Value creation from SD indicators -
For mining companies, communities & policy-makers

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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