

UN Global Compact

Communication on Progress 2016

Content

Content	2
Chairman's statement of support for the UN Global Compact	3
UN Global Compact Communication on Progress 2016 and GC Advanced COP Self-Assessment	5
Implementing the Ten Principles into Strategies & Operations	6
Robust Human Rights Management Policies & Procedures	8
Robust Labour Management Policies & Procedures	14
Robust Environmental Management Policies & Procedures	18
Robust Anti-Corruption Management Policies & Procedures	23
Taking Action in Support of Broader UN Goals and Issues	27
Corporate Sustainability Governance and Leadership	31

UN Global Compact



Chairman's statement of support for the UN Global Compact



Rio Tinto has participated in the UN Global Compact since its establishment in 2000, supporting and promoting this important initiative around the world. As Chairman of Rio Tinto, I am proud to confirm our continued commitment to the UN Global Compact and its principles in 2016.

Our policies, standards and guidance reflect the Ten Principles on human rights, labour, the environment and anti-corruption. The Ten Principles are integrated into our overall approach to sustainable development and guide our practices in engaging with stakeholders. In 2016 we continued to make progress to fulfil our obligations as a signatory to the Global Compact.

In 2016, we achieved a seven per cent reduction in our greenhouse gas emissions intensity, and developed a more substantive statement on our climate change risks and how we are preparing our business for a low-carbon future.

We established a cross-functional process to draft our first modern slavery statement in compliance with the UK Modern Slavery Act 2015, describing our steps in 2016 to ensure slavery and human trafficking are not taking place in our managed operations or supply chains. In 2016 we also updated our human rights training. The introductory module is compulsory for employees in 2017. Function-specific modules around communities, procurement, security and inclusion and diversity were also developed.

We also published *Why agreements matter*, a best practice guide assisting our employees and the mining industry on building trusted relationship with our neighbours, including Indigenous communities, through negotiating and implementing agreements. The guide draws on our history of more than 150 community agreements and describes our learnings over more than 20 years of agreement-making.

Here you will find our 2016 Communication on Progress and learn more about our practices in implementing the Ten Principles of the UN Global Compact.

A handwritten signature in blue ink, which appears to read 'Jan du Plessis'.

Jan du Plessis, Chairman Rio Tinto plc

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 2016 and GC Advanced COP Self-Assessment

All information in the Communication on Progress 2016 is compiled from our [Annual Report 2016](#), [Sustainable Development Report 2016](#) 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	‘Corporate governance’ in Annual Report 2016 Sustainable Development (SD) Report 2016 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 2016 ‘Overview’ in SD Report 2016
Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary	‘Corporate governance’ in Annual Report 2016 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 2016
Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts	‘Corporate governance’ in Annual Report 2016

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 2016
Communicate policies and expectations to suppliers and other relevant business partners	Supplier code of conduct ‘Our value chain’ in SD Report 2016 ‘Respecting human rights’ in SD Report 2016 Rio Tinto Slavery and human trafficking statement 2016

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

[‘Corporate governance’ in Annual Report 2016](#)
[‘Our value chain’ in SD Report 2016](#)

[‘Respecting human rights’ in SD Report 2016](#)

[Rio Tinto Slavery and human trafficking statement 2016](#)

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

[‘Respecting human rights’ in SD Report 2016](#)

[Rio Tinto Slavery and human trafficking statement 2016](#)

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><i>The way we work</i></p> <p>Human rights policy</p> <p>‘Respecting human rights’ in SD Report 2016</p> <p><i>Why human rights matter</i></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>Human rights policy</p> <p>‘Respecting human rights’ in SD Report 2016</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>Supplier code of conduct</p> <p>Human rights policy</p> <p>‘Respecting human rights’ in SD Report 2016</p> <p>Rio Tinto Procurement</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><i>The way we work</i></p> <p>Human rights policy</p> <p>Approach to communities and social performance</p> <p>‘Respecting human rights’ in SD Report 2016</p> <p>‘Community relations’ in SD Report 2016</p>

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

Best practices	Our implementation
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Process to ensure that internationally recognized human rights are respected

[‘Respecting human rights’ in SD Report 2016](#)

[‘Community relations’ in SD Report 2016](#)

[Why human rights matter](#)

[Why agreements matter](#)

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 2016](#)

[‘Community relations’ in SD Report 2016](#)

[Rio Tinto Slavery and human trafficking statement 2016](#)

[Why human rights matter](#)

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

[‘Respecting human rights’ in SD Report 2016](#)

[‘Community relations’ in SD Report 2016](#)

[Why human rights matter](#)

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

[‘Respecting human rights’ in SD Report 2016](#)

[‘Community relations’ in SD Report 2016](#)

[Approach to communities and social performance](#)

[Why human rights matter](#)

[Why gender matters](#)

[Why cultural heritage matters](#)

Allocation of responsibilities and accountability for addressing human rights impacts

[‘Respecting human rights’ in SD Report 2016](#)

[‘Community relations’ in SD Report 2016](#)

[Why human rights matter](#)

[Why gender matters](#)

[Why cultural heritage matters](#)

[Why agreements matter](#)

Internal decision-making, budget and oversight for [‘Respecting human rights’ in SD Report 2016](#)
effective responses to human rights impacts

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

[Rio Tinto Slavery and human trafficking statement 2016](#)

[Why human rights matter](#)

[Why gender matters](#)

[Why cultural heritage matters](#)

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)

[‘Community relations’ in SD Report 2016](#)

[Approach to communities and social performance](#)

[Why human rights matter](#)

[Rio Tinto Slavery and human trafficking statement 2016](#)

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 2016](#)

[‘Community relations’ in SD Report 2016](#)

[Why human rights matter](#)

[Why gender matters](#)

[Why cultural heritage matters](#)

[Why agreements matter](#)

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 2016](#)

[‘Community relations’ in SD Report 2016](#)

[Why human rights matter](#)

Monitoring drawn from internal and external feedback, including affected stakeholders	<p><u>Why human rights matter</u></p> <p><u>Approach to communities and social performance</u></p>
	<p><u>Why agreements matter</u></p>
Leadership review of monitoring and improvement results	<p><u>Why human rights matter</u></p>
Process to deal with incidents the company has caused or contributed to for internal and external stakeholders (BRE 4 + ARE 4)	<p><u>'Respecting human rights' in SD Report 2016</u></p> <p><u>'Community relations' in SD Report 2016</u></p> <p><u>Approach to communities and social performance</u></p> <p><u>Why human rights matter</u></p> <p><u>Rio Tinto Slavery and human trafficking statement 2016</u></p>
Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue (BRE4 + ARE4)	<p><u>'Respecting human rights' in SD Report 2016</u></p> <p><u>'Community relations' in SD Report 2016</u></p> <p><u>Why human rights matter</u></p> <p><u>Approach to communities and social performance</u></p> <p><u>Rio Tinto Slavery and human trafficking statement 2016</u></p>
Outcomes of integration of the human rights principles	<p><u>'Respecting human rights' in SD Report 2016</u></p> <p><u>'Community relations' in SD Report 2016</u></p> <p><u>Why human rights matter</u></p> <p><u>Why agreements matter</u></p> <p><u>Rio Tinto Slavery and human trafficking statement 2016</u></p>

Principle 1: Business 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.

We recognise that we may positively or negatively affect the human rights of a variety of stakeholders including community members, our employees and contractors. We respect

and support all internationally recognised human rights consistent with the [Universal Declaration of Human Rights](#). Our most salient human rights issues are those relating to security, land access and resettlement, Indigenous people's rights including cultural heritage, environment, labour rights including modern day slavery and in-migration-related impacts on local communities.

We have own our [Human rights policy](#) 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 [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#). We expect our policies and procedures to be applied consistently wherever we operate. Where our standards and procedures are stricter than local laws, we seek to apply our own standards.

We take an integrated, risk-based approach. For example, we include human rights considerations in our business processes such as social risk analysis, environmental and social impact assessments and incident reporting procedures. We conduct standalone human rights studies and programmes at high-risk sites when required. Our human rights working group helps us coordinate our approach.

To avoid and address any involvement in adverse human rights impact through our business relationships, this year we progressed our work on third party due diligence in relation to suppliers. Consistent with our [Communities and Social Performance standard](#), all sites must ensure that human rights awareness training appropriate to the local context is provided to all employees, contractors and visitors.

During the year we engaged with investors, civil society and community members on various human rights matters including land access, cultural heritage, environmental and labour rights issues related to our, and our business partners' operations. We engaged externally to support policy development and benchmarking.

All sites are required to have a complaints, disputes and grievance mechanism consistent with the effectiveness criteria for operational-level grievance mechanisms in the UNGPs. In 2016, sites began implementation of our CSP global target. Sites are expected to locally report on an annual basis, and demonstrably achieve by 2020, the effective capture and management of community complaints with a year-on-year reduction in repeat and significant complaints. All sites are required to investigate and resolve all actual, suspected and alleged breaches of human rights that involve community members in accordance with our human rights policy.

We strive to achieve the free, prior and informed consent of Indigenous communities as defined in the [2012 IFC Performance Standard 7](#) and the [ICMM position statement on Indigenous peoples and mining](#).

Our CSP standard provides that where unavoidable, physical and economic resettlement must only be undertaken in compliance with the IFC's Performance Standard 5 on Land Acquisition and Involuntary Resettlement. It also requires that resettled people have their standard of living and livelihood sustainably restored or improved over the long term.

Recognising risks relating to security and human rights, our security standard and supporting guidance notes, toolkit and assurance process require security management consistent with the VPSHR and the UN Basic Principles on the Use of Force and Firearms. Our security incident reporting system is used to record human rights-related incidents.

We provide training for security personnel and conduct security and human rights analysis in support of our security arrangements. Our implementation effort focuses on sites most exposed to the risk of force abuse by private and public security forces. Our online VPSHR training is mandatory for all security personnel at high risk sites and is strongly recommended for all our other businesses. During 2016 we conducted VPSHR and Use of Force training for security providers at three of our locations in Southern Africa and Guinea.

In 2016 we updated our human rights training. The introductory module will be compulsory for employees in 2017. Function-specific modules around communities, procurement, security and diversity will also be made available.

We developed our first annual slavery and human trafficking statement in compliance with the UK Modern Slavery Act 2015. The statement outlines the steps taken in 2016 to ensure that slavery and human trafficking are not taking place in any of our operations or supply chains.

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><i>The way we work</i></p> <p>Human rights policy</p>
Reflection on the relevance of the labour principles for the company	<p><i>The way we work</i></p> <p>Employment policy</p> <p>Diversity and inclusion policy</p> <p>Human rights policy</p> <p>‘Our people’ in SD Report 2016</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>‘Our people’ in SD Report 2016</p> <p><i>The way we work</i></p> <p>Employment policy</p> <p>Diversity and inclusion policy</p> <p>Human rights policy</p>
Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners	<p>‘Respecting human rights’ in SD Report 2016</p> <p>‘Our people’ in SD Report 2016</p> <p>Supplier code of conduct</p> <p><i>The way we work</i></p>

Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation

[Employment policy](#)

[Diversity and inclusion policy](#)

[‘Our people’ in SD Report 2016](#)

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

[‘Risk management’ in Annual Report 2016](#)

[Rio Tinto Slavery and human trafficking statement 2016](#)

Allocation of responsibilities and accountability within the organization

[Employment policy](#)

[Diversity and inclusion policy](#)

[‘Corporate governance’ in Annual Report 2016](#)

Internal awareness-raising and training on the labour principles for management and employees

[‘Respecting human rights’ in SD Report 2016](#)

[Rio Tinto Slavery and human trafficking statement 2016](#)

Active engagement with suppliers to address labour-related challenges

[‘Respecting human rights’ in SD Report 2016](#)

[Rio Tinto Slavery and human trafficking statement 2016](#)

[‘Our value chain’ in SD Report 2016](#)

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

[‘Respecting human rights’ in SD Report 2016](#)

[‘Our people’ in SD Report 2016](#)

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 [‘Our people’ in SD Report 2016](#)

[Employment policy](#)

[Diversity and inclusion policy](#)

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 [Rio Tinto Slavery and human trafficking statement 2016](#)

[‘Our value chain’ in SD Report 2016](#)

[‘Respecting human rights’ in SD Report 2016](#)

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 2016](#)

[‘Community relations’ in SD Report 2016](#)

[Why gender matters](#)

Outcomes of integration of the Labour principles [‘Our people’ in SD Report 2016](#)

[Rio Tinto Slavery and human trafficking statement 2016](#)

[Why gender matters](#)

Principle 3: Business 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.

We recognise the right of all employees to choose to belong to a union and seek to bargain collectively. This right is enshrined in [The way we work](#) and we also expect our suppliers and business partners to respect this right.

We do not employ forced, bonded or child labour.

We employ people on the basis of job requirements and do not discriminate on grounds of age, ethnic or social origin, gender, sexual orientation, politics, religion, disability or any other status. 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.

We are focused on increasing the representation of women in our business. We aim for our workforce to be representative of the communities in which we operate and for our leaders to come from diverse backgrounds, who can excel in a variety of international and cultural environments.

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. Our local employment commitments are often managed through directly negotiated agreements with Traditional Owners. We also welcome Indigenous contractors and suppliers working with our Australian operations.

In 2016 we employed 51,000 people, including the Group's share of joint ventures and associates in around 35 countries.

Women represented:

- 46.4 per cent (female: 32; male: 37) of our graduate intake, exceeding our target of 40 per cent.
- 27.3 per cent (female: 3; male: 8) of the Rio Tinto board of directors.
- 18.2 per cent (female: 7,933; male: 35,701) of our total workforce.
- 19.2 per cent (female: 100; male: 420) of our senior management, falling short of our target for 20 per cent.

We employed 1,467 full-time Indigenous employees representing approximately 8.3 per cent of our permanent Australian workforce. In Mongolia, 93.5 per cent of Oyu Tolgoi's workforce were Mongolian nationals.

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 2016 ‘Sustainable Development’ in Annual Report 2016
Reflection on the relevance of environmental stewardship for the company	‘Protecting the environment’ in SD Report 2016 ‘Sustainable Development’ in Annual Report 2016 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 2016 ‘Sustainable Development’ in Annual Report 2016 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 2016 ‘Sustainable Development’ in Annual Report 2016 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 2016 ‘Sustainable Development’ in Annual Report 2016 Rio Tinto Climate change report Case study: A new future for an old industrial town
Allocation of responsibilities and accountability within the organisation	‘Corporate governance’ in Annual Report 2016 Rio Tinto Climate change report
Internal awareness-raising and training on environmental stewardship for management and employees	‘Sustainable Development’ in Annual Report 2016
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 2016

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 2016 Rio Tinto Climate change report ‘Environmental performance’ in SD Report 2016
Leadership review of monitoring and improvement results	‘Corporate governance’ in Annual Report 2016 Rio Tinto Climate Change Position Statement
Process to deal with incidents	‘Sustainable Development’ in Annual Report 2016 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 2016

Outcomes of integration of the environmental principles

[Protecting the environment' in SD Report 2016](#)

[Rio Tinto Climate change report](#)

['Environmental performance' in SD Report 2016](#)

[Case study: Less is more](#)

Principle 7: Business 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.

Climate change and energy

We acknowledge the changing global climate, and support the intent and aspirations 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 and are taking steps to reduce emissions, manage risk and build resilience to climate change. This work is supported by our [climate change position statement](#).

Our climate change programme focuses on reducing the energy intensity of our operations and the carbon intensity of our energy. Our total greenhouse gas (GHG) emissions were 32 million tonnes of carbon dioxide equivalent (CO₂-e) in 2016, 0.3 million tonnes higher than in 2015. The majority of our GHG emissions are generated as a result of energy use (electricity, fuel) and chemical processes (anodes and reductants) at our operations. The majority (68 per cent) of the electricity we use is from hydro, wind and solar power, which is similar to previous years. Transportation, processing and use of our products also contribute to GHG emissions.

In 2016, our shareholders passed a resolution to report on our progress in addressing climate resilience. Our new climate change report will provide information on what we are doing to prepare our business for a low-carbon future under five areas: operational emissions management; asset portfolio resilience to post- 2035 scenarios; low-carbon energy R&D and investment strategies; key performance indicators; and public policy activities. In 2016 we commenced work on identifying appropriate scenarios against which to test our business resilience. The focus in 2017 will be on applying these scenarios to our assets and products.

Operational environment performance

We manage ongoing environmental aspects at our operations to avoid or minimise related health or environmental impacts, including air emissions, noise, water discharge and waste. We have our own internal environmental and occupational health standards and are subject to various environmental regulations. Our air quality protection standard is designed to prevent breaches under normal and worst-case weather conditions, with the focus on controlling and monitoring our air emissions at their source and understanding impacts on local airsheds.

We have mechanisms to record and enable us to respond to complaints, disputes and grievances about issues such as noise and dust. While the overall number of recorded

grievances is low, we work with communities neighbouring our operations to understand the impact and improve our practices. Our air quality monitoring information is made publicly available through site-specific websites and community monitoring programmes.

We look for opportunities to reuse or recycle our waste. Where that is not possible, we manage waste in facilities suited to its specific physical nature and risks whilst also minimising disposal costs and avoiding future liabilities. In 2016, we safely disposed of or stored 1,781 million tonnes of mineral waste (predominantly waste rock and tailings) and 529,123 tonnes of non-mineral waste. About one fifth of our mineral waste could Our controls are designed to prevent the release of potentially harmful contaminants that could result when our mineral waste reacts with air and water to create acidic and metalliferous drainage (AMD). However, only one fifth of our mineral waste has the potential to cause such releases.

Our water resource management programme focuses on site-specific risks, such as security of water supply, managing the quality of water returned to the environment during operations and at closure, and balancing operational needs with those of local communities, Traditional Owners and regulatory requirements.

We carry out an annual assessment of performance against site-specific water targets, that were established for those sites where water is a material risk based on the above list of concerns, and focus efforts on operations that may need to improve. At the end of 2016, 67 per cent of managed operations were on track to meet their local water performance targets by 2018.

To ensure we are maintaining the right emphasis on long-term water management, we completed a detailed analysis of our water-related risks during 2016. The outcomes of this will see us adopt further improvements in water governance and planning processes. During the year we supported the development of the new [ICMM position statement on Water Stewardship](#) and have recruited a water champion to coordinate efforts results across the business.

Management of tailings and structures

We operate tailings and large water storage facilities at 33 sites and currently have closed impoundments that we continue to monitor at five sites. We continue to review and audit operations (including with independent external reviews) to ensure that practices at all managed tailings and major water storage facilities are in full compliance with all relevant industry standards as well as our Management of tailings and water storage facilities standard. Assurance over these storage facilities by internal and independent third-party reviews remains a focus.

During 2016, we participated in the ICMM review of tailings dam management amongst its member companies by sharing practices, protocols and assurance processes. The resultant ICMM position statement on tailings management is consistent with our own approach. It outlines principles for preventing catastrophic failures of tailings dams through risk control for planning and design, implementation and operation, monitoring and inspection, and disaster management. Since the principles identified in ICMM's position statement are already incorporated in our standard, it was not necessary for the Rio Tinto standard to be updated.

Minimising our biodiversity impacts

We work to avoid and minimise biodiversity loss and land disturbance, while improving our biodiversity management practices. Our approach is consistent with the [Cross-sector Biodiversity Initiative's \(CSBI\) guide](#) for implementing the mitigation hierarchy of avoidance, minimisation, restoration, and offsets where appropriate. We use the Integrated Biodiversity Assessment Tool before seeking tenure for exploration. The tool, accessed through the [Proteus industry partnership](#), lists land that is protected or that has specific restrictions.

In a project's development phase we avoid significant or lasting impacts by seeking sympathetic mine and infrastructure designs, such as re-routing infrastructure or applying exclusion zones around significant ecological communities. Our approach during the active mining phase includes rehabilitation and restoration and working with stakeholders to compensate for residual impacts through offsets.

During 2016 we shifted our aim from achieving a net positive impact (NPI) on biodiversity to ensuring our operations focussed activities effectively to minimise impacts by applying the mitigation hierarchy. This will include taking a more integrated site-level approach that considers the specific environmental and regulatory context, and the needs of local communities within the wider landscape.

In 2017 our new approach will be incorporated into our environmental standards and our environmental risk assurance processes.

In collaboration with the International Union for Conservation of Nature (IUCN) we documented and shared our NPI learnings with past partners during 2016 and 2017 to ensure that we built a pragmatic, actions-based approach going forward.

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)	‘Governance integrity’ in SD Report 2016 The way we work Business integrity standard
Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes(B2)	The way we work Business integrity standard ‘Governance integrity’ in SD Report 2016 Case study: The value of transparency
Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption (D2)	‘Governance integrity’ in SD Report 2016
Detailed policies for high-risk areas of corruption (D4)	‘Governance integrity’ in SD Report 2016
Policy on anti-corruption regarding business partners (D5)	The way we work Business integrity standard

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)	‘Governance integrity’ in SD Report 2016

Carrying out risk assessment of potential areas of [‘Governance integrity’ in SD Report 2016](#)
corruption

Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees (B5 + D8)	‘Governance integrity’ in SD Report 2016
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Internal checks and balances to ensure consistency with the anti-corruption commitment (B6)	‘Governance integrity’ in SD Report 2016
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Actions taken to encourage business partners to implement anti-corruption commitments (D6)	Supplier code of conduct The way we work
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Management responsibility and accountability for implementation of the anti-corruption commitment or policy (D7)	‘Corporate governance’ in Annual Report 2016 ‘Governance integrity’ in SD Report 2016
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Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice (D9)	‘Governance integrity’ in SD Report 2016
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Internal accounting and auditing procedures related to anticorruption	‘Governance integrity’ in SD Report 2016
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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 2016
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[Taxes paid 2016](#)

Process to deal with incidents (D13)	‘Governance integrity’ in SD Report 2016
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[‘Director’s report’ in Annual Report 2016](#)

Public legal cases regarding corruption	‘Chairman’s letter’ in Annual Report 2016
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[‘Directors’ report’ in Annual Report 2016](#)

Use of independent external assurance of anti-corruption programmes [‘Governance integrity’ in SD Report 2016](#)

Outcomes of integration of the anti-corruption principle [‘Governance integrity’ in SD Report 2016](#)

[Taxes paid 2016](#)

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

We are committed to doing business with maximum integrity, transparency and accountability and with business partners who share our values. We actively adopt approaches to prevent and resolve specific and systematic incidents and constantly seek ways to improve. To help manage the risks and expectations, it’s important we have good governance and integrity systems in place.

The key principles that guide our behaviour in *The way we work* are supported by standards that cover bribery and corruption, fraud, antitrust, conflicts of interest, data privacy, third party due diligence, reporting of concerns and responding to allegations of wrong doing. All of these are supported by workforce training, which we regularly review and refresh to ensure they remain relevant to the risks we encounter.

During 2016 we began a review of our company’s purpose and vision in consultation with our employees. Safety and excellence were included into our already stated values of respect, integrity, teamwork and accountability.

We maintain a strict stance against bribery and corruption, which is prohibited in all forms. A key focus of our Ethics and Integrity programme advocates our employees to always act with integrity and to behave honestly and responsibly no matter where we do business or who we deal with. Any Rio Tinto employee not complying with anti-bribery and anti-corruption laws may face disciplinary action, up to and including termination.

Our Ethics and Integrity programme is aligned with a risk-based approach which is supported by our business integrity standard. This includes a third party due diligence procedure to better understand any legal, ethical or reputational risks engaging a particular supplier may represent. While we are aware there is increased regulatory and legislative activity in this area, our approach is driven by our corporate values and our commitment to undertake business with integrity. The programme aims to meet our Group-wide and business-specific requirements and to address concerns in our host communities. We conduct quarterly audit forums to monitor and oversee the implementation, health and effectiveness of the ethics and integrity programmes across our business. Our aim is also to ensure we embed a robust risk-based central and onsite monitoring controls programme across the business so possible business integrity issues can be identified and dealt with promptly and efficiently.

Speak-OUT, the Group’s confidential and independently-operated whistleblowing programme, is available to employees and their families, suppliers, contractors, customers, communities and the public to report anonymously, subject to local law, any significant concerns about the business or behaviour of individuals. This could include suspicion around safety violations, environmental procedures, human rights, financial reporting or business integrity issues in general. Speak-OUT was re-launched during the year using a new and more personalised campaign called “Talk to Peggy”, giving it a new persona whilst at the same time seeking to emotionally connect with our global reporter audience.

We are committed to a culture of transparency and encourage employees to speak up about their issues and concerns, either directly with their leaders or through functions such as, human resources, health and safety, security, ethics and integrity, group internal audit or legal depending on the issue, or through Speak-OUT. Our case management tool for Speak-OUT is a single, secure repository for management of all cases and related investigations, including complete data analysis and reporting capabilities. We are committed to maintaining confidentiality in the programme, independence and better reporter management.

In 2016, 674 incidents were reported through Speak-OUT, compliance managers and/or management. This was a 12 per cent increase on last year, mainly due to a higher volume of incidents raised outside of the hotline. Twenty six per cent of cases were substantiated, resulting in corrective and preventative actions.

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 participate in global initiatives such as the Extractive Industries Transparency Initiative, which aims to strengthen governance by improving transparency and accountability in the extractive sector. 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.

We released the *Taxes paid in 2016* report, our most detailed tax transparency report to date, including additional detail on our tax planning principles, effective tax rates and commentary on tax havens. The report adopts the new Australian Government Voluntary Tax Transparency Code guidelines earlier than required, in addition to meeting the new requirements of the EU Accounting Directive by including a project-by-project breakdown of payments.

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	<p><u><i>The way we work</i></u></p> <p><u>Human rights policy</u></p> <p><u>Health, Safety, Environment and Communities policy</u></p> <p><u>SD Report 2016</u></p>
Develop relevant products and services or design business models that contribute to UN goals/issues	<p><u>'Business model' in Annual Report 2016</u></p> <p><u>'Community relationships' in SD Report 2016</u></p> <p><u><i>The way we work</i></u></p> <p><u>Approach to communities and social performance</u></p> <p><u>Human rights policy</u></p> <p><u>Case study: A chance to grow</u></p> <p><u>Case study: A new future for an old industrial town</u></p>
Adopt and modify operating procedures to maximize contribution to UN goals/issues	<p><u>'Community relationships' in SD Report 2016</u></p> <p><u><i>The way we work</i></u></p> <p><u>Approach to communities and social performance</u></p> <p><u>Human rights policy</u></p>

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	‘Community relationships’ in SD Report 2016 ‘Our value chain’ in SD Report 2016 Case study: Delivering benefits for generations to come Case study: Powering South Africa’s local businesses
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 2016 ‘Respecting human rights’ in SD Report 2016 ‘Engaging with our stakeholders’ in SD Report 2016 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 2016 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 2016 ‘Chief executive’s message’ in SD Report 2016 ‘Respecting human rights’ in SD Report 2016 ‘Community relationships’ in SD Report 2016 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 2016](#)

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 2016](#)

[‘Engaging with our stakeholders’ in SD Report 2016](#)

[‘Protecting the environment’ in SD Report 2016](#)

[‘Respecting human rights’ in SD Report 2016](#)

[‘Governance integrity’ in SD Report 2016](#)

[*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 2016

'Engaging with our stakeholders' in SD Report 2016

'Protecting the environment' in SD Report 2016

'Respecting human rights' in SD Report 2016

'Governance integrity' in SD Report 2016

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	‘Chief executive’s message’ in SD Report 2016
CEO promotes initiatives to enhance sustainability of the company’s sector and leads development of industry standards	‘Chief executive’s message’ in SD Report 2016 Case study: Rio Tinto supports Sustainable Development Goals Rio Tinto Slavery and human trafficking statement 2016
CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation	‘Chief executive’s message’ in SD Report 2016 ‘Overview’ in SD Report 2016
Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team	‘Chief executive’s message’ in SD Report 2016

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	‘Corporate governance’ in Annual Report 2016
Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.	‘Corporate governance’ in Annual Report 2016
Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)	‘Corporate governance’ in Annual Report 2016

Criterion 21: The COP describes stakeholder engagement

Best practices	Our implementation
Publicly recognize responsibility for the company's impacts on internal and external stakeholders	<u>'Engaging with our stakeholders' in SD Report 2016</u>
Define sustainability strategies, goals and policies in consultation with key stakeholders	<u>'Engaging with our stakeholders' in SD Report 2016</u> <u>'Community relationships' in SD Report 2016</u> <i>Why human rights matter</i>
Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance	<u>'Engaging with our stakeholders' in SD Report 2016</u> <u>'Community relationships' in SD Report 2016</u> <u>Approach to communities and social performance</u> <i>Why human rights matter</i>
Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'	<u>'Engaging with our stakeholders' in SD Report 2016</u> <u>'Respecting human rights' in SD Report 2016</u> <u>'Our people' in SD Report 2016</u> <u>'Governance integrity' in SD Report 2016</u> <u>Approach to communities and social performance</u> <i>Why human rights matter</i> <i>Why agreements matter</i>