



**RIO
TINTO**

Value creation from SD indicators -

For mining companies, communities & policy-makers

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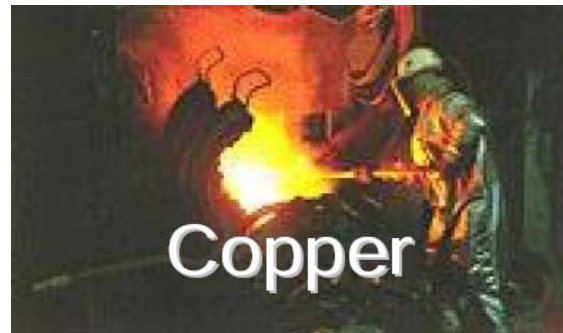
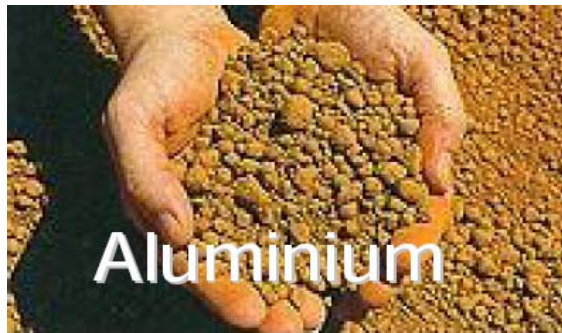
Sustainable Development Indicators in the Minerals Industry

17-20 June, Milos, Greece

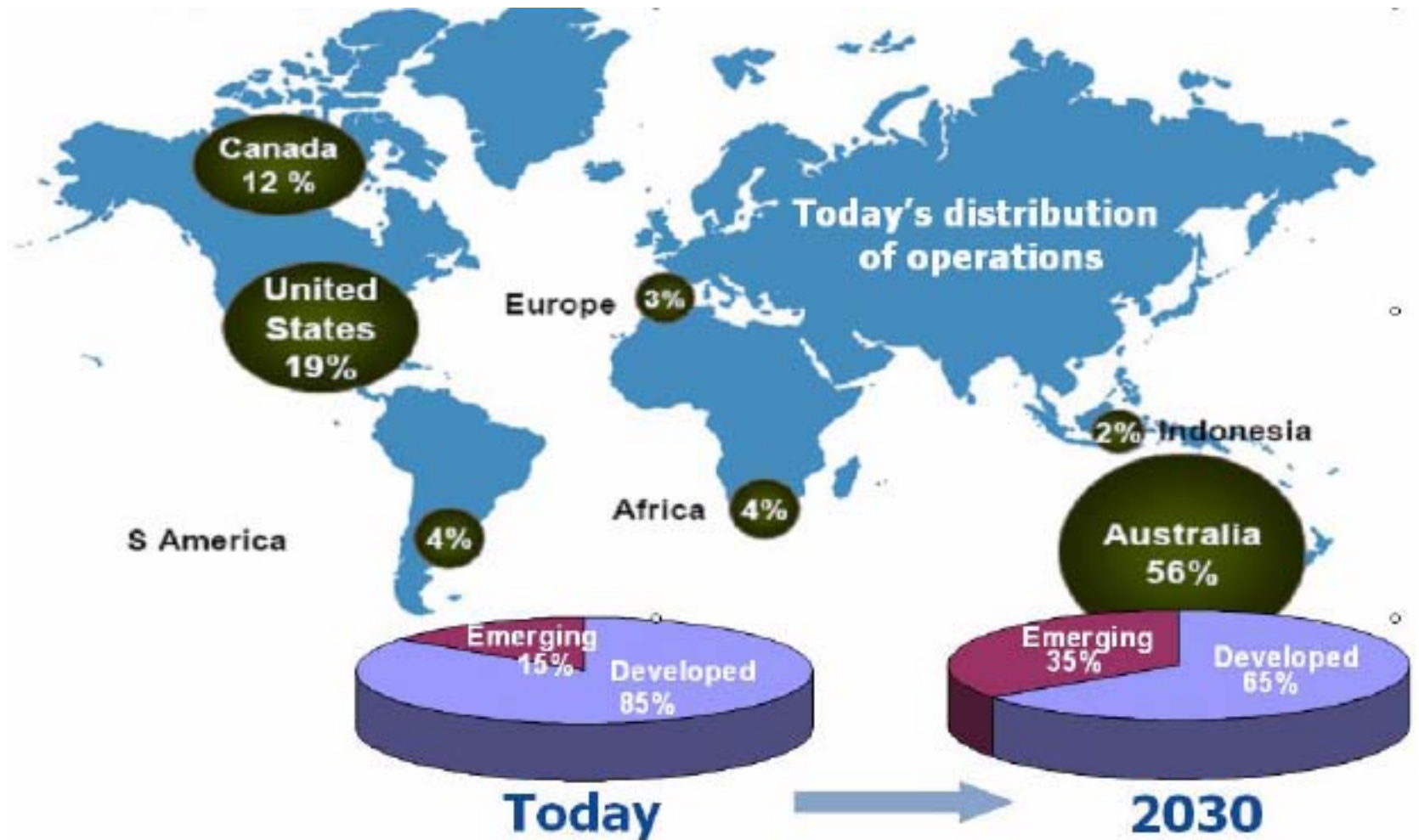


Rio Tinto today : 31 businesses

106 active operations, 16 projects, 6 exploration regions, technology & innovation, business services & closed or suspended operations



Shifting geographic distribution of operations



Overview

- Rio Tinto's benchmarked our SD position relative to leaders in major economic sectors
- Corporately we report against GRI G3, Global Compact, EITI, DJSI, BitC, CDP ...
- We support the EU Voluntary SD Indicators Reporting Scheme for the Non-Energy Extractive Industry
- We believe SD Indicators (SDIs) add business value:
 - Deepening customer relationships
 - Eco-efficiency of operations
 - Land use planning & permitting for new & expanding facilities
 - Community relations
 - Policy engagement with government authorities
 - Strengthening bonds between the company & employees

Mining (& agriculture) sustains human civilisation

- Even Stone Age people used stones
- It is not a question of ***should*** we mine, but ***how?***
- Sustainable mining is that which minimises environmental damage, maximises environmental & social benefits & delivers an adequate rate of return on investment for those providing the finance, the expertise & the resource itself

Stakeholders for mining

- *Our Common Future* created an era of questions & expectations
 - Who owns mineral wealth, has authority to grant exploitation & benefits?
 - What happens to products, land & people during & after mining?
- For mining, this meant that stakeholders became:
 - Mineral resource owners
 - Those living on or next to them
 - Long-term investors & financiers
 - National governments & regulators
 - NGO's & the public at large
 - Users & consumers of mined products
- All stakeholders now participate in the mining industry, “holding” a “stake” in its past, present & future

Differentiation – the source of business value

- *Metals, Mining & Sustainable Development* report laid the foundation for what SD Indicators should address
- EU Voluntary *SD Indicators Reporting Scheme* guides industry & informs stakeholders
- SD Indicators are as essential to sustainable mining as the indicators at the back of *The Economist* magazine have become to economic development
- Thinking & behaving as “Sustainable miners” distinguishes you from your competitors

Benchmarking against our peers

Evaluated our SD activities compared to other* sectors:

1. As with health, safety & other business improvement areas, serious senior leadership is essential
2. General statements will start things off, but specific goals are needed - who, what & when
3. Seek genuine business value & when you get it, communicate it - internally & externally
4. Key importance of SD Indicators is to concentrate effort & measure results

* Cement, electricity, financial services, hydrocarbon processing, manufacturing & mining

Deepening customer relationships

- Engage with immediate customers to explore how our SD thinking & work can mesh with theirs
 - eg share product development, HR, HSE expertise where the customer sees value
- The EU SDIs make an excellent starting point to define goals with customers & a means to measure progress
- Aim to collaboratively develop products with SD advantages
 - eg those that use less energy in the production or use-phase - insulation fibre glass or talc / polypropylene vehicle parts
- Extend the “value proposition” of products into a relationship of shared values making SD an integral part of product branding
 - Make it clear that our companies activities will bring reputation credit to the customer

Eco-efficiency of operations

RTM focuses on:

- Reducing energy intensity of mining & product transport
 1. Identify opportunities
 2. Evaluate & prioritise energy use reduction projects
 3. Carry them out & measure the difference
 4. Report on our progress publicly
- Maximum use of the ore deposit (extending mine life)

Land use planning & permitting

Historically a difficult & time consuming field for the industry

Rio Tinto is committed to the proposition that:

- Mining does not have to be permanently damaging to the environment or local community
- By careful & thoughtful planning (based on public consultation) positive outcomes can be produced
- People respect this approach & we can demonstrate results

Community relations

- Mines & facilities are an integral part of their communities
- Socio-economic baseline studies & community needs assessments help us decide, in consultation, where to put emphasis in our community support programmes
- One key benefit we bring to the communities we are part of is a safe & health workplace
 - SDIs measure health & safety outcomes (lagging indicators)
 - We use leading indicators to gauge behaviours that eliminate injury & illness upstream

Policy engagement with government authorities

- Work to build long term relationships with government entities & seek proactive solutions on behalf of industry
- Contribute knowledge of the industry to assist policy makers in understanding its nature & potential
- Approach engagement as both a public company & as a member of industry associations

Strengthening company & employees bond

- Each of the elements described so far play a role in strengthening this bond
- We treat our contractors as we do our employees
- We believe in timely & regular internal communications

Promoting the use of SD Indicators

- We wish to share our experience with long-term suppliers & use our influence as a valued customer to help with continuous SD improvement
- Our supply chain responsibility programme, introduced in 2002 to Chinese mines who supply product to us, has delivered progressive improvements in HSE performance
- In 2006, we built on this programme & released our global statement of procurement practice *The way we buy*

SD in business planning & routine management

The merged Rio Tinto Minerals is now just over one year old.

RTM's SD mission is to support value creation by considering social, environmental & economic risks – & leveraging social, environmental & economic opportunities – associated with key business processes

RTMs SD scorecard includes targets in three categories:

- Understanding stakeholder concerns & expectations
- Providing transparent & credible reporting of progress
- Enabling business processes through SD