for our stakeholders, protect the health and safety of our Fortescue family and support the communities and environments in which we operate.

Our Values form the foundation of our approach to sustainability and integrity is key to building trust with our stakeholders, setting the ethical and moral compass by which we operate. Integrity inspires our people to do what we say we are going to do and to be accountable for the impact of our activities on the community and environment.

The Value of empowerment encourages our employees to do their best and to find innovative solutions to business and societal challenges. By empowering our communities through training, development, employment and business opportunities, we can assist them to thrive and prosper.

Our Board approved Code of Conduct and Integrity establishes the essential standards of personal and corporate conduct of our employees, suppliers, contractors and all those with whom we do business. This strong base supports our commitments and principles which leads to the development and implementation of policies,

opportunities and objectives. These inform specific targets, processes and plans set by our business units.

Compliance with all relevant legislation and obligations including those that govern health, safety and environment is the absolute minimum standard at which we operate.

Our Board is responsible for the oversight of all sustainability issues, receiving regular updates through the Audit and Risk Management Committee (ARMC). At the operational level, sustainability is managed by our Chief Executive Officer with support from the Core Leadership Team and the Director Sustainability and Corporate Affairs.



United Nations Sustainable Development Goals

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

We have aligned Fortescue's approach to sustainability with the SDGs and will continue to work with our host governments as they strive to meet these goals.

The table on pages 27 to 29 summarises how our sustainability targets are contributing towards the achievement of the SDGs. Eight of the SDGs are prioritised by Fortescue.

SUSTAINABLE DEVELOPMENT GOALS



Our priority SDGs

3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



Material issues

This report discusses the issues that may impact Fortescue's ability to meet its sustainability commitments and targets.

Material issues are those that may have a significant bearing on our ability to achieve our commitments and targets. These issues are

identified through an annual assessment process that considers risks and opportunities, as well as internal and external stakeholder views.

The assessment involves a cycle of research, identification, prioritisation, validation and review.



During FY20, our materiality assessment considered the following:

- Our sustainability initiatives and targets
- Corporate risk assessments
- Company policies, standards and guidelines
- Results of internal and external engagement with stakeholders
- Media and investor interest and feedback
- Material issues identified by peers, sustainability leaders and materiality analysis
- Benchmarking and environmental, social and governance assessments.

Priorities were informed by internal and external engagement which included workshops with our employees and a broad range of external stakeholders. Materiality was validated by subject leaders and the Executive team, with 11 issues determined to be material.

Material issues are incorporated under our three core sustainability pillars.



Setting high standards

- Employee health and safety
- Economic contribution
- Workforce diversity
- Protecting Aboriginal heritage
- Ethical 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











Our material issues, related targets and links to SDGs

	Target	Result	Location	SDGs
Employee health, safety and wellbeing	Annually, achieve zero fatalities at Fortescue's operations	Zero Workplace fatalities	Page 41	
	By 2020, reduce injuries to lowest TRIFR and severity quartile of resources industry	2.4 TRIFR	Page 41	
	Annually achieve top quartile Safety Excellence and Culture Survey results	96% survey participation rate	Page 45	
	Annual decrease in positive alcohol and illicit drug test results	0.5% positive alcohol and illicit drug test results	Page 47	
Workforce diversity	By 2020, achieve a female employment rate of 25%	19% female employment	Pages 50-55	
	By 2020, achieve an employment rate of 30% females in manager and above roles	25% female employment in manager and above roles 26% female employment in senior leadership roles	Pages 50-55	
	Annually, support community led programs empowering women and ending discrimination	Programs supported include Port Hedland and Roebourne Women's Refuge	Page 100	
Protecting Aboriginal heritage	Annually, ensure Fortescue has no impact on Aboriginal heritage without consultation with Aboriginal people	Zero reportable heritage incidents	Pages 57-59	
Ethical conduct and anti-bribery and corruption	Annually, ensure ethical conduct is maintained by targeting leadership programs, training, performance assessments and remuneration	Targeted training with a focus on leaders. Auditing to ensure ethical conduct	Pages 60-61	

 Target met
  Target in progress
  Target not met








Our material issues, related targets and links to SDGs continued




	Target	Result	Location	SDGs
Protecting biodiversity and water resources	Achieve a net positive impact on biodiversity	Ongoing program	Pages 71-73	
	Annually, achieve zero significant environmental incidents	Zero significant environmental incidents	Pages 71-73	
	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	Mine water management forum postponed due to the COVID-19 pandemic	Pages 74-78	
	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	99% of dewatered water used for beneficial purposes or reinjected	Pages 74-78	
	Annually, ensure we adequately comply with all relevant legal obligations and commitments once mining is complete	Mine closure plans prepared and financial provisions made	Page 79	
	By the end of FY20, identify a sustainable disposal method for off-the-road tyres and conveyor belt	Liaising with multiple vendors to implement a disposal method	Pages 83-84	
	By the end of FY20, investigate composting opportunities for food related mine wastes	Investigations underway	Pages 83-84	
Building sustainable communities	Annually, achieve at least 5% of actual spend with local Pilbara suppliers	6% of actual spend with local Pilbara suppliers	Page 96	



Note: Performance against Climate Change action and disclosure is detailed in our FY20 Climate Change Report, which is available on our website at www.fmgil.com.au

Our material issues, related targets and links to SDGs continued

	Target	Result	Location	SDGs
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	6% spend of total procurement with Aboriginal businesses	Pages 86-89	
	By 2020, achieve an employment rate of 20% for Aboriginal people across Fortescue	10% employment rate	Pages 90-92	
	By 2020, achieve an employment rate of 10% for Aboriginal people in leadership roles	4% of leadership roles held by Aboriginal people	Pages 90-92	
	By 2022, achieve an employment rate of 20% for Aboriginal people in skilled trades	23% of Aboriginal employees hold skilled trade positions	Pages 90-92	
	Annual involvement in the policy debate to address Aboriginal disparity	Ongoing contribution to policy debate including Business Council of Australia initiatives	Page 92	
	Annually, deliver at least two major community projects with Aboriginal stakeholder partners	Programs supported include Big hART and Jawun	Page 92	
Human Rights	Active engagement on human rights issues in business	Ongoing active engagement including on modern slavery in the supply chain.	Pages 104-105	

 Target met
  Target in progress
  Target not met



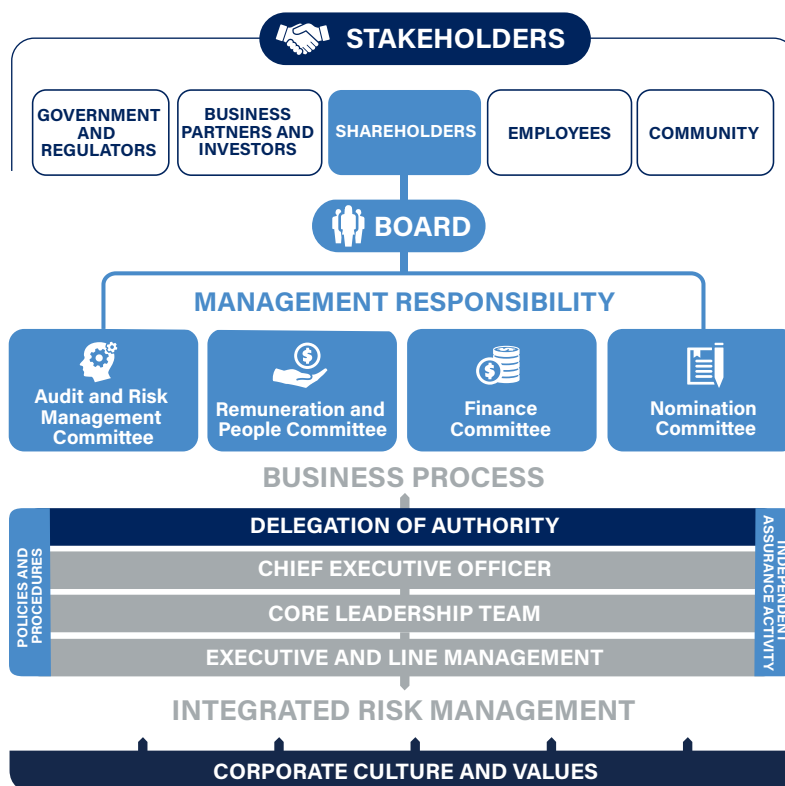
A man with light brown hair, wearing a blue suit and a patterned tie, is smiling and looking towards the left. He is seated at a wooden table. In the foreground, a woman with blonde hair, wearing a bright pink jacket, is seen from the side, looking at a document. The background is slightly blurred, showing other people and a modern interior setting.

04

Corporate Governance

Overview of Corporate Governance

Good corporate governance is critical to the long-term, sustainable success of Fortescue. Good governance is the collective responsibility of the Board of Directors (the Board) and all levels of management.



Fortescue seeks to adopt leading practice, contemporary governance standards and apply these in a manner consistent with our culture and Values.

Fortescue supports the intent of the 4th Edition of the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles and Recommendations). Unless otherwise disclosed, Fortescue has reported against the revised requirements of the Principles and Recommendations.

Our cornerstone principles of corporate governance are:

Transparency

Being clear and unambiguous about our 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

Ensuring everyone at Fortescue is empowered to make decisions that support our 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 our risk appetite and are undertaken in a manner consistent with corporate expectations and standards.

Corporate accountability

Ensuring that there is clarity of decision making, with processes in place to authorise the right people to make effective and efficient decisions and appropriate consequences delivered when these processes are not followed.

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.

**Fortescue is
committed to building
and maintaining
constructive
relationships with
stakeholders**

05

Engaging with stakeholders



Engaging with stakeholders

Our engagement is underpinned by the Value of integrity and our Stakeholder Engagement Framework which ensures regular, open, transparent and inclusive communication.

We engage with a large number of stakeholders, including investors, regulators, community members, customers and industry peers and we work to ensure regular, meaningful engagement that builds trust and respect.

Stakeholders are identified according to their level of interest, potential impacts and opportunities, and we prioritise engaging with those who may be directly impacted by our activities.

We work to resolve grievances in a transparent and accountable manner and implement feedback, monitoring and evaluation processes to ensure we can continuously improve.

This report provides a key mechanism for disclosing our sustainability

commitments and performance.

This is supported by communication throughout the year via media statements, company publications, our Annual General Meeting, our website and engagement with specific stakeholders. The form and frequency of engagement is dependent on the stakeholder and the issues relevant to them. A summary of our key stakeholders, their interests and main methods of engagement is detailed on the following pages.

Our key stakeholders



Employees

Key interests

- Ensuring a safe workplace
- Building a strong and unique culture
- Fostering a rewarding workplace through career development, promotional opportunities and recognition. This includes True Colours and Northern Spirits awards and various leadership development programs
- Equal opportunity, inclusion and diversity
- Strong employment conditions and flexible working arrangements
- Good corporate governance and ethical business practices

Engagement/response

- Fostering a supportive and inclusive culture which encourages participation
- Regular communication and essential guidance provided during the COVID-19 pandemic
- Regular, open engagement including whole of company weekly face to face meetings, Values Forums, Senior Leader Forums and electronic communication
- Regular review and revision of policies and standards
- Providing opportunities for feedback, including our annual Safety Excellence and Culture Survey
- Training and professional development
- Performance feedback (Success Factors) and key performance indicators (KPIs)
- Complaints and grievance mechanisms
- Collective bargaining and contract negotiations



Customers

Key interests

- Safe, reliable and consistent supply and delivery of products
- Economic activity through sustainable business development
- Transparent communication through procurement
- Ethical and responsible sourcing
- Maintenance of strong technical and commercial relationships through timely, open and honest communication

Engagement/response

- Regular engagement including face to face and electronic communication
- In-country presence with offices in Shanghai and Singapore
- Quality control of product
- Highly skilled and knowledgeable Sales and Marketing team
- Contract and agreement negotiations
- Opened our new office in Shanghai, China



Shareholders, investors and analysts

Key interests	Engagement/response
<ul style="list-style-type: none"> ▪ Delivery of strong shareholder returns ▪ Management of risk ▪ Implementation of a robust capital allocation framework ▪ Maintain a sound financial position ▪ Strong governance and transparent communication 	<ul style="list-style-type: none"> ▪ Annual reports, company publications and releases ▪ Company website with shareholder information and Investor Relations contact details ▪ Regular briefings including quarterly, half year and full year results ▪ Annual General Meeting, where shareholders have opportunity to engage with the Board ▪ Regular one on one group meetings with institutional investors and advisors ▪ Participation in various Environment, Social and Governance (ESG) assessments including the 2020 SAM Corporate Sustainability Assessment (CSA) ▪ Engagement of Proxy Advisors



Native Title Partners and Traditional Custodians

Key interests	Engagement/response
<ul style="list-style-type: none"> ▪ Native Title rights and interests ▪ Compliance with Land Access Agreements (LAAs) and Indigenous Land Use Agreements (ILUAs) ▪ Cultural awareness and understanding ▪ Training, employment and business opportunities ▪ Potential environmental and social impacts associated with our operations 	<ul style="list-style-type: none"> ▪ Dedicated Aboriginal heritage, Native Title and Aboriginal development teams ▪ Personal communication and regular consultation with Native Title Groups and prescribed working group committees ▪ Support for Aboriginal heritage protection and promotion activities ▪ Employment and training opportunities through Fortescue's VTEC and Trade Up programs ▪ Targeted and tailored business development meetings ▪ Development and implementation of multiple programs for professional development ▪ Dedicated community office and community team in Port Hedland ▪ Fortescue hosted business and employment exhibitions and events ▪ Procurement targets through Billion Opportunities program ▪ Cultural awareness training of employees ▪ Promotion of Fortescue as an employer of choice, including through the use of our mobile recruitment trailer ▪ Practical solutions to support Aboriginal and local businesses ▪ Provided specific additional support during the COVID-19 pandemic



Local communities

Key interests

- Sustainable growth and development opportunities
- Employment and business opportunities
- Potential environmental, social and economic impacts associated with Fortescue's operations
- Community investment and partnerships
- Education initiatives

Engagement/response

- Community investment through our biannual Community Grants Program
- Additional support provided during the COVID-19 pandemic
- Development of partnerships to address Aboriginal disadvantage, including Big hART and Jawun programs
- Partnerships which deliver strategic and meaningful outcomes
- Partnerships and investment in youth education initiatives
- Implementation of our Stakeholder Engagement Framework



Suppliers and contractors

Key interests

- Economic opportunity through sustainable business development
- Working collaboratively to achieve mutually beneficial outcomes
- Transparent communication through procurement processes
- Financial and operating performance
- Ethical and responsible sourcing

Engagement/response

- Inclusive engagement and consultation
- Contract negotiations
- Self-assessment questionnaires and audits
- Continued growth of Billion Opportunities program
- Local content procurement targets and strategy
- Early and frequent engagement with key contractors and suppliers for major projects
- Practical solutions to support Aboriginal and local businesses such as 14-day payment terms and ANZ leasing facility
- Regular communication and essential guidance provided during the COVID-19 pandemic
- Flexible payment terms during the COVID-19 pandemic



Government and regulators

Key interests

- Contribution to national and local economy through job creation, economic activity and local procurement
- Management of social and environmental impacts
- Compliance with all relevant laws and obligations
- Climate change disclosure and reduction in emissions
- Legislative and regulatory policy frameworks
- Tax transparency and royalty payments
- Land access and approvals

Engagement/response

- Regular, ongoing engagement with government and regulators at federal, state and local levels
- Participation in consultation groups
- Collaboration and partnerships through conservation and research programs
- Active participation in the Port Hedland Industry Council
- Detailed annual reporting
- Signatory to the Tax Transparency Code of Australia 2016
- Regular communication during the COVID-19 pandemic



Non-government organisations

Key interests

- Management of potential social and environmental impacts
- Environmental performance and compliance
- Community engagement
- Human rights performance

Engagement/response

- Inclusive engagement and consultation
- Involvement in UNGC and other industry forums
- Development of corporate policies
- Collaboration and partnerships
- Reporting, ASX announcements and media releases



Pastoralists

Key interests

- Protection of productivity levels
- Preservation of groundwater reserves
- Protection of grazing areas
- Preservation of surface water flows

Engagement/response

- Dedicated pastoral access team
- Formal agreements
- Ongoing, informal and formal consultation and meetings with individual pastoralists
- Minimisation and offsetting of impacts on pastoral operations



Educational institutions

Key interests

- Providing access to career pathways and opportunities
- Supporting and championing Aboriginal students
- Development of partnerships and relationships

Engagement/response

- Hosting of business and employment exhibitions and events to position us as an employer of choice and encourage diversity and inclusion
- Development and implementation of multiple programs including high school scholarships and work based traineeships, Trade Up and University Graduate and Undergraduate Program
- Work experience opportunities through our Vacation Student Program, Undergraduate and Graduate programs
- Site visits and work placement opportunities
- Engagement with universities across Australia to encourage graduates
- China-Australia university partnership
- Partnership with Role Models and Leaders Australia through Up4It and Girls Academy programs

CASE STUDY

China-Australia university tour increases collaboration and innovation



During FY20, we welcomed a group of postgraduate university students from Western Australian and Chinese universities to our operations as part of our annual China-Australia university tour.

The successful initiative, now in its third year, brought together students from the University of Western Australia (UWA), Curtin University's WA School of Mines, Minerals and Chemical Engineering, Lingnan (University) College of Sun Yat-sen University, and Central South University in China.

Accompanied by academic representatives, the tour in July 2019 showcased our world class Cloudbreak mine site and Port and Rail operations, with the program tailored to the group's

area of study and experience. The students also visited Fortescue's Vocational Training and Employment Centre (VTEC) in Karratha to gain an insight into our commitment to provide training and employment opportunities for Aboriginal people.

CEO, Elizabeth Gaines said, "We are a top 100 graduate employer in Australia and the next generation of mining professionals have an important role to play internationally. The annual tour aims to increase cooperation and innovation across the mining and resources industry and build on our longstanding relationship with stakeholders in China.

"The China-Australia university tour is an excellent example of our multifaceted approach to engagement. We strongly believe

that by continuing to build connections between Australia and China, we can deepen the relationship between our two countries."

UWA Associate Director of Industry Engagement, Paul Collings said, "The program provided an excellent opportunity for young people to bring ideas from their specialised fields, and expand their knowledge at Fortescue. The initiative will further enrich cultural linkages between China and Western Australia and we look forward to seeing our students benefit from industry experience through this program."

Benchmarking

We participate in benchmarking assessments including the SAM Corporate Sustainability Assessment (formerly Dow Jones Sustainability Index). The assessments are an important tool to track our performance against stakeholder expectations and peer performance to ensure continual improvement.

Our commitment to external benchmarking initiatives and voluntary standards includes:

- Bloomberg Gender-Equality Index
- SAM Corporate Sustainability Assessment
- International Council on Mining and Metals (ICMM) Sustainable Development Principles
- ISO Standards:
 - 14001: Environmental Management
 - 3100: Risk Management
 - 45001: Occupational Health and Safety
- 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).

Memberships and commitments

Participation in industry associations provides valuable access to information and enables a coordinated industry approach to develop effective policy frameworks.

This participation also facilitates the sharing of best practice and provides access to information and insights on material issues.

We consider our memberships annually to ensure they continue to be beneficial and align with our Values. During FY20, we paid A\$859,000 in membership fees for the following industry groups and associations:

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



Awards

Winners

- **Chamber of Minerals and Energy (WA) Women in Resources Awards**
 - Women in Resources Champion (CEO, Elizabeth Gaines)
 - People's Choice Award (Superintendent Fixed Plant Planning, Briohny Evans)
- **AIM WA Pinnacle Awards**
 - Workplace Diversity Excellence Award
- **Australian Resources and Energy Group (AMMA)**
 - Diversity and Inclusion Award (VTEC)
 - Workforce and Workplace Innovation Award (Rapid Trades Upskilling Program)
- **Chief Executive Women**
 - Executive Development Program Scholarship (General Manager, Ecuador and Colombia, Alexa Morcombe)

Finalists

- **Fortune Magazine**
 - Rank 2 – Businessperson of the Year 2019 List (CEO, Elizabeth Gaines)
- **Chamber of Minerals and Energy (WA) Women in Resources Award**
 - Outstanding Operator/ Technician/Trade Women (Superintendent Fixed Plant Planning, Briohny Evans).

CASE STUDY

Our sustainability commitment as a world leader recognised

Fortescue is proud to be rated as a world leader in corporate sustainability in the annual assessment for the 2019 Dow Jones Sustainability World Index. The index has since been renamed SAM Corporate Sustainability Assessment.

Launched in 1999, the index is regarded as the global benchmark for sustainability and ranks the leading listed sustainability-driven companies based on environmental, social and governance factors.

Fortescue is one of only two Australian companies to be added to the index in 2019. CEO, Elizabeth Gaines noted that the index rated our performance as particularly strong in the areas of Occupational Health and Safety, Business Conduct, Social Impacts on Communities, Human Rights, Corporate Citizenship and Philanthropy and Water Related Risks.

Ms Gaines said it was an honour to see our economic, environmental and social performance recognised on the global stage. "This recognition reflects our commitment to hold ourselves to the highest standard and our focus on ensuring sustainability is integrated into all aspects of our business."

"The health, safety and wellbeing of our Fortescue family is our number one priority and we remain focused on achieving our goal of becoming global leaders in safety," Ms Gaines said.

A full-page background image showing a worker in a yellow high-visibility shirt and white hard hat walking down a metal staircase at an industrial facility. The worker is looking down at the steps. The background shows a large industrial complex with various structures, pipes, and a hilly landscape under a bright sky.

05

Setting high standards

Safety is both a Fortescue Value and our number one priority

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.

2.4

Total Recordable Injury Frequency Rate

3.2

Significant Incident Frequency Rate per million hours

67

Injury Severity Rate

A strong focus on improving safety has seen our TRIFR reduce by 44 per cent over the past five years



We recognise that our activities have the potential to expose our employees, contractors and communities to health and safety risks and we work to identify these risks and ensure suitable controls are in place to mitigate them.

Safety is deeply ingrained in our culture and we strive to be a global leader. During FY20, there were no workplace fatalities at any of our sites and no workplace prosecutions in relation to workplace safety breaches. There have been no fatalities on our sites since 2013.

We seek continuous improvement using industry metrics and benchmarking. Our health and safety management system aligns with the International Standard for occupational health and safety, ISO 45001. Our Board has the ultimate responsibility for the management of safety and occupational health, while the CLT has responsibility for ensuring health and safety in daily operations.

Our safety culture is built from the ground up, with all team members required to set and uphold the highest standards. This builds an environment where everyone can feel empowered to pause, reassess the task and implement controls where needed.

To foster this safety culture, we work with industry and regulatory leaders to maintain the highest standards of education, coaching, training, monitoring and reporting.

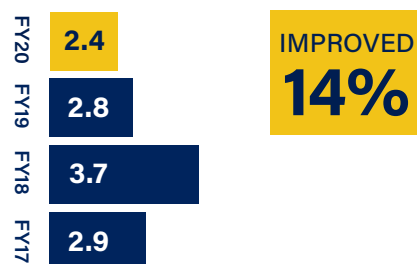
We manage and mitigate high-risk events through a risk profile reduction program, critical control monitoring and auditing. Critical control auditing is undertaken by our leaders to ensure these controls are in place and are effective.

During FY20, the Significant Incident Frequency Rate (SIFR) per million hours decreased from 3.7 in FY19 to 3.2 in FY20. Our company wide focus on improving safety has seen our Total Recordable Injury Frequency Rate (TRIFR) reduce by 44 per cent over the past five years to 2.4 including a reduction of 14 per cent over the last year.

Efforts to reduce exposures and proactive injury management has seen our injury severity rate per million hours worked reduce by 41 per cent over the last year from 113 in FY19 to 67 in FY20.

Our reporting is aligned with the US 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 across Fortescue sites 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.

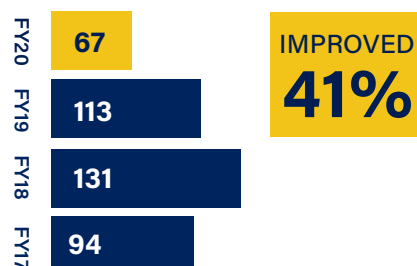
Total Recordable Injury Frequency Rate



Significant Incident Frequency Rate per million hours



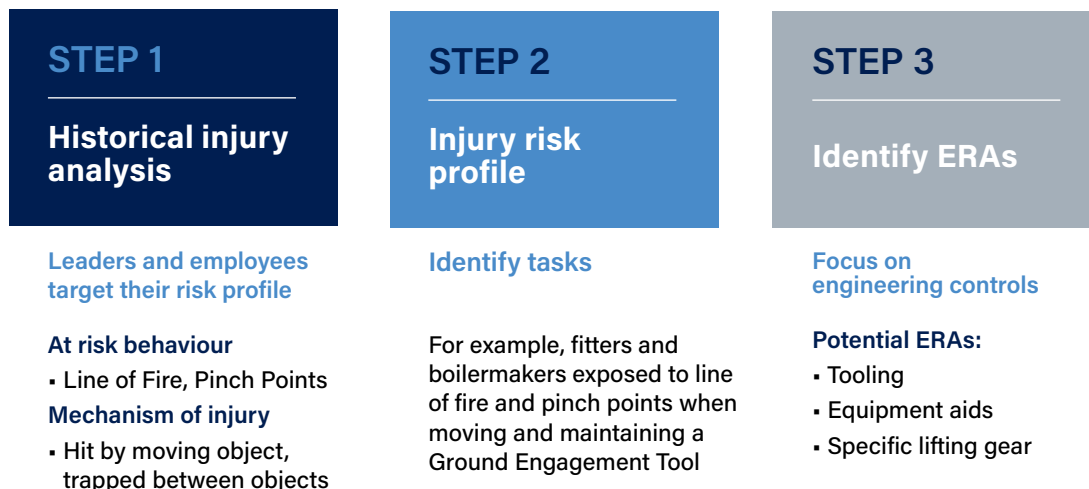
Injury Severity Rate



Exposure reduction activities

During FY20, we introduced the Injury Exposure Reduction Activities (ERA) program. The program involves upskilling leaders to understand their injury risk profile and empower their teams to identify, prioritise and implement exposure reduction activities.

The program is focused on identifying and preventing the potential for injuries through a targeted and structured process. Each site developed a prioritised Injury Risk Profile which is grouped according to the risk behaviour and mechanism of injury (example: Line of Fire – getting struck by moving object).



The program, introduced in early 2020, was quickly adopted and implemented across the business. ERAs are shared across sites and with contracting partners to optimise the benefits of the program.

314

Exposure Reduction Activities completed

10%

Risk reduction achieved

Artificial Intelligence improves business processes

During FY20, we used Artificial Intelligence (AI) to expand the analysis of health and safety data in the applications detailed below.

Safety Excellence and Culture Survey – Identification of common commentary and trends	AI is used to read, decipher, and classify text data into common clusters. This enables the business to identify trends and develop actions to improve safety and culture outcomes.
Identify potential repeat Significant Incidents	Identifying repeat Significant Incidents (SI) relies on either people's memory or manual processes involving reading of thousands of incident descriptions. AI uses algorithms to identify SI repeats based on a combination of validated parameters. Identifying SI repeats helps to understand the effectiveness of previous preventive controls.
Identifying locations with high probability of a Significant Incident	Using lead indicators and algorithms, we are able to identify locations with a high potential of a SI. This enables leaders to proactively target safety efforts.

CASE STUDY

Refresh of our Life Saving Choices

This year, following an analysis of industry fatalities and major hazard events, we refreshed our Life Saving Choices program.

Life Saving Choices aims to mitigate risk and prevent fatalities across all of our sites and applies to employees, contractors and visitors. The program looks beyond the physical controls to prevent injuries and highlights the safe choices we

all can make to keep ourselves and workmates free from harm.

The refreshed program includes additional site-specific Life Saving Choices which are tailored to an operation.

The Life Saving Choices for all sites are:

- Using fall injury protection when working at heights
- Always work outside the footprint of suspended loads
- Verify isolations before work
- Confirm stored energy has been controlled
- Wearing seat belts and following speed limits
- Stopping at stop signs and rail crossings
- Securing tools and barricading work areas to prevent dropped objects

- Using remote communication and tracking devices when travelling remotely.

Site specific Life Saving Choices include:

- Maintaining a three metre exclusion zone from rail track for workers who do not hold a current Rail Safe Working Level 1 authority
- Obtaining authorisation to enter explosives and exclusion zones for mine sites, quarries and construction sites that use explosives
- Inflating tyres with an approved tyre safety device for tyre fitters, remote workers and people changing tyres across all sites
- Wearing a Personal Flotation Device (PFD) when working above water. The PFD is required at our port facilities and tug and vessel operations.



CASE STUDY

Our response to the COVID-19 pandemic

During the COVID-19 pandemic, our primary focus was to provide and maintain a safe and healthy work environment for the Fortescue family.

Commencing in January 2020, we carefully monitored the virus' impact and guidelines introduced by international, federal and state governments. We maintained regular communications with our key internal and external stakeholders to ensure controls were followed and travel guidelines understood.

The following key measures were introduced across our operational sites and offices:

- Implementation of a COVID-19 management plan, providing a framework to ensure processes are identified and in place to minimise the spread of COVID-19
- Assisting team members in higher risk health categories to isolate or work from home
- Temporary roster changes for Fly-in Fly-out (FIFO) team members to reduce travel exposures by 40 per cent
- Temperature screening at all sites and airports
- Voluntary rapid testing
- Participation in the FIFO DETECT program with Curtin University, which involved PCR tests for our FIFO workforce

- Social distancing protocols at all sites and offices
- Changes to site food services to minimise exposures
- Additional cleaning services across all our sites, villages and offices
- Regular communication with employees, contractors and key internal and external stakeholders, including the implementation of a dedicated COVID-19 engagement plan.

During the pandemic, there was further focus on the mental health and wellbeing of our team members. We reinforced the support available through our Chaplains and our Employee Assistance Program. The impact of the COVID-19 pandemic on our employees and their families continues to be monitored.

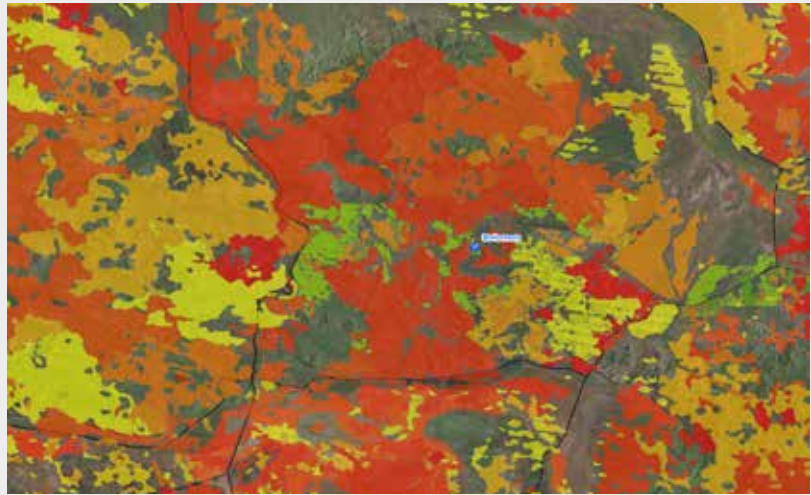
CASE STUDY

Bushfire preparedness

During FY20, we implemented a bushfire risk management program to protect our people and assets and to minimise the potential disruption of bushfires.

To further understand the bushfire risk, the Geospatial Services and Health and Safety teams developed a remote sensing tool to identify historical fire scars across the Pilbara region.

Remote sensing utilises multi-spectral satellite data along with complex computer algorithms to identify vegetation that has previously been burnt creating 'fire scar' mapping (pictured above).



The fire scar data is used to determine the age of the regrown vegetation referred to as the fuel age. Fuel age combined with vegetation type, density and terrain are used to determine the potential severity of a bushfire. This data is used to identify areas to be subjected to low intensity prescribed burning to reduce the combustible fuel loads and create varied fuel ages across the landscape.

Understanding the fire risks surrounding Fortescue's operations assists Emergency Response teams containing outbreaks of wildfires during the high-risk summer fire season.

Pictured below is an example of prescribed burning undertaken near the accommodation village at our Christmas Creek mine in 2020.



Safety culture

OBJECTIVE

To ensure a leading safety culture and an organisation that actively cares for employees and contractors.

TARGET

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

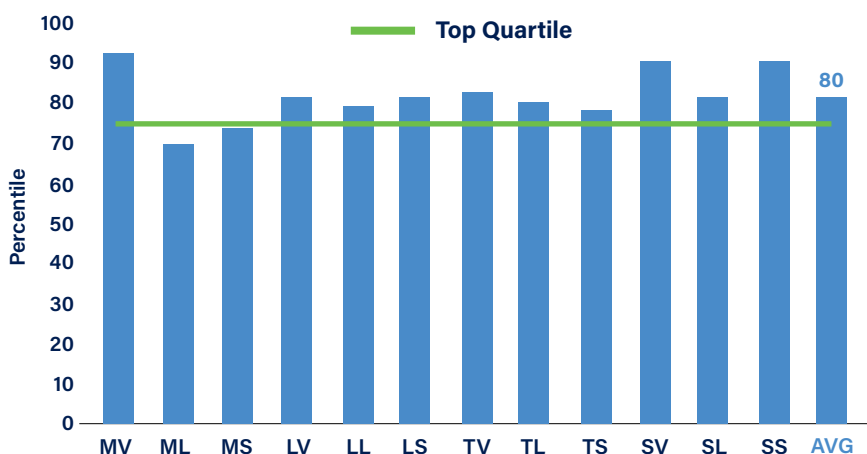
Each year, we conduct a Safety Excellence and Culture Survey of our employees and contractors. The survey is completed between May and June and is a valuable tool to measure engagement across our business.

During FY20, a refreshed Safety Excellence and Culture Survey was launched. The Survey had

fewer, more focused questions and allowed for expanded comments and suggestions. The comprehensive feedback supported the development of targeted action plans.

Enhanced analytics guided our response to the survey results and ensured continual improvement.

The survey was completed by 11,690 employees and contractors, representing 96 per cent of our workforce. Feedback included over 31,200 comments and suggestions. The Net Promoter Score (NPS), which indicates whether an employee would recommend Fortescue as a place to work, improved from +24 in 2019 to +36 in 2020.



	Management			Leader		Team		Self
Valuing	MV	Management value people	LV	My leader values people	TV	My team value each other	SV	I am proud of Fortescue
Leading	ML	Management are credible	LL	My leader looks out for me	TL	My team support each other	SL	I go above to help others
Safe	MS	Management value safety	LS	My leader supports safety	TS	We look out for our mates	SS	I take control

Wellbeing

We believe in promoting a healthy and balanced lifestyle for employees and contractors, recognising the importance of both mental and physical health across our workforce and in the wider community.

Our Mental Health and Wellbeing Blueprint outlines our approach to supporting our workforce. All operational sites have gyms, pools and other recreational facilities, as well as a medical centre with onsite medical team members.

Reliable internet and communication services are offered to ensure everyone working on our sites can easily communicate with family and friends. We also provide mental health awareness training across all our operations.

The introduction of the Health inSite program in 2018 was a significant step forward in supporting the wellbeing of our workforce. Health inSite is an online health and wellbeing resource that shares tailored information and advice, currently used by 29 per cent of employees.

During FY20, we launched the following additional wellbeing initiatives:

- General awareness training in psychosocial wellness and mental health, run by Mates in Construction, a not-for-profit

company with a focus on suicide prevention in the construction industry

- Wake Up Call, an individual targeted intervention health plan that is provided by the medical teams across all our operational sites
- Online health and wellbeing program for employees to access while isolating at home during the COVID-19 pandemic.

Our Chaplaincy team, a dedicated pastoral care service, offers support to all employees, contractors and their families with chaplains available at all our sites. Additionally, our Employee Assistance Program (EAP) offers 24/7 support via professional counselling services to employees, contractors and their families.

Fatigue management

Fatigue management is critical to ensuring a safe and healthy workforce. Throughout FY20, key fatigue management initiatives implemented included:

- Use of FAID – A roster analysis tool that helps quantify roster fatigue risks
- SmartCap trial at Cloudbreak mine site – A system that monitors brain activity and provides operators with real time feedback on their level of fatigue

- Onsite reporting tool by Duration – A tool that allows the identification of personnel working additional hours
- Edith Cowan University and Solomon Research Partnership – Assessing the effectiveness of sleep education versus wrist activity monitors
- Sleep Apnea onsite screening program – To assist workers with improving sleep quality and reducing the risk of obstructive sleep apnea.

The SmartCap trial ran from November 2019 to February 2020. The main aim of the trial was to detect fatigue in operators early, improve operator self-management of fatigue and to reduce fatigue related incidents. The SmartCap system was trialled in 33 vehicles and collected 3,164 hours of data. At the end of the trial there was a 58 per cent reduction in SmartCap alarm rates in comparison to the first month of the trial and zero fatigue related incidents.

The success of the SmartCap trial has seen the system being fitted to more vehicles in the Cloudbreak mining fleet and will be expanded to other sites in FY21.



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.



We have a zero tolerance of alcohol and illicit drug use in the workplace

32,191

Number of drug tests conducted

0.5%

Tests returning a positive result for alcohol and illicit drugs

In FY20, we conducted 32,191 drug tests across our sites through random, blanket or 'for cause' programs.

Alcohol and drug testing was also undertaken during inductions at

the Fortescue Centre in Perth, in addition to pre-employment testing, to ensure team members joining us are safe to work on site.

To prevent and manage substance abuse we implement a range

of initiatives including online awareness and education training, the 'Speak Up' program and support through our leadership teams, our Chaplains and the EAP.

CASE STUDY

Mental health roadshow promotes healthy conversations

During FY20, we held our annual mental health roadshow in recognition of WA Mental Health Week.

The program was supported by our Chaplains and involved employees discussing their experiences of mental health in the FIFO industry.

Team members discussed their own mental health challenges and the ways in which they were supported by friends, families and our community. They also spoke of their own battles with anxiety and depression, about losing family members, friends and colleagues to suicide and about the ways in which they were helped through these difficult times.

The Mates in Construction team also joined the roadshow. The Mates in Construction program aims to reduce the high level of suicide among Australian construction workers and improve their mental health and wellbeing.

The roadshow received overwhelmingly positive feedback and inspired team members to promote healthy conversations within their teams.

Our Fortescue family

It is only with the best people that we will be able to meet and exceed our targets and stakeholder expectations.

Fortescue is committed to providing a safe and inclusive workplace that attracts, develops and retains motivated and high performing people.

As at 30 June 2020, we had 8,508 employees. Of these, 414 were permanent part-time employees and 1,553 people worked under labour hire contracts. Forty-seven per cent of our employees are covered by enterprise agreements and the annualised voluntary turnover in FY20 was 8 per cent.

We respect freedom of association and the right to a fair wage and we ensure all employees are treated fairly and without discrimination including on the basis of age, race, gender, political or religious belief, culture, family commitments, physical or mental ability, marital status or sexual orientation.

Employee engagement

We are renowned for our unique and differentiated culture and recognise that employee engagement is integral to building and maintaining this culture. Employees are empowered to provide feedback and help shape the way we operate. We encourage and measure engagement with employees through a number of mechanisms including forums, surveys and workshops.

Our Values Forums are an important component of this engagement, allowing the CLT to provide business updates and lead discussions on our Values. During FY20, we held two Values Forums at each of our sites, including an online forum during the COVID-19 pandemic.

We also conducted our annual independent Safety Excellence and Culture Survey of our employees and contractors. The survey is a valuable tool to engage with employees and contractors. A summary of the survey results are provided on page 45.

Recognising individuals

Northern Spirits, our employee recognition program, celebrates and rewards team members (employees, contractors and labour hire) who strive to build and strengthen our culture.

Northern Spirits originated as a symbol of triumph of spirit over adversity following the tragedy that emerged from Cyclone George in 2007. Since its inception in 2015, 110 employees have been recognised through the program.



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

Development opportunities

We have a dedicated Corporate Training and Development team and a strategy which provides employees and contractors with educational and professional development opportunities.

Individual training plans are developed by employees in consultation with their direct leaders as part of the biannual performance review process.

Our leaders are provided with appropriate training to allow them to excel and support their team. In FY20, 230 current and emerging team members completed our Leadership Excellence Pathway Program. Since its inception in 2015, 1,871 leaders have completed the course.

The program comprises four components:

- Emerging Leaders Program
- Leadership Fundamentals Program
- Advanced Leadership Program
- Short and targeted Leadership Development Programs on sites.

In FY20, we worked closely with our leaders and external providers to implement a COVID-19 Training Support Plan with team members offered access to a number of online development programs, including:

- Leadership Fundamentals Program
- Iron Ore Projects (IOP) Leadership Program
- Leadership Podcast Series
- Public Speaking and Virtual Presentation Skills Workshops
- One-on-one Leadership Coaching
- Australian Institute of Management (AIM) WA courses.

We also continued our Empower Program which is designed to support high performing team members develop their career pathway. At least 50 per cent of those nominated for participation must be female. We are also working to provide an apprenticeship program aimed at training leading hands and high-performance employees to become supervisors.

Providing effective training

We measure the success and outcomes of our training programs through the following process:

- Feedback – Surveys completed following the delivery of training assess whether learning outcomes have been met
- Learning – An annual assessment is undertaken to better understand learning objectives and outcomes for employees
- Performance monitoring – Reviewing how employees apply their learnings
- Results – Measuring the business outcomes by evaluating employee retention, productivity and morale.

The results of these assessments are used to improve and redesign training programs where required.

During FY20, 91 per cent of our employees received training across all sites with an average of 24 hours per employee.

CASE STUDY

Supporting families during the COVID-19 pandemic



The COVID-19 pandemic created a challenging situation for many Fortescue employees and their families. To support our Fortescue family, we implemented a number of initiatives including:

- Additional support services for families relocating from interstate including:

- Home office equipment
- Access to business internet services
- Weekly connections for partners and family
- Leave allowances paid during extended rosters
- Additional and focused Chaplaincy support
- Additional IT equipment for site personnel
- Healthy lifestyle workshops:
 - Mindfulness
 - Weekly virtual fitness sessions
- Dial an Angel virtual creche for families
- Fortnightly virtual social events.

Workplace diversity

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.

We are committed to championing a workplace that is diverse and inclusive

19%

Female employment rate

25%

Female employment rate in manager and above roles

Championing diversity

Increasing female and Aboriginal employment rates remains our key priority. Our Diversity Plan outlines our objectives and targets and is informed by consultation sessions and surveys with our employees.

Our female employment rate continued to increase in FY20 with females holding 19 per cent of total positions and 26 per cent of senior leadership roles. At the Fortescue Centre, Perth, 38 per cent of employees are female and women hold 49 per cent of the roles in our newly developed Fortescue Hive operations centre.

While our female employment numbers continue to increase, the target of 25 per cent has not yet been reached and this remains a critical focus for Fortescue as new operations commence.

We have a number of inclusion and diversity initiatives to build talent pools and provide a supportive workplace for all employees, including:

- 16 weeks paid parental leave for primary carers
- Commitment to gender pay equity
- Flexible working arrangements
- Establishment of our Fortescue Family Room at the Perth Fortescue Centre in August 2017
- Introduction of In-home Childcare in Port Hedland in May 2019.

Our flexible work arrangements are utilised by 438 of our male and female employees, down from 463 in FY19. During the COVID-19 pandemic, office based employees utilised our Temporary Work Management Guidelines including working from home arrangements.

Over 94 per cent of parents returned to work in FY20 following parental leave and 1,256 children accessed the Fortescue Family Room in Perth. There has been growth in In-home Childcare in Port Hedland. We also provide financial support to the YMCA, to enable carers the opportunity to gain qualifications.

Our Board has ultimate responsibility on diversity and inclusion matters through its Remuneration and People Committee.

49%
of roles in the
Fortescue Hive
are held by women

CASE STUDY

Partnering with Mentor Walks to inspire future female leaders



This year, we partnered with Mentor Walks to bring its successful mentoring program to Perth, providing West Australian women with the opportunity to connect with some of the State's most influential female leaders.

Launched in 2016, Mentor Walks aims to make mentoring accessible to women across Australia by connecting participants with female leaders through an hour-long 'walk and talk' in cities across Australia. By taking mentoring away from the office, mentees can feel inspired,

gain new ideas and get a different perspective.









The inaugural Perth walk departed from the Fortescue Centre on 12 November 2019 and was attended by CEO, Elizabeth Gaines, Deputy CEO, Julie Shuttleworth, Non-Executive Director, Jennifer Morris, along with our senior female leaders. Mentor Walks Perth Lead and Director Sustainability and Corporate Affairs, Alison Terry said the walk builds on a range of initiatives that Fortescue has already implemented to ensure as many women as possible can







make a strong contribution to the Australian resources sector.

"We are proud to support and encourage our female team members to reach their full potential through leadership development," Ms Terry said.

"Mentor Walks will provide local women with the opportunity to gain insights and discuss challenges with some of the State's most successful women, helping them to take the next step in their career and developing the next generation of female leaders."

Supporting our female employees

Goal	Target	Progress	SDGs
Promote female employment	Company wide target: By 2020, achieve female employment rate of 25%	<ul style="list-style-type: none"> The number of female employees reached 1,650, an increase from 17% in FY17 to 19% in FY20 26% of our senior leadership team are female, an increase from 20% in FY17 25% of our management team are female The target of 25% participation rate was exceeded in the following programs: <ul style="list-style-type: none"> Empower program CEO for a Day VTEC program 	   
	Recruitment team and external contractors target: Achieve 25% female recruitment	<ul style="list-style-type: none"> Females made up 22% of job applicants compared with 20% in FY19 25% of female job applicants appointed roles compared with 24% in FY19 16% of labour hire appointments were females 	
Build talent pools	Flexible work arrangements	<ul style="list-style-type: none"> 438 employees accessed flexible work arrangements, of whom 34% were female 	   
	Promote Fortescue as an employer of choice for women	<ul style="list-style-type: none"> Senior leaders promoted our diversity goals and performance at various functions and events including: <ul style="list-style-type: none"> International Women's Day Women in Mining WA Empower your Career Summit Melbourne Mining Club Our Empower your Career Summit promoted Fortescue as an employer of choice with an emphasis on female employment opportunities Internal promotion with a focus on transparency in recruitment and promotion opportunities Highlighting the importance of diversity in the wider community through conferences and initiatives such as signing the ParityPledge Partnering with Mentor Walks to provide women with the opportunity to connect with female leaders 	
	Attract parents to return to work following career breaks	<ul style="list-style-type: none"> 94% primary carers parental leave retention rate 	
	Encourage and support female employees to obtain professional qualifications	<ul style="list-style-type: none"> In FY17, Our Trade Up program was opened to women. 35 females have joined Trade Up, close to 25% of overall participants We encourage female employees to obtain qualifications and further their career opportunities through our biannual performance review program, Success Factors and via our Rookies and Coaches mentoring program 	

Goal	Target	Progress	SDGs
Create a workplace which supports diversity	Celebrate success in diversity through our recognition programs	<ul style="list-style-type: none"> In FY20, two Northern Spirits recipients were recognised for their role in encouraging female employees to thrive 	  
	Encourage all eligible employees to access paid parental leave and to return to work following parental leave	<ul style="list-style-type: none"> The number of both males and females accessing primary carer paid parental leave increased from previous years 438 direct employees utilised flexible working arrangements 	
	Conduct biannual contractor gender diversity forums to share learnings across partners and WA industry more generally	<ul style="list-style-type: none"> Two forums were held during the year attended by 17 suppliers. A committee was formed to manage the implementation of actions 	
Provide childcare options	Operate our Family Room at the Fortescue Centre in Perth	<ul style="list-style-type: none"> The Fortescue Family Room operates 24 hours a day, seven days a week and has cared for 2,883 children over 7,725 stays since August 2017. The facility was temporarily closed in FY20 due to the COVID-19 pandemic Collaborated with Dial an Angel to offer virtual creche sessions to support parents working from home during the COVID-19 pandemic 	
	In-home Childcare for Port Hedland	<ul style="list-style-type: none"> Our In-home Childcare in Port Hedland continues to be utilised 	
	Support employees with family responsibilities through family site visits and community based family support	<ul style="list-style-type: none"> Family and friends hosted at each site during FY20: <ul style="list-style-type: none"> - 45 at Hedland Operations - 207 at Cloudbreak - 206 at Christmas Creek - 286 at Solomon Hub Some tours were postponed in FY20 due to the COVID-19 pandemic 	
Promote opportunities for women to move into leadership positions	By 2020, achieve a female employment rate of 30% in manager and above roles	<ul style="list-style-type: none"> 25% females in manager and above roles in FY20 26% female employment in senior leadership roles in FY20 	 
	Identify females with leadership potential, with a focus on operational roles, through talent reviews and ensure participation in Leadership Development Programs	<ul style="list-style-type: none"> During FY20, 33 females 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	<ul style="list-style-type: none"> One female of a total of three participated in the CEO for a Day Program in FY20 We continue to encourage and support our mentoring program, Rookies and Coaches, which is available to all employees During FY20, 20 females participated in Mentor Walks. The mentoring program aims to connect participants with female leaders 	



CASE STUDY

Fortescue recognised for championing diversity

In March, Fortescue was recognised at the 2020 Chamber of Minerals and Energy WA (CME) Women in Resources Awards for championing diversity.

The annual awards celebrate individuals and organisations that help foster the development

of women within the sector through career opportunities and increased participation. CEO, Elizabeth Gaines was named Women in Resources Champion while Superintendent Fixed Plant Planning, Briohny Evans, was recognised by her peers in the People's Choice Award.

Accepting the award, Ms Gaines said a commitment to diversity starts at the top. "Diversity is not just the right thing to do, it's the smart thing to do and our success is proof. I would like to thank our team who work day in, day out to build a safe, supportive workplace that embraces diversity and a world class mining operation."



CASE STUDY

Our diversity celebrated at WA's peak business awards

Our industry-leading diversity initiatives were celebrated at the 2019/20 AIM WA Pinnacle Awards, which acknowledges the best in business leadership across Western Australia.

Fortescue won the Workplace Diversity Excellence Award, in recognition of its approach to fostering a diverse workplace. CEO, Elizabeth Gaines said, "As a proud West Australian company, it is an honour for us to be acknowledged by the business community for our leadership in workplace diversity."

"We want to ensure as many people as possible have the opportunity to enjoy a career in the mining sector and to experience the difference it can make in their lives and the lives of their families," Ms Gaines said.

Accepting the award on behalf of Fortescue, Director Fortescue People, Linda O'Farrell said our culture and Values had been key to driving diversity across the business. "Our people are our greatest asset and this award is testament to the hard work and dedication of our entire family continuing to drive our unique culture and build an inclusive and safe workplace," Ms O'Farrell said.

"We are especially proud to be one of Australia's biggest employers of Aboriginal people and through our pioneering training, employment and business development programs are helping to drive generational change and sustainable futures for Aboriginal communities."

We donated the prize of \$20,000 worth of training from AIM WA to the Ronald McDonald House Charities Western Australia.



**“The best results
come from a
diverse workforce
who are supported
and encouraged
to reach their
full potential”**

CEO, Elizabeth Gaines

Pay equity

We undertake an annual remuneration benchmarking assessment to ensure that remuneration is comparable 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 this assessment.

Looking forward

To ensure our commitment to diversity is embedded in our culture, the following initiatives have been prioritised for FY21:

Building talent

- Continue to build talent pools to meet our ongoing growth requirements by providing training opportunities, graduate programs, work experience, vacation programs and secondments
- Continue to promote Fortescue as an employer of choice through targeted programs such as the Empower your Career Summit.

Promote female employment

- Increase women in trades and professional roles through our Trade Up and graduate programs
- Continue consultation with employees through dedicated sessions, forums and surveys with a focus on engagement and retention strategies for female employment.

Create a workplace that supports diversity

- Implement a targeted diversity approach, ensuring diversity and inclusion across all sites
- Undertake focused discussions with key suppliers on increasing diversity in their businesses.

Provide childcare options

- Continue supporting families through flexible work arrangements and childcare facilities in Perth and Port Hedland and explore possible childcare options for site based employees
- Address challenges associated with flexible working and job share arrangements.

Promote opportunities for women to move into leadership positions

- Provide career development opportunities for emerging and senior female leaders
- Continue the internal promotion of diversity and inclusion with a focus on transparency in recruitment and promotion opportunities
- Identify and continue to support women aspiring to be leaders as part of our succession planning.

CASE STUDY

Empower your Career Summit



In November 2019, together with our contracting partners, Fortescue hosted the Empower your Career Summit, showcasing the types of careers available across the mining industry.

Guests were given the opportunity to speak to company representatives as well as attend sessions hosted by contracting partners, Sodexo, Programmed

and Chandler Macleod. The summit also included a business update from CEO, Elizabeth Gaines, a session on home and work life balance and an overview of our Eliwana and Iron Bridge projects.

Held at the Fortescue Centre in Perth, the event was open to women looking to find out more about job opportunities within the mining industry, regardless of

whether they're new to the mining industry, looking to return to work after a career break or an industry professional.

Over 420 women attended these events with 24 contracting partners hosting information booths with teams from across Fortescue.

CASE STUDY

Signing the ParityPledge



The best results come from a diverse workforce who are supported and encouraged to reach their full potential.

This year, Fortescue signed the global ParityPledge, in recognition of our commitment to fostering an inclusive and diverse workforce. The ParityPledge is an initiative of Parity.org, a not-for-profit organisation focused on bringing gender equality to the highest levels of business, requiring companies to commit to interviewing at least one qualified female candidate for every executive position.

CEO, Elizabeth Gaines said, "By focussing on supporting leadership development, the retention of female talent and providing more balance and flexibility in the workplace, we want to ensure that as many women as possible have the opportunity to develop and further their careers at Fortescue and across our industry."

The ParityPledge builds on our practical policies that foster a workplace that embraces diversity.

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.

0

Reportable heritage incidents

198,798

Hectares of land ethnographically surveyed

5,933

Active heritage sites managed

Our commitment to preserve and promote Aboriginal history and culture is embedded in our approach to operating sustainably and responsibly



We work closely with our Native Title Partners (NTPs) and governments to responsibly manage the Aboriginal cultural landscape with our efforts measured against four pillars:

- Meaningful consultation with Aboriginal people and their representatives
- Implementation of effective systems and processes
- Contributions to researching Aboriginal cultural heritage sites
- Ongoing education and engagement with our workforce.

These pillars are critical to maintaining compliance with applicable legislation and agreements while ensuring the protection of Aboriginal culture. We conduct heritage surveys early in the planning phase and, wherever possible, protect sites of significance from impact. Open, transparent and inclusive consultation is a critical part of developing new projects.

We work with our stakeholders to sustainably manage Aboriginal heritage and protect 5,933 Aboriginal heritage places across our operations. We achieve this by conducting heritage surveys early in the planning phase, together with 'free, prior and informed' consultation, which enhances our capacity to avoid and preserve Aboriginal heritage places.

During FY20, we undertook multiple heritage surveys in the Pilbara region. These surveys were associated with our 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 improvements.

Native Title Partners

We have a longstanding relationship with our NTPs and have comprehensive agreements in place with seven Native Title Groups in the Pilbara.

We have registered Indigenous Land Use Agreements (ILUAs) with Kariyarra, Palyku and Nyiyaparli Native Title Groups. The ILUAs foster beneficial relationships which in turn deliver greater opportunities for local communities. We have Land Access Agreements (LAAs) with the following Native Title Holders:

- Martu Idja Banjima
- Eastern Guruma
- Puuti Kunti Kurruma and Pinikura.

We also have a Project Area Agreement with the Nyamal People Native Title Holders.

We are committed to working closely with each of our NTPs to convert LAAs into ILUAs.

Yindjibarndi Native Title Group

During FY20, the High Court of Australia refused Fortescue's application for special leave to appeal the 2017 decision of the Full Federal Court to grant exclusive Native Title to the Yindjibarndi People. The relevant area covers parts of our Solomon Hub mining tenure.

The decision of the Full Federal Court has no impact on our current or future operations or the mining tenure at our Solomon Hub and we do not anticipate any material financial impact to the business as a result of the Full Federal Court decision.

We acknowledge the decision of the High Court not to grant special leave to appeal the decision of the Full Federal Court and accept the Yindjibarndi People's non-exclusive Native Title rights and interests over the area. While we have never challenged the Yindjibarndi People's right to Native Title, the decision to appeal the Federal Court's decision was taken to clarify the point of law regarding exclusive possession. This matter has potential implications for a range of industries including mining, agriculture and tourism development proposals.

We remain open to negotiating a Native Title agreement with the whole of the Yindjibarndi community, to ensure they can share in training, jobs, business opportunities and compensation. Our seven agreements with Native Title Groups provide Native Title royalties as well as heritage management, training, employment and business opportunities. These agreements provide significant economic and social benefits to the relevant communities.

Promoting Aboriginal culture

A critical component of our ongoing commitment to preserving Aboriginal heritage and promoting Aboriginal culture is cross-cultural awareness training.

We continued to deliver cross-cultural awareness training during FY20, with 746 employees and contractors undertaking the mandatory training. Heritage inductions are provided to employees or contractors who may encounter heritage sites through their work. Since inductions commenced in 2006, 9,734 heritage inductions have been delivered across the business.

Preserving cultural heritage

We have a proud history of working with Aboriginal people to manage Aboriginal heritage responsibly and sustainably. We have worked with our Native Title Partners to identify and protect 5,933 significant Aboriginal cultural heritage places across our operations. Our primary objective is to work on a cultural heritage avoidance basis.

Our seven Native Title Land Access Agreements and numerous Aboriginal heritage agreements establish detailed processes for the conduct of Aboriginal cultural heritage surveys, consultation, project planning, impact mitigation and negotiation. During the exploration process and at each of our operational and project sites, we implement a range of measures that preserve and protect significant Aboriginal cultural heritage. Some of these measures include:

- Heritage Restriction Zones that prevent access to the most culturally significant areas identified through heritage surveys with Native Title Partners
- Land Use Certificate process that prevents and places conditions on ground disturbing activity so that heritage places are protected
- Using distinctive pink and black heritage tape to identify boundaries to heritage sites, as well as the creation of buffer zones to ensure mining activity is kept at a safe distance
- Sensitive electronic vibration and dust monitoring as well as motion sensing cameras to ensure significant heritage places remain undisturbed
- Toolbox and prestart sessions to inform employees of these measures.



CASE STUDY

Cultural mapping builds on longstanding relationships

With the support of Terra Rosa Consulting and Palyku Enterprises, Fortescue's Heritage team facilitated on Country Heritage Consultation with Palyku Traditional Owners in September 2019.

The Senior Cultural Palyku People travelled from Nullagine and beyond to share stories, map cultural places and connect to country.

The cultural mapping provided an opportunity to build on long standing relationships with the Palyku Traditional Owners and for the senior cultural knowledge holders to share information and insights with other Palyku people. Their connection to country was enlightening and the consultation with these key knowledge holders was invaluable to the Palyku People and Fortescue.

Working together proactively with integrity and openness allowed the Palyku people to map out heritage sites of ethnographic significance and for this boundary to be better understood by Fortescue's Heritage team. This work ensured that the Cloudbreak Mine Planning team was able to design the Abrolhos mining area in a way that ensured the nearby ethnographic place boundary was maintained and its integrity protected.

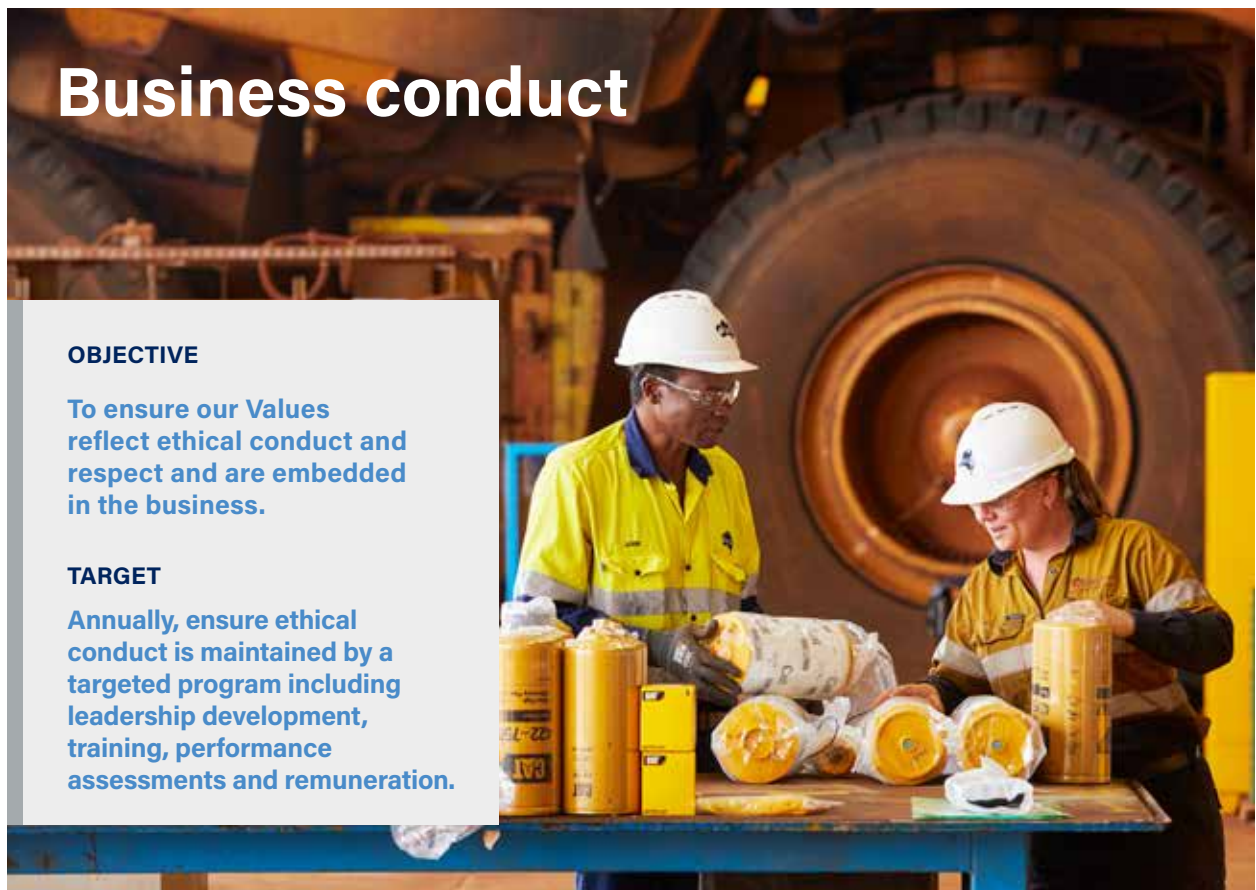
Business conduct

OBJECTIVE

To ensure our 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.



Ethical conduct

We are committed to ensuring integrity and honesty through all our business practices. This commitment is built on our Values, the professionalism of our employees and our responsibility to act with accountability and transparency.

We operate under a Code of Conduct and Integrity (the Code) which reflects our Values and represents our commitment to uphold the highest ethical business practices. The Code provides guidance on the standards of behaviour expected from those who work for us including our directors, employees, contractors, suppliers, business partners, and all those affiliated with our subsidiaries and related companies over which we have control. The document is regularly reviewed to ensure it clearly reflects business and community expectations.

The Code does not stand alone, rather it complements and incorporates key elements of our policies and standards including:

- Health and Safety Policy
- Procurement Policy
- Diversity Policy
- Anti-Bribery and Corruption Policy
- Gifts and Entertainment Policy
- Sanctions Compliance Policy
- Whistleblower Hotline Policy
- Privacy Policy
- Human Rights Policy
- Equal Opportunity, Harassment and Bullying Policy
- Securities Trading Policy
- Continuous Disclosure and Market Communications Policy
- Appropriate Use of Technology Policy.

Each employee and contractor must ensure they are familiar with the Code, which is accessible in electronic format on our website and intranet. Training provided across the business reinforces the requirements of the Code. All employees participate in performance assessments biannually where adherence to the Code is assessed and reported. Remuneration is linked to these assessments.

Reporting and investigation

We provide a range of mechanisms to report suspected breaches of the Code. These include:

- Encouraging employees to raise issues with their manager or a member of our Fortescue People team via the Speak Up program
- Encouraging community members to report via our community or site offices
- Providing a Whistleblower Hotline for anyone who wishes to make a reportable conduct disclosure.

Our Whistleblower Hotline provides an independent, confidential and anonymous mechanism for anyone, including employees, contractors and members of the community, to raise concerns regarding potential illegal activity or breaches of the Code. The system can be accessed via an online portal, phone, email or post, and has multilingual capabilities.

Our Whistleblower Hotline Policy is aligned to the *Treasury Laws Amendment (Enhancing Whistleblower Protection) Act 2019*, and provides protection to disclosers of reportable conduct, including suspected:

- Bribery or corruption
- Conflict of interest
- Fraud or theft
- Serious misconduct or dishonesty
- Danger to the public or financial system
- Improper state of affairs in relation to Fortescue.

During FY20, 34 Whistleblower Hotline disclosures were reported. All disclosures were reviewed by our Corporate Governance and Compliance Manager who either conducted or commissioned an investigation. The majority of issues raised via the Whistleblower Hotline were employee relations matters, including concerns of discrimination, bullying and harassment. A number of these investigations resulted in corrective actions, including warnings and in some cases, termination.

Bribery and corruption

Bribery and corruption undermines legitimate business activities, distorts competition and has the potential to expose our business and people to significant risks. We practise a zero tolerance approach to all forms of bribery and corruption and are committed to working with local, state and federal governments as well as others to prevent corruption in our society.

As we develop our major projects within Australia, and expand into new jurisdictions, our exposure to bribery and corruption increases. We rely on our Value of integrity and our strong corporate culture to ensure that all business is conducted fairly, openly, honestly and in compliance with all applicable legislation.

Our Anti-Bribery and Corruption Policy and Standard describes the behavioural expectations that ensure strict compliance with all applicable legal regimes. Our Corporate Governance and Compliance Manager oversees compliance with our Anti-Bribery and Corruption Compliance Program which is designed to meet the requirements of the Australian Criminal Code and applicable legislation in the countries in which we operate. The Program includes:

- Management commitment to promoting a 'Culture of Compliance' that rewards prudent conduct, and permits escalation of potential issues without fear of reprisal
- Bribery and corruption risk assessments that consider the potential fraud, bribery and corruption risks associated with our business, third party partners and geographic locations
- Robust internal controls that clearly and effectively identify, investigate, report and mitigate non-compliant activity
- Independent testing and auditing of the effectiveness of internal controls
- Targeted training of all employees on a periodic basis.

Employees who are found to have breached anti-bribery and corruption laws or our Standard are subject to disciplinary action which may include termination.

During FY20, our Company Secretariat delivered face to face anti-bribery and corruption training to 226 team members across seven 'high risk' business units: Sales and Marketing, Shipping, Business Development, Exploration, Major Projects, Procurement and International Operations.

The Audit and Risk Management Committee is responsible for overseeing matters related to anti-bribery and corruption including the Whistleblower Hotline reporting and investigation process.

Political donations

We do not make political donations to any non-Australian political party, politician or candidate for public office in any country unless the donation has been approved in advance by the Board. Attendance at political functions is permitted where there is a legitimate business reason. Attendance at these functions must be approved by the Company Secretary and Director of Community, Environment and Government. A record and cost of attendance is maintained.

Cyber security

Cyber security has been identified as a material operational risk to our business and we work to ensure our operations are protected from potential threats. We adopt an enterprise approach to reducing risk and align our priorities to support the maintenance of a strong cyber security culture. Our commitment is supported by a comprehensive Cyber Security Policy, which ensures that:

- Appropriate controls are in place to protect information security
- Information systems are accessed and modified only by authorised personnel
- Users of information systems are accountable for the security of information.

Our Board is responsible for ensuring that internal controls are robust and able to effectively manage cyber security. The Audit and Risk Management Committee (ARMC) assists the Board in its oversight of the internal control framework, risk management and compliance by obtaining assurance over the effectiveness of our Cyber Security Control framework.

More information on cyber security is available on our website at www.fmg.com.au

Total global economic contribution

A\$ **17.2** bn

Total global economic contribution

A\$ **1.2** bn

Gross salaries, superannuation, incentive payments and training

A\$ **4.4** bn

Shareholders and investors including dividends and interest payments

A\$ **7.2** bn

All operational payments including payments made to suppliers

A\$ **4.3** bn

Taxes, royalties, other government payments and Native Title payments

Our approach to tax

We make sustainable investments by using the strength of our business to ensure communities benefit from our growth and development. Payment of tax is an important element of this as the tax we pay contributes to the economic development of the countries in which we operate.

We strive for full and timely compliance with the letter and intent of the prevailing tax laws of all jurisdictions in which we operate. We seek strong, collaborative working relationships with all relevant revenue authorities.

In line with our Board-approved Tax Policy, we work to achieve these commitments by:

- Ensuring implementation of our Tax Governance Framework
- Complying with all applicable tax laws and regulations of each country in which we operate including reporting and paying all necessary taxes in a timely manner
- Managing tax risks through

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 in which we operate 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.

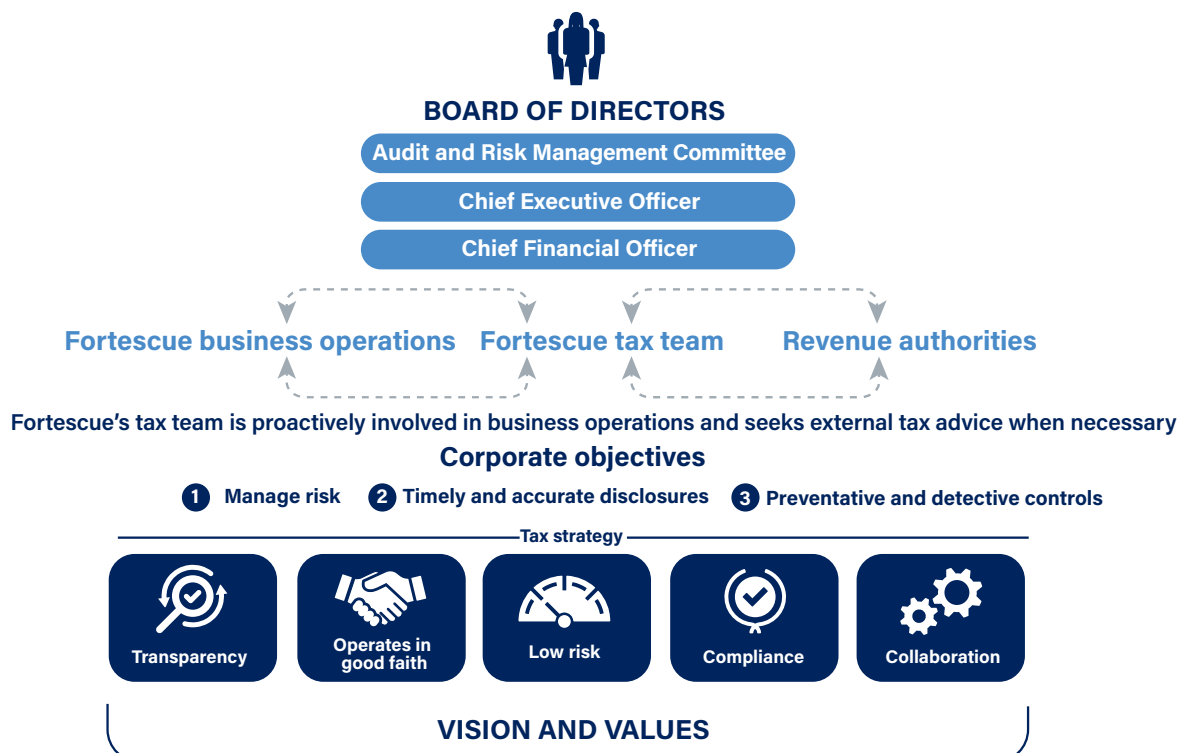
A copy of our Tax Policy is available on our website at www.fmg.com.au

Governance

Our Board is ultimately responsible for ensuring a robust system of internal controls is in place for tax governance purposes. Our Tax Policy and comprehensive Tax Governance Framework are key to governing the management of tax related risks in Australia and in all relevant overseas jurisdictions.

The Board, through the ARMC, receives regular updates from senior management on the operation and effectiveness of our Tax Governance Framework.

TAX GOVERNANCE FRAMEWORK



Our 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. Major transactions are determined based on the value of the transaction and associated tax risk, technical complexity of the transaction and interpretation of the prevailing tax legislation. Where the application of the tax legislation is unclear, we seek external tax advice and consult with the relevant taxation authorities to achieve an appropriate level of certainty. There are also a number of controls, systems and procedures in place to manage our exposure to tax risk.

Tax transparency code

We are committed to transparency across all aspects of our business, including in relation to our tax obligations. By providing our investors and other external stakeholders with relevant tax information, we offer a deeper understanding of our tax profile to the wider community.

Our continuous review of internal tax policies, industry best practice, feedback from key stakeholders and legislative developments further

underpins our 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 several 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, we have extended the scope of our income tax disclosures contained within our annual financial report since FY17. Part B disclosures are included in our sustainability reporting. This details our approach to tax strategy and governance, as well as providing additional information on overseas operations and international related party transactions.

Total tax contributions

We pay taxes according to the prevailing laws in each jurisdiction. As our primary revenue generating operations are in Australia, the majority of our tax liabilities arise and are paid in this jurisdiction.

Taxes applicable to our business include:

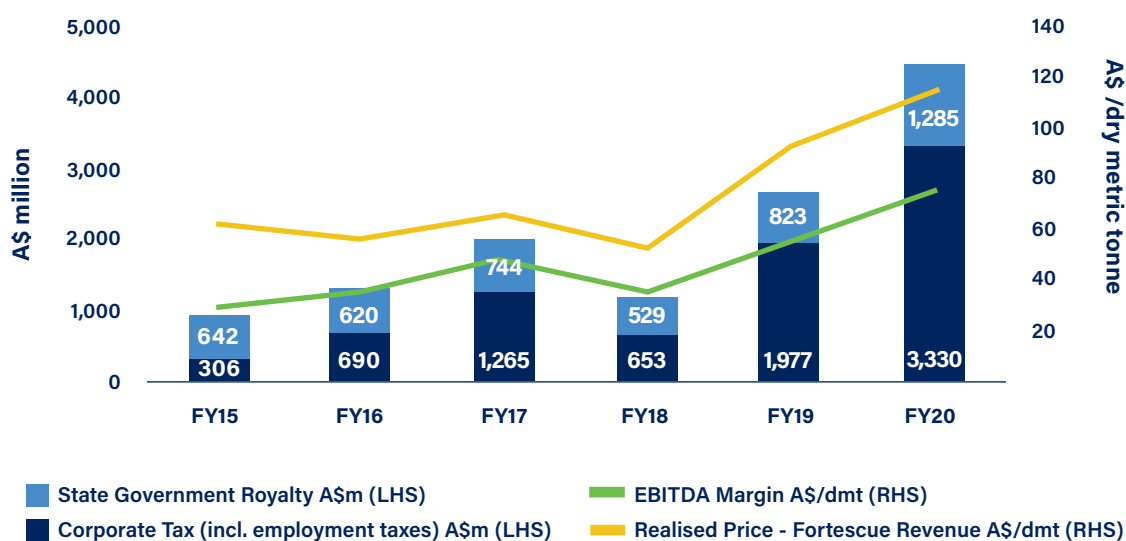
- Company taxes
- State government royalties
- Comprehensive employment taxes such as fringe benefits taxes, payroll taxes and various employee insurances.

We also collect and pay a number of additional taxes beyond those which are directly attributable to our business. These include Pay As You Go (PAYG) withholding tax from salary and wages paid to employees.

Given the current structure of our international operations, some companies are subject to the Australian 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 our Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) margin and the total taxes paid. Our taxation payments therefore vary in proportion to earnings which are driven primarily by the iron ore price and cost of production. A summary of our FY20 tax obligations and tax payment history is provided 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.

FY19 INCOME TAX PAYABLE: A\$1.67 billion

Taxable income x 30% corporate tax rate - eligible tax offsets

Australian Tax Office Report

Each December, the Australian Taxation Office (ATO) issues a Report of Entity Tax Information, which provides high level details of Fortescue's income tax return. The following details are expected to be published by the ATO in December 2020 with respect to Fortescue's income tax return lodged for the financial year ended 30 June 2019. All figures are disclosed in Australian dollars.

Fortescue Metals Group Ltd
ABN 57 002 594 872

TOTAL INCOME
A\$12,301,363,067

TAXABLE INCOME
A\$5,661,962,372

INCOME TAX PAYABLE
A\$1,671,425,248

The following additional information provides important context for the information 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 2019 was A\$6.005 billion
- The income tax payable of A\$1.67 billion is determined by multiplying Fortescue's taxable income of A\$5.66 billion by the 30 per cent corporate tax rate and then deducting eligible tax offsets (such as the research and development incentive and foreign income tax offset credits) totalling A\$27 million for the year ended 30 June 2019.

International related party transactions

Fortescue has a relatively small proportion of international related party dealings.

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

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

Our Group includes a number of active subsidiary companies that are incorporated in jurisdictions outside of Australia. These are summarised in the table on page 66 and 67.



Active Subsidiary Companies

Jurisdiction	Nature of activities	
Singapore*	Shipping services	<ul style="list-style-type: none"> 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. 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	<ul style="list-style-type: none"> Fortescue Insurance Singapore Pte Ltd (Fortescue Insurance) provides insurance services to Fortescue and its subsidiaries. This 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 as a holding company for investments. No income was generated in Singapore in FY20 by these entities.
China		<ul style="list-style-type: none"> FMG Trading Shanghai Co., Ltd (FMG Trading) is a wholly owned subsidiary of Fortescue, domiciled in China. The key purpose of the entity is to supply iron ore products directly to Chinese customers in smaller volumes, in renminbi from regional ports.
Hong Kong	Magnetite investment	<ul style="list-style-type: none"> 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. The entity has not generated any income for the year ended 30 June 2020.
	Shipping services	<ul style="list-style-type: none"> 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. FMGHKS is taxed in Australia under the Australian Shipping Regime.
United States of America		<ul style="list-style-type: none"> FMG America Finance Inc has been Fortescue's registered issuer of certain US dollar debt facilities. No income was generated in the USA in FY20.

Active Subsidiary Companies

Jurisdiction	Nature of activities	
South America*		<ul style="list-style-type: none"> We operate offices and have hired team members to support exploration activities and future company operations in Ecuador, Colombia and Argentina. We engage a number of local vendors and employees, consistent with our commitment to contribute to the local economy. No income was generated in South America in FY20.
	Ecuador	<ul style="list-style-type: none"> Ecuador Fortescue S.A. is Fortescue's wholly owned subsidiary in Ecuador. We maintain possession of 32 mining concessions, all of which are in exploration phase. No income was generated in Ecuador in FY20.
	Colombia	<ul style="list-style-type: none"> 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 tenements in Colombia. No income was generated in Colombia in FY20.
	Argentina	<ul style="list-style-type: none"> We have two wholly owned subsidiaries in Argentina, being Argentina Fortescue S.A.U. and Argentina Minera SA. No income was generated in Argentina in FY20.
Portugal*		<ul style="list-style-type: none"> Portugal Fortescue Unipessoal Lda, is a wholly owned subsidiary of Fortescue, domiciled in Portugal. The entity's corporate purpose is to assess, acquire and develop mining tenements in Portugal. No income was generated in Portugal in FY20.
Kazakhstan		<ul style="list-style-type: none"> Kazakhstan Fortescue LLP is Fortescue's wholly owned subsidiary in Kazakhstan. The entity's corporate purpose is to assess, acquire and develop mining tenements in Kazakhstan. No income was generated in Kazakhstan in FY20.

Note: This list includes only those subsidiaries that have employees and purchase goods and services.

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



A man wearing a white hard hat and safety glasses is looking upwards in a field of red soil. He is wearing a yellow high-visibility shirt. The background is a blurred landscape of red soil and some green plants.

**Our approach to climate
change, protecting
biodiversity and sustainable
water management**

07

Safeguarding the environment

Approach to climate change

Fortescue is committed to taking a leadership position on climate change.



Fortescue is committed to taking a leadership position on climate change.

We accept the scientific consensus as assessed by the Intergovernmental Panel on Climate Change (IPCC) and support the Paris Agreement goal of limiting global temperature rise to well below 2°C above pre-industrial levels.

Climate change is a complex and challenging issue impacting governments, businesses and communities all over the world. Successful mitigation and adaptation to climate change impacts requires a collaborative approach to ensure we succeed as a global community in protecting our environment for future generations, while maintaining economic stability and sustainable growth.

As a values-based business, we acknowledge our responsibility to engage with, and accelerate the transition towards, a net zero emissions global economy. We are committed to taking a leadership position on climate change and believe this will drive shareholder value over the longer term, while meeting the expectations of our internal and external stakeholders.

Our Board has overall responsibility for the oversight of climate-related matters and our dedicated Climate Change Committee (CCC) provides advice to the ARMC and the Board.

Climate Change Strategy

Our Climate Change Strategy focuses on implementing innovative and practical emissions reduction initiatives to maximise opportunities and proactively mitigate and manage climate-related risks in a transitioning economy.

Metric and targets

This year, we revised our long-term emissions reduction goal to achieve net zero operational emissions by 2040. This goal is core to our Climate Change Strategy and is underpinned by a pathway to decarbonisation, including the reduction of Scope 1 and 2 emissions from Existing Operations by 26 per cent from 2020 levels, by 2030.

Risk management

The transition to a low carbon economy presents both opportunities and risks and we are implementing measures to mitigate and manage these risks and optimise opportunities.

The evaluation of climate change risks and opportunities is integrated into our 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 those related to climate change.

We undertook a climate change focused risk assessment in June 2020.

LONG - TERM GOAL

Net zero operational emissions by 2040

Material climate-related risks and opportunities

Transitional risks

- Reduced product demand
- Technical innovation is not delivered at commercial scale to support required emissions reductions
- Reputational damage

Physical risks - acute

- Cyclone frequency and intensity
- Bushfire frequency and intensity

Physical risks - chronic

- Change in precipitation patterns
- Rising sea levels and storm surge inundation

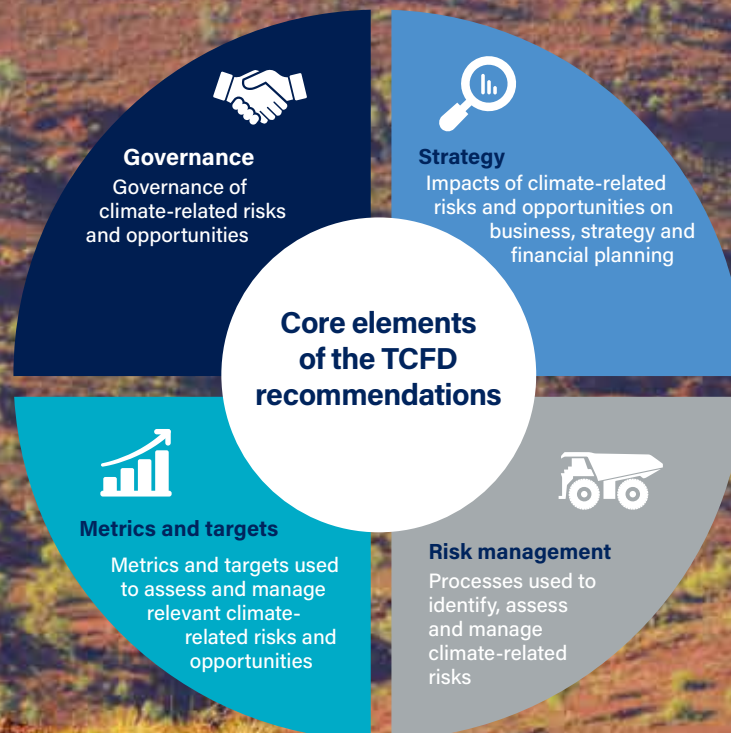
FY20 Performance

Our FY20 Scope 1 emissions were 1.93 million tonnes of CO₂-e and Scope 2 emission were 0.16 million tonnes of CO₂-e. Since FY15, the emissions intensity in electricity generation (Scope 1) has reduced by 16 per cent.

Our FY20 Scope 3 emissions from crude steel manufacturing and shipping are estimated to be 244.5 million tonnes of CO₂-e.

Fortescue's FY20 Climate Change Report is part of our annual reporting suite which also includes the FY20 Annual Report, FY20 Sustainability Report and FY20 Corporate Governance Statement, all of which are available on our website at www.fmgil.com.au

The report is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Protecting biodiversity

OBJECTIVE

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

TARGET

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

0

Number of significant environmental incidents

A\$1.72m

Invested in research and conservation programs in FY20

0

Fines or sanctions relating to environmental impact grievances

We are committed to safeguarding the environment and take a precautionary approach to environmental management. We acknowledge that our activities have the potential to impact the environment and are committed to minimising these impacts by integrating mitigation measures into all stages of our operations.

Compliance with all relevant environmental laws and obligations is the absolute minimum standard to which we comply. We respect legally designated protected areas and conservation listed species.

We align our activities with the 2003 ICMM position statement on Mining and Protected Areas and the legal instruments relating to our

areas of operation, including local, state, national and international. This includes the IUCN Red List of Threatened Species.

Specialists within our Environment team are responsible for protecting biodiversity and ensuring that we take a proactive approach to all matters in the regions where we operate.

The ARMC, on behalf of the Board, is responsible for overseeing all matters relating to environmental management. It is the collective responsibility of all employees to safeguard the environment for future generations through responsible environmental management.

We work closely with our stakeholders, including state and

federal government agencies, Traditional Custodians and the general community to ensure appropriate mitigation practices are in place. We also implement the mitigation hierarchy of avoid, minimise, rehabilitate and offset throughout all our activities.

Our Environmental Policy and Environmental Management System (EMS) reflects our commitment to continual improvement and provides a robust and comprehensive framework for the identification and management of environmental impacts. An updated Policy was reviewed and approved by the Board during FY20.

Our EMS aligns with the requirements of ISO14001:2016

International Standard for Environmental Management Systems.

During FY20, we introduced a Biodiversity Standard. This provides guidance and ensures consistency across our local and international activities relating to:

- Identification of biodiversity values in the regions where we operate
- Mitigation measures to address the biodiversity risks of our activities throughout the project cycle
- Identification of biodiversity conservation opportunities.

Our biodiversity specialists are supported by external consultants to survey exploration, development and operational areas. We use data collected during the surveys to inform project design and operational activities and contribute to detailed environmental impact assessments. The outcomes of these biological surveys assist with developing sound biodiversity protection measures.

Significant fauna

We implement a Fauna Management Plan (FMP) across our sites to identify potential impacts to Conservation Significant Fauna and ensure effective management and monitoring measures are in place. These measures aim to maximise the protection and conservation of these fauna within areas adjacent to our 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 of our sites, Conservation Significant Fauna continue to reside in habitats surrounding our operations and have not been significantly impacted by our mining or rail activities.

Research and conservation

We continue to contribute to research and conservation initiatives which improve the collective body of environmental knowledge in the areas where we operate.

We also support ongoing relationships with government, universities and other researchers.

During FY20, we contributed to a number of initiatives including:

- A\$734,000 to fund biodiversity protection programs at the Fortescue Marsh as part of a long-term strategic collaboration with the Department of Biodiversity, Conservation and Attractions (DBCA). This includes the implementation of feral animal control programs, contributions towards our Marsh Management Strategy and the funding of our dedicated Marsh Conservation Officer. Since 2008, we have contributed over A\$6.2 million to this program
- Continued investment in research to investigate the distribution, abundance and ecology of the Greater Bilby in the Pilbara region
- Continued research in conjunction with DBCA and third parties on the effectiveness of the Felixer™, a grooming trap for cat control and the associated benefits to the Northern Quoll in the Pilbara
- A\$625,000 towards 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
- A\$320,000 towards monitoring programs to enhance the knowledge and management of threatened or otherwise conservation significant flora species and ecological communities including *Pityrodia* sp. *Marble Bar* and the *Themeda* grasslands on cracking clays ecological community
- A\$50,000 contribution to the WA Parks Foundation as part of our 15 year partnership to enhance and protect biodiversity and inspire local communities to connect with nature
- In-kind support to the Subterranean Fauna Research Program led by the Western Australian Biodiversity Science Institute to establish best practice survey methods and monitoring protocols as well as improvements to data discoverability and accessibility.

CASE STUDY

New technology for Night Parrot monitoring program

How would you locate one of Australia's most elusive and critically endangered birds in an area the size of 16,000 football fields? We have found that the best science, leading global experts, the latest technology and a significant amount of sampling are all key.

The Night Parrot is a small, nocturnal bird that is endemic to Australia. The species underwent a severe population decline in the early 20th century and is currently listed as Critically Endangered

under State and Commonwealth legislation as well as listed on the IUCN Red List of Threatened Species.

We recently collaborated with leading experts to develop a comprehensive three year monitoring program of the Night Parrot at the Fortescue Marsh. The program involves the use of automated acoustic (audio) sampling devices, with the aim of recording Night Parrot calls within the project area. New mobile data collection applications have also been developed to assist with the extensive field sample collection and redeployment of recording devices at over 200 locations within the project area for the duration of the project.

Despite this extensive program, monitoring to date has not detected the presence of the Night Parrot.

CASE STUDY

Spotlight on our environmental offsets

Offset programs are designed to counterbalance residual environmental impacts. Our offsets program has been delivering environmental benefits for over a decade.

One of our longest running programs is the management of the Fortescue Marsh located near our Cloudbreak and Christmas Creek mines in partnership with the DBCA. This offsets program has delivered

long-term environmental benefits for the Fortescue Marsh ecosystem and its flora and fauna.

Key program deliverables include feral cat management, weed control programs and the funding of a dedicated DBCA Conservation Officer. Research and monitoring continue to build on our understanding of the biodiversity and ecological importance of this internationally recognised wetland.

Protection of the Fortescue Marsh

Our Cloudbreak and Christmas Creek mine sites lie north of the Fortescue Marsh, a wetland of national significance listed on the Directory of Important Wetlands of Australia. The Marsh is also culturally significant to the Banjima, Nyiyaparli and Palyku Traditional Custodians.

We implement mitigation and management measures that are consistent with the WA State Government Fortescue Marsh Management Strategy (2018-24) to ensure the protection of the Marsh.

Incidents and monitoring

All environmental incidents are fully investigated. During FY20, there were no significant environmental incidents and no fines/sanctions or environmental impact grievances filed against Fortescue.

We undertake stringent internal compliance auditing on an ongoing basis across all our sites to measure compliance against environmental obligations and relevant standards.

Internal compliance is complemented by external independent audits. During FY20, the Western Australian Department of Mines, Industry Regulation and Safety and the Department of Water and Environmental Regulation completed numerous field and desktop audits across our operations, including exploration and development sites.

The audits assessed compliance against Ministerial Statements issued under the *Environmental Protection Act 1986* (WA), Mining Proposals and Program of Works under the *Mining Act 1978* (WA). All audits determined that we had demonstrated a high level of compliance and that our operations align with the expectations of regulators.

Dust management

Fortescue maintains a high level of vigilance over its management of dust in Port Hedland. In collaboration with the WA State Government, the Port Hedland Industries Council and the local community, we ensure that best practice techniques are implemented to minimise impacts.

Our operations are subject to strict dust management controls and we maintain the highest standards to protect the health of our workforce and the wider Port Hedland community.

Monitoring during FY20 continued to show that Port Hedland's air quality has remained constant over the past nine years, despite a significant increase in product exported by Fortescue and other port users. We recognise that dust is an issue for the local community and will continue to operate with transparency to ensure that our employees and the wider community are kept up to date on this matter.

We also undertake air quality monitoring, reporting and modelling at our other sites. These measures indicate that our operations conform with legislated limits and standards. We have a framework for managing the health risks of exposure to airborne dust particles, which applies to all activities associated with our operations and projects. Our testing of respirable and airborne dust particulates is in accordance with legislative requirements.

During FY20, we participated in discussions with the State Government and industry regarding the proposed Voluntary Land Buy-back Scheme in Port Hedland. While the scheme falls within the boundary of the Town of Port Hedland, it is not directly related to the operation of our port facility. We will continue to consult with government and the community on the future development of the Town of Port Hedland.

Sustainable water management

OBJECTIVE

Lead a better understanding of regional hydrogeological systems where we operate.

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 (MAR) program.

170_{GL}

Total water withdrawn

116.5_{GL}

Total water returns to the environment

98%

Water reinjected or used for beneficial purposes



Water is a critical resource and its effective management is fundamental to the sustainability of our operations and the ecosystems and communities in which we operate.

We take a proactive approach to responsible water management and acknowledge that our operations have the potential to impact water resources. We mitigate impacts by complying with all regulatory requirements as the absolute minimum and implement sustainable water management practices across all sites.

Our dedicated Water Management team provides technical support across the business during all stages of operations including planning and approvals. Specialist advice is provided on a wide range of issues including flood management, water supply, climate change and dewatering.

Our operations use water for ore processing, dust control and for village requirements including the supply of drinking water. This water is primarily sourced from local groundwater resources, with minor quantities of water purchased from municipal suppliers. Our Port Operations also use seawater, which is treated as required using desalination. Surface water is not used to supply water to any of our operations.

In addition to direct operational requirements, we also manage key environmental water requirements including:

- Maintenance of groundwater levels on the boundary of the Fortescue Marsh, adjacent to our Cloudbreak and Christmas Creek mine sites
- Maintenance of groundwater levels at the boundary of the Karijini National Park
- Maintenance of water levels in some permanent pools in Kangeenarina Creek and Weelumurra Creek adjacent to the Solomon Hub
- Ensuring that mining activities do not impact the water quality or hydrological regime of Site 12 Pool, adjacent to North Star.

As some of our ore bodies sit below the groundwater table, we abstract water to mine in a process known as mine dewatering. The water resulting from this process is reused wherever possible, forming a key water source at the Cloudbreak, Christmas Creek and Solomon mine sites. The reuse of water is subject to a water quality hierarchy, which ensures that reused water is of a suitable quality for each purpose, including the environmental requirements for water reinjected into the local groundwater system.

At the Christmas Creek and Cloudbreak mine sites, where the mine dewatering volumes exceed the operational and environmental water requirements, excess water is returned to the environment via reinjection. With the exception of regulated environmental water requirements, we do not discharge excess water to surface water bodies. During FY20, no excess water was discharged to surface water.

Managing water risk

Our evaluation of water related risks and opportunities, including those related to climate change, are integrated into multidisciplinary, company wide risk management processes and are considered as part of our overall business strategy. Facility level risk assessments are undertaken regularly as part of mine planning processes, including operational and environmental risks, constraints and challenges.

We minimise our impact on water resources by applying adaptive responses to water management. We assess the overall water risk of our operations against several risk measures including the BETA Aqueduct Water Risk Atlas, which provides water stress risk ratings.

Our Cloudbreak and Christmas Creek mine sites are located in low water risk areas and our Solomon and Eliwana mine sites are located in a low to medium-risk area. Our Iron Bridge development is located in a high-risk area. To manage this risk, water for the site is sourced from a lower risk area and transported via a pipeline to the site. We do not have operations or developments located in areas defined as 'water stressed' by the BETA Aqueduct Water Risk Atlas.

Our water-related risks are assessed and addressed on an ongoing basis. The assessment considers our operational risks at a site level and the actions required to address them. Key operational risks are outlined in the table on page 76.

Our water-related risks

Asset (Location)	Water-related risks	Actions to address
Cloudbreak and Christmas Creek	Potential impacts to the Fortescue Marsh	<ul style="list-style-type: none"> Operate the Chichester Managed Aquifer Recharge (MAR) program to minimise water level change near the Marsh Apply a set of triggers to inform mitigation measures if unforeseen changes occur Monitor groundwater levels Monitor groundwater dependent vegetation
Solomon, Eliwana and Iron Bridge	Potential impacts to pools	<ul style="list-style-type: none"> Monitor groundwater levels, surface water levels and quality, as defined by environmental conditions Implement supplementation activities, where required
All	Potential impacts to stygofauna	<ul style="list-style-type: none"> Identify extents of habitat and characterise stygofauna species Manage groundwater drawdown
All	Potential impacts to groundwater dependent vegetation	<ul style="list-style-type: none"> Monitor groundwater levels Manage groundwater drawdown Monitor groundwater dependent vegetation
All	Potential impacts to other water users including pastoralists	<ul style="list-style-type: none"> Engagement with stakeholders regarding potential impacts and management measures Adherence to catchment scale water allocations Installing additional water infrastructure where required
All	Increased flood risk due to climate change	<ul style="list-style-type: none"> Assessment of risk to critical infrastructure using various climate change scenarios Updates to flood protection design criteria, where required
Operational mine sites	Balancing mine site water demand with available water supply within the constraints of regulatory approvals	<ul style="list-style-type: none"> Maintain a range of water supply options Monitor and manage existing and future water supply sources Conduct studies to assess potential environmental impacts and inform appropriate triggers for management actions Implement best practice techniques for mitigating environmental impacts such as Managed Aquifer Recharge and supplementation
Operations and projects	Flood risk during wet season	<ul style="list-style-type: none"> Update hydrological models with any new data Conduct an annual risk assessment and implement a wet season preparedness plan Monitor impacts during flood events
Operational mine sites	Risk to mining production due to insufficient dewatering	<ul style="list-style-type: none"> Conduct hydrogeological investigations prior to pit development Design appropriate water management infrastructure through the use of integrated hydrogeological numerical models and water system models Monitor dewatering response and feedback into design



We operate in some areas that are adjacent to sensitive ecological habitats such as national parks, significant wetlands, permanent pools and groundwater dependent vegetation. To mitigate the potential impacts of our operations in these areas, we conduct supplementation to maintain environmental water levels.

In addition, we are subject to a number of environmental protection obligations as well as voluntary monitoring programs to minimise impacts to these ecosystems.

Water stewardship

Fortescue recognises the importance of water resources in the Pilbara and we are committed to sustainably managing water resources to avoid impacts to the environment and other water users. We manage water resources strategically across our operations, with site-specific water balances

used to quantify supply and demand and identify opportunities to improve water use efficiency. We minimise losses through evaporation by avoiding surface water discharge.

Water management activities at each of our sites including allocation, are undertaken in accordance with a combination of regulatory and voluntary requirements.

Each site is subject to regulation under Part IV and Part V of the *Environmental Protection Act 1986*, in addition to licensing under the *Rights in Water and Irrigation Act 1914* (RIWI Act). These legislative obligations outline the minimum standards in water management required to protect the environment and other water users. Impacts are tracked through monitoring.

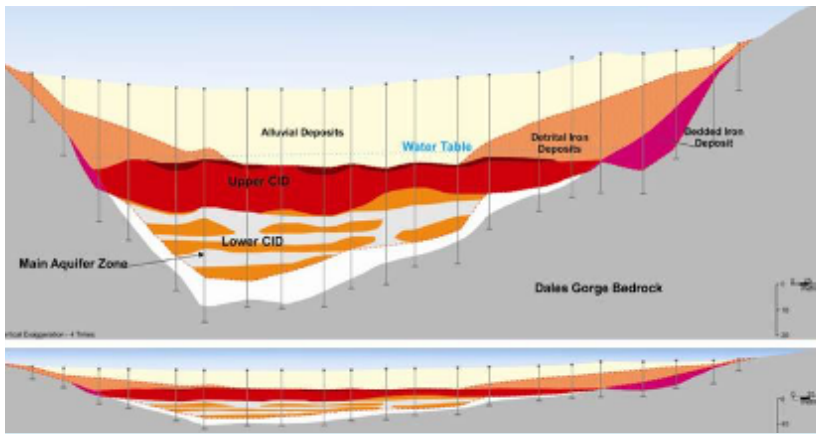
Water allocations are regulated by the Department of Water and Environmental Regulation (DWER) under the RIWI Act.

The objectives of the RIWI Act include:

- Providing for the sustainable use and development of water resources
- Protection of the ecosystems and the environment in which water resources are situated.

A section 5C licence to take water under the RIWI Act must be negotiated with relevant stakeholders including other water users in the area. A 5C licence requires the preparation of a groundwater operating strategy which must include a monitoring regime and ongoing communication with relevant stakeholders.

We monitor water quality and quantity at our operations, along with the health of key local ecosystems and habitats. This monitoring allows us to ensure impacts are minimised and that we are operating in compliance with regulatory requirements.



CASE STUDY

Solomon makes major progress in dewatering

Fortescue's first ever horizontal bore was commissioned at the Solomon mine site during FY20 and has since earned an award nomination.

The project was initiated to address the loss of in-pit bores from mining activities and to reduce risks to the autonomous haulage system.

The Horizontal Directional Drilling (HDD) project replaces

dewatering bores from the active mine area with a directional drilled bore. Manager Drilling, Chris Oppenheim said, "It achieves this by drilling from outside the pit then down along the base of the ore body. The drill hole is then cased and a pump is installed."

"The HDD bore can replace a bore field of 15 conventional bores and will save over \$1 million annually," Mr Oppenheim said.

Members of the Drilling, Hydrogeology, Dewatering and Capital Projects teams have been involved in the project and plan to install more horizontal bores at the Solomon mine site. Use at other sites will also be considered.

The project was shortlisted for the Innovation and Technology award at the Australasian Groundwater Conference in November 2019.



The Papa Waringka MAR scheme

Dewatering accounts for the majority of water abstracted at our operations. Our Managed Aquifer Recharge (MAR) programs minimise environmental impacts and maintain the water balance, by ensuring as much water as possible is returned to the natural environment through reinjection to the local groundwater systems.

The Papa Waringka MAR scheme has been operating at the Cloudbreak and Christmas Creek mine sites since 2009. Named after the traditional Nyiyaparli word for water of the ground, this scheme has progressively expanded to its current scale of 349 abstraction bores, 134 injection bores and 12 transfer ponds.

The scheme currently returns over 110 gigalitres (GL) per annum of abstracted groundwater and involves the reinjection, storage and redraw of water to form a hydraulic barrier between dewatering operations and the internationally significant Fortescue Marsh ecosystem. The scheme is one of the largest in Australia and the first to be operated in a variable density groundwater environment.

Implementation of the scheme allows:

- Conservation of the brackish water resource for redraw over the life of the mine
- Minimising the drawdown footprint from the dewatering operation, particularly on the Fortescue Marsh
- Limiting environmental and cultural impacts associated with the surface discharge of excess water to the Fortescue Marsh, where prolonged surface discharge to a naturally dry area can lead to dependency of vegetation and associated fauna
- Sharing learnings with regulators and peers.

The scheme is a temporary water management system which will be dismantled and rehabilitated on completion of mining, allowing for the return of the natural groundwater system.

During FY20, 145 GL of groundwater was abstracted under the scheme, with 30 GL reused for ore processing, dust suppression and camp supply and 111 GL reinjected into local aquifers.

Closure and rehabilitation

Mine closure

Fortescue mine closure planning focuses on returning the land to a state that provides future use and value.

We work with our stakeholders including local communities, Traditional Custodians and government agencies when considering post-closure land uses and developing achievable outcomes. Although none of our sites are expected to close within 10 years, we undertake various studies and field trials to demonstrate the feasibility of the closure strategies detailed in our mine closure plans. Financial provisions for closure are developed for all our sites and revised every six months to capture our mine and rehabilitation progress. These provisions are further outlined in our FY20 Annual Report which is available on our website at www.fmg.com.au

Mine closure is a key consideration during the project feasibility phase, when closure outcomes are agreed with stakeholders and site strategies created to minimise environmental impacts. To minimise the potential financial, social and environmental risks of mine closure, we review strategies over the life of each operation to ensure maximum effectiveness of rehabilitation activities and future uses.

Planning for closure starts when a project is being developed and continues throughout the mine life to ensure that the impacts of mining can be managed in an environmentally, socially and economically responsible manner. Our closure planning cycle includes an annual closure review to ensure we develop outcomes that meet stakeholder needs and allow for sufficient time to consider 'accepted norms' and obligations and ensure the best solutions can be implemented.



During FY20, mine closure works focused on the following:

- Additional waste rock characterisation and the establishment of a waste rock landform erosion trial at the Solomon Hub mine
- Continued geochemical kinetic test work at the Eliwana mine
- Review and update of the Solomon Hub, Eliwana, Iron Bridge project and Cloudbreak mine closure plans
- Establishment of closure plans for the rail network and port facilities
- Collaboration with industry peers to establish the Cooperative Research Centre for Transformations in Mining Economies (CRC-TiME).

Sustainable rehabilitation

We have adopted a multidisciplinary approach to sustainable rehabilitation as we aim to ensure that progressive rehabilitation activities are integrated into all standard operating procedures and that closure environmental performance objectives are met. To achieve this, we have developed a range of practical, achievable solutions which ensure responsible rehabilitation practices are implemented throughout the mine life cycle. We consider a range of sustainable options which are fully costed prior to adoption.

We apply an integrated approach where rehabilitation monitoring

procedures consider local environmental issues, using indices such as plant species diversity and composition, nutrient cycling, infiltration and erosion. Several rehabilitation monitoring programs have been postponed until FY21 due to restrictions on site travel related to the COVID-19 pandemic.

Our ongoing monitoring programs achieved the following during FY20:

- 11 rehabilitation and associated transects
- 11 photographic monitoring points
- A weed mapping program of the North Star Pipeline Corridor.

During FY20, rehabilitation works included:

- Direct disposal (backfill) of more than 170 million tonnes of waste rock into exhausted mine pits
- Continued geochemical and physical characterisation of the mineral waste rock
- Ongoing review, involving computer modelling, of proposed post-mining landforms and water systems.

Partnerships and collaboration

During FY20, we met with industry peers to better understand and improve rehabilitation practices. Our involvement in the Pilbara Rehabilitation Group, which includes participants from Rio Tinto, BHP and Roy Hill, has resulted in greater awareness and sharing of knowledge regarding rehabilitation in the Pilbara.

Tailings management



Continued engagement with experts and regulators

Satellite based Interferometric Synthetic Aperture Radar trial

Participation in the Global Tailings Review



**In FY20,
25.8 million tonnes
of tailings were
produced at
our sites**

Fortescue's management of the storage of tailings includes rigorous design practices, comprehensive monitoring and management programs, independent auditing and a strict corporate governance regime

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 Tailings Storage Facilities (TSFs). Over time, the fine-grained material settles, allowing water to be recovered and recycled.

Our effective management and storage of tailings includes:

- Rigorous design practices
- Comprehensive monitoring and management programs
- Independent auditing
- A strict corporate governance regime.

We make use of internal expertise together with external design and review consultants. This ensures that our TSFs are designed, operated and closed to the highest standards, minimising any environmental and community impacts and ensuring operational efficiency.

The tailings produced during the production of our iron ore are geochemically benign and therefore pose a negligible environmental and/or health contamination risk.

In FY20, 25.8 million tonnes of tailings were produced at our sites.

Our tailings storage

We currently operate four active TSFs and manage an additional six inactive facilities. All of our 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 our Iron Bridge project and is in care and maintenance.

The active TSFs are located at our operational mine sites at Cloudbreak, Christmas Creek and Solomon Hub. None of our TSFs are considered to be large or complex engineering structures, or operated in geotechnically, geologically, topographically or meteorologically complex settings.

We do not employ the upstream raise as a TSF design or construction method. All of our 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 which include 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.

Our TSF register, containing detailed information on each TSF, can be found on the Environment page on our website at www.fmgil.com.au



Our 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.

We implement a life-cycle TSF management framework. The objective of this framework is to define, understand, prioritise, control, mitigate and effectively eliminate TSF failure.

Our 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**
Observational Trigger, Action, Response Plan (TARP) based operation, surveillance (inspection and monitoring) and maintenance
- **Critical Control Group #3**
Risk-focused condition, performance and dam safety based inspections, reviews, audits and corrective planning and implementation. 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.

Inspections and audits

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

Each active TSF is also inspected by the external design engineer annually to ensure the facility is being operated in accordance with the design intent. Each tailings facility (active and inactive) is also audited annually by independent experts to ensure the ongoing safety and integrity of each facility. The most recent design engineer inspections and external audits were completed in late 2019.

In addition, a corporate risk assessment of all our TSFs is conducted annually and reported to the Board with the most recent assessment completed in March 2020. We will continue to engage with tailings storage management experts and regulators to ensure risks are mitigated and managed effectively.



CASE STUDY

Tailings water and dust monitoring trial

This year, Fortescue commenced a 12-month trial of satellite based Interferometric Synthetic Aperture Radar (InSAR) monitoring at its Solomon Hub.

This monitoring provides increased resolution of monitoring data for tailings containment structure displacements than can be achieved with other methods. By processing historical and new satellite data, InSAR will significantly increase the amount of collected data and will complement existing monitoring systems.

This application of InSAR monitoring and its wider benefits in tailings water and dust management will be further explored in FY21.

Global Tailings Review

During FY20, internal specialists attended the Global Tailings Review (GTR) industry and regulators public consultation session held at the Chamber of Minerals and Energy WA in Perth. The session was attended by consultants and representatives from a number of resource companies.

Following the devastating tailings storage failure in Brumadinho, Brazil in January 2019, the GTR was initiated by the International Council on Mining and Metals (ICMM), the United Nations Environment Programme (UNEP) and the Principles for Responsible Investment (PRI). The GTR aims to establish a Global Tailings Standard (GTS) to improve the safety of tailings facilities by mandating improvements. The GTS is scheduled for release in August 2020.

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.

We are committed to reducing waste generation across our sites

89%

Waste recycled across our sites

Our waste management approach aims to reduce waste through prevention, reduction, recycling and reuse of waste produced across all sites. While we continue to investigate options to minimise the volumes of non-mineral general waste being sent to landfill, during FY20, we focused on initiatives which reduce and eliminate the use of single use plastics.

This year we formed a dedicated Plastics Reduction Committee to investigate and implement initiatives to reduce the consumption and environmental impacts of single use plastics. Due to the constraints of the COVID-19 pandemic, a number of planned initiatives were delayed and were not able to be implemented in FY20. These initiatives include:

- Fortescue's Journey to No Plastic
- Solomon Hub pilot program
- Containers for Change.

We hold regular information sessions with our workforce to promote waste management initiatives including plastic reduction across our sites.

One of our targets for FY20, to identify a sustainable disposal method for off the road tyres (OTRs) and conveyor belts has seen some exciting new developments with multiple vendors moving to develop a sustainable solution to recycle the OTRs and conveyor belts.

Non-mineralised waste

Non-mineralised wastes generated at our sites includes food and food packaging wastes, used oil and office wastes. Where waste cannot be recycled or reused, it is disposed of at regulated landfill facilities on site.

Waste is handled in accordance with our 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. The plan also details the key management actions to achieve the objective of the plan.

No hazardous waste, as classified under the Basel Convention, was generated or disposed of at our sites during FY20.

During FY20, we recycled 89 per cent of non-mineralised waste volumes across all of our sites, excluding tyres and concrete waste. In particular, we recycled in excess of 6,620 tonnes of rubber across all sites. The recycling of our waste in FY20 was impacted by the COVID-19 pandemic which saw access to some of our recycling partners interrupted.

During FY21, we will continue to work with vendors to investigate a sustainable method for recycling OTRs.



CASE STUDY

Christmas Creek conveyor project uses recycled plastic

Christmas Creek has undertaken a conveyor project to install new safety guards made from recycled plastic which will provide a range of time saving, cost saving, environmental and safety benefits.

Senior Project Manager Madeleine Shoebridge said, "Safety guards on conveyors are used to eliminate hazards due to the potential for rock falls from the crushed ore material during the

rollback of product or an unplanned event. The fatal risk reduction is the primary benefit. However the project also reduces the associated clean up costs by containing any potential ore overflow events."

In a Fortescue first, these new guards have been made from recycled plastic. The new guards use four tonnes of recycled High-Density Polyethylene Plastic.

"The new safety guards are much lighter than conventional guarding

and easier to fabricate and install which has helped the project team reduce the overall execution time and budget, resulting in a safe and cost-efficient installation," Ms Shoebridge said.

Using the recycled guards has achieved a 10 per cent saving in installation costs and the team also expects to achieve significant maintenance savings as corrosion is not an issue unlike with conventional steel guards.

08

Creating positive social change



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.

6%

Procurement spend with Aboriginal businesses

A\$20_m

Funding for Aboriginal businesses under ANZ leasing facility

A\$2.7_{bn}

Value of contracts awarded

Billion Opportunities

Fortescue is committed to creating positive social change within Aboriginal communities through local procurement, business development, mentoring and capacity-building opportunities.

Our Billion Opportunities program is an initiative that promotes sustainable business opportunities for Aboriginal people by building the capability and capacity of Aboriginal businesses. The program forms a critical element of our approach to ensuring economic opportunity and growth for the Traditional Custodians within the regions in which we operate.

Since its commencement in 2011, the program has awarded contracts and subcontracts worth a total value of A\$2.7 billion to more than 120 Aboriginal businesses.

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

- Providing opportunities for Aboriginal businesses based on their level of capacity and capability
- Building the capability and capacity of Aboriginal businesses to ensure the businesses remain sustainable
- Creating a whole of company approach to engaging and mentoring Aboriginal businesses including setting Aboriginal procurement targets and Key Performance Indicators for our procurement leaders
- Well established and embedded procurement processes to ensure Aboriginal engagement is part of our tender evaluation.

A major barrier for Aboriginal businesses to build capability is access to capital, as many find it difficult to own assets due to their inability to access finance from banks and financial institutions.

In 2017, we partnered with ANZ to initiate a A\$50 million funding scheme to allow eligible Aboriginal businesses to access finance at a competitive rate. We act as guarantor which removes the need for the Aboriginal business to provide security, with the facility allowing the Aboriginal business to own the assets at the expiry of the contract and to use them as security in the future. This initiative has already provided A\$20 million in funding to nine Aboriginal businesses.

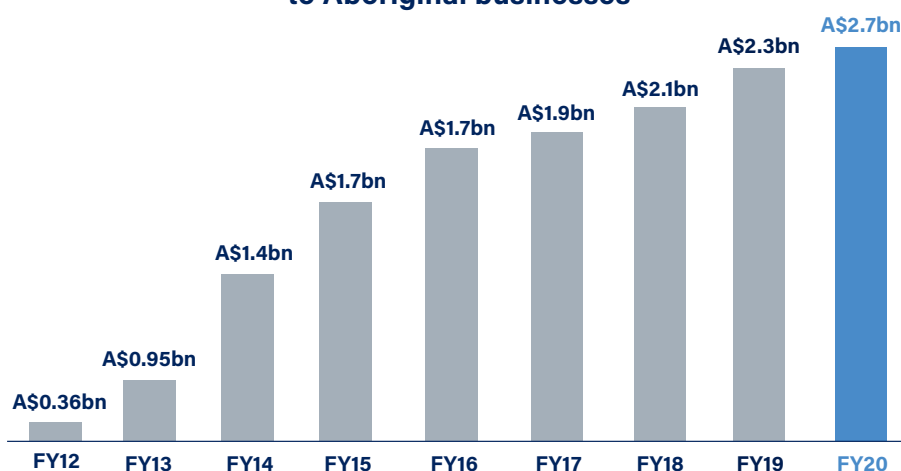
We are committed to spending 10 per cent of our operational procurement budget with Aboriginal businesses. In FY20, we spent A\$354 million with 63 Aboriginal businesses, representing 6 per cent of our total contestable spend. More than 85 per cent of this spend was awarded to businesses owned by Native Title

Groups and their members. During FY20, we reached a milestone with the total value of contracts awarded reaching A\$2.7 billion since 2011.

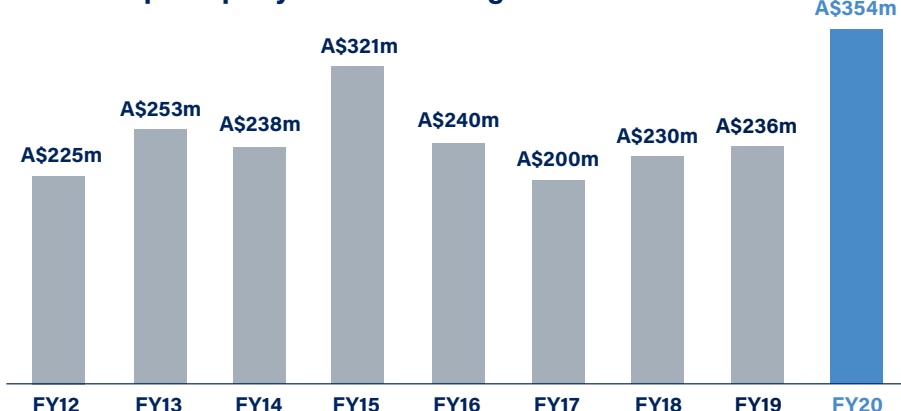
In FY20, we also awarded and extended contracts and subcontracts with a value of A\$369 million to Aboriginal businesses.

The Billion Opportunities program will continue to foster change and create sustainable communities. Through its continued success it is hoped the program will inspire other businesses to implement Aboriginal procurement strategies and provide opportunities to thousands of Aboriginal businesses across the country.

Cumulative value of contracts awarded to Aboriginal businesses



Spend per year with Aboriginal businesses





CASE STUDY

Fortescue's Billion Opportunities program reaches a new milestone

In January 2020, Fortescue announced the extension of our waste management services contract to PTK Environmental Services (PTK), an Aboriginal business owned and operated by Palyku member Tammy O'Connor, for a further five years.

The extension of the contract with PTK brings the total value of contracts and subcontracts awarded to Aboriginal businesses and joint ventures under our Billion Opportunities procurement initiative to over A\$2.7 billion, since the program began in 2011.

CEO Elizabeth Gaines said, "Our Billion Opportunities program is a critical element of our commitment to provide economic and employment opportunities for Aboriginal people. We are incredibly proud to partner with over 120 Aboriginal businesses and joint venture partners and to support the growth and development of driven business leaders like Tammy O'Connor, to build capability and capacity, and contribute to the ongoing sustainability of Aboriginal companies."

PTK Director and shareholder Tammy O'Connor said, "We pride ourselves on the safe, high quality services we

provide and it is great to have this recognised by Fortescue with the extension of our contract. The flow on effect of our work with Fortescue has huge benefits for the community by providing real opportunities for people to get jobs and support their families."

COO Greg Lilleyman said, "Reducing waste through the prevention, reduction, recycling and reuse of materials produced during operations is a priority for us. We look forward to working with Tammy and the PTK team as we continue to reduce and manage our waste."

CASE STUDY

Fortescue celebrates A\$20 million in funding for Aboriginal businesses under innovative ANZ leasing facility

In May, Fortescue celebrated an important milestone in its commitment to Aboriginal business development, with the approval of A\$20 million in financial support for nine Aboriginal contractors under the Company's guaranteed leasing facility with ANZ.

CFO Ian Wells said, "At Fortescue, we believe that strong, sustainable

Aboriginal businesses are the key to creating employment and economic opportunities for business owners, their families and communities.

"Access to capital has been identified by our Aboriginal contracting partners as a barrier to growth and through our innovative guaranteed leasing facility with ANZ, we are helping to address this challenge by providing practical tools to build long-term capability and capacity," Mr Wells said.

Among the nine recipients is the Wiru-murra Yindjibarndi Aboriginal Corporation, whose business arm Wiru-murra Enterprises Pty Ltd (WME) received A\$5.64 million for the purchase of plant and equipment for its non-process infrastructure operations, road maintenance and resource definition contract at Solomon.

WME Director John Sandy said, "Our longstanding relationship with

Fortescue has provided significant training, employment and business development opportunities for our people, and enabled Wiru-murra to support many of our important local community organisations.

"With the support of Fortescue and ANZ, we have been able to access finance to purchase equipment instead of hiring from an external contractor, providing us the opportunity to own assets and generate more cash flow to invest back into training and employment for our community," Mr Sandy said.

CEO Elizabeth Gaines said, "Fortescue has been working with Wiru-murra since 2013 and we are delighted to see them grow to be one of the largest Aboriginal businesses in Australia, delivering important employment opportunities for Aboriginal people."

CASE STUDY

Iron Bridge project supports Aboriginal businesses

Our longstanding commitment to supporting local and Aboriginal businesses continued this year with the contract for the West Canning Basin earthworks at the Iron Bridge project awarded to Cundaline Resources Pty Ltd (Cundaline).

Cundaline, a 100 per cent Aboriginal owned company with links to the Njamal, Tjiwari, Bunjima and Noongar Traditional Custodian groups, will carry out the earthworks, access preparation and rehabilitation services associated with the hydrogeology drilling program for the Iron Bridge project.

CEO Elizabeth Gaines said, "Fortescue's Aboriginal procurement initiative, Billion Opportunities, has awarded over A\$2.7 billion in contracts and subcontracts to Aboriginal businesses and joint venture partners since the program began in 2011.

"We are committed to building on this proud track record through our growth projects, Eliwana and Iron Bridge, which have already awarded over A\$60 million in contracts to Aboriginal businesses.

"Importantly, Billion Opportunities is focused on building the capability and capacity of Aboriginal businesses, and it is very pleasing to see Cundaline, a business which commenced operations as a labour hire company,

now expand into earthworks and mechanical maintenance contracting areas," Ms Gaines said.

Cundaline's Managing Director Brenden Taylor said, "The West Canning Basin Earthworks contract is a milestone project and the first of a number of potential opportunities on the Iron Bridge Magnetite Project for Cundaline.

"Along this journey, we have worked together with other Aboriginal businesses and I especially want to acknowledge Fortescue, through the Billion Opportunities initiative, for making a real difference for a local and Aboriginal business like Cundaline to continue to grow our capacity and capability into the future," Mr Taylor said.

CASE STUDY

Innovative contract for Village Services

In December 2019, Fortescue announced the award of Village Facilities Management Agreements through an innovative contract model between Sodexo Remote Sites Australia Pty Ltd (Sodexo) and three Aboriginal businesses owned by Pilbara Native Title Groups.

With a collective award value of A\$150 million over three years, the contracts involve three individual unincorporated joint venture agreements with Sodexo and 100 per cent Aboriginal owned businesses Palyku Enterprises Pty Ltd, Karlka Facilities Management Pty Ltd and Kariyarra Hospitality Services Pty Ltd.

The contracts include catering, accommodation management, and lifestyle and recreation services for our Cloudbreak and Karntama villages in the Chichester Hub and Hamilton Village in Port Hedland.

CEO, Elizabeth Gaines said, "Our Aboriginal procurement initiative and approach to providing opportunities to Aboriginal people has empowered our Native Title Partners by building

the capability and capacity of Aboriginal businesses.

"These contracts are awarded on merit. Each of our business partners has competitively demonstrated their commercial ability to deliver the contracted services and by working within a joint venture, the Aboriginal businesses have the support and opportunity to increase their active participation and build long term sustainability," Ms Gaines said.

Sodexo Chief Executive Officer of Energy and Resources Asia-Pacific Darren Hedley said, "Our ongoing work with Fortescue shows that both companies are aligned in improving the quality of village life, and value strong engagement with communities."

Creating employment opportunities for Aboriginal people

OBJECTIVE

Train, employ and develop Aboriginal people within Fortescue and our contracting 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.

844

Aboriginal employees in Australia

10%

Aboriginal employment rate

23%

Of Aboriginal employees in trade roles

Fortescue is committed to creating opportunities for Aboriginal people by providing training, employment and development pathways.

We are proud to be one of Australia's largest employers of Aboriginal people, directly employing 844 Aboriginal people, representing 10 per cent of our Australian workforce.

Training and employment programs

Our Aboriginal training, professional development and support programs are designed to assist Aboriginal people to gain employment and progress their career with Fortescue.



Vocational Training and Employment Centre

Our VTEC has been providing sustainable career pathways for Aboriginal people for over a decade. Built on the compelling idea that following the completion of training you are guaranteed employment, the program is a key part of our training and development strategy.

During FY20, 53 graduates completed the program and secured full-time employment. The recent cohort of graduates commenced employment in various roles at our Solomon Hub, Cloudbreak mine and Port Operations. Since its inception in 2006, the program has resulted in the successful employment of over 900 Aboriginal people across our sites.

Trade Up Apprentice Program

Fortescue's Trade Up, is an award-winning initiative which provides a pathway to an apprenticeship for Aboriginal employees. The program currently has 122 participants with nine participants from the inaugural intake successfully gaining permanent employment with us during FY20. The program is supported by our contracting partners Thiess, Goodline and Eastern Guruma, Wirlu-Murra Yindjibarndi Joint Venture.

Our Aboriginal training and employment programs are complemented by initiatives designed to overcome the barriers faced by Aboriginal people in securing and maintaining work. We employ a full time health coordinator and implement an Aboriginal Health Program which aims to improve the health of our Aboriginal workforce.

We strive to build a workplace which understands, supports and champions Aboriginal people through the following:

- Compulsory cross-cultural awareness training for all employees
- Ensuring leaders are provided with the skills and knowledge to support and lead Aboriginal employees
- Recognising and rewarding employees who support Aboriginal employment and development
- Celebrating significant Aboriginal cultural events throughout the year, including NAIDOC Week.

Development pathways Leadership and Excellence in Aboriginal People Program

We believe Aboriginal leaders are critical to enabling a culture that truly supports Aboriginal people. We provide a range of professional development opportunities to help Aboriginal employees with leadership aspirations realise their goals. A key component of this is our Leadership and Excellence in Aboriginal People (LEAP) Program.

Since its inception in 2015, our LEAP Program has provided 71 Aboriginal employees with a 12 month formal training program which includes off-site education, practical on-site development, internal mentoring, Board exposure, Aboriginal leadership education and business leadership training. Of the 71 people who have completed the program, 59 per cent have been promoted, with 50 per cent supervising others.

Supporting our Aboriginal employees and their families

We are the only Pilbara-based mining company with flights between all mine sites and the major communities of Karratha, Port Hedland, Broome, Kununurra and Fitzroy Crossing. This allows Aboriginal people to remain on country with their families while still accessing employment opportunities.

In FY20, all Pilbara-based employees were eligible to receive housing support and entitlements. Currently, 243 Aboriginal employees are accessing our owned and leased properties. To support our Pilbara based Aboriginal employees, we spent approximately A\$8.8 million during FY20 on housing support.

Creating employment opportunities for Aboriginal people

Target	Progress	SDGs
By 2020, achieve an Aboriginal employment rate of 20% across our Australian operations	<ul style="list-style-type: none"> 844 Aboriginal people employed 10% of our total Australian workforce 732 Aboriginal people working on our Pilbara sites (including labour hire) Four per cent of leadership roles held by Aboriginal people 	
Build skills, capability and opportunities	<ul style="list-style-type: none"> 53 people completed VTEC training in FY20 141 Trade Up Program trainees were employed during FY20 49% of Trade Up Program participants were Aboriginal 	
Create a workplace that supports and encourages Aboriginal employment and promotion	<ul style="list-style-type: none"> Key initiatives: <ul style="list-style-type: none"> Trade Up Program CEO for a Day Program Leadership and Excellence in Aboriginal People (LEAP) Program Regional FIFO Cultural awareness training of all employees Aboriginal development team support Housing support Aboriginal health programs 	
Provide opportunities for Aboriginal employees to participate in the LEAP Program and CEO for a Day	<ul style="list-style-type: none"> 18 Aboriginal employees participated in the LEAP Program in FY20 71 Aboriginal employees have participated in the program since 2015 Three Aboriginal employees participated in the CEO for a Day Program in FY20 	
Deliver family support options including family site visits	<ul style="list-style-type: none"> 744 families hosted at our sites during FY20: <ul style="list-style-type: none"> 45 Hedland Operations 207 Cloudbreak 206 Christmas Creek 286 Solomon Hub 	
Provide and support community based family programs	<ul style="list-style-type: none"> The following community-based programs were supported during FY20: <ul style="list-style-type: none"> Big hART Jawun Program Hedland Women's Refuge Community Support Grants Youth Indigenous Council Mingle Mob Pilbara Community Hockey Program Roebourne High School Working Busy Bee 	
Annual involvement in the policy debate to address Aboriginal disparity	<ul style="list-style-type: none"> The following contributions to policy debate were made during FY20: <ul style="list-style-type: none"> Partner of a research project on Indigenous preferential procurement policies with University of Melbourne Initiated the establishment of the Raising the Bar project with the Business Council of Australia 	



CASE STUDY

Fortescue's VTEC celebrates 900th job for Aboriginal people

In 2020, we celebrated the 900th Aboriginal person to be offered full time employment with the VTEC program.

After successfully completing the program in Karratha and Port Hedland, the 17 graduates secured full time employment at our Solomon Hub, Cloudbreak mine and Port Operations in roles spanning drill and blast, dewatering, Ore Processing Facilities (OPF) and production.

Hedland VTEC graduate, Cynthia Cameron-Turland was one of the graduates.

"VTEC helped my father build a successful career as a Rail Shunter and he encouraged me to also sign up," Ms Cameron-Turland said.

Cynthia's father, Chris Turland said, "After I completed VTEC, I started off as a truck driver and 12 months later I progressed into a trainee train driver role. From there I went into train driving and rail shunting. I haven't looked back since.

"Three generations of my family have worked at Fortescue including my mother, sisters and now my daughter

Cynthia who I'm so proud of. My son is finishing school soon and he's also looking at getting an apprenticeship through the program," Mr Turland said.

CEO Elizabeth Gaines said, "The Turland family's achievements demonstrate the power of economic opportunity through training and employment, and the sustainability of Fortescue's VTEC program. VTEC was established in 2006 to drive real economic and generational change in the regions where we operate by providing training and employment pathways. We remain committed to adapting the program to ensure its growth and relevancy," Ms Gaines said.

CASE STUDY

Celebrating our first Trade Up graduates

Fortescue's innovative Aboriginal apprenticeship program, Trade Up, celebrated the graduation of its inaugural cohort of participants in December 2019.

Established in 2015, Trade Up provides Aboriginal and female team members with an accredited pathway to an apprenticeship and sustainable career development in collaboration with key contracting partners. There are currently 122 participants completing the training.

At a ceremony in December 2019, nine participants from the inaugural intake joined 15 other apprentices in celebrating the completion of their apprenticeship and successfully gaining permanent employment with Fortescue.

Speaking at the graduation, Fortescue Founder and Chairman Dr Andrew Forrest AO said, "From the outset, it has been our vision to help break down the social barriers that prohibit so many Aboriginal people from gaining employment.

"Trade Up builds on Fortescue's pioneering VTEC program which provides a guaranteed job after training, giving Aboriginal team members the motivation and confidence to stand on their own two feet and this can be truly life changing," Dr Forrest said.

CEO Elizabeth Gaines said, "Training is at the heart of everything we do, as it is the building block to driving sustainable change in people's lives, careers and communities.

"With women making up 25 per cent of participants in the Trade Up Program, we are particularly proud to be building a pipeline of women ready to pursue a trades career and contribute to the success of Australia's mining industry.

"We would like to thank our contracting partners for helping to ensure the success of the program, providing opportunities to work in a range of businesses and trades. Together, we have set a new benchmark for industry led Aboriginal apprenticeship schemes," Ms Gaines said.

CASE STUDY

Our CEO for a Day inspires with passion and commitment



Passion for his job and a commitment to improving the outcomes of Aboriginal people through employment earned Jeromy Harvey the opportunity to join CEO, Elizabeth Gaines for the release of our December 2019 quarterly production report.

Now in its fifth year, Fortescue's CEO for a Day program provides aspiring Aboriginal leaders the opportunity to join the CLT to experience how the business operates at the highest levels.

A Kija man from Kununurra, Jeromy began his journey with Fortescue in 2018 with Fortescue's VTEC team in Port Hedland and Karratha before being seconded as Aboriginal Development Manager.

"It was an honour to be selected as CEO for a Day as I believe it is a marvellous initiative that takes our Aboriginal development programs to the next level, by encouraging Aboriginal leadership within the business," Mr Harvey said.

"Joining Fortescue's VTEC team has been a rewarding experience, allowing me to not only assist Aboriginal people secure employment with the business but to also be a part of the personal journeys of these men and women."

CEO Elizabeth Gaines said, "We believe Aboriginal leaders are critical to ensuring a culture that truly supports Aboriginal people. We are delighted to be providing programs that support ambitious

team members in their leadership aspirations."

Jeromy credits our Values of family and empowerment with enabling the business to achieve positive outcomes for Aboriginal team members. "I like the 'can do' attitude at Fortescue and the encouragement to empower yourself to make decisions. It is the Value of family and looking out for our mates that underpins the success of Fortescue's VTEC and Aboriginal development programs," he said.

In February 2020, Jeromy was promoted to Manager, Aboriginal Development.

CASE STUDY

New digital technology program for Pilbara schools



In FY20, we were involved in developing a resources technology program for Pilbara school students.

Since Term 1, 2020, selected Year 5 and 6 classes in the Pilbara started learning robotics, coding and automation skills during the Digital Technologies pilot program.

With technology continuing to rapidly evolve, the program is designed to ensure students are

equipped with the digital technology skills required for future employment opportunities.


The program was officially launched at the Department of Education's Innovation Showcase during the Resources Technology Showcase in Perth.

We have helped to fund and develop the Resources Challenges: Automation program through the Pilbara Collaboration Charter, signed by the Premier of Western Australia

and the Chamber of Minerals and Energy, alongside other industry members BHP, Chevron Australia, CITIC Pacific Mining, Rio Tinto Iron Ore, Roy Hill, Woodside and Yara Pilbara.

The project has involved the support of the WA State Government and the Australian Computer Academy. If the pilot program proves successful, it has the potential to be rolled out more widely across WA schools.

Supporting Aboriginal education initiatives

Program	Progress	SDGs
Up4It	We have supported the delivery of the Up4It program for the past 10 years. The program aims to attract students back to school and reward those with good attendance in remote communities	
Graduate and undergraduate program	The structured program is designed for Aboriginal secondary school and university graduates. Students are employed for two years and given exposure to a range of our departments	
Fortescue's Vacation Program	Aboriginal university students are supported in completing work experience during their school holidays	
The Girls Academy	<p>In FY19, we partnered with Role Models and Leaders Australia to provide financial support for the Girls Academy. In FY20, we continued our financial support for the program and provided A\$150,000 in funding</p> <p>The Academy develops and empowers Aboriginal girls through leadership, mentoring, sport and extracurricular programs, enabling them to realise their full potential</p>	

Supporting Science, Technology, Engineering and Maths

Fortescue recognises the growing importance of Science, Technology, Engineering and Maths (STEM) education and invests in a variety of initiatives which encourage the uptake of STEM subjects in schools and universities, with a focus on those which promote diversity including:

- Australian Resources and Energy Group (AMMA) Bright Future STEM Primary School Program
- Pilbara Resources Technology Program
- Perth Modern School's Mechatronics Engineering Scholarship
- China-Australia University tour
- Teach Learn Grow: Rural Program, Nullagine Primary School
- Vacation and graduate recruitment fair.



Building sustainable communities

OBJECTIVE

Create economic opportunities in the regions in which we operate through engagement with local businesses and local employment, and build a residential workforce.

TARGET

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

Fortescue strives to create economic opportunities within the regions in which we operate by employing local people and purchasing local products and services

We support a regional FIFO workforce from Port Hedland, Broome, Fitzroy Crossing, Kununurra and Karratha, with 681 employees based in the Pilbara, 415 of whom receive housing support.

We recognise the need to create vibrant and thriving communities that will attract and retain a mining workforce and their families. We seek regular feedback from our residential workforce and other stakeholders, including local governments and businesses to ensure our initiatives

and programs support and address the challenges facing these communities.

Local procurement

We are committed to ensuring the ongoing support and use of local businesses that in turn employ local people. In FY20, 2,173 suppliers were engaged with a total contestable spend of A\$6.1 billion (GST inclusive). Over 95 per cent of our total procurement spend was with Australian businesses and entities.

Of this, 63 per cent was within Western Australia and 6 per cent directly in the Pilbara.

In FY20, our overseas spend was A\$76.5 million with 21 entities based in the United States of America, A\$57.4 million spend with 16 Chinese suppliers, A\$92.9 million with four entities based in the Netherlands and A\$46.8 million with other international suppliers.

Our social investment



OBJECTIVE

Deliver value to our communities through strategic community investment.

TARGET

Allocate funding according to priorities set in the community investment strategy.



A\$6.6m

Social investment in
our communities

Our social investment framework

Voluntary social investment programs form a critical part of our commitment to build vibrant and thriving communities. Our programs are guided by our Social Investment Framework which ensures investment is aligned with business objectives, our Sustainability Strategy and the SDGs.

Our social investment initiatives aim to build sustainable communities and deliver long-term sustainable economic and social benefits through engagement, collaboration and the support of initiatives that address community issues across four specific areas.

Health and wellness	Education and development	Environmental responsibility	Arts and culture
Initiatives that improve health, safety and wellness	Initiatives that improve education and reduce inequality for Aboriginal people and those that improve gender equality	Initiatives that address biodiversity conservation, climate action and water	Initiatives that promote culture and provide access to the arts for regional communities
			

Voluntary social investment is additional to the implementation of our specific employment and business initiatives, Native Title payments, the payment of taxes and the delivery of goods and services.

We invest in a number of initiatives and programs, some of which are summarised below.

Our social investment

How we invest	Who we invest with	Our progress
Community partnerships	<p>We currently invest in 15 partnerships within the Pilbara region:</p> <ul style="list-style-type: none"> ▪ Youth Involvement Council ▪ Hedland Women's Refuge ▪ Roebourne District High School ▪ Town of Port Hedland ▪ Hedland Senior High School ▪ Young Indigenous Art and Writers Program ▪ South Hedland Swans Football Club ▪ Hockey Australia: Pilbara Community Hockey Program ▪ Hedland Clontarf Academy ▪ Teach Learn Grow Program: Rural Program ▪ Big hART ▪ Earbus Foundation ▪ Port Hedland Chamber of Commerce Business of the Year Awards ▪ Pilbara 4 Purpose Community Service Excellence Awards ▪ Fortescue Community BBQ Trailer ▪ Black Swan State Theatre Company <p>We also have well established partnerships with:</p> <ul style="list-style-type: none"> ▪ Ronald McDonald House Charities ▪ Royal Flying Doctor Service ▪ Salvation Army ▪ The Big Issue ▪ Rugby WA 	<p>During FY20, we contributed A\$1.97 million towards these partnerships</p>

Our social investment continued

How we invest	Who we invest with	Our progress
Community grants	<p>The Fortescue Community Grants Program is open to eligible applicants that support community initiatives within the council boundaries of:</p> <ul style="list-style-type: none"> ▪ Town of Port Hedland ▪ City of Karratha ▪ Shire of Ashburton ▪ Shire of East Pilbara 	<p>During FY20, we provided 61 community grants totalling A\$159,000</p> <p>Since its inception, a total of A\$2,170,730 has been awarded through this program</p>
In-kind contributions	<p>Our provision of in-kind contributions involves the donation of goods and services within local and remote communities.</p> <p>In FY20, contributions included:</p> <ul style="list-style-type: none"> ▪ Hedland Senior High School Breakfast Program ▪ Roebourne Senior High School Busy Bee ▪ Jigalong Community School Busy Bee ▪ Minderoo Fire Fund ▪ A dedicated team in Australia and China who worked directly with Minderoo to procure lifesaving equipment and supplies, to contain the spread of COVID-19 ▪ Partnered with Minderoo to procure and distribute lifesaving medical equipment and supplies during the COVID-19 pandemic 	<p>During FY20, we provided over A\$760,000 worth of in-kind donations</p> <p>We have provided in-kind contributions to the value of A\$114,000 in WA</p> <p>33 of our employees were seconded to help rebuild communities impacted by the fires in the eastern states. This makes up part of a A\$610,000 in-kind contribution towards the work of the Minderoo Fire Fund</p>

Employee contributions

Red Cross Disaster Relief

With matched giving from Minderoo Foundation (Minderoo), Fortescue employees donated A\$249,700 to the Red Cross' Disaster Relief and Recovery Fund during FY20 to assist those directly impacted by Australia's bushfires.

COVID-19 gift vouchers

In March 2020, Fortescue families were gifted a Coles voucher to help support them through the challenges of the COVID-19 pandemic. 671 employees chose to donate these vouchers to one of our three preferred charities. These donations saw A\$20,100 gifted to Ronald McDonald House Charities (RMH), the Hedland Women's Refuge and the Salvation Army.

Ronald McDonald House Charities

Our partnership with RMH was established in 2012 and has resulted in employees directly contributing over A\$1 million to the charity through a variety of fundraising activities, sponsorship of major events and volunteering contributions. We continue to foster a strong partnership with RMH, which provides emergency accommodation to regional families with children requiring medical treatment in Perth.

In November 2019, Fortescue took part in the RMH's major fundraising event 'Up All Night', a 42-kilometre overnight walking marathon. 35 team members stepped up to the challenge and raised over A\$70,000, which was generously matched by Dr Andrew Forrest AO and Nicola Forrest AO, resulting in a total donation of A\$143,000 to RMH.

Community Grants Program

Operating for 12 years, our Community Grants Program provides funding for local organisations, projects and programs in Pilbara communities. Grants of up to A\$5,000 are available for eligible projects that support community initiatives within the council boundaries of the Town of Port Hedland, City of Karratha, Shire of Ashburton and Shire of East Pilbara.

During FY20, we awarded community grants totalling over A\$159,000 to 61 local community organisations, sporting clubs and non-profit groups. The deadline for the second round of applications for our Community Grants Program was extended to accommodate organisations and projects affected by the COVID-19 pandemic.

Community partnerships

We continue to invest in community partnerships and during FY20 we partnered with the following organisations:

Town of Port Hedland

We have a longstanding partnership with the Town of Port Hedland and work collaboratively to achieve their vision of creating a vibrant and flourishing place for people to live and work.

Through this partnership, our employees and their immediate family members are eligible to access some of the Town of Port Hedland's recreational facilities, and we provide support to various community facilities and events delivered by the Town of Port Hedland, including the sponsorship of the North-West Festival, a weekend-long major music concert showcasing both established Australian music talent and local artists.

Youth Involvement Council Mingle Mob

We are proud of our ongoing support of the Youth Involvement Council's (YIC) outreach program Mingle Mob in South Hedland. Mingle Mob aims to improve social behaviour in the community and enhances the future of our next generations. The program takes at risk youth from the streets to a safe shelter.

Hedland Women's Refuge

We are a long-term supporter of the Hedland Women's Refuge which provides crisis accommodation and holistic programs to women and children escaping family and domestic violence.

In 2016, we entered into a five year partnership with the Refuge which includes direct operational funding and opportunities to assist through numerous activities including the upgrade of the refuge's outdoor facility.

We stand together with the refuge in recognition of the need to eliminate family violence in communities. Through our representation on the Hedland Family Violence Action Group we also support the annual 'Hedland Says No to Family Violence' community march.

During FY20, our Projects team donated an additional A\$15,000 to the refuge from their Great Days safety campaign.

Roebourne District High School

Now in its eighth year, the annual Roebourne District High School Busy Bee brings together our employees, contractors and business partners to create a positive learning environment for children and staff at the school. This event demonstrates our long-term commitment to communities in the Pilbara with a focus on practical initiatives.

Hedland Senior High School

Fortescue has a strong relationship with Hedland Senior High School (HSHS) and we continue to support the strategic direction and programs being delivered in the school to enhance the education and opportunities for the students and Hedland community.

We provide students with a pathway to employment in the mining industry through a range of traineeships and apprenticeship programs. In FY20, we offered work placement opportunities at our Hedland Operations, engaged six graduate students in traineeship positions and placed four students from Clontarf in school-based traineeships.

Each Friday during the school term, our employees work together to give students at the school a cooked hot breakfast and fruit for the day.

Young Indigenous Art and Writers Program

We continued our support for the coordination and delivery of the Young Indigenous Art and Writers Program in the Pilbara. The program aims to build literacy and numeracy skills that provide pathways to higher education or employment, develop confidence and self-esteem, teach creativity, increase school attendance levels and address the broader issue of child suicide rates in remote communities.

In FY20, the program was delivered to 13 schools across the Pilbara, including several remote community schools.

CASE STUDY

Keeping the RFDS flying during the COVID-19 pandemic

In April 2020, Fortescue donated A\$1 million to the Royal Flying Doctor Service (RFDS) Western Operations to help boost the organisation's frontline services during the COVID-19 pandemic.

The donation supported the Response Ready for WA appeal, which will ensure the RFDS has the necessary resources, infrastructure, capital and people to safely deliver its range of 24/7 emergency aeromedical and essential primary healthcare services for remote and regional West Australians.

CEO, Elizabeth Gaines said, "We are pleased to provide this donation to support the RFDS to provide this vital service for people living in remote and regional WA. As a business operating in regional WA, we want to ensure our local communities continue to have access to critical services. We

sincerely thank all the RFDS staff, medical workers, doctors and nurses who are on the front line of this war against COVID-19 and are working tirelessly to ensure West Australian lives are saved."

RFDS Western Australia CEO Rebecca Tomkinson said, "The response to, and recovery from, COVID-19 will be a critical, ongoing team effort. We are all in this together. With support from Fortescue and the resources and business sector, the RFDS can meet the needs of remote and regional Western Australia during this unprecedented time and well into the future."

CASE STUDY

Keeping Aboriginal communities safe during the COVID-19 pandemic

Over 1,300 care packages containing essential supplies were distributed to Aboriginal communities in the Pilbara, as part of Fortescue's response to the COVID-19 pandemic.

With the support of Woollahra, SureKleen, Action Industrial Catering and Sodexo, 29 pallets of non-perishable foods and critical hygiene products, including flour, tinned meat, soap and disinfectants, were picked up by representatives of Aboriginal communities in Port Hedland, Karratha and Roebourne.



CEO Elizabeth Gaines said, "We are acutely aware of the risks of COVID-19 to regional and remote Aboriginal communities and are working proactively with a range of stakeholders to ensure they are supported during and after this global health crisis. These critical items will help empower Aboriginal communities to take the necessary steps to prevent an outbreak of COVID-19 and we will continue to work with our Native Title Partners to keep providing these targeted support measures in the months to come".

We are also working closely with our Aboriginal business partners to

ensure they remain resilient through the COVID-19 pandemic.

"We know the ongoing impact of COVID-19 will be challenging for many Aboriginal businesses and we are helping to address the specific issues they may be facing, while continuing to engage their services. We are also proactively working to ensure that our Aboriginal suppliers are part of Fortescue's ongoing procurement strategy to secure supplies and services needed to contain the spread of COVID-19, including medical supplies, hand sanitisers, cleaning and hygiene products," Ms Gaines said.

Ronald McDonald House Charities

Our partnership with RMH was established in 2012. In FY20, we maintained support for the RMH Adopt-A-Room program by sponsoring two rooms for the year which kept 72 families close to their seriously ill children for 616 nights while their child received the medical care they needed.

South Hedland Swans Football Club

We continue to support several sport and recreation focused initiatives that deliver benefits to Pilbara communities, the largest of which is as major sponsor of the South Hedland Swans Australian Rules Football Club. The sponsorship has recently expanded to include the female team, the South Hedland Swanettes.

Rugby WA

We have a longstanding partnership with rugby union in Western Australia and are the Naming Rights Partner of the RugbyWA senior rugby competition. The Fortescue Premier Grade is the highest level of competition for club rugby union in Western Australia and our sponsorship helps to build a

talent pool of players and provide a pathway to the Western Force while supporting the efforts of community volunteers and sportspeople.

Hedland Clontarf Academy

In FY20, we announced a new three year A\$225,000 commitment to the Clontarf Foundation. Their Academy aims to assist young Aboriginal and Torres Strait Islander men with their education, discipline, life skills and employment opportunities. The Academy has been embraced by Hedland Senior High School and 125 students aged between 12 to 18 years currently participate in the program.

Teach Learn Grow: Rural Program

In FY20, we continued our financial and in-kind support towards the delivery of the Teach Learn Grow Rural Program. The program is delivered twice a year at the Nullagine Primary School and provides students with tailored tutoring in numeracy and STEM education and access to mentoring support throughout the year. The program aims to build resilience, self-confidence, inspire educational goals and improve attitudes towards learning at school while increasing attendance rates.

Earbus Foundation of Western Australia

Fortescue continued to fund Qantas flights for the Earbus Foundation of Western Australia to facilitate specialists visiting the Pilbara to deliver ear health services to regional and remote communities. The Pilbara Earbus visits schools and playgroups in Port Hedland as well as remote communities including Marble Bar, Nullagine, Strelley, Warralong and Yandeyarra in partnership with Wirraka Maya Aboriginal Health Service.

In FY20, we also provided funding to purchase portable hearing technology for use in remote communities.

Our community BBQ trailer

Our community BBQ trailer is available at no charge to eligible community, non-profit and sporting organisations based in Port Hedland to assist with fundraising and community events. The trailer is fully equipped with a slide out BBQ, fold out fridges, TV screen, speaker system and storage space. We provide all BBQ ingredients and materials, as well as volunteers to support events.

In FY20, the Community BBQ Trailer assisted 29 groups to raise much needed funds towards initiatives within the Port Hedland community.

CASE STUDY

Supporting the Minderoo Fire Fund in helping families recover from the bushfires



In FY20, we provided over A\$600,000 of in-kind assistance to support Minderoo in helping families recover from the bushfires.

The Minderoo Fire Fund has been established with the aim of rebuilding communities and developing a long term blueprint for wildlife and disaster resilience.

33 Fortescue employees were seconded to the program and helped to install Fire Fund Recovery Pods, a form of temporary accommodation.

These pods were installed in communities recovering from the bushfires, providing a much needed source of emergency housing.

Temporary housing has been identified as one of the most urgent needs in disaster situations, and the pods provide immediate access to shelter, water and electricity for affected families.

CASE STUDY

Supporting Ronald McDonald House Charities Online Learning Centre



This year, we supported RMH's Work of Heart program to provide 20 digital tablets to families and children, enabling the continued delivery of educational programs and services to families during the COVID-19 pandemic.

The Work of Heart program aims to bring children together and

create extraordinary experiences through education and fun and creative therapy. The purpose of providing tablets was to ensure families remain connected and to allow for the continued delivery of educational programs while maintaining social distancing. Educational sessions in the learning

centre were temporarily suspended during the COVID-19 pandemic.

Due to physical distancing measures, it is difficult for families to form bonds. Through the use of technology and coordinated activities, RMH can ensure strong community bonds are still formed within the house.

CASE STUDY

Our partnership with Black Swan State Theatre Company



In November 2019, we announced a three year partnership with Black Swan State Theatre Company to the value of A\$1 million which will help bring the best of West Australian theatre to the regions.

CEO, Elizabeth Gaines said the partnership builds on our longstanding commitment to communities. "From the outset, it was our vision to ensure that the

communities in which we operate thrive and we have been proud to support many West Australian initiatives and organisations.

"Fortescue and Black Swan are both strong West Australian brands with a shared ambition for our State and a dedication to building vibrant communities across the State. With so many of our team members working and living in regional WA, we are particularly pleased with the

regional focus of our partnership which will bring the excitement and storytelling of theatre to our regions," Ms Gaines said.

Through this partnership, we are working with Black Swan Theatre to provide online theatre, public speaking and engagement opportunities for our employees and the wider community during the COVID-19 pandemic.

CASE STUDY

Extending our Big hART partnership



We extended our support for Big hART in FY20, with a new A\$300,000 three year partnership to support the delivery of workshops for young people living in Roebourne.

Established 27 years ago, Big hART is a not-for-profit organisation delivering social change programs through arts and digital media. The organisation has worked on the ground with the Roebourne community for nine years.

Together with the Wiru-murra Yindjibarndi Aboriginal Corporation, Fortescue has partnered with Big hART since 2017 to support the delivery of Aboriginal youth workshops for children living in Roebourne. The program focuses on community safety, increasing digital inclusion, generational change, connection to culture and engagement in education.

CEO Elizabeth Gaines said, "We are committed to developing

partnerships and initiatives to deliver positive outcomes for Aboriginal communities in the Pilbara. We support Big hART's vision of driving positive, generational change in communities, which strongly aligns with our approach to empowering Aboriginal people through the provision of training, employment and business development opportunities."

CASE STUDY

Continuing our decade long Hockey Australia sponsorship



During FY20, we announced an extension of our long-term sponsorship of Australia's national men's and women's hockey teams, bringing the duration of our commitment to the sport to a decade. The two year, A\$1 million agreement commenced in August 2019.

The agreement encompasses the highly successful Fortescue Hockey Community Program, which provides Aboriginal students in the Pilbara with the opportunity

to engage in hockey and increase their engagement and attendance at school. The program has grown from an initial pilot at Roebourne Primary School to now include 10 schools in Karratha and Port Hedland.

CEO Elizabeth Gaines said the Fortescue family is pleased to continue our longstanding commitment to the Australian national hockey teams.

"In line with our commitment to diversity, we are proud to support one of the most gender equal sports

in Australia with our sponsorship contributing to pay parity for male and female athletes and to continue increasing the games' footprint throughout the Pilbara," Ms Gaines said.

Hockey Australia CEO, Matt Favier said, "Fortescue's incredible support enables the Kookaburras and Hockeyroos to compete among the world's best and continue to be regarded as two of Australia's most successful and highly ranked national teams."

Human rights

Fortescue is committed to respecting and promoting the 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.

We conduct 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 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.

Our Human Rights Policy and Code of Conduct and Integrity form the foundation documents for human rights protection across Fortescue. Specific policies and guidelines ensure the highest standards are achieved.

We ensure the protection of human rights including by:

- Actively communicating our approach and expectations to all stakeholders including suppliers
- Engaging with stakeholders to understand the impacts of our activities and working with them to optimise benefits and limit negative impacts
- Undertaking ongoing due diligence to identify, prevent and mitigate the adverse impacts of our activities, capturing outputs in our corporate risk register
- Providing access to remedy through effective grievance mechanisms
- Seeking to secure the consent of Traditional Custodians to mineral exploration and development on their traditional lands
- Considering human rights in our sourcing and purchasing decision processes and promoting our expectations via contract clauses
- Participating in engagement sessions related to human rights policy and regulatory development.

Potential human rights risks are identified and assessed within our company wide Risk Management Framework. This framework ensures consideration of potential human rights risks by senior management and the Board. Our ARMC is responsible for oversight of risk management (including human rights risks) on behalf of the Board.

We also undertake in-country risk assessments before investing in any country to ensure the level of human rights risk, including the risk of modern slavery, is well understood.

Our human rights assessments have identified the key risks as protecting the health and safety of employees and contractors, addressing modern slavery in the supply chain and protecting the rights of Aboriginal people and communities near our operations.



Modern slavery

Fortescue opposes all forms of slavery in its operations and the operations of our suppliers.

We are committed to identifying, assessing and mitigating human rights impacts, providing access to remedy through effective grievance mechanisms, and ensuring continuous improvement to strengthen our actions. We work in collaboration with our suppliers to eradicate modern slavery from our supply chain.

Key actions undertaken during FY20 include:

- Revision of our Modern Slavery Strategy, an internal guidance document that outlines the processes and procedures to identify and address the impacts of modern slavery within our company

- Development and implementation of a supplier risk assessment matrix which rates suppliers against four criteria to identify those at a higher risk of contributing to, or being directly linked to, modern slavery practices
- Completion of Self-Assessment Questionnaires (SAQ) by all higher risk suppliers
- Undertaking independent audits of two key international suppliers
- Provision of ongoing modern slavery training for relevant employees.

The eradication of modern slavery requires a collaborative approach where government, business, civil society and the wider community works together to address this issue. During FY20, we continued to work with the following groups to achieve

this joint goal:

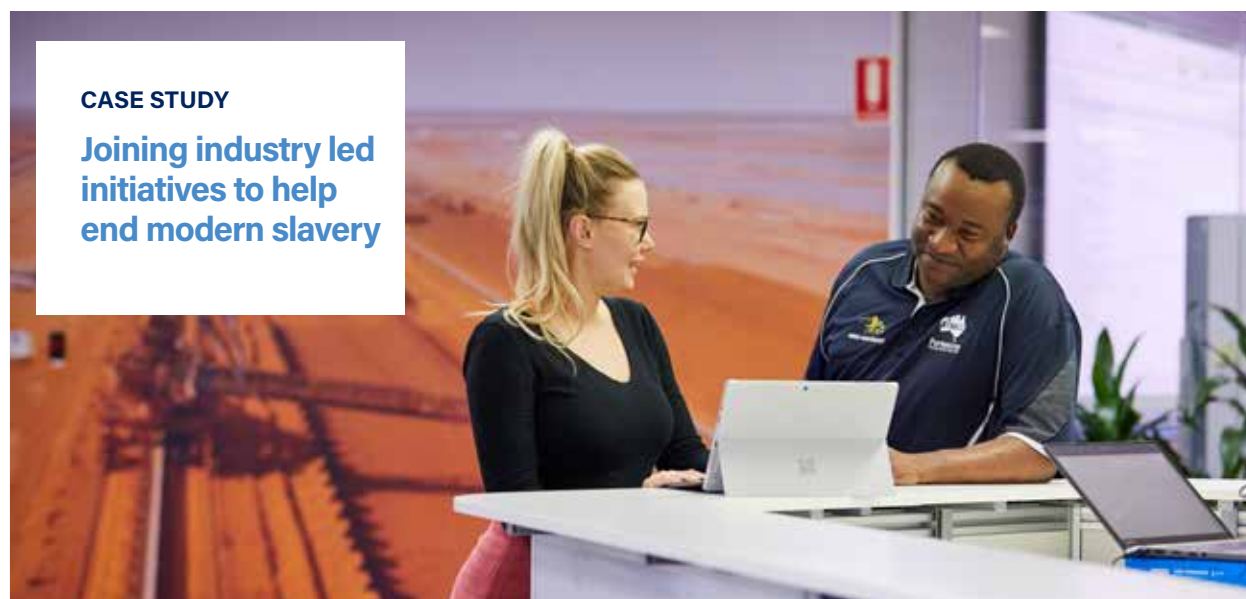
- Global Compact Network Australia (GCNA)
- Corporate Business Integrity Council
- Bali Process Government and Business Forum
- Department of Home Affairs
- Walk Free Foundation.

This year, we released our third modern slavery statement, the first required under Australia's *Modern Slavery Act 2018* (Cth). Our FY20 Modern Slavery Statement is available on our website at www.fmgil.com.au

The Board approved statement outlines the actions we have taken to assess and address modern slavery risks in our business and supply chain.

CASE STUDY

Joining industry led initiatives to help end modern slavery



In FY20, we joined a group of 10 mining, energy and resource companies from Western Australia to develop a practical toolkit to pre-screen for modern slavery risks within our supply chains.

Recognising that suppliers are facing growing information requests due to modern slavery legislation, the toolkit provides a SAQ that asks suppliers to identify modern slavery risks and the work they are undertaking to address these risks. The common set of questions will streamline reporting and provide consistency and clarity.

CEO Elizabeth Gaines said Fortescue opposes all forms of slavery and forced labour across our operations and the operations of our suppliers.

"As an industry, we have a significant role to play in addressing the risks of modern slavery in our supply chains and believe a coordinated approach between government, businesses, civil society and the community is crucial to eradicating modern slavery," Ms Gaines said.

"Modern slavery has been a key focus for us for a number of years and significantly it was the strong advocacy from business, most

notably from our Chairman and Founder Dr Andrew Forrest AO, that led to the introduction of Australia's Modern Slavery Act."

By working together, the industry group aims to help end modern slavery and advance the United Nations Sustainable Development Goal 8 to 'promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.

A photograph of two young women, likely students, standing outdoors and smiling. They are wearing light blue polo shirts with dark blue collars and cuffs. The shirt on the right has a yellow sun logo and the text 'ISLAND SENIOR HIGH SCHOOL'. Both are holding food items wrapped in white paper. The background is a blurred outdoor setting with trees and a blue car.

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Corporate Directory

Navigational Index

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

The FY20 Sustainability Report also serves as our Active Level Communications on Progress for the United Nations

Global Compact. The Navigation Index indicates the sections of Fortescue's FY20 Sustainability Report, FY20 Annual Report, FY20 Climate Change Report, FY20 Modern Slavery Statement and FY20 Corporate Governance Statement that align with the GRI Standards, the principles of the United Nations Global Compact and the 10 principles of the International Council on Mining and Metals.

General Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
102-1	Name of the organisation	About this report: page 2		
102-2	Significant indirect economic impacts	Building sustainable communities: pages 96-103		
102-3	Location of headquarters	About Fortescue: page 7 Full address: page 121		
102-4	Location of operations	About Fortescue: page 7		
102-5	Ownership and legal form	About Fortescue: page 7 Annual Report – Shareholder information: page 156		
102-6	Markets served	About Fortescue: page 7		
102-9	Supply chain	Local procurement: page 96		
102-10	Significant changes to the organisation and supply chain	FY20 Annual Report – Financial Report-Director's Report: pages 64-66		
102-11	Precautionary Principle or approach	Protecting biodiversity: pages 71-73	1,2,4	7
102-12	External initiatives	Message from CEO: pages 5-6 Our approach to Sustainability: pages 24-25 Memberships and commitments to external initiatives relevant to sustainability: pages 37-38	2	
102-13	Memberships	Memberships and commitments: page 38	2	
102-14	Statement from senior decision maker	Message from CEO: pages 5-6	2	1,4,5
102-15	Key impacts, risks and opportunities	Material issues: page 26 Throughout the report		
102-16	Values, principles, standards and norms of behaviours	Vision and values: Inside cover Throughout the report	1,2	10
102-18	Governance structure	Corporate Governance: page 31	1	
102-32	Highest governance body's role in sustainability reporting	Corporate Governance: page 31 Respecting Human Rights: pages 104-105 FY20 Climate Change Report	1	

General Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
102-40	List of stakeholder groups	Engaging with stakeholders: pages 33-36	4,10	
102-41	Collective bargaining agreements	Fortescue family: page 48	3	3
102-42	Identifying and selecting stakeholders	Engaging with stakeholders: pages 33-36	4,10	
102-43	Approach to stakeholder engagement	Engaging with stakeholders: pages 33-36	4,10	
102-45	Entities included in the consolidated financial statements	FY20 Annual Report – Notes to the Consolidated financial statement: pages 78-116		
102-46	Defining report content and its boundary	Our approach to sustainability: pages 24-25	2	
102-47	List of material topics	Material issues: pages 26 - 29 Materiality assessment: page 26 United Nations Sustainable Development Goals: page 25	2	
102-48	Restatements of information	Restatements of information are noted in the text		
102-49	Changes in reporting	Our approach to sustainability: pages 24-25		
102-50	Reporting period	About this report: page 2	10	
102-51	Date of most recent report	2020		
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 GRI standards	About this report: page 2		
102-56	External Assurance	About this report: page 2	10	
Management approach				
103-1	Explanation of the material topic and its boundary	Covered for each material issue throughout the report. Material issues: page 26	4,10	
103-2	The management approach and its components	Covered for each material issue throughout the report. Material issues: page 26		
103-3	Evaluation of the management approach	Covered for each material issue throughout the report. Material issues: page 26		
Economic performance				
201-1	Direct economic value generated and distributed	Total global economic contribution: page 62 Approach to tax: pages 63-67	9	
201-2	Financial implications and other risks and opportunities due to climate change	FY20 Climate Change Report	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 40-47		
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	Employee health, safety and wellbeing: pages 40-47 Data tables: pages 113-115	5	1
Material topic: Diversity				
Diversity and equal opportunity				
DMA	Disclosure on management approach	Workplace diversity: pages 50-56		
405-1	Diversity of governance bodies and employees	Workplace diversity: pages 50-56	3	6
Employee training and education				
404-1	Average hours of training per year per employee	Data tables: page 115	5	6
404-3	Percentage of employees receiving regular performance and career development reviews	Data tables: page 115	5	6
Employment				
401-1	Total number and rates of new employee hires and employee turnover	Data tables: page 115	3	6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our Fortescue family: pages 48-49		6
413-2	Operations with significant and potential negative impacts on local communities	Engaging with our stakeholders: pages 33-36 Building sustainable communities: pages 96-103	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 60-61		
205-3	Confirmed incidents of corruption and actions taken	Ethical conduct, anti-bribery and corruption: pages 60-61	1	10

Specific Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
Material topic: Protecting Aboriginal heritage				
Rights of Indigenous peoples				
DMA	Disclosure on management approach	Preserving Aboriginal heritage: pages 57-59		
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 57-59	3,9	1,2
411-1	Incidents of violations involving rights of Indigenous peoples	Preserving Aboriginal heritage: pages 57-59	3,10	1,2
Material topic: Building local communities				
Indirect economic impacts				
DMA	Disclosure on management approach	Building sustainable communities: pages 96-103		
203-2	Significant indirect economic impacts	Building sustainable communities: pages 96-103		
Procurement practices				
204-1	Proportion of spending on local suppliers	Building sustainable communities: page 96	2,9	6
Material topic: Respecting human rights				
Human rights assessment				
DMA	Disclosure on management approach	Respecting human rights: pages 104-105		
412-1	Operations that have been subject to human rights reviews or impact assessments	Respecting human rights: pages 104-105	3	1,2
412-2	Employee training on human rights policies and procedures	Respecting human rights: pages 104-105 FY20 Modern Slavery 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 104-105 FY20 Modern Slavery Statement		1,2,3,4,5,6

Specific Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
Supplier environmental assessment				
Supplier environmental assessment				
308-1	New suppliers that were screened using environmental criteria	FY20 Modern Slavery Statement	6	7,8,9
Child labour				
408-1	Operations and suppliers at significant risk for incidents of child labour	FY20 Modern Slavery Statement	3	1,2,5
Forced or compulsory labour				
409-1	Operations and suppliers at significant risk for incidents of child labour	FY20 Modern Slavery Statement	3	1,2,4,5
Material issue: Protecting the environment				
Biodiversity				
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 71-73	7	8
G4-MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed and rehabilitated	Data tables: page 116	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 71-73	7	8
304-2	Significant impacts of activities, products and services on biodiversity	Protecting biodiversity: pages 71-73	7	8
304-3	Habitats protected or restored	Protecting biodiversity: pages 71-73	7	8
304-4	IUCN Red Listed Species and national conservation list species with habitats in areas affected by operations	Protecting biodiversity: pages 71-73	7	8
Closure planning				
G4-MM10	Number and percentage or operations with closure plans	Closure and rehabilitation: page 79	6,9	7

Specific Standard Disclosures

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
Material issue: Protecting the environment				
Water				
303-1	Interactions with water as a shared resource	Sustainable water management: pages 74-78	6	7,8
303-2	Management of water discharge-related impacts	Sustainable water management: pages 74-78	6	7,8
303-3	Water withdrawal by source	Data tables: page 116	6	7,8
303-4	Water discharge by category	Data tables: page 116	6	7,8
303-2	Water recycled and reused	Data tables: page 116		8
Material Topic: Climate Change				
DMA	Disclosure on management approach	FY20 Climate Change Report		
305-1	Direct (Scope 1) GHG emissions	FY20 Climate Change Report	6	8
305-2	Energy indirect (Scope 2) GHG emissions	FY20 Climate Change Report	6	8
305-4	GHG emissions intensity	FY20 Climate Change Report	6	8
305-5	Reduction of GHG emissions	FY20 Climate Change Report	6	8

Data tables

Health and Safety data				
Fatalities by region	FY20	FY19	FY18	FY17
Australia	0	0	0	0
China	0	0	0	0
South America	0	0	0	0
Other International	0	0	0	0
Total	0	0	0	0
Safety Excellence and Culture Survey participation (%)	96	93	94	92
Positive drugs test results (%)	0.5	0.8	0.6	0.5

TRIFR						
Region	FY20 Total	FY20 Contractor	FY20 Employee	FY19 Total	FY18 Total	FY17 Total
Australia	2.3	2.7	1.9	2.8	3.7	2.9
China	0	0	0	0	0	0
South America	6.0	5.7	6.0	3.7	0	0
Other International	0	0	0	0	0	0
Company wide	2.4	2.7	1.9	2.8	3.7	2.9

Injury Severity Rate					
Region	FY20 Total	FY20 Employee	FY20 Contractor	FY19 Employee	FY19 Contractor
Australia	67	53	80	83	132
China	0	0	0	0	0
South America	31	42	0	80	0
Other international	0	0	0	0	0
Company wide	67	52	79	79	132

Recordable occupational illness rate of FY20				
Region	FY20 Employee	FY20 Contractor	FY19 Employee	FY19 Contractor
Australia	0.1	0.1	0.2	0.1
China	0	0	0	0
South America	0	0	0	0
Other international	0	0	0	0
Total	0.1	0.1	0.2	0.1

Regional safety fines				
Region	FY20 Fines	FY20 Value (A\$)	FY19 Fines	FY19 Value (A\$)
Australia	0	0	1	\$64,000
International	0	0	0	0

Employment data			
Number of staff by gender and (employees and labour hire)	FY20	FY19	FY18
Male	6,858	5,438	4,749
Female	1,650	1,312	1,002
Total	8,508	6,750	5,751
Number of staff by employment type (employees and labour hire)	FY20	FY19	FY18
Full time	6,180	4,756	3,953
Part time	414	454	347
Fixed term full time	220	148	174
Fixed term part time	10	2	5
Casual	131	146	46
Labour hire	1,553	1,244	1,226
Total	8,508	6,750	5,751

Data tables

Employment data				
Flexible working arrangements	FY20		FY19	FY18
Number of staff that utilised flexible working arrangements	438		463	360
Number of staff by employment category (employees only)	Female		Male	
	FY20	FY19	FY20	FY19
CEO	1	1	0	0
GM and above	13	11	40	35
Managers	49	31	147	114
Superintendents	58	49	259	191
Supervisor	44	32	449	373
Other (professionals, operators, trades, support staff)	1,175	941	4,720	3,728
Total	1,340	1,065	5,615	4,441
Number of staff by region (employees and labour hire)				
Australia	1,521	1,204	6,631	5,244
China	13	8	14	10
Singapore	8	7	5	5
Ecuador/Colombia	87	79	167	154
Argentina	19	14	39	25
Portugal	2	-	2	-
Total	1,650	1,312	6,858	5,438
Number of staff by employment type (employees and labour hire)		FY20	FY19	FY18
Females working in the Perth Office (%)		38	39	24
Aboriginal people working on Pilbara sites (%)		14	15	22
Age distribution (employees and labour hire)		FY20	FY19	FY18
<30 Male		1,288	1,018	883
<30 Female		469	390	273
31-50 Male		4,122	3,264	2,865
31-50 Female		960	747	587
51+ Male		1,448	1,156	1,001
51+ Female		221	175	142
Total		8,508	6,750	5,751
Females in management positions (%)		FY20	FY19	FY18
Females in senior leadership positions		26	26	24
Females in management positions		25	22	22
Board membership		FY20	FY19	FY18
Male		5	4	4
Female		4	5	5

Data tables

Employment data			
Aboriginal employment data (employees and labour hire)	FY20	FY19	FY18
Employees - Male	616	573	607
Employees - Female	228	206	203
Total	844	779	810
Aboriginal people working across all sites			
Number of Aboriginal people working across all sites (incl. contractors)	844	1,070	1,161
Employees who are Aboriginal (%) (direct employees and labour hire)	10	12	14
Employee turnover			
Voluntary turnover (%)	8	9	11
Involuntary turnover (%)	2	2	2
Total	10	11	13
Voluntary turnover by gender (direct employees only)			
Male (%)	8	10	10
Female (%)	10	11	12
Parental leave			
Employees who took primary carers parental leave	123	114	95
Primary carers parental leave retention rate (%)	94	88	-
Employees eligible for parental leave (%)	71	76	88
Female employees who took primary carers parental leave	92	91	82
Employees receiving regular performance and career development reviews (%)			
Male	100	100	100
Female	100	100	100
Total hours by gender			
Male	138,875	325,235	146,222
Female	23,052	40,368	23,881
Total hours of training by employee type			
Permanent full time	149,621	164,190	154,437
Fixed term	6,056	4,511	4,222
Part time	6,250	14,597	11,415
Health and Safety training in hours by gender			
Male employees	25,404	24,703	19,303
Female employees	4,155	3,298	2,426
Male contractors	67,653	40,246	51,156
Female contractors	8,097	3,023	4,780
New employee hires by gender (direct)			
Male employees	1,824	1,256	603
Female employees	464	396	155

Data tables

Native Title and heritage			
	FY20	FY19	FY18
Number of reportable heritage incidents	0	0	0
Number of heritage places managed	5,933	5,902	5,597
Land ethnographically surveyed (ha)	198,798	219,894	202,575
Land archaeologically surveyed (ha)	2,659,264	2,357,549	2,095,346
Number of Land Access Agreements in place	7	7	7
Environment and water			
Land	FY20	FY19	FY18
Total land disturbed (ha)	32,202	28,973	27,304
Total land rehabilitated (ha)	3,523	4,232	4,008
Air			
	FY20	FY19	FY18
Total NOx emissions (metric tonnes)	14,347	-	-
Total SOx emissions (metric tonnes)	200	-	-
Total particulate emissions (metric tonnes)	79,980	-	-
Water withdrawn by source (kL)			
	FY20	FY19	FY18
Surface water withdrawal	0	0	0
Groundwater withdrawal	169,181,067	136,266,801	142,292,710
Seawater withdrawal	558,472	541,621	530,992
Surface water withdrawal in areas with water stress	-	-	-
Groundwater withdrawal in areas with water stress	-	-	-
Rainwater collected/stored	0	0	0
Municipal water supplies, other public or private water utilities	20,089	21,875	17,658
Water sources significantly affected by withdrawal of water	0	0	0
Third party	-	-	-
Water Returns to the environment (kL)			
	FY20	FY19	FY18
Managed aquifer recharge	111,888,995	95,826,877	91,679,678
Surface water withdrawal	0	0	0
Supplementation	3,547,636	2,417,352	2,907,454
Evaporation and seepage	1,082,015	1,076,840	988,258
Third party	-	-	-
TSF decant return	1,095,368	-	-
Managed aquifer recharge in areas with water stress	-	-	-
Surface water discharge in areas with water stress	-	-	-
Number of significant environmental incidents	0	0	0

Data tables

Water use (kL)			
	FY20	FY19	FY18
Ore processing facilities	35,328,610	33,470,287	31,820,491
Potable camp supply	1,329,003	817,728	1,124,400
Dust suppression	8,800,450	8,789,361	7,036,979
Waste			
	FY20	FY19	FY18
Total waste (tonnes)	27,589	25,259	13,513
Material recycled (%)	89	91	86
Material landfilled (%)	11	9	14
Tailings			
	FY20	FY19	FY18
Total tailings (dry metric tonnes)	25,766,916	22,566,064	21,375,094
Taxes paid			
	FY20	FY19	FY18
Company taxes (A\$ million)	2,922	1,669	381
Royalties (A\$ million)	1,285	823	529
Foreign (A\$ million)	14	13	12
Total (A\$ million)	4,221	2,505	1,182
Salaries and benefits (A\$ million)			
	FY20	FY19	FY18
Total salaries (A\$million)	1,074	767.6	693.7
Total superannuation (A\$million)	104	79.7	71.4
Amount of housing support (A\$milion)	15	11	11
Total (A\$million)	1,193	940	776.1

Glossary

Aboriginal

Those who identify themselves as Australian Aboriginal and/or Torres Strait Islander.

Aboriginal employment rate

The number of permanent, fixed term (full-time and part-time), and labour hire Aboriginal and Torres Strait Islander employees who work in Australia, as a percentage of the total number of permanent, fixed term (full-time and part-time), and labour hire employees who work in Australia. Calculated using data as of 30 June 2020.

Aboriginal employees in trade roles

The number of permanent, fixed term (full-time and part-time), and labour hire, Aboriginal and Torres Strait Islander employees in roles defined internally as apprentice, trades, trades specialist or track maintenance, who work in Australia, as a percentage of the total number of permanent and fixed term (full-time and part-time) employees in roles defined internally as apprentice, trades, trades specialist or track maintenance. Calculated using data as of 30 June 2020.

Aboriginal owned businesses

A business with equal to or greater than 50 per cent ownership by an entity registered as an Aboriginal Corporation by the Office of the Registrar of Indigenous Corporations, a member of a registered Native Title Group, a member of the Aboriginal Chamber of Commerce and Industry, a Supply Nation Registered and Certified Supplier or a member of the Indigenous Land and Sea Council.

Aboriginal people employed

Total number of permanent, fixed term (full-time and part-time), and labour hire Aboriginal and Torres Strait Islander employees as at 30 June 2020.

Absentee rate

The number of absence days Australian employees accessed for personal leave (paid and unpaid), compassionate leave, or absent without leave as a percentage of their overall days rostered to work during FY20.

AMMA

Australian Resources and Energy Group.

ASX

Australian Securities Exchange.

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.

Board Membership

Members of Fortescue's Board of Directors, who are elected in accordance with Fortescue's Constitution and the *Corporations Act 2001* (Cth).

bt

Billion tonnes.

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.

CLT

Fortescue's Core Leadership Team.

CME

Chamber of Minerals and Energy.

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.

Contractors

Non-Fortescue employees, working with the Company to support specific business activities. Excludes those classified as labour hire.

Corporations Act

Corporations Act 2001 of the Commonwealth of Australia.

Direct employees

Total number of permanent and fixed term (full-time and part-time) employees. Does not include labour hire or contractors.

dmt

Dry metric tonne.

EBITDA

EBITDA is defined as earnings before interest, tax, depreciation and amortisation, exploration, development and other expenses.

EBITDA margin

EBITDA/Operating sales revenue.

Employee contributions

Financial contributions donated by Fortescue employees.

Employee turnover (voluntary)

The number of voluntary exits through resignations of permanent and fixed term (full-time and part-time) employees as a percentage of the average headcount for FY20

Employee turnover (involuntary)

The number of involuntary exits through dismissals of permanent and fixed term (full-time and part-time) employees as a percentage of the average headcount for FY20.

Fe

The chemical symbol for iron.

Female employment rate

The number of female permanent, fixed term (full-time and part-time), and labour hire employees who work across Fortescue's Australian and international sites, as a percentage of the total number of permanent, fixed term and labour hire employees. Calculated using data as of 30 June 2020.

Female employment rate in manager and above roles

The number of female, permanent and fixed term (full-time and part-time) employees, in roles defined as supervisor and above who work across Fortescue's Australian and international sites, as a percentage of the total number of permanent and fixed term employees. This does not include labour hire employees. Calculated using data as of 30 June 2020.

Female employment rate in senior leadership roles

The number of female, permanent and fixed term (full-time and part-time) employees, in roles defined as group/general manager and above who work across Fortescue's Australian and international sites, as a percentage of the total number of permanent and fixed term employees. This does not include labour hire employees. Calculated using data as of 30 June 2020.

FIFO

Fly-in Fly-out, 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 and workers are flown for their shift to the workplace.

Flexible working arrangements

Number of Fortescue employees in Australia utilising casual, part time or job share work arrangements. It does not include labour hire. Requests for flexible working arrangements are in accordance with the *Fair Work Act 2009* (Cth).

Fortescue

Fortescue Metals Group Ltd (ACN 002 594 872) and its subsidiaries.

FY

Financial Year.

GJ

Gigajoules.

GL

Gigalitre.

GRI

Global Reporting Initiative. GRI is an independent international organisation which provides companies with a framework to advance their sustainability agenda. The GRI Standards are a global best practice for reporting on economic, environmental and social impacts.

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.

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.

In-kind contributions

Donation of product, property and services by Fortescue, which include employee time volunteering, secondments, use of Company equipment and facilities as well as the donation of products.

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.

kL

Kilolitre.

Land archaeologically surveyed

The area of land surveyed archaeologically across Fortescue's Western Australian tenement portfolio during FY20, measured in hectares. The survey is undertaken by traditional land owners and a cultural heritage professional.

Land ethnographically surveyed

The area of land ethnographically surveyed across Fortescue's Western Australian tenement portfolio during FY20, measured in hectares. The survey is undertaken by traditional land owners and a cultural heritage professional.

Labour hire employees

Contractors backfilling permanent Fortescue roles and employed through selected recurring external labour hire agencies.

Leadership roles held by Aboriginal people

The number of permanent and fixed term (full-time and part-time) Aboriginal and Torres Strait Islander employees in roles defined as supervisor and above who work in Australia, as a percentage of the total number of permanent and fixed term employees in roles defined as supervisor and above who work in Australia. This does not include labour hire employees. Calculated using data as of 30 June 2020.

Local supplier

Suppliers whose head office is located in the Pilbara region of Western Australia as defined by postcode. In cases where the work is performed in the Pilbara but the supplier's head office is located outside of the Pilbara, an analysis is undertaken to determine the percentage of spend attributed to the Pilbara.

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.

Material landfilled

The volume of waste sent to landfill from Fortescue's Pilbara operations, including port and rail, as a percentage of the total volume of waste generated. Waste landfilled includes putrescible, glass and wooden damaged pallets.

Material recycled

The volume of waste recycled from Fortescue's Pilbara operations, including port and rail, as a percentage of the total volume of waste generated. Waste recycled includes nonhazardous waste (including wood, rubber, aluminium, steel, batteries, cardboard and high-density polyethylene pipe) and hazardous waste (oil filters).

mtpa

Million tonnes per annum.

NTP

Native Title Partners. This refers to the Western Australian Native Title Groups and Native Title Holders with whom Fortescue has a relationship. These relationships allow the Company to undertake consultation for exploration and operations purposes. For some Native Title Partners, this relationship is established through an Indigenous Land Use Agreement, Land Access Agreement or Heritage Agreements.

Number of heritage places managed

Total number of active recorded heritage places across Fortescue's exploration and operations within Western Australia. Heritage places are managed through physical demarcation and through our geographic information system.

Number of reportable heritage incidents

Total number of reportable heritage breaches reported during FY20. Breaches are defined as offences relating to Aboriginal sites in accordance with the *Aboriginal Heritage Act 1972*.

Number of staff by employment category

Number of permanent and fixed term (full-time and part-time), employees across our Australian and International sites within each of the following employment categories, CEO, General Manager and above, Manager, Superintendent, Supervisor, and Other as of 30 June 2020. It does not include casual and labour hire employees.

Number of staff by region

Total number of permanent, fixed term (full-time and part-time), and labour hire employees by region, including Australia, China, Singapore, Ecuador, Colombia, Argentina and Portugal as of 30 June 2020.

OPF

Ore Processing Facility.

Parental leave

The number of permanent (full-time and part-time), employees accessing paid and unpaid primary or secondary leave in Australia during FY20.

Pilbara

The Pilbara region in the north west of Western Australia.

Scope 1

Emissions from operations owned and controlled by Fortescue within Australia. These include emissions from our mining haul fleet and the power stations operated by us.

Scope 2

Indirect emissions generated from electricity purchased by Fortescue within Australia.

Scope 3

Indirect emissions within Fortescue's value chain (excluding Scope 2), including upstream and downstream emissions.

Senior Executive

Leadership position where the employee has the title of Director or Group/General Manager.

Significant environmental incidents

Incidents classified at Level 3 and above (as defined through Fortescue's Environmental Consequence Descriptors Matrix). Level 3 environmental incidents result in off-site environmental impact causing significant environmental harm.

Social investment in our communities

Our investment in philanthropic, community and commercial initiatives. These investments aim to build sustainable communities and address community issues across the areas of health, wellness, education, development, environmental responsibility, arts and culture. Includes financial (donations, grants, employee contributions, matched giving, partnerships and the cost of employee involvement), in-kind contributions (volunteering, use of company equipment and donation of products) and management costs (community investment staff salaries and overheads).

Solomon Hub

A mining hub with two operating iron ore mines, Firetail, Kings and Queens. 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.

Training hours

Total training hours recorded during FY20 for permanent and fixed term (full-time and part-time) employees across all of Fortescue's Australian sites. Excludes casual and labour hire employees.

Training hours per employee

The total number of hours of training per permanent and fixed term employees (full-time and part-time) across Fortescue's Australian sites during FY20. Does not include casual employees and labour hire.

Total global economic contribution

Payments that contribute to the global economy including payments to suppliers, employees (salaries and wages), governments (taxes and royalties), shareholders and investors (dividends and debt repayments).

Total NOx emissions

The total oxides of nitrogen emissions across Fortescue's Pilbara operations, including port and rail, in FY20, measured in metric tonnes. Emissions are measured in accordance with the reporting requirements of *National Environment Protection (National Pollutant Inventory) Measure 1998*.

Total SOx emissions

The total sulphur dioxide emissions across Fortescue's Pilbara operations, including port and rail, in FY20, measured in metric tonnes. Emissions are measured in

accordance with the reporting requirements of *National Environment Protection (National Pollutant Inventory) Measure 1998*.

Total land disturbed

The total land area disturbed through clearing across Fortescue's Pilbara operations, including port and rail, in 2019 (calendar year) measured in hectares. Land disturbance is measured in accordance with reporting requirements under the *Mining Act 1978*.

Total land rehabilitated

The total land area rehabilitated across Fortescue's Pilbara operations, including port and rail, in 2019 (calendar year), measured in hectares. The land area rehabilitated is measured in accordance with reporting requirements under the *Mining Act 1978*.

Total particulate emissions

The total particulate matter (PM10) emissions across Fortescue's Pilbara operations, including port and rail, in FY20, measured in metric tonnes. PM10 are very small particles found in dust and smoke. They have a diameter of 10 micrometres (0.01mm) or smaller.

Total waste

The volume of waste generated at Fortescue's Pilbara operational sites, including port and rail, in FY20, measured in metric tonnes, including mineralised and non-mineralised waste.

Total tailings

The total volume of fine-grained by-product, generated through Fortescue's iron ore processing facilities at its operational sites in the Pilbara, measured in dry metric tonnes.

Total salaries

The total gross salaries paid to permanent, fixed term (full-time and part-time) Australian and international employees before taxes and deductions in FY20. Excludes salaries paid to labour hire and contractors.

Total superannuation

The total superannuation payments made to permanent or fixed term (full-time and part-time), Australian employees' nominated superannuation fund in FY20. Excludes payments to labour hire and contractors.

TRIFR

Total Recordable Injury Frequency Rate per million hours worked, comprising lost time injuries, restricted work and medical treatments.

UNGC

United Nations Global Compact, which provides a leadership platform for businesses that are committed to aligning their strategies and operations with 10 universally accepted principles in human rights, labour, environment and anti-corruption.

VTEC

Vocational Training and Employment Centre.

Water returns to the environment

Total water returns across all of Fortescue's Pilbara operational sites in FY20, measured in kilolitres. Includes water returned through managed aquifer recharge, surface water discharge, supplementation, evaporation and seepage.

Water withdrawn by source

Total water withdrawn from across all of Fortescue's Pilbara operational sites in FY20, measured in kilolitres. Includes water withdrawn from the following sources: groundwater, surface water, seawater, municipal water supplies, third party and TSF decant return.

Water use

Total water used across all of Fortescue's Pilbara operational sites in FY20, measured in kilolitres. Includes water use through ore processing facilities, potable camp supply and dust suppression.

Whistleblower cases

The total number of whistleblower cases reported through the Whistleblower Hotline in FY20.

Whistleblower Hotline

This refers to the independent, confidential and anonymous mechanism for employees, contractors and members of the community to raise concerns regarding potential illegal activity or breaches of our Code of Conduct and Integrity across all Fortescue operations. The Whistleblower Hotline Policy is aligned with the *Treasury Laws Amendment Act 2019* (Cth).

wmt

Wet metric tonne.

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Securities Exchange listings

Fortescue Metals Group Limited
shares are listed on the Australian
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ASX Code: FMG

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