

# **Board Charter**

*Approved by the Board on 18 December 2019*

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## Introduction

### 1. Background

- 1.1 Rio Tinto plc (**RTP**) and Rio Tinto Limited (**RTL**) (collectively referred to as **Rio Tinto, Company or Group**) operate under a dual listed companies structure, under which RTP, incorporated in the United Kingdom, is listed on the London Stock exchange, and RTL, incorporated in Australia, is listed on the Australian Securities Exchange. RTP has a sponsored American Depositary Receipts facility and the underlying shares are registered with the US Securities and Exchange Commission and are listed on the New York Stock Exchange. The two companies have a common board of directors (**Board**).
- 1.2 At the core of the Board's approach to corporate governance is a commitment to promote the long-term, sustainable success of Rio Tinto. The Board aims to generate superior, long-term returns for shareholders, while safeguarding the environment and meeting the Group's obligations to wider society.
- 1.3 In performing its role and responsibilities, the Board works closely with the Chief Executive and executive committee, and maintains an appropriate dialogue with shareholders, engages with the Group's workforce, its customers and suppliers, its local communities and host governments, and aims to factor these views into its decision-making.

### 2. The Board Charter

- 2.1 This Board Charter (**Charter**) sets out the role, responsibilities, structure, composition and conduct of the Rio Tinto Board, as follows:
  - (a) Role and Responsibilities of the Board;
  - (b) Delegation of authority to the Chief Executive
  - (c) Board membership and processes.

## Role and Responsibilities of the Board

### 3. Role of the Board

- 3.1. Rio Tinto has a clear purpose: as pioneers in metals and mining, we produce materials essential to human progress. The Board is collectively responsible for pursuing this purpose and the Group's long-term strategy, and reviews annual and longer-term plans for Rio Tinto based on proposals made by the Chief Executive for achieving this purpose and strategy.
- 3.2. The Board monitors executive action and performance against these plans and reviews economic, political, environmental and social issues, and any other relevant external matters, which may influence or affect the development of Rio Tinto's business. The Board will determine the nature and extent of acceptable risk for the Group, confirm that management's risk limits reflect the level of risk the board is willing to accept to achieve our strategic objectives, and oversee the Group's risk management and internal control process.
- 3.3. The Board also seeks to promote and sustain a culture and set of values that will enable Rio Tinto to fulfil its purpose and achieve its long-term strategic objectives. It does this by exemplifying and upholding the Group's core values of safety, teamwork, excellence, respect and integrity, which are also reflected in our global code of conduct - The Way We Work.
- 3.4. The Board ensures that systems and processes are in place for the succession, evaluation and compensation of the non-executive directors, executive directors, members of the Group executive and other key members of senior management.

## 4. Board committees

- 4.1. The Board has established five standing committees, namely: the Audit committee, the Nominations committee, the Sustainability committee, the Remuneration committee and the Chairman's committee, to assist with discharging its responsibilities efficiently and effectively.
- 4.2. The Board may also establish ad hoc Board committees from time to time to consider other specific matters of special importance.
- 4.3. The Board regularly reviews and approves the terms of reference for Board committees, which will set out the roles and responsibilities of each committee.
- 4.4. The Board determines the composition and Chairman of Board committees, having regard to workload, skills, experience and any regulatory requirements. Membership of each standing Board committee is reviewed every three years, or earlier if circumstances dictate.

## 5. Matters reserved for the Board

- 5.1. The RTP articles of association and the RTL constitution vest the management and control of the business and affairs of the Rio Tinto Group in the Board.
- 5.2. Effective governance requires clarity in the roles and responsibilities between the Board and the Executive, and the proper utilisation of distinct skills, processes and controls. The Board believes that the governance of Rio Tinto is best achieved by the delegation of its authority for the executive management of the Group to the Chief Executive, subject to certain matters that it reserves for its own consideration and monitoring.
- 5.3. A formal schedule of matters reserved for the Board is set out in a separate document that is available on the Rio Tinto website at [Schedule of Matters Reserved for the Board](#)

## Delegation of authority to the Chief Executive

### 6. Role and responsibilities of the Chief Executive

- 6.1 The Chief Executive is responsible for the executive management of Rio Tinto, consistent with the purpose and strategy, and subject to matters reserved for the Board as set out in the **Schedule of Matters Reserved for the Board** (available at riotinto.com), and in accordance with the Group's Delegation of Authorities Framework (the Delegated Authority).
- 6.2 The role and responsibilities of the Chief Executive are as determined by the Board from time to time and are as set out in [Role and responsibilities of the Chief Executive](#) (available at riotinto.com).
- 6.3 The Chief Executive may establish management committees to assist in carrying out these responsibilities.
- 6.4 The Chief Executive is authorised to develop Group policies for approval by the Board and implement them, and may establish standards or procedures that will help achieve the Group's purpose and strategy, and are within a reasonable interpretation of the Delegated Authority.
- 6.5 The Chief Executive will carry out all actions and decisions in accordance with the Group's accepted business practice and professional ethics. The Chief Executive is responsible for ensuring that Rio Tinto operates an effective system of risk management and internal control and have an internal audit function (reporting to the Audit Committee).
- 6.6 The Board monitors the Chief Executive's observance of the Delegated Authority and holds the Chief Executive accountable for the discharge of this authority. The Board will carry out its many monitoring responsibilities through any means it considers appropriate, using internal or external sources as it deems relevant.

- 6.7 The Chief Executive will report to the Board at each meeting and advise the Board (or the relevant Board Committee) in a timely manner of all material matters currently or prospectively affecting Rio Tinto and its performance.
- 6.8 Between Board meetings, the Chief Executive will engage with the Chairman as the representative of the Board, as and when required.

## **Board membership and processes**

### **7 Board composition**

- 7.1 The Nominations Committee assists the Board in ensuring its composition is regularly reviewed and refreshed, so that the Board continues to operate effectively and efficiently, in performing its role and responsibilities.
- 7.2 Rio Tinto is committed to promoting policies, practices and behaviours that support an inclusive and diverse workplace. The Board aims to lead by example and recognises that it has an important role to play in creating an environment in which all contributions are valued, different perspectives are embraced and biases are acknowledged and overcome.
- 7.3 Appointments to the Board are made on merit, and on objective selection criteria, with the aim of bringing a range of skills, knowledge and experience to Rio Tinto. The Board aims to appoint directors who will help the Group address the operational and strategic challenges and opportunities facing the Company now and in the future, and to ensure that the Board is diverse in terms of gender, nationality, social background and cognitive style.
- 7.4 Rio Tinto only engages executive search firms who have signed up to the Voluntary Code of Conduct on diversity best practice and require that all long lists should include suitably qualified female candidates. The Board aim to increase female representation on the Board as vacancies arise, with a longer-term ambition for one-third of our Board members to be women.
- 7.5 The Board will comprise a majority of non-executive directors, who are judged by the Board to be independent of judgement and character and free from any business or personal relationship that might influence, or would be perceived by shareholders to influence, such judgement.
- 7.6 The members of the Board are expected to use their range of experience and apply their independent judgement to all matters discussed at the Board meetings. The executive directors will bring to the Board their unique knowledge, experience and perspective on the Group's business.
- 7.7 The Board, in accordance with the RTP articles of association and the RTL constitution, will determine the size of the Board.
- 7.8 Tenure will be determined based on contribution and continued evidence of the exercise of independent judgement and with appropriate regard to corporate governance regulation and best practice.
- 7.9 All directors will stand for election or re-election by shareholders at the RTP and RTL annual general meetings each year.

### **8 Terms of engagement and compensation**

- 8.1 The Board determines the terms of engagement and the level of remuneration paid to its non-executive directors within the limitations approved by the shareholders.
- 8.2 All non-executive directors will be engaged through letters of appointment.
- 8.3 The Chairman will be paid a fee inclusive of all services and will receive other support from Rio Tinto, appropriate to their office. The Remuneration Committee determines the terms of engagement, including compensation, of the Chairman. The Chairman has no part in setting of the Chairman's

fees and is not present at any discussion with the Remuneration Committee regarding the Chairman's compensation.

8.4 Non-executive directors will be paid a base fee, Committee and Committee Chairman fees and travel allowances, as determined by the Chairman, the Chief Executive and the Chief Financial Officer from time to time.

8.5 Executive directors will not receive a fee for their service as directors of Rio Tinto.

### **9 Time commitment and other directorships**

9.1 Membership of the Board represents a significant time commitment and non-executive directors must be prepared to give sufficient time for the discharge of their responsibilities.

9.2 All directors should regularly inform the Board, through the Group Company Secretary, of other directorships they hold. The Nominations Committee will keep under review the current and prospective commitments of non-executive directors and make recommendations to the Board if the Committee concludes that a director's other commitments are inconsistent (or constitute an actual or potential conflict) with those required by Rio Tinto.

9.3 All appointments of executive directors to other boards shall be subject to the approval of the Chairman, in consultation with the Nominations Committee and reported to the Board.

### **10 Chairman**

10.1 The Board will appoint one of the non-executive directors to be Chairman of the Board as provided for in the Rio Tinto plc articles of association and the Rio Tinto Limited constitution.

10.2 The Chairman must meet the applicable independence criteria at the time of appointment and continue to meet the independence criteria during the term of appointment.

10.3 The principal role of the Chairman is to provide leadership to the Board, assist the Board to work effectively and discharge its responsibilities, and to encourage a culture of openness and debate to foster a high-performing and collegiate team. The Chairman is not responsible for the day-to-day management of the Group.

10.4 The responsibilities of the Chairman are set out in [Role and responsibilities of the Chairman](#) (available on riotinto.com).

10.5 The Board will develop and maintain a plan for the succession of the Chairman.

### **11 Senior Independent Director**

11.1 On recommendation of the Nomination committee, the Board will appoint one of the non-executive directors to be the Senior Independent Director.

11.2 The Senior Independent Director will act as a sounding board for the Chairman and will serve as an intermediary for the other directors if necessary.

11.3 The Senior Independent Director will attend meetings with a range of Rio Tinto's shareholders to develop a balanced understanding of the issues and concerns of shareholders. The Senior Independent Director will also be available to shareholders if they have concerns, which contact through the normal channels of Chairman or Chief Executive has failed to resolve, or for which such contact is inappropriate.

11.4 The role and responsibilities of the Senior Independent Director are set out in [Role and responsibilities of the Senior Independent Director](#) (available on riotinto.com).

11.5 The Board will develop and maintain a plan for the succession of the Senior Independent Director.

## **12 Board and Committee meetings**

- 12.1 The Board will meet regularly and all directors will use all reasonable endeavours to attend Board and Committee meetings in person.
- 12.2 The Chairman (or Chairman of the relevant Committee, as the case may be) is responsible, in consultation with the Chief Executive and the Group Company Secretary, for the conduct of all Board and Committee meetings. This includes being satisfied that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the strategic direction set by the Board.
- 12.3 Executive committee members and members of management will attend Board and Committee meetings by invitation and will be available to be contacted by directors between meetings.
- 12.4 Non-executive directors will periodically meet without executive directors or representatives of management present.

## **13 Conduct**

- 13.1 Each director will ensure that no decision or action is taken that has the effect of placing his or her interests in priority to the interests of the Group.
- 13.2 Directors commit to the collective, group decision-making processes of the Board and its Committees. Individual directors will always respect the contributions of other directors, and strive to understand their perspective and contributions to debate and discussion. Directors will debate issues openly and constructively and be free to question or challenge the opinions presented at meetings where their own judgement differs from that of other directors.

## **14 Group Company Secretary**

- 14.1 The Group Company Secretary is accountable to the Board through the Chairman. Appointment and removal of the Group Company Secretary is subject to Board approval.
- 14.2 The Group Company Secretary will advise the Chairman, and through the Chairman, the Board and individual directors on all corporate governance matters.

## **15 Access to advice and information**

- 15.1 Directors may, with the consent of the Chairman and with the assistance of the Group Company Secretary, seek independent professional advice at the expense of the Group on any matter connected with the discharge of their responsibilities. A copy of any advice so received will be made available to all directors, unless a conflict of interest would make it inappropriate to do so.
- 15.2 The Board and committees may make direct requests for information and records from the Chief Executive, any employee of the Group, the external auditor or any third party.
- 15.3 The Chairman, the Chief Executive and the Group Company Secretary will work collaboratively to ensure the production and transmission of information and reports to the Board and committees.
- 15.4 Relationships and dialogue between individual members of the Board and the Chief Executive and the Executive committee that focus on gaining a better understanding of Rio Tinto's business will be encouraged but will not alter the roles, accountabilities and divisions of authority set out in this Charter.

## **16 Induction and training**

- 16.1 New directors will be provided with a comprehensive induction program, including business briefings by management and site visits.

- 16.2 All directors will participate in an ongoing program of training and development and each standing committee may adopt and maintain a program of induction, training and development (including site visits if considered necessary).

## **17 Board performance**

- 17.1 The Board will, at least annually, conduct performance evaluations of the Board as a whole, its Committees, the Chairman, individual directors, and the governance processes that support Board. Periodically, performance evaluations will be facilitated by an independent external corporate advisory firm.
- 17.2 All evaluations will have regard to the collective nature of Board work, the balance of skills, experience, independence and knowledge of the business and industry on the Board, its diversity (including gender) and the operation of the governance processes established in this Charter.
- 17.3 The Chairman will be responsible for evaluating the performance of non-executive directors.
- 17.4 The evaluation of the Chairman will be led by the Senior Independent Director. The Board will use the results of these evaluations in considering the endorsement of directors for re-election by shareholders.
- 17.5 The performance of the Chief Executive is monitored solely by the Non-Executive directors and the performance of the Chief Financial Officer is monitored by the Chief Executive and the Non-Executive directors.

## **18 Review of Charter**

- 18.1 The Board will review this Charter annually. Any amendments to the Charter must be approved by the Board.