

Global Compact - Communication on Progress 2004

Rio Tinto and the Global Compact

In 2004 Rio Tinto has continued to support and publicly endorse the ten principles of the UN Global Compact. Rio Tinto's statement of business practice is contained in *The way we work*.

Rio Tinto also endorses and supports the following international accords:

- Global Sullivan Principles of Social Responsibility;
- International Chamber of Commerce Business Charter for Sustainable Development;
- International Council on Metals and Minerals Sustainable Development Framework;
- International Labour Organisation Convention 169: Concerning Indigenous and Tribal Peoples in Independent Countries;
- International Labour Organisation Declaration on Fundamental Principles and Rights at Work;
- Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises;
- United Nations Universal Declaration of Human Rights;
- US/UK Voluntary Principles on Security and Human Rights;
- World Economic Forum Global Corporate Citizenship Statement;
- Kimberley Process; and
- International Cyanide Management Code for the Gold Mining Industry.

The table below highlights the policies and programmes in place at a Rio Tinto corporate level to support the ten principles of the Global Compact, and provides an update of progress made against these Principles in 2004.

Principle	Rio Tinto Policy/Programmes in place	Progress in 2004	Performance Indicators – GRI links on website
<p>1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and</p>	<p><u><i>The way we work – human rights policy</i></u> <u>Human Rights Guidance</u> - The guidance on human rights includes in an appendix the text of the Universal Declaration of Human Rights (UDHR), and makes specific reference also to the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights, and to the core labour standards of the International Labour Organisation. Reference is also made, inter alia, to the Global Compact and to the Voluntary Principles on Security and Human Rights.</p>	<ul style="list-style-type: none"> • <i>The way we work</i> was revised and redistributed in April 2003. At year-end 2004 it was available in 20 working languages. • The Human Rights Guidance document (guidance for managers on implementing the Human Rights policies contained in <i>The way we work</i>) was printed and distributed globally in October 2003. In 2004 a supporting training and awareness module was developed. It will be launched in 2005 and made available to all business units. • All Rio Tinto business units have individual Codes of Conduct, specifically referencing human rights policies. • Rio Tinto participated in the UN Human Rights Norms process in 2004 and its Chairman attended the UN Global Compact Leaders Summit held in New York in June 2004 at which the 10th Compact Principle to combat corruption in all its forms was launched. At the same meeting the Global Compact Guidelines for companies' "Communication on Progress" were published. Rio Tinto is an active member of the Global Compact UK Forum, which is the UK network of mutual learning and information exchange about implementing the Compact principles as well as creating a means to attract additional UK companies to join the Compact. 	<ul style="list-style-type: none"> • HR1, HR2, HR3 and HR4

<p>2. Make sure that they are not complicit in human rights abuses.</p>	<p><u><i>The way we work – human rights policy</i></u> <u>Human Rights Guidance</u> <u>Compliance Guidance</u></p>	<ul style="list-style-type: none"> • Environmental Resources Management (ERM) was appointed by Rio Tinto in 2004 to undertake independent external assurance assessments of its annual Sustainable Development Review (formerly known as Social and Environment Reviews). The assessments focus on how Rio Tinto operations are turning policies into action, and the relationship and implementation between corporate policies and operations’ activities. Human rights is one of nine focus areas • The Rio Tinto Speak-OUT programme is an independent, internal and confidential complaint handling system designed to capture, analyse, and investigate compliance failures identified by employees. Implementation across the Group was completed in 2004. • The Internal Control Questionnaire, completed by all business units annually and submitted centrally, includes a human rights section. In 2004 100% of business units confirmed that Group processes were applied. • A Compliance Guidance document was developed and distributed to all businesses in 2003. Implementation commenced at all business units in 2004 with compliance training modules that include human rights as appropriate. 	<ul style="list-style-type: none"> • HR2 and HR3
<p>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<p><u><i>The way we work – Employment Policy - “Rio Tinto recognises everyone’s right to choose whether or not they wish to be represented collectively”</i></u> <u>Human Rights Guidance</u> Rio Tinto supports the <u>International Labour Organisation Declaration on Fundamental Principles and Human Rights at Work</u></p>	<ul style="list-style-type: none"> • Rio Tinto recognises and respects the right of all employees to choose to be represented collectively. This is demonstrated by the different representative employee organisations across Rio Tinto operations. All business units collect data on the proportion of employees choosing either to join unions or to participate in collective agreements. This information is not aggregated at a global level. • ERM was appointed by Rio Tinto in 2004 to undertake independent external assurance assessments of its annual <i>Sustainable development review</i> (formerly known as <i>Social and environment reviews</i>). The assessments focus particularly on how Rio Tinto operations are turning the policies from <i>The way we work</i> into action, and the relationship and implementation between corporate policies and operations’ activities. 	<ul style="list-style-type: none"> • HR5, LA3, and LA4

4. The elimination of all forms of forced and compulsory labour;	<u><i>The way we work – Employment policy</i></u> - “The Group does not employ forced, bonded or child labour” <u>Human Rights Guidance</u>	<ul style="list-style-type: none"> • Rio Tinto requires all business units to set out clear rules on recruitment consistent with the human rights policy, equal opportunity requirements and relevant employee protection legislation. In 2004 all business units were in conformance with this requirement. 	<ul style="list-style-type: none"> • HR7
5. The effective abolition of child labour; and	<u><i>The way we work – Employment policy</i></u> - “The Group does not employ forced, bonded or child labour” <u>Human Rights Guidance</u>	<ul style="list-style-type: none"> • Operations generally apply a minimum age requirement of 18, except in the specific case of apprentices or trainees under regulated government schemes. 	<ul style="list-style-type: none"> • HR6
6. Eliminate discrimination in respect of employment and occupation.	<u><i>The way we work – Employment policy</i></u> - “Rio Tinto employs on the basis of job requirements and does not discriminate on ground of age, ethnic or social origin, gender, sexual orientation, politics or religion” <u>Human Rights Guidance</u> Rio Tinto HIV / AIDS strategy – includes the following explicit commitment “Discrimination towards employees on the basis of real or perceived HIV status is not tolerated”.	<ul style="list-style-type: none"> • In addition to courses run by Group businesses on getting to know other cultures, a course to teach generic cross cultural skills was started in 2003 for Group wide application. During 2004 the training material was made available to all businesses to complement existing cultural diversity programmes. • Young Professional, Business Leadership and Strategic Leadership programmes have been continued in 2004, across the Group. • Rio Tinto is a member of the Global Business Coalition on HIV/AIDS, promoting greater awareness about HIV/AIDS and working towards reducing the stigma associated with the disease. In 2004 Rio Tinto was awarded a commendation for its programmes. • Implementation of comprehensive Rio Tinto Group wide occupational health standards took place in 2003 and 2004. Corporate auditing against these standards for all operations will take place during 2005 and 2006. • Quantitative longer-term occupational health targets were also set in 2003 to drive performance improvement. 	<ul style="list-style-type: none"> • HR4, LA10 and LA11

<p>7. Businesses should support a precautionary approach to environmental challenges;</p>	<p><i>The way we work</i> <i>–Environment policy -</i> “Wherever possible, we prevent, or otherwise minimise, mitigate and remediate, harmful effects of the Group’s operations on the environment” ... “We develop Group wide standards and build systems to identify, assess and manage environmental risk”</p>	<ul style="list-style-type: none"> • Rio Tinto finalised comprehensive environmental standards and associated guidance documents, which were approved for implementation in September 2003. These standards require that thorough risk assessments be carried out at all sites. Implementation of these standards continued in 2004 and auditing will commence in mid 2005. • Rio Tinto also conducts Health, Safety and Environment (HSE) reviews of all businesses on a rolling four year basis, to identify long-term strategic risk. Reviews were conducted at six Rio Tinto businesses in 2004. • Quantitative Group wide environment targets for standards implementation and longer term efficiency of greenhouse gas emissions, energy use and water withdrawn from the environment were set in 2003. Performance against these targets is reported on an annual basis in the Rio Tinto <i>Sustainable development r eview</i>. 	<ul style="list-style-type: none"> • 3.13
<p>8. Undertake initiatives to promote greater environmental responsibility; and</p>	<p><i>The way we work</i> <i>–Environment policy -</i> “Excellence in environmental performance is essential to our business success. Compliance with all environmental laws and regulations is the foundation on which we build our environmental performance. We support and encourage further action by helping to develop and implement internationally recognised management systems and voluntary commitments” Environment policy - “We similarly approach a comprehensive understanding of the full life cycle and safe use of our products to ensure all their</p>	<ul style="list-style-type: none"> • Rio Tinto completed the development of a biodiversity strategy in 2004. The elements of the strategy have been developed to help our corporate and operational staff improve biodiversity performance through: <ol style="list-style-type: none"> 1. Identification of biodiversity risks and opportunities; 2. Development and implementation of biodiversity programmes; 3. Recognition of synergies and challenges with sustainable communities programmes; 4. Identification and development of strategic and operational partnerships. • The elements of the strategy include: <ul style="list-style-type: none"> ○ Group Position Statement on Biodiversity - Recognition of the issues associated with a subject area and commitments to address these; ○ Biodiversity Principles - The company's values, beliefs and aspirations in relation to the issues covered; ○ Biodiversity Objectives - Statements of where the company would like to be in the medium term in regard to the issue; ○ Biodiversity Guidance Notes - Detailed guidance on how standards can be met and on good practice where no standard is set. • Rio Tinto developed a water strategy in 2004 to encourage long term 	<ul style="list-style-type: none"> • EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN16, 1.1

	benefits are delivered”	<p>planning on water use, identify risks and opportunities, and promote better performance. The strategy defines Rio Tinto’s water management objectives, builds on current practices, and identifies new directions in order to ensure Rio Tinto’s continued access to affordable water resources. The strategy consists of the Water Position Statement and objectives to provide direction on water management in Rio Tinto.</p> <ul style="list-style-type: none"> • Rio Tinto has been heavily involved in a number of key biodiversity partnerships, including the ICMM commitment to “no go” areas for mining, BirdLife International, Earthwatch, Flora and Fauna International, WWF project on mine certification. • Rio Tinto takes a leadership role in a large number of product associations, has developed a corporate global product stewardship programme and is an industry leader in areas of product stewardship as evidenced by its leadership role in key global product related activities including the UNEP Life Cycle Initiative and the UN Strategic Approach to International Chemicals Management • Rio Tinto has been a signatory to the Australian Greenhouse Challenge since 1995 and submitted our 8th annual progress report during 2004. • Comalco in New Zealand was also one of the first companies to sign a voluntary emissions reduction agreement under the New Zealand Government’s Scheme. 	
--	-------------------------	---	--

<p>9. Encourage the development and diffusion of environmentally friendly technologies.</p>	<p><i>The way we work</i> –Environment policy - “We develop Group wide [environmental] standards and build systems to identify, assess and manage environmental risk. These apply at each stage of exploration, development, operation and closure, as well as in acquisition and divestment evaluations, to achieve continuous improvement in environmental performance. We also engage with host communities, customers, suppliers and others to the same end”</p>	<ul style="list-style-type: none"> • In 2003, Rio Tinto established a web based HSE portal interface which better facilitates the communication of leading practice environmental management around the Group. In 2004 this portal continued to be developed with increased depth of guidance and best practice examples for environmental practitioners. • Rio Tinto supports environmental research being undertaken in a wide range of topics and locations, from environmental reporting to acid rock drainage (ARD) containment and prediction techniques. These include a number of Co-operative Research Centres (CRCs) in Australia investigating, inter alia, sustainable resource processing, coal in sustainable development, and carbon storage and carbon capture technologies. • Rio Tinto Energy participates in a number of commercial enterprises and collaborative programmes to develop and commercialise new technologies aimed at improving the environment performance of coal. In addition to the Co-operative Research Centres (CRCs) noted above, these include: <ul style="list-style-type: none"> • Battelle Global Technology Strategy programme: A three year scenario analysis and technology modelling programme designed to understand the potential for technology development to reduce greenhouse gas emissions; Electric Power Research Institute (EPRI): a US based institute, with over 1,000 industry sponsors, covering all aspects of energy production and use; • International Energy Agency (IEA) Greenhouse Programme: a government, industry association and company funded consortium; • The Rio Tinto Foundation for a Sustainable Minerals Industry. This government / Rio Tinto partnership supports Australian based innovation (technology and systems) that provide for a sustainable minerals industry. It was established in mid 2002 as part of the approvals in support of the establishment of Rio Tinto’s greenfields alumina refinery in Gladstone, Queensland, Australia. Foundation commitments by year end 2004 were A\$47.6 million across 46 approved projects. 	<ul style="list-style-type: none"> • EN17
<p>10. Business should</p>	<p><i>The Way We Work,</i></p>	<ul style="list-style-type: none"> • The Extractive Industries Transparency Initiative (EITI) aims to ensure 	<ul style="list-style-type: none"> • SO2

<p>work against corruption in all its forms, including extortion and bribery</p>	<p><i>Business Integrity Guidance, Compliance Guidance, Human Rights Guidance</i></p>	<p>that the revenues from extractive industries contribute to sustainable development and poverty reduction. Rio Tinto is one of 12 participating extractive industry companies in this initiative and has supported the Extractive Industries Transparency Initiative since its inception. Revenues from oil, gas and mining companies, in the form of taxes, royalties, signature bonuses and other payments should be an important engine for economic growth and social development in developing and transition countries. However, the lack of accountability and transparency in these revenues can exacerbate poor governance and lead to corruption, conflict and poverty. Increasing transparency and knowledge of revenues will empower citizens and institutions to hold governments to account. Mismanagement or diversion of funds away from sustainable development purposes will become more difficult. It should also benefit developing and transition economies by improving the business environment, helping them to attract foreign direct investment. Responsible companies stand to benefit from a more level playing field, a more predictable business environment and better prospects for energy security.</p> <ul style="list-style-type: none"> • In 2004 Rio Tinto, with a number of other companies and with interested NGOs, formed the Steering Committee under the chairmanship of Transparency International (TI) to produce the Business Principles for Countering Bribery. Rio Tinto remains fully engaged in the work of encouraging support for these principles and providing tools to facilitate their effective implementation. • In 2004 the Group confirmed support for a broadly similar set of principles through the Partners Against Corruption Initiative (PACI) launched under the auspices of the World Economic Forum(WEF), in the expectation that the WEF connection will encourage more companies to join the campaign, and in the hope that TI and the WEF will work together to ensure that their resources are pooled to support the essential next steps on implementation. • We have continued to advocate this new, 10th principle in the Global Compact in the business organisations of which we are members through 2004. We have supported this initiative from the outset as we believe it provides further impetus to the fight against corruption 	
--	---	---	--