

RioTinto

UN Global Compact

Communication on Progress 2017

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UN Global Compact



CEO's statement of support for the UN Global Compact



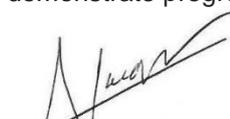
Rio Tinto has been a member of the United Nations Global Compact (UNGC) since 2000, during which time we have actively supported and promoted this important initiative. This includes robust participation in both the Australian and UK local networks, vital to helping share business learning and to helping build multi-stakeholder relationships.

Today, Rio Tinto faces a new world: one in which we, alongside our partners and stakeholders, build together, we learn together and we succeed together.

And so today, more than ever Rio Tinto sees the need to reaffirm our commitment to the Ten UNGC Principles on human rights, labour, the environment and anti-corruption and to refresh our approach through innovation: technological, social and importantly, in our partnerships. We also recognise the UNGC's important contribution to business understanding and implementation of the United Nations Sustainable Development Goals and continue our own work in supporting these goals.

Our business must be safe, responsible and profitable. Partnership must lie at the heart of each. We collaborate with a focus on local communities to help unearth opportunity of all kinds. And as pioneers in mining and metals, we will continue to help shape the future of mining by proactively pursuing a strategy that integrates the Ten Principles into our broader business objectives.

Here you will find our 2017 Communication on Progress and learn more about our practices in implementing the UNGC's Ten Principles. As the CEO of Rio Tinto, I am very proud that in 2017, we continued to demonstrate progress against our UNGC commitments.



J-S Jacques

Chief executive

The ten principles

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption. The principles enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

UN Global Compact Communication on Progress 2017 and GC Advanced COP Self-Assessment

All information in the Communication on Progress 2017 is compiled from our [Annual report 2017](#), [2017 Sustainable Development report](#) and [Rio Tinto public website](#). Below is our self-assessment on how we have met the GC Advanced Level criteria and links to our implementation of best practices, followed by our report on the Ten Principles. We consider a criterion is met when we communicated its implementation or planned implementation.

Implementing the ten principles into strategies & operations

Criterion 1: The COP describes mainstreaming into corporate functions and business units

Best practices	Our implementation
Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc) ensuring no function conflicts with company's sustainability commitments and objectives	"Sustainability Committee report" in Annual report 2017 "Message from the chair of the Sustainability Committee" in Sustainable Development (SD) report 2017 Corporate governance The way we work
Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy	"Sustainable development" in Annual report 2017 "Overview" in SD report 2017 Corporate governance
Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary	"Sustainability Committee report" in Annual report 2017 "Message from the chair of the Sustainability Committee" in Sustainable Development (SD) report 2017 Rio Tinto Sustainability Committee Terms of Reference
Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs	"Sustainable development" in Annual report 2017
Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts	"Sustainable development" in Annual report 2017 SD report 2017

Criterion 2: The COP describes value chain implementation

Best practices	Our implementation
Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts	"Our value chain" in SD report 2017
Communicate policies and expectations to suppliers and other relevant business partners	Supplier code of conduct "Our value chain" in SD report 2017 "Respecting human rights" in SD report 2017 Rio Tinto Slavery and human trafficking statement 2017 Human rights policy

Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company's sphere of influence

["Governance report" in Annual report 2017](#)

["Our value chain" in SD report 2017](#)

["Respecting human rights" in SD report 2017](#)

[Rio Tinto Slavery and human trafficking statement 2017](#)

Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners

["Respecting human rights" in SD report 2017](#)

[Rio Tinto Slavery and human trafficking statement 2017](#)

Robust human rights management policies & procedures

Criterion 3: The COP describes robust *commitments, strategies or policies* in the area of human rights

Best practices	Our implementation
Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights) (BRE1 + ARE1)	<p><u><i>The way we work</i></u></p> <p><u>Human rights policy</u></p> <p><u>“Respecting human rights” in SD report 2017</u></p> <p><u><i>Why human rights matter</i></u></p> <p><u>Rio Tinto Slavery and human trafficking statement 2017</u></p>
Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company (BRE 1 + BRE5 + ARE 1 + ARE 5)	<p><u><i>The way we work</i></u></p> <p><u>Human rights policy</u></p> <p><u>“Respecting human rights” in SD report 2017</u></p>
Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services (BRE 1)	<p><u><i>The way we work</i></u></p> <p><u>Supplier code of conduct</u></p> <p><u>Human rights policy</u></p> <p><u>“Respecting human rights” in SD report 2017</u></p> <p><u>Approach to communities and social performance</u></p> <p><u>Rio Tinto Procurement</u></p>
Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties (BRE 1 + BRE 5 + ARE 1 + ARE 5)	<p><u><i>The way we work</i></u></p> <p><u>Human rights policy</u></p> <p><u>Supplier code of conduct</u></p> <p><u>Approach to communities and social performance</u></p> <p><u>“Respecting human rights” in SD report 2017</u></p> <p><u>“Community relationships” in SD report 2017</u></p>

Criterion 4: The COP describes effective *management systems* to integrate the human rights principles

Best practices

Our implementation

Process to ensure that internationally recognized human rights are respected

[“Respecting human rights” in SD report 2017](#)

[“Community relationships” in SD report 2017](#)

[Why human rights matter](#)

[Why agreements matter](#)

[Why gender matters](#)

[Why cultural heritage matters](#)

[Rio Tinto Slavery and human trafficking statement 2017](#)

On-going due diligence process that includes an assessment of actual and potential human rights impacts (BRE 2 + BRE 3 + ARE 2 + ARE 3)

[“Respecting human rights” in SD report 2017](#)

[“Community relationships” in SD report 2017](#)

[Rio Tinto Slavery and human trafficking statement 2017](#)

[Why human rights matter](#)

Internal awareness-raising and training on human rights for management and employees

[“Respecting human rights” in SD report 2017](#)

[“Community relationships” in SD report 2017](#)

[Why human rights matter](#)

[Rio Tinto Slavery and human trafficking statement 2017](#)

Operational-level grievance mechanisms for those potentially impacted by the company’s activities (BRE 4 +ARE 4)

[“Respecting human rights” in SD report 2017](#)

[“Community relationship” in SD report 2017](#)

[Approach to communities and social performance](#)

[Why human rights matter](#)

[Why gender matters](#)

[Why cultural heritage matters](#)

[Why agreements matter](#)

[“Governance integrity” in SD report 2017](#)

Allocation of responsibilities and accountability for addressing human rights impacts

["Respecting human rights" in SD report 2017](#)

[Rio Tinto Sustainability Committee Terms of Reference](#)

["Community relationships" in SD report 2017](#)

[Why human rights matter](#)

[Why gender matters](#)

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Internal decision-making, budget and oversight for effective responses to human rights impacts

["Respecting human rights" in SD report 2017](#)

[Rio Tinto Sustainability Committee Terms of Reference](#)

[Rio Tinto Slavery and human trafficking statement 2017](#)

[Why human rights matter](#)

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[Why agreements matter](#)

Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to (BRE 3+ BRE 4 + ARE3 + ARE 4)

[Why human rights matter](#)

["Respecting human rights" in SD report 2017](#)

["Community relationships" in SD report 2017](#)

["Governance integrity" in SD report 2017](#)

[Approach to communities and social performance](#)

[Rio Tinto Slavery and human trafficking statement 2017](#)

Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action (BRE 6 + ARE 6)

["Respecting human rights" in SD report 2017](#)

["Community relationships" in SD report 2017](#)

[Why human rights matter](#)

[Why gender matters](#)

Why cultural heritage matters

Why agreements matter

Approach to communities and social performance

Criterion 5: The COP describes effective *monitoring and evaluation mechanisms* of human rights integration

Best practices

Our implementation

System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain (BRE3 + ARE3)

“Respecting human rights” in SD report 2017

“Community relationships” in SD report 2017

Why human rights matter

Rio Tinto Slavery and human trafficking statement 2017

Monitoring drawn from internal and external feedback, including affected stakeholders

Why human rights matter

Approach to communities and social performance

Why agreements matter

“Community relationships” in SD report 2017

“Respecting human rights” in SD report 2017

Leadership review of monitoring and improvement results

Why human rights matter

Rio Tinto Sustainability Committee Terms of Reference

Rio Tinto Slavery and human trafficking statement 2017

Process to deal with incidents the company has caused or contributed to for internal and external stakeholders (BRE 4 + ARE 4)

“Respecting human rights” in SD report 2017

“Community relationships” in SD report 2017

Approach to communities and social performance

Why human rights matter

Rio Tinto Slavery and human trafficking statement 2017

Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue (BRE4 + ARE4)

[“Respecting human rights” in SD report 2017](#)

[“Community relationships” in SD report 2017](#)

[“Governance integrity” in SD report 2017](#)

[*Why human rights matter*](#)

[Approach to communities and social performance](#)

[Rio Tinto Slavery and human trafficking statement 2017](#)

Outcomes of integration of the human rights principles

[“Respecting human rights” in SD report 2017](#)

[“Community relationships” in SD report 2017](#)

[*Why human rights matter*](#)

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[*Why gender matters*](#)

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[Rio Tinto Slavery and human trafficking statement 2017](#)

[Our commitment](#)

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Wherever we operate, we respect and support human rights consistent with the Universal Declaration of Human Rights. We have a human rights policy and procedures and have made voluntary commitments to the OECD Guidelines for Multinational Enterprises, the UN Global Compact and the Voluntary Principles on Security and Human Rights (VPSHR). Our human rights approach is consistent with the United Nations Guiding Principles on Business and Human Rights (UNGPs). Where our standards and procedures are stricter than local laws, we apply our own standards.

Recognising and respecting people’s human rights are principles embedded in our values, policies and standards. We have strong processes for managing human rights risks and pay particular attention to human rights issues – such as water resources, land access, cultural heritage, resettlement and security – that may be commonly associated with mining activities.

We undertake due diligence activities in line with the UNGPs to identify, prevent and mitigate involvement in adverse human rights impacts of our operations. Human rights considerations are included in our social risk

analysis and impact assessment processes. We conduct stand-alone human rights studies and programmes at high-risk sites when required.

During the year we engaged investors, civil society and community members on land access, cultural heritage, environment and labour rights including modern slavery issues. We also engaged externally to support policy development and benchmarking.

We published our second annual slavery and human trafficking statement in compliance with the UK Modern Slavery Act 2015, which outlines the steps taken during the year to ensure that slavery and human trafficking are not taking place in any of our operations or supply chains. Rio Tinto made a formal submission to the Australian Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade in 2017 regarding its inquiry into establishing a Modern Slavery Act in Australia as well as formally contributing to the Australian Government's consultation on draft legislation.

Our Community and Social Performance standard (CSP) describes how we maintain our community relationships. It covers how we monitor and manage day-to-day impacts and concerns, identify and manage social risks, form long-term community agreements and close operational sites. The standard includes a section on human rights with requirements for sites around risk analysis, incident management and training. The CSP standard is supported by guidance notes which describe our site procedures. To support our Communities and Social Performance target for 2016-2020, operations collect data on the effective capture and management of community complaints. All operations are required to have a complaints, disputes and grievance mechanism in line with the effectiveness criteria for operational-level grievance mechanisms in the UN Guiding Principles on Business and Human Rights. We strive for the free, prior and informed consent of Indigenous communities as defined in the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability and ICM's Position Statement on Indigenous Peoples and Mining.

We progressed human rights, including modern slavery risks, as part of our due diligence on suppliers under our *Know your supplier procedure* and we further included human rights into our risk and incident management framework.

We provide training for security personnel and conduct security and human rights analysis in support of our security arrangements. Our online VPSHR training is mandatory for all security personnel at high risk sites and elsewhere it is strongly recommended. During 2017 we conducted VPSHR and use-of-force training at five of our locations in South Africa, Madagascar, Namibia and Jamaica. As a participant in the Voluntary Principles Initiative we also contributed to the design of a VPSHR training package for private security personnel and public security forces.

We rolled out our human rights training for all employees. In 2017, the introductory module was compulsory for all employees. Function-specific human rights training modules around communities, procurement, security and inclusion and diversity are also available. Training sessions on modern slavery were also conducted on a targeted basis with our procurement and ethics and compliance teams. We continued to incorporate human rights considerations into our risk management framework. This included embedding a human rights annex in the construction tender for a major project as well as human rights information in the project's social and environmental impact assessment.

Our human rights policies and performance were globally recognised by the 2017 Corporate Human Rights Benchmark, ranking Rio Tinto in the top three of 98 companies included in the assessment.

Robust labour management policies & procedures

Criterion 6: The COP describes robust *commitments, strategies or policies* in the area of labour

Best practices	Our implementation
Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies	<p><u><i>The way we work</i></u></p> <p><u>Human rights policy</u></p> <p><u>Employment policy</u></p>
Reflection on the relevance of the labour principles for the company	<p><u><i>The way we work</i></u></p> <p><u>Employment policy</u></p> <p><u>Diversity and inclusion policy</u></p> <p><u>Human rights policy</u></p> <p><u>"Our people" in SD report 2017</u></p>
Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide, and engage in dialogue with representative organization of the workers (international, sectoral, national).	<p><u>"Our people" in SD report 2017</u></p> <p><u><i>The way we work</i></u></p> <p><u>Employment policy</u></p> <p><u>Diversity and inclusion policy</u></p> <p><u>Human rights policy</u></p>
Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners	<p><u>"Respecting human rights" in SD report 2017</u></p> <p><u>"Our people" in SD report 2017</u></p> <p><u>Supplier code of conduct</u></p> <p><u><i>The way we work</i></u></p>
Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation	<p><u>Employment policy</u></p> <p><u>Diversity and inclusion policy</u></p> <p><u>"Our people" in SD report 2017</u></p>

Criterion 7: The COP describes effective *management systems* to integrate the labour principles

Best practices	Our implementation
Risk and impact assessments in the area of labour	<u>"Risk management" in Annual report 2017</u> <u>Rio Tinto Slavery and human trafficking statement 2017</u>
Allocation of responsibilities and accountability within the organization	<u>Employment policy</u> <u>Diversity and inclusion policy</u> <u>"Governance report" in Annual report 2017</u>
Internal awareness-raising and training on the labour principles for management and employees	<u>"Respecting human rights" in SD report 2017</u> <u>Rio Tinto Slavery and human trafficking statement 2017</u>
Active engagement with suppliers to address labour-related challenges	<u>"Respecting human rights" in SD report 2017</u> <u>Rio Tinto Slavery and human trafficking statement 2017</u> <u>"Our value chain" in SD report 2017</u>
Grievance mechanisms, communication channels and other procedures (e.g., whistleblower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in agreement with the representative organization of workers	<u>"Respecting human rights" in SD report 2017</u> <u>"Our people" in SD report 2017</u> <u>"Governance integrity" in SD report 2017</u>

Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration

Best practices	Our implementation
System to track and measure performance based on standardized performance metrics	<u>"Our people" in SD report 2017</u> <u>Employment policy</u> <u>Diversity and inclusion policy</u>
Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards	<u>Rio Tinto Slavery and human trafficking statement 2017</u> <u>"Our value chain" in SD report 2017</u> <u>"Respecting human rights" in SD report 2017</u>

Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices

[“Our value chain” in SD report 2017](#)

[“Community relationships” in SD report 2017](#)

[Why gender matters](#)

Outcomes of integration of the Labour principles

[“Our people” in SD report 2017](#)

[Rio Tinto Slavery and human trafficking statement 2017](#)

[Why gender matters](#)

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation, extortion and bribery.

The way we work – our corporate code of conduct – is underpinned by our values: safety, teamwork, respect, integrity and excellence. In 2017, we launched the new Rio Tinto purpose and enhanced our company values and global code of business conduct to set a strong sense of direction, increase employee engagement and attract future talent. We value the strength that a diverse workforce and an inclusive culture bring to our business. We employ people on the basis of job requirements and we do not discriminate on grounds of age, ethnic or social origin, gender, sexual orientation, politics, religion, disability or any other status. We do not employ forced, bonded or child labour. We recognise the right of all employees to choose to belong to a union and seek to bargain collectively. We employ people with disabilities and make considerable efforts to offer suitable alternative employment and retraining to employees who become disabled and can no longer perform their regular duties. Meeting our objectives for workforce diversity continues to be a focus. We continue to increase the gender balance in senior management positions by creating opportunities at this level and partnering with recruitment teams to increase the female employee pipeline and talent pool. We exceeded our 20 per cent target for women in senior management, and achieved strong gender (41 per cent female) and nationality representation (29 per cent nationals from regions where we are developing new businesses) across our 2017 graduate intake.

We aim for our workforce to be representative of the communities in which we operate and for our leaders to come from diverse backgrounds. We prefer to employ local candidates. Where local capacity does not meet our requirements we work in partnership with local communities and government on programmes to develop skills and work readiness. We help Indigenous people participate in the local economy through employment and learning programmes along with our local supplier and procurement programmes.

Rio Tinto is proud to be one of the largest private sector employers of Indigenous Australians, with over 1,431 full time Indigenous employees who represent approximately eight per cent of our Australian employees in 2017. Our local employment commitments are often managed through directly negotiated agreements with Traditional Owners.

The relationship between employee engagement and the productivity of our business is essential to our success. We are increasing the frequency and transparency of engagement with all employees by promoting open and honest dialogue. We conduct global employee engagement surveys biannually to understand the current and emerging issues affecting employees and to ensure our actions are driving impact. Our Group-wide performance systems support the consistent and transparent assessment of people across the company. They also drive a performance-focused culture by making clear linkages between performance and reward, as well as career paths and progression. The package is designed to be competitive, in compliance with applicable laws and regulations and balance between fixed pay with variable pay that is linked to performance. We focus on building talent from within our business to meet future skill requirements. Learning and development opportunities are broadly available to all employees via different channels including our virtual College. All employees are encouraged to participate in annual development planning to identify and support development for their current role and their future aspirations. Our graduate development framework provides the foundation for the development of our graduates during their two-year programme through a combination of on-the-job experience and blended learning approaches. More broadly, over 1,500 leaders across Australia, Canada, China, Mongolia, South Africa, the UK and the US completed a six-month Leading for Success programme and developed core leadership capabilities.

More than 95 per cent of all Rio Tinto employees are covered by the Employee Assistance Programme, and the remaining employees have support from on-site counsellors. The programme gives employees access to professional coaching, advice and support for themselves and their families.

We are championing Australia's White Ribbon (domestic violence) campaign and produced a package to protect and support families affected by family and domestic violence.

We actively engage with our partners in these larger joint ventures through formal governance structures and technical exchanges to learn and improve performance. We endeavour to ensure that the principles in The way we work are applied and we encourage our partners to embed a strong safety, security and human rights culture in their workforces. This includes setting clear expectations of how our suppliers treat their workers through our Supplier code of conduct. Through our Know your supplier procedure we look at the labour practices of suppliers when bringing on a new supplier or renewing an existing supplier based on certain criteria, and have a range of mitigation options we may put in place, including capacity building, if we identify a risk that the supplier's practices may not meet our expectations.

Robust environmental management policies & procedures

Criterion 9: The COP describes robust *commitments, strategies or policies* in the area of environmental stewardship

Best practices	Our implementation
Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)	“Protecting the environment” in SD report 2017 “Sustainable development” in Annual report 2017
Reflection on the relevance of environmental stewardship for the company	“Protecting the environment” in SD report 2017 “Sustainable development” in Annual report 2017 Rio Tinto Climate change report
Written company policy on environmental stewardship	Health, Safety, Environment and Communities policy
Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners	Supplier code of conduct Rio Tinto Climate change report
Specific commitments and goals for specified years	“Protecting the environment” in SD report 2017 “Sustainable development” in Annual report 2017 Rio Tinto Climate change report

Criterion 10: The COP describes effective *management systems* to integrate the environmental principles

Best practices	Our implementation
Environmental risk and impact assessments	“Protecting the environment” in SD report 2017 “Sustainable development” in Annual report 2017 Rio Tinto Climate change report Case study: Our evolving approach to biodiversity

Assessments of lifecycle impact of products, ensuring environmentally sound management policies

["Protecting the environment" in SD report 2017](#)

["Sustainable development" in Annual report 2017](#)

[Rio Tinto Climate change report](#)

[Case study: A new future for an old industrial town](#)

Allocation of responsibilities and accountability within the organisation

["Governance report" in Annual report 2017](#)

[Rio Tinto Climate change report](#)

Internal awareness-raising and training on environmental stewardship for management and employees

["Sustainable development" in Annual report 2017](#)

Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts

["Sustainable development" in Annual report 2017](#)

Criterion 11: The COP describes effective *monitoring and evaluation mechanisms* for environmental stewardship

Best practices

Our implementation

System to track and measure performance based on standardized performance metrics

["Protecting the environment" in SD report 2017](#)

[Rio Tinto Climate change report](#)

["Environmental performance" in SD report 2017](#)

Leadership review of monitoring and improvement results

["Governance report" in Annual report 2017](#)

[Rio Tinto Climate change position statement](#)

Process to deal with incidents

["Sustainable development" in Annual report 2017](#)

[Rio Tinto management system](#)

Audits or other steps to monitor and improve the environmental performance of companies in the supply chain

["Protecting the environment" in SD report 2017](#)

Outcomes of integration of the environmental principles

[“Protecting the environment” in SD report 2017](#)

[Rio Tinto Climate change report](#)

[“Environmental performance” in SD report 2017](#)

[Case study: Less is more](#)

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Environmental performance

Climate Change

We acknowledge the changing global climate and support the intent of the Paris Agreement to limit global warming to less than two degrees Celsius above pre-industrial levels. We are aiming for a substantial decarbonisation of our business by 2050. Our approach is supported by our climate change position statement available online at riotinto.com.

In 2016, we supported a shareholder resolution to disclose more information about our climate change approach, and we have committed to report against the Taskforce for Climate-related Financial Disclosures voluntary framework. In 2019, we will include an assessment of our physical resilience and the resilience of our portfolio to a two degree Celsius scenario.

Climate change presents complex challenges for companies, governments and society. In partnership with our stakeholders, we are managing risk and building resilience to climate change. We are reducing emissions in our own operations focusing on reducing the energy intensity of our operations and the carbon intensity of our energy, and identifying opportunities for ways we can remove emissions intensive activities. Our portfolio contributes significantly to the growth of a low carbon economy. The use of aluminium and copper will support the reduction of emissions from other sectors through the use of our products. Iron ore is essential to the construction of new infrastructure, including lower carbon buildings and renewable energy infrastructure. We expect the most significant changes to the energy intensity of our operations and therefore changes to our greenhouse gas (GHG) emissions to be attributed in the next few years to changes in the portfolio and asset sales.

In 2017, our total GHG emissions were 30.6 million tonnes of carbon dioxide equivalent (CO₂-e), 1.4 million tonnes lower than in 2016. The Group's performance against the Group target of GHG emissions intensity has bettered the forecast for 2017. The majority of our GHG emissions are generated through energy use (electricity, fuel) and chemical processes (anodes and reductants) at our operations. Most (69 per cent) of the electricity we use is from hydro, wind and solar power, a similar level to previous years.

Environmental management

Environmental stewardship is essential to our relationships with host communities, regulators and others. We accept that we are responsible for managing risks and impacts associated with our operations.

Our responsibilities include managing risks and impacts from air emissions and non-mineral waste at our operations to prevent, or otherwise minimise and remediate, our effects on environments and communities. We have internal environmental standards and are subject to environmental regulations and voluntary codes of practice.

We work with neighbouring communities to understand our impact and improve practices as required by our environmental performance standards. As required by our CSP standard, we have mechanisms to record and enable us to respond to complaints about issues such as noise, dust and water quality. Water is a valuable resource and is crucial to our operations. Our water resource management programme focuses on site-specific risks and impacts, such as security of water supply and managing the quality of water returned to the environment. We balance operational needs with those of local communities, Traditional Owners, and ecological and regulatory requirements.

We continue to strengthen our water governance and planning processes to improve water management across the business. We support the new ICMM position statement on water stewardship and will begin reporting our practices against the commitments in future reports.

To ensure we have appropriate focus on the issues that are relevant to water management at each site, we have established site-specific targets for 2013-2018 at 30 operational sites where water is a material risk. The targets address water supply, ecological impacts or surplus water management issues.

We assess our performance against these targets annually to help focus effort to where water management improvements are required. At the end of the year, 77 per cent of our managed operations were on track to meet their local water performance targets by 2018. The remaining operations will continue to focus on material water risk and on improving their performance against their water targets. We also commenced the process for establishing new water targets beyond 2018.

Tailings

Tailings are residues created as part of mining, refining, smelting and water treatment processes. We operate tailings and large water storage facilities at 30 sites and have closed impoundments that we monitor at eight sites.

We continue to review and audit facilities (including independent external reviews) to ensure that practices at all managed tailings and major water storage facilities conform to our Management of tailings and water storage facilities standard. We align our approach to the ICMM position statement on tailings management. Assurance over these storage facilities by internal and independent third-party reviews remains a focus. We also work with our joint venture partners to minimise the environmental and social impacts and risks associated with tailings management at our non-managed operations.

During 2017, we improved our tailings governance and data reporting processes and we completed detailed analyses of practices at five operations. From these analyses we will adopt further improvements in 2018.

Biodiversity

We work to avoid and minimise biodiversity loss and land disturbance, while improving our biodiversity management practices. Our approach, which has been well established over many years, is consistent with the Cross-sector Biodiversity Initiative's (CSBI) guide for implementing the mitigation hierarchy of avoidance, minimisation and restoration, and applying offsets where appropriate. We are members of the Proteus Partnership (since inception in 2003) and use the UN Environment World Conservation Monitoring Centre's Integrated Biodiversity Assessment Tool before seeking tenure for exploration, or assessing risks associated with a potential acquisition. The tool allows us to identify where operations might overlap with, or come close to protected or other ecologically sensitive areas.

In a project's development phase we avoid significant or lasting impacts by seeking sympathetic mine and infrastructure designs, such as re-routing infrastructure, applying exclusion zones around significant ecological communities or excluding conservation priority areas from the mine plan area.

Our approach during the active mining phase includes minimisation, rehabilitation, and restoration and working in partnership to compensate for impacts through offsets where residual impacts are significant after mitigation.

During 2017, we transferred the lessons learned from the retired net positive impact (NPI) commitment into a robust outcomes-focussed performance standard for biodiversity protection and natural resource management.

The standard has been designed to help our operations focus on minimising impacts to biodiversity by implementing the mitigation hierarchy. Embedded into our existing risk management framework, it retains aspects that worked well from our NPI commitment and includes our lessons from the challenges we faced during implementation. A key inclusion to the standard is the expectation for sites to involve local communities in participatory monitoring programmes, where appropriate.

The standard was developed in consultation with our partners, the International Union for Conservation of Nature (IUCN), with input from others including BirdLife International, Fauna & Flora International, the UN Environment World Conservation Monitoring Centre and the ICMM.

Robust anti-corruption management policies & procedures

Criterion 12: The COP describes robust *commitments, strategies or policies* in the area of anti-corruption

Best practices	Our implementation
Publicly stated formal policy of zero-tolerance of corruption (D1)	<p><u>"Governance report" in Annual report 2017</u></p> <p><u><i>The way we work</i></u></p> <p><u>Business integrity standard</u></p>
Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes(B2)	<p><u><i>The way we work</i></u></p> <p><u>Business integrity standard</u></p> <p><u>"Governance report" in Annual report 2017</u></p> <p><u>Case study: The value of transparency</u></p>
Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption (D2)	<p><u>"Governance integrity" in SD report 2017</u></p>
Detailed policies for high-risk areas of corruption (D4)	<p><u>"Governance integrity" in SD report 2017</u></p>
Policy on anti-corruption regarding business partners (D5)	<p><u><i>The way we work</i></u></p> <p><u>Business integrity standard</u></p>

Criterion 13: The COP describes effective *management systems* to integrate the anti-corruption principle

Best practices	Our implementation
Support by the organization's leadership for anti-corruption (B4)	<p><u>"Governance integrity" in SD report 2017</u></p>
Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees (B5 + D8)	<p><u>"Governance integrity" in SD report 2017</u></p>
Internal checks and balances to ensure consistency with the anti-corruption commitment (B6)	<p><u>"Governance integrity" in SD report 2017</u></p>

Actions taken to encourage business partners to implement anti-corruption commitments (D6) Supplier code of conduct
The way we work

Management responsibility and accountability for implementation of the anti-corruption commitment or policy (D7) “Governance report” in Annual report 2017
“Governance integrity” in SD report 2017

Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice (D9) “Governance integrity” in SD report 2017

Internal accounting and auditing procedures related to anticorruption “Governance integrity” in SD report 2017

Criterion 14: The COP describes effective *monitoring and evaluation mechanisms* for the integration of anti-corruption

Best practices

Our implementation

Leadership review of monitoring and improvement results (D12) “Governance integrity” in SD report 2017
Taxes paid in 2017

Process to deal with incidents (D13) “Governance integrity” in SD Report 2017
“Directors’ report” in Annual report 2017

Public legal cases regarding corruption “Chairman’s letter” in Annual report 2017
“Directors’ report” in Annual report 2017

Use of independent external assurance of anti-corruption programmes “Governance integrity” in SD report 2017

Outcomes of integration of the anti-corruption principle “Governance integrity” in SD report 2017
Taxes paid in 2017

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

We are firmly committed to operating with integrity and being accountable for our actions. The key principles that guide our behaviour in The way we work are supported by standards that cover antitrust, bribery and corruption, conflicts of interest, benefits, sponsorships and donations, data privacy, fraud and third-party due diligence. All these are reinforced annually through workforce training both online and face to face, which we continue to review to keep fresh and relevant.

We maintain a strict stance against bribery and corruption, which is prohibited in all forms. Any Rio Tinto employee found to be not complying with anti-bribery and anti-corruption laws will face disciplinary action, up to and including termination.

Our business integrity compliance programme is aligned with the risk-based approach included in our business integrity standard. Our approach is driven by our corporate values. The programme meets Group-wide and business-specific requirements and aims to address concerns in our host communities. We conduct quarterly audit forums to monitor and oversee the implementation and effectiveness of the business integrity compliance programmes across our business. Our training programme and materials are updated to ensure they remain engaging and relevant to the risks employees encounter. During the year, we provided additional training to targeted audiences on specific areas of our programme. Wherever possible we ensure that training, whether online or face to face, is relevant to the audience and the potential risks they face.

In 2017 we restructured the Ethics and Integrity group. This introduced full time compliance roles for all compliance managers, a better geographical focus and the ability to pool resource. The regional model with central reporting has helped to ensure a greater consistency in the application of controls. We have achieved a better alignment of objectives and priorities and removed any potential conflict in the escalation of issues. Proximity of location has also meant improved engagement and ability to do ongoing risk assessment. This provides a better platform to deliver a more effective program.

Speak-OUT, the Group's confidential and independently-operated whistleblowing programme, enables employees, suppliers, contractors, community members and anyone in the public to report anonymously, subject to local law, any concerns about the business, or behaviour of individuals. This could include business integrity issues in general or issues relating to safety violations, environmental procedures, human rights, financial reporting, harassment and bullying, or retaliation for reporting. We are committed to a culture of transparency and encourage employees to speak up about their issues and concerns, whether through their management, human resources team or through Speak-OUT. Our case management tool for whistleblowing reports is a single, secure repository for management of all cases and related investigations, including reporting capabilities.

In 2017, 712 incidents were reported through Speak-OUT, compliance managers or management, representing an increase of approximately six per cent on last year. The increase is mainly due to a higher volume of incidents raised outside of the hotline. Thirty three per cent of cases raised this year were substantiated, resulting in corrective and preventative actions, representing an increase of seven points on 2016.

Whistleblowing can be extremely stressful for the individual and so the user experience is very important. As part of our efforts to continually improve our Speak-OUT programme, we relaunched the whistleblowing line, now known as 'Talk to Peggy'. The campaign gives Speak-OUT a human face that engenders trust and confidence that reports are taken seriously and we respond to the facts. This is helping us to create a safe environment in which to report.

We also centralised our reporter management process and improved engagement with whistleblowers through regular and personalised contact. This has resulted in better quality of investigations and improvement in case cycle time. These actions have contributed to an increase in reporting rate and changed the feedback received from reporters, from negative and demonstrating lack of confidence in the process, to positive, including reporters interacting more openly with investigators. We are also seeing employees raising concerns face to face, outside of the hotline, as well as using Talk to Peggy (Speak-OUT) to seek advice on emerging issues.

These two initiatives together have helped increase trust and credibility into the process.

We remain dedicated to open and transparent dealings with our stakeholders. Information on the Group's operational, financial and sustainable development performance is issued on time through a number of channels, such as media releases and regulatory filings. We communicate views to governments and others on matters affecting our business interests.

One of the challenges we face is implementing effective control and assurance systems across our global supply chain. One way to achieve this is by seeking suppliers whose values are consistent with ours and communicating clearly our policies. Our Supplier code of conduct outlines our governance and legal compliance, human and labour rights, safety and environment expectations of suppliers, their subsidiaries and sub-contractors. In remote and less-developed parts of the world we share tools and knowledge with local suppliers to increase supply chain reliability and encourage good social and environmental practices.

Our Know your supplier procedure establishes our process to understand legal, ethical and reputational risks arising from use of a supplier. We conduct regular training with our internal teams and all procurement employees are required to complete human rights training. Our human rights policy and The Way We Work help us prevent financing or supporting conflict either directly or through our supply chain. During 2017, we continued improvements to our Know your supplier procedure and continued with our Supplier code of conduct. Both include human rights considerations.

We have established a dedicated third-party due diligence team within our Ethics & Integrity function to facilitate risk-based due diligence assessments on our commercial relationships. The assessments cover bribery, corruption, human rights, money-laundering, trade sanctions, denied parties risks and other areas which may result in reputational concerns.

Rio Tinto is a founding member of the Extractive Industries Transparency Initiative (EITI) and has played an active role in this global standard since 2003. The EITI promotes open and accountable management of natural resources, to ensure that the fruits of our activity benefit the many. We are a major employer and tax contributor to local, state and national jurisdictions. We promote governance over the benefits of mining that flow through to host communities and governments by being transparent in the payments we make and by providing local employment and procurement opportunities. Details of the payments (including corporate income tax, royalties and other taxes) we made to governments have been published in our Taxes paid in 2017 report which has been published since 2010.

We also engage constructively with governments and the Organisation for Economic Co-operation and Development (OECD) on new and emerging tax reporting codes and policies to ensure consistency in our reporting procedures. Where appropriate, we provide submissions to government enquiries and take an active role in our industry associations on matters affecting our business interests.

Taking action in support of broader UN goals and issues

Criterion 15: The COP describes core business contributions to *UN goals and issues*

Best practices	Our implementation
Align core business strategy with one or more relevant UN goals/issues	<u><i>The way we work</i></u> <u>Human rights policy</u> <u>Health, Safety, Environment and Communities policy</u> <u>SD report 2017</u>
Develop relevant products and services or design business models that contribute to UN goals/issues	<u>"Business model" in Annual report 2017</u> <u>"Community relationships" in SD report 2017</u> <u><i>The way we work</i></u> <u>Approach to communities and social performance</u> <u>Human rights policy</u> <u>Case study: A chance to grow</u> <u>Case study: A new future for an old industrial town</u>
Adopt and modify operating procedures to maximize contribution to UN goals/issues	<u>"Community relationships" in SD report 2017</u> <u><i>The way we work</i></u> <u>Approach to communities and social performance</u> <u>Human rights policy</u>

Criterion 16: The COP describes strategic social investments and philanthropy

Best practices	Our implementation
Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy	<u>"Community relationships" in SD report 2017</u> <u>"Our value chain" in SD report 2017</u> <u>Case study: Delivering benefits for generations to come</u> <u>Case study: Powering South Africa's local businesses</u>

Coordinate efforts with other organizations and initiatives to amplify and not negate or unnecessarily duplicate the efforts of other contributors

"Community relationships" in SD report 2017

"Respecting human rights" in SD report 2017

"Engaging with our stakeholders" in SD report 2017

Case study: Saving the Sumatran rhino

Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups

"Community relationships" in SD report 2017

Case study: Changing perspectives: understanding connection to land

Criterion 17: The COP describes advocacy and public policy engagement

Best practices

Our implementation

Publicly advocate the importance of action in relation to one or more UN goals/issues

"Sustainable development" in Annual report 2017

"Chief executive's message" in SD report 2017

"Respecting human rights" in SD report 2017

"Community relationships" in SD report 2017

The way we work

Human rights policy

Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues

"Community relationships" in SD report 2017

Criterion 18: The COP describes partnerships and collective action

Best practices

Our implementation

Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy

“Community relationships” in SD report 2017

“Engaging with our stakeholders” in SD report 2017

“Protecting the environment” in SD report 2017

“Respecting human rights” in SD report 2017

“Governance integrity” in SD report 2017

Why human rights matter

Why gender matters

Why cultural heritage matters

Why agreements matter

Case study: New partnership with US Department of Energy tackles critical materials challenge

Our value chain

Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company’s positive impact on its value chain

“Community relationships” in SD report 2017

“Engaging with our stakeholders” in SD report 2017

“Protecting the environment” in SD report 2017

“Respecting human rights” in SD report 2017

“Governance integrity” in SD report 2017

Why human rights matter

Why gender matters

Why cultural heritage matters

Why agreements matter

Corporate sustainability governance and leadership

Criterion 19: The COP describes CEO commitment and leadership

Best practices	Our implementation
CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact	<u>“Chief executive’s message” in SD report 2017</u>
CEO promotes initiatives to enhance sustainability of the company’s sector and leads development of industry standards	<u>“Chief executive’s message” in SD report 2017</u> <u>Case study: Rio Tinto supports Sustainable Development Goals</u> <u>Rio Tinto Slavery and human trafficking statement 2017</u>
CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation	<u>“Chief executive’s message” in SD report 2017</u> <u>“Overview” in SD report 2017</u>
Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team	<u>“Chief executive’s message” in SD report 2017</u>

Criterion 20: The COP describes Board adoption and oversight

Best practices	Our implementation
Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance	<u>“Governance report” in Annual report 2017</u>
Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.	<u>“Governance report” in Annual report 2017</u>
Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)	<u>“Governance report” in Annual report 2017</u>

Criterion 21: The COP describes stakeholder engagement

Best practices

Our implementation

Publicly recognize responsibility for the company's impacts on internal and external stakeholders

"Engaging with our stakeholders" in SD report 2017

Define sustainability strategies, goals and policies in consultation with key stakeholders

"Engaging with our stakeholders" in SD report 2017

"Community relationships" in SD report 2017

Why human rights matter

Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance

"Engaging with our stakeholders" in SD report 2017

"Community relationships" in SD report 2017

Approach to communities and social performance

Why human rights matter

Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect "whistle-blowers"

"Engaging with our stakeholders" in SD report 2017

"Respecting human rights" in SD report 2017

"Our people" in SD report 2017

"Governance integrity" in SD report 2017

Approach to communities and social performance

Why human rights matter

Why agreements matter
