

2024 SUSTAINABILITY MATERIALITY REPORT



WHAT WE DO

WE ARE THE TECHNOLOGY, ENERGY AND METALS GROUP ACCELERATING THE COMMERCIAL DECARBONISATION OF INDUSTRY, RAPIDLY, PROFITABLY AND GLOBALLY.

OUR VALUES

Family	Enthusiasm		
Empowerment	Safety		
Frugality	Courage and Determination		
Stretch Targets	Generating Ideas		
Integrity	Humility		



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DEFINITION OF KEY TERMS

Dependencies

According to International Financial Reporting Standards (IFRS) S1: General Requirements for Disclosure of Sustainability-related Financial Information, dependencies refer to interactions with resources and relationships throughout an entity's value chain on which it depends on to generate cash flows.

Risks

In accordance with IFRS S1, risks refer to sustainability-related risks that could be expected to affect the entity's cash flows, access to finance, or cost of capital. These arise out of the interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain.

Opportunities

In accordance with IFRS S1, opportunities refer to sustainability-related opportunities that could be expected to affect the entity's cash flows, access to finance, or cost of capital. These arise out of the interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain. Note that opportunities exclude risk mitigation measures where no additional benefit is expected to be obtained in relation to cash flows, access to finance or cost of capital.

Impacts

In accordance with Global Reporting Initiative (GRI) Standards, impacts refer to affects the organisation has (or could have) on the economy, environment and people, including on their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development.



1 SUSTAINABILITY MATERALITY

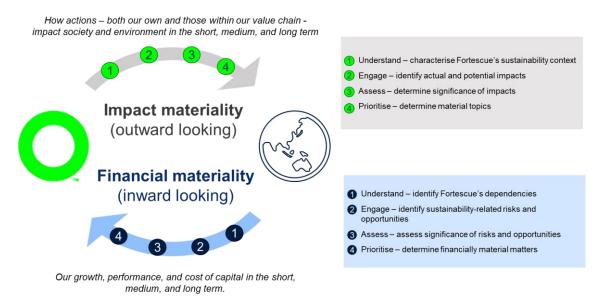
Sustainability materiality is evolving to cast a greater spotlight on business' dependencies on sustainability-related issues, and the corresponding financial risks and impacts to the business resulting from climate change, global environmental concerns, human rights violations and shifting societal expectations.

Fortescue Ltd (Fortescue) has published annual Corporate Social Responsibility or Sustainability Reports since 2017. The sustainability priorities presented within these reports apply the GRI Standards; a global set of disclosures focused on outward impact of an organisation's activities on society and the environment.

Fortescue's last major materiality assessment was undertaken in FY18, prior to Fortescue's transition to an integrated green technology, energy and metals company. Since then, material topics have been reviewed annually and disclosures updated where needed.

To reflect the evolution of sustainability reporting requirements, as well as our own business transition, this year Fortescue has performed a double materiality assessment to support a refresh in our strategy and sustainability material topics. With this approach, we will continue to consider outward social and environmental impacts associated with our business activities in accordance with the GRI Standards, as well as the inward sustainability-related risks and opportunities to our financial performance as per the International Sustainability Standards Board reporting requirements and the Australian Accounting Standards Board SR1 exposure draft.

Our materiality process comprised four phases: Understand, Engage, Assess and Prioritise.



The outward 'impact materiality' was completed in alignment with requirements of GRI Standards, while the inward 'financial materiality' was undertaken in alignment with requirements of IFRS S1. Fortescue's own Risk Management Framework (FRMF) was applied in the determination of significance for identified risks and opportunities.



2 UNDERSTAND

Literature and other materials were reviewed during the discovery phase to identify potential topics and future trends. This included evaluation of Fortescue's internal policies and frameworks, as well as relevant sustainability standards, guidelines, global trends reports, and industry peer benchmarking.

A desktop assessment was undertaken by an independent and external third party. The focus of the desktop assessment included:

- Fortescue's transition to an integrated green technology, energy and metals company, fully understanding the Metals value chain and establishing the current project value chain for the Energy business to identify the actual and potential key sustainabilityrelated impacts and dependencies.
- 2. Understanding the sustainability landscape, current and future regulation, stakeholder expectations and emerging topics.
- Establishing a long list of inbound and outward actual and potential sustainability impacts, risk and opportunities across Fortescue's activities and key business relationships.

Outputs from this process included a peer and standards review and landscape analysis.

The peer and standards review is a comprehensive analysis and benchmark of the current material topics which feature in relevant sustainability standards as well as within the reporting of peer companies.

The landscape analysis considers the overarching value chain components across Fortescue's activities and geographic locations, with a deep dive for eight major global operational and/or planned projects. Prevailing market trends and macroeconomic climate with potential to impact Fortescue's business strategy were analysed together with the dependencies, risks and opportunities relating to the demand for iron ore, the demand for green energy, and Fortescue's corporate governance activities.

3 ENGAGE

Engagement is a critical phase for a robust materiality assessment. Fortescue undertook dedicated interviews specific to sustainability materiality with over 70 stakeholders, both internal and external, across eight stakeholder groups. Results from our engagement phase informed our analysis and supported the identification of sustainability themes and drivers and their associated impacts, risks and opportunities specific for Fortescue's business.

Fortescue's stakeholders are individuals, groups or any party that has an interest that is affected or could be affected by our activities. Key and relevant stakeholders across our stakeholder groups were prioritised by Fortescue's Sustainability team in consultation with relevant internal functions. Stakeholder selection was based on the principles of coverage, credibility and accountability, considering stakeholder criteria including influence, informed knowledge, incisive nature, and those with the potential to impact or be impacted by Fortescue's operations.

Different engagement methods were tailored for external and internal stakeholder groups to obtain the most efficient and detailed responses. This included conversational one on one

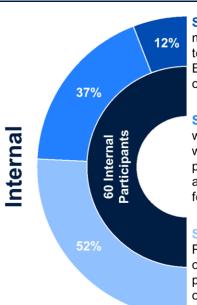
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interviews as well as collaborative discussions via group sessions. Engagement was performed by Fortescue's Sustainability team, with a consultant leading group sessions as an independent and external third party.

Internal proxies were used in place of direct engagement with Customers and First Nations stakeholder groups in this materiality assessment. Our dedicated Marketing and First Nations teams provide a consistent point of contact for ongoing engagement with these stakeholders.

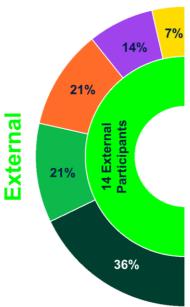
3.1 Breakdown of stakholder group participation



Site-based employees (12%): including Site management, Village management, Heritage, Environment, Health and Safety and Chaplaincy team members. Interviews were held one on one, in person on site at Eliwana. Interviews onsite are particularly valuable in providing an operational viewpoint of day-to-day interactions and dependencies.

Subject Matter Experts (SMEs, 37%): three group sessions were held with SME data owners as well as those with experience of collaboration with and input to the sustainability reporting process. Sessions were in person, with the option for individuals to attend online. Group sessions allowed for collaborative discussions with SMEs, drilling in to detailed feedback and open discussion of Fortescue's sustainability topics.

Senior leadership (52%): including Board, Executives, Directors, Presidents and General/Group managers. Interviews were held one on one, either in person or online. Interviews with senior leadership are particularly valuable in providing context for risks, impacts and opportunities in a business-specific setting as well as consideration of forward-looking considerations.



All external stakeholders were engaged via one on one interviews, either in person or online, with one interview with a supplier (contractor) held on site in the Pilbara.

Interviews with key stakeholder groups across both metals and energy businesses provide valuable insights on our direct interactions with these groups from a sustainability lens, as well as other indirect interactions or dependencies within our value chain.

The following stakeholder groups were engaged:

Investors (7%)
Communities (14%)
Government (21%)
Suppliers (21%)
Non-Government (36%)



3.2 Long list of themes

Information obtained through the desktop assessment and stakeholder engagement was consolidated into a long list of sustainability themes. The long list contained considerations for both financial and impact materiality and formed the starting point for the analysis phase.

A total of 17 sustainability themes were identified for Fortescue. The relevant drivers and potential impacts, risks and opportunities were identified within each theme.

Sustainability theme	Number of drivers	Number of potential risks	Number of potential opportunities	Number of potential impacts	Total per theme		
Climate and decarbonisation	5	7	2	5	14		
Innovation	2	1	2	0	3		
Energy and Resources	7	6	2	3	11		
Circularity	2	0	1	2	3		
Mine planning	3	2	1	2	5		
Water	4	2	2	4	8		
Biodiversity	6	1	1	5	7		
Communities	5	3	1	4	8		
Culture and First Nations peoples	3	2	1	2	5		
Safety and wellness	3	2	1	2	5		
Diversity, inclusion, and equity	3	3	0	2	5		
Product stewardship	4	2	2	0	4		
Procurement and marketing	3	3	0	2	5		
Talent and skills	2	1	1	2	4		
Security practices	1	1	0	1	2		
Business strategy and integrity	8	11	2	2	15		
Economic performance	2	2	0	0	2		
TOTAL	63	49	19	37	105		

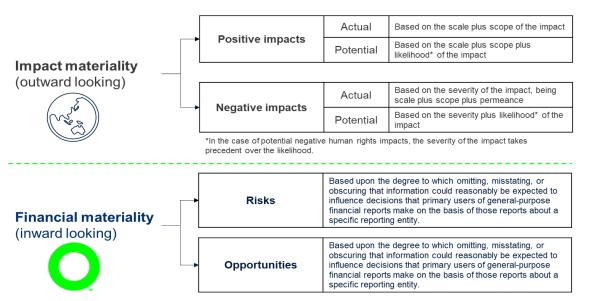
4 ASSESS

Insights collected from the Understand and Engage phases were applied to assess the significance of each of the sustainability-related impacts, risks and opportunities identified in the long list.

Assessment methodologies applied in the analysis were carefully considered for both impact and financial materiality processes to meet the various sustainability standards applicable to Fortescue. The assessment also aligned with the FRMF and our key sustainability commitments (e.g. United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights).

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4.1 Impact materiality assessment

Outward (impact) material topics are those that represent Fortescue's most significant impacts on the economy, environment, and people, including impacts on their human rights.

The impact materiality assessment of sustainability-related topics was undertaken in alignment with the GRI Standards, specifically GRI 1 Foundation 2021 and GRI 3 Material Topics 2021.

Each identified sustainability-related impact within the long list was assessed through the application of a detailed consequence-based methodology, overlayed with additional considerations based on subject matter expertise. Both actual and potential positive and negative impacts were considered in terms of scale, scope and remediability to determine the severity of the impact.

The significance of each impact was determined applying a matrix approach based on a Low to Extreme ratings across severity and likelihood categories. A sustainability-related impact with a significance rating of high and above is considered material, whereas an impact with a significance rating of medium or below is not considered material.

Where an impact related to human rights, the severity of the impact took precedence over its likelihood. Determination of materiality included consideration of:

- the nature of the human rights impact/s.
- where the scale, scope or irremediability is considered high.
- where severity is rated high but likelihood considered low.
- where the impact involves individuals from groups or populations who have a heightened risk of vulnerability or marginalization.

All 37 identified sustainability-related impacts are rated and documented within Fortescue's internal materiality impacts register.

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4.2 Impact materiality results

Rating	Total number identified	Associated themes			Impact materiality matrix - based on highest ranking recorded per theme				
Negative impacts									
Very high / Extreme	18	10 themes	Climate and decarbonisation, Energy and resources, Water, Biodiversity, Culture and First Nations peoples, Safety and wellbeing, Diversity, inclusion and equity, Procurement and marketing, Communities, Security practices.				Climate and decarbonisation Energy and resources Water Biodiversity Culture and First Nations peoples		
High	10	7 themes	Climate and decarbonisation, Circularity, Mine planning, Water, Biodiversity, Communities, Business strategy and integrity.				Safety and wellbeing Diversity, inclusion and equity Procurement and marketing		
Low / Medium	3	3 themes	Climate and decarbonisation, Biodiversity, Talent and skills.		Circularity Talent and skills		Communities Security practices Mine planning Business strategy and integrity		
Positive impa	acts								
Very high / Extreme	3	3 themes	Communities, Culture and First Nations peoples, and Business strategy and integrity.		Communities		Culture and First Nations peoples Business strategy and integrity		
High	2	2 themes	Energy and resources, Circularity.	Tale	ent and skills	Energy and resources			
Low / Medium	1	1 theme	Talent and skills.			Circularity			



4.3 Financial materiality assessment

Inward (financial) material topics are those that represent Fortescue's most significant sustainability-related risks and opportunities for the business.

The financial materiality assessment was undertaken in alignment with IFRS S1. Identified relevant sustainability-related risk and opportunities within the long list were assessed based on our FRMF and associated standards, aligning with our enterprise risk management approach.

A sustainability-related risk or opportunity was considered relevant where it is closely or moderately linked to a key dependency, or where it has a close or moderate casual connection with a significant outward impact. Each relevant risk and opportunity were assessed as actual or potential, with a range of possible outcomes identified for potential risks/opportunities to support the determination of magnitude. Assessment also included the documentation of time horizons and causation.

As per the FRMF, a sustainability-related risk or opportunity with a residual rating of high or above is considered material, while a residual rating of medium or below is not considered material. However, in line with IFRS S1, the nature of the information was then considered to determine whether the risk or opportunity may influence the decisions of primary users of general-purpose financial reports. If a sustainability-related risk or opportunity was considered influential, it was also classed as material.

A Risk and Finance workshop was held with the Chief Financial Officers (CFOs) and key staff during December 2023 to validate and endorse the methodology applied in determination of financial risks and opportunities. The workshop examined the sustainability materiality process, methodology and definitions applied in the assessment. Specifically, this included the integration of the FRMF within the process and the application of Fortescue's risk management standard. The approach to defining material sustainability-linked risks and opportunities was supported.

All 68 identified sustainability-related risks and opportunities are rated and documented within Fortescue's internal sustainability materiality risk and opportunities register and have also been recorded within the company's corporate risk management platform.

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4.4 Financial materiality matrix

Rating	Total number identified	Associated themes			Financial materiality matrix - based on highest ranking recorded per theme					
Risks										
Extreme	14	9 themes	Culture and First Nations peoples, Safety and wellbeing, Climate and decarbonisation, Innovation, Water, Communities, Product stewardship, Biodiversity, Business strategy and integrity.				Tale	ent and skills	Climate and lecarbonisation nnovation Water Communities	Culture and First Nations peoples Safety and wellbeing
Very high	16	8 themes	Climate and decarbonisation, Energy and resources, Water, Diversity, inclusion and equity, Procurement and marketing, Security practices Product stewardship, Talent and skills.						Energy and resources	Product stewardship Biodiversity Business strategy and integrity
High	10	3 themes	Climate and decarbonisation, Mine planning, Business strategy and integrity.							Diversity, inclusion and equity Procurement and marketing Security practices
Medium	6	3 themes	Communities, Business strategy and integrity, Economic performance.							Mine planning Economic performance
Low	3	1 theme	Energy and resources.							
Opportunities										
Transformational	9	7 themes	Innovation, Product stewardship, Business strategy and integrity, Climate and decarbonisation, Energy and resources, Circularity, Biodiversity.			Communitie	es \	Water	Energy and resources Circularity	Innovation Product stewardship Business strategy and integrity Climate and decarbonisation
Very high	5	5 themes	Mine planning, Culture and First Nations peoples, Water, Safety and wellbeing, Talent and skills.					Safety and wellbei Talent and skills	Mine planning Culture and First	
High	2	2 themes	Communities, Water.						Nations peoples	
Medium	3	3 themes	Innovation, Product stewardship, Business strategy and integrity.							



5 PRIORITISE

Material risks, opportunities and impacts were aggregated in a double materiality approach into a total of 16 material topics across four sustainability pillars.

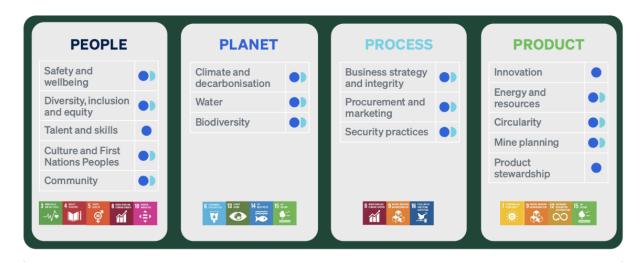
Validation included testing of the material topics for alignment with the requirements of the GRI Standards. A comparison was made with the Exposure Draft for the GRI Sector Standards Project for Mining to ensure no potentially material topics were overlooked. The Sector Standard project also includes the development of standards for the Renewables, Chemicals (including fertilisers) and Utilities industries as priority sectors relevant for Fortescue Energy, however exposure drafts for these sectors are not yet available.

Draft prioritised material topics were then tested with the Executive Sustainability Committee during a materiality workshop held January 2024. Discussions were facilitated by Fortescue's Sustainability team, with deliberations among the group to finalise and prioritise the material topics in a manner that aligns with Fortescue's strategic objectives and stakeholder expectations.

The prioritised material topics were endorsed and finalised by the ARMSC in February 2024.

6 FORTESCUE'S MATERIAL SUSTAINABILITY TOPICS

Fortescue's refreshed materiality topics have been combined into four sustainability pillars, representing our approach to sustainability within the business moving forward. The related GRI disclosures, key UN Sustainable Development Goals (SDGs) have also been identified for each topic and are mapped against our new pillars.



HUMAN RIGHTS

Governance, stakeholder engagement, continual improvement

Financial materiality Impact materiality



6.1 Double materiality

There is a high degree of significance seen for many of the identified risks, opportunities and impacts identified during this process. This is related to the nature of the mining and energy sectors, and the high degree of maturity in our stakeholders' expectations of transparent disclosure and their understanding of sustainability topics within the industry.

There is also a high degree of consistency between Fortescue's sustainability-related financial and impact material topics. This indicates a high level of interaction between outward and inward matters, reflective of the mining and energy sectors' dependency on social licence to operate directly translating to financial growth, performance and cost. Such consistency may not be common in other sectors.

6.2 Materiality developments in FY24

Our approach to human rights

The protection of human rights is a critical aspect of business governance. It is therefore now reflected in our material topics as a fundamental consideration in each theme identified. Human rights is central across all of Fortescue's pillars of sustainability, rather than being a discrete component of our People pillar.

New sustainability pillar - Product

Fortescue's transition to an integrated green technology, green energy and metals company broadens our product portfolio beyond our traditional iron ore roots. As we consider our emerging energy and technology products, our new Product pillar drives a sustainability focus on strategic development and production.

Changes to our material topics

Of our 12 material topics reported in FY23, 11 remain material to Fortescue.

'Economic contribution' is removed from our list of material topics as our social investments are now considered within 'Communities' and our tax disclosures as part of 'Business strategy and integrity'. We continue to disclose our total economic contribution as a foundational disclosure for our company description within our Sustainability Report. Detailed financial information is provided within the Annual Report.

New material topics reflect Fortescue's now global business, new product lines and global emerging sustainability topics relevant to mining and energy sectors. New material topics include:

- **Talent and skills**; reflecting the transition from traditional skills to a future-ready workforce with the talents to support our new business areas of decarbonisation, green technology and green energy. Attraction, retention and upskilling of our workforce will be a critical component of our transition.
- **Procurement and marketing**; reflecting the growing importance of traceability in our upstream and downstream supply chains and the processes, due diligence and engagement put in place to manage impacts and risks and grow opportunities.
- **Security practices**; as Fortescue expands its Metals operations globally, stakeholder expectations include transparent disclosures on our management of security practices and how we protect human rights in our international operations. This disclosure also



supports our membership of the Voluntary Principles Initiative (VPI) on security and human rights.

- **Energy and resources**; the business transition to green energy brings considerations around the development of new energy sources and the use of resources in meeting our decarbonisation commitments. Energy efficiency is also recognised as a fundamental aspect of decarbonisation.
- Mine planning; stakeholders demonstrated a clear focus on several aspects of mine
 planning including tailings management, rehabilitation and closure planning. While we
 have always reported on these aspects within the 'Biodiversity' topic, for clarity of
 reporting these aspects have been pulled together under this dedicated 'Mine planning'
 topic.
- Product stewardship; the transition to green iron and green energy brings a new focus
 to what makes a product 'green'. This includes aspects such as upstream and
 downstream considerations, certification requirements, traceability and life cycle
 assessments.

Changes within our People, Planet and Process sustainability pillars

Our People pillar remains broadly consistent, with most topics remaining as per FY23. The new 'Talent and skills' material topic sits within this pillar.

'Climate and decarbonisation', 'Water' and 'Biodiversity' remain as material topics under our Planet pillar. Where 'Circularity' was included within Planet in FY23, it is now considered under the new Product pillar.

'Business strategy and integrity' remains a cornerstone for Fortescue under the Process pillar. This pillar has also expanded to include 'Procurement and marketing' as well as 'Security practices', which are both emerging focus areas as our business continues its global growth and diversification. The topic of 'Innovation' has moved to our new Product pillar.



Material topics and risks, opportunities and impacts

People

6.3



Safety and wellbeing

GRI content

3, 403, 305

SDGs

3

Risks

- Physical harm
- Pressures on psychosocial health

Opportunities

• Investment, training and employee support

Negative impacts

- Potential exposures or accidents
- Incidents or risks affecting mental health and safety

Diversity, inclusion and equity

GRI content

3, 202, 401, 405, 406

SDGs

5, 8, 10

Risks

- Insufficient action against discrimination and harassment
- Weak local labour laws

Negative impacts

 Potential human rights impacts relating to decent work standards, discrimination and physical safety

Talent and skills

GRI content

3, 404

SDGs

4, 8

Risks

 Increased training costs to upskill workforce

Opportunities

 Developing and futureproofing our people, upskilling our workforce and our communities

Culture and First Nations peoples

GRI content

3, 411

SDGs

10

Risks

- Delays in heritage approvals
- Unsuccessful adoption of co-management

Opportunities

• Effective co-management

Negative impacts

Potential failure in meaningful engagement

Positive impacts

 Supporting First Nations peoples to live and work on Country

Communities

GRI content

3, 413, 203

SDGs

10

Risks

- Failures to apply Free, Prior, Informed Consent (FPIC)
- Exposure to operations
- Misalignment with local community priorities

Opportunities

 Meaningful collaborations developing strong relationships

Negative impacts

- Effects on cultural heritage
- Access to natural resources
- Transport of material through local communities
- Vulnerability to cyclical nature of mining business

Positive impacts

Meaningful investment





Climate and decarb

GRI content

3, 305, 201

SDGs

13

Risks

- Physical climate change
- Unexpected decarbonisation costs
- Ineffective partnerships for Scope 3 reductions
- Not meeting commitments

Opportunities

- Accelerating decarbonisation in hard to abate sectors
- Demonstrating commercially viable decarbonisation

Negative impacts

- Potential environmental or social impacts of decarbonisation projects
- Potential delays in decarbonisation roll-out or ineffective partnerships resulting in greenhouse gas emissions

Water

GRI content

3, 303

SDGs

6

Risks

- Availability and cost
- Poor water stewardship

Opportunities

• Developing shared resources

Negative impacts

- Potential to add to water stress
- Potential deteriorating water quality and effluents

Biodiversity

GRI content

3, 304, 306

SDGs

14, 15

Risks

Land clearing and desalination

Opportunities

· Investing in nature

Negative impacts

- Potential biodiversity loss
- Potential habitat fragmentation or ecosystem damage
- Pollution or spill incidents





Business strategy and integrity

GRI content

3, 205, 415, 207

SDGs

8, 16

Risks

- Structural changes and succession
- Reporting expectations
- Ineffective policy implementation
- Project cancellation
- Non-compliance

Opportunities

• Successful delivery of green energy strategy

Negative impacts

• Potential failure to realise strategy affects uptake of green hydrogen in global market

Positive impacts

 Success leads to greater uptake of green hydrogen in global market and faster global transition

Procurement and marketing

GRI content

3, 204, 308, 408, 409, 414

SDGs

8, 9, 16

Risks

- Direct links to negative impacts in supply chain both upstream and downstream
- Supply chain disruptions

Negative impacts

- Potential contribution to upstream environmental and social impacts
- Potential contribution to downstream social and environmental impacts

Security practices

GRI content

3, 410

SDGs

16

Risks

- Security forces engaged by Fortescue committing human rights abuses
- Breaches of policy
- Political stability in countries of international operations

Negative impacts

• Potential impacts to human rights



Product 🌣

Innovation

GRI content

3

SDGs

9

Risks

Lack of collaboration

Opportunities

- Demonstrating commercially viable technology
- Leveraging innovation to support green energy transition
- Attracting further investment in green products and decarb technologies

Energy and resources

GRI content

3, 302

SDGs

7, 9, 12

Risks

 Reliance on fossil fuels where green energy cannot be accessed

Opportunities

- Providing local communities access to energy
- Educating and advocating on climate, green energy and safety

Negative impacts

 Potential environmental and social impacts associated with project development

Positive impacts

 Potential to stabilise access to energy

Circularity

GRI content

3, 306

SDGs

12

Opportunities

- Development of circularity ecosystems
- Solving waste management issues

Negative impacts

- Increasing volumes of waste
- Pollution or spill incidents

Positive impacts

 Potential for waste management solutions to extend to our communities

Mine planning

GRI content

3, 306

SDGs

12, 15

Risks

- Ineffective rehabilitation
- Potential tailings dam failure

Opportunities

 Leading practice fostering new partnerships with communities and First Nations peoples

Negative impacts

- Potential landscape scarring and biodiversity loss
- Potential environmental and social impacts from a loss of containment

Product stewardship

GRI content

3, 417

SDGs

7, 12

Risks

- Reliance on conflict and critical minerals from opaque supply chains
- Reliance on new suppliers

Opportunities

- Manufacturing green energy components provides security over supply and increases transparency
- Partnerships aligned on ESG approach

