



RioTinto

# Respecting human rights

Our statement on modern slavery  
2018





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## Our 2018 highlights include:

- Introducing a modern slavery clause into our global standard supply contract.
- Rolling out our “Know your supplier” procedure to renewing suppliers.
- Deciding to review our modern slavery risk assessment and mitigation measures.
- Working with other stakeholders to support the passage of the Australian Modern Slavery Act.
- Providing capacity building to help a site in a higher-risk country identify and act on red flags.



# Our approach

Respecting human rights is an essential part of our integrated approach to sustainability, which we refreshed in 2018.

Our sustainability approach has three pillars: running a safe, responsible and profitable business; collaborating with others to enable long-term benefits where we operate; and helping to pioneer a more sustainable future.

Preventing and addressing our own involvement in modern slavery is central to our sustainability approach including our commitment to running a safe, responsible and profitable business. Our sustainability approach also drives us to support multi-stakeholder, collaborative partnerships. These help to generate local economic development and to combat modern slavery at its source. They also help us to progress more consistent and robust policy and regulatory initiatives.

This year has been an important one in the global fight against modern slavery: the Australian Modern Slavery Act was passed; the UK Modern Slavery Act was reviewed and we watched with interest the formation of a myriad of cross-sectoral initiatives to tackle the root causes of modern slavery. This included the establishment of groups such as the [Financial Sector Commission on Modern Slavery and Human Trafficking](#) to help reduce the vulnerabilities, such as extreme poverty, which lay the foundations for exploitation.

We continue to set clear expectations that Rio Tinto employees and suppliers should be alert to possible involvement in modern slavery and should work to prevent and address it. We know that adopting high standards is not enough. Knowledge sharing, such as targeted training programmes for employees, and action, including mitigation measures where we see a risk of involvement, are vital to ensure our work stays relevant and effective.

This is our third slavery and human trafficking statement; our 2016 and 2017 statements are available on our [website](#). This year, we explain what we have done in 2018 to strengthen our policies and performance in line with the requirements of the UK Modern Slavery Act. Our statement has been drafted with specialist internal human rights expertise as well as input from the wide range of functions that help to prevent modern slavery at our company, including Corporate Relations, Procurement, Legal, Human Resources, Marine, Group Security and Ethics & Integrity.

In addition to approval by our board of directors, the statement has been reviewed by the board's Sustainability Committee. We also obtained third party feedback, including from leading civil society organisations and investors including an industry pension fund and two asset managers. Our statement uses the UK Government's definition of "modern slavery", including slavery, human trafficking and forced labour. We define "suppliers" to include suppliers of goods and services, including contractors.

## Our sustainability approach:

1. Running a safe, responsible and profitable business.
2. Collaborating with others to enable long-term benefits where we operate.
3. Helping to pioneer a more sustainable future.

Headquartered in the UK and in Australia, our Group comprises Rio Tinto plc and Rio Tinto Limited. This statement applies to the global operations and suppliers of both companies, including their subsidiaries. This includes Rio Tinto subsidiaries\* that we believe to be themselves covered by the UK Modern Slavery Act. In line with the UK Government's guidance, we have produced one statement that these subsidiaries can also use to meet the requirements of the UK Modern Slavery Act. The statement also applies to our managed joint venture operations or assets, as well as the suppliers to such managed joint ventures. The statement does not apply to any non-managed joint ventures.

\* These subsidiaries are Borax Europe Limited, Rio Tinto London Limited, Rio Tinto International Holdings Limited, Rio Tinto Australian Holdings Limited and Rio Tinto Iron Ore Atlantic Limited.

# Our structure, business and supply chains

Rio Tinto is a leading global mining and metals group with a workforce of 47,500 people in around 35 countries. We have significant operations in Australia, Canada and the United States, and also have businesses in Asia, Europe, Africa and South America. Our [website](#) provides information on our key products as well as describing developments relating to our projects and operations.

Rio Tinto's Procurement team, with approximately 520 employees at 34 sites, manages the majority of our supplier relationships. In 2018, Rio Tinto worked with some 37,000 suppliers across the world. The various sourcing projects conducted, and more than 1,300 procurement bids, have translated into over 2,400 active contracts and \$12.3 billion in spend with suppliers.

When measured by value, the majority of our payments are made to suppliers in Australia, Canada and the United States, but we work with suppliers in each of the countries in which we operate. As illustrated by our projects and operations map on page three, we operate in both emerging and developed economies.

We also procure from countries where we do not have large operations; in recent years we have expanded procurement from suppliers in market competitive countries such as China.

After Australia, Canada and the United States, our next highest-spend countries are Mongolia, Singapore, China, Great Britain and South Africa. These are the countries where purchase orders were raised and may not always represent the country of origin of goods or services.

Part of our procurement approach is to help strengthen communities wherever we operate, in part by buying through local suppliers. As part of this commitment, we also provide small businesses with technical support to help them meet our procurement guidelines.

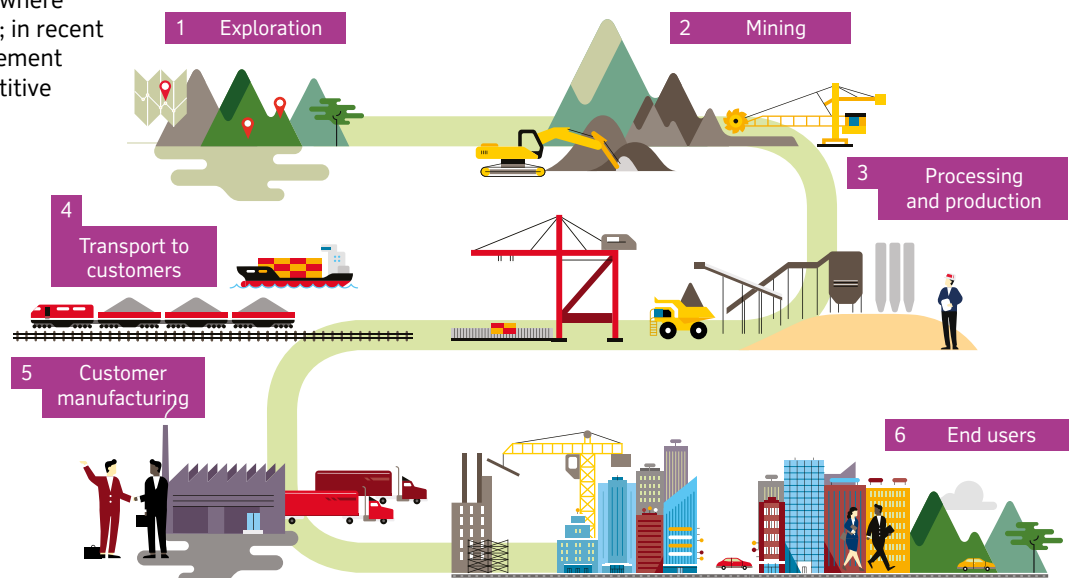
The goods and services we buy cover the mining life cycle, from exploration and construction services to on-site transport, catering and spare parts. In addition to contracted labour, our largest spend categories tend to be fuel, energy, transportation/logistics and materials, including mining equipment.

37,000 suppliers

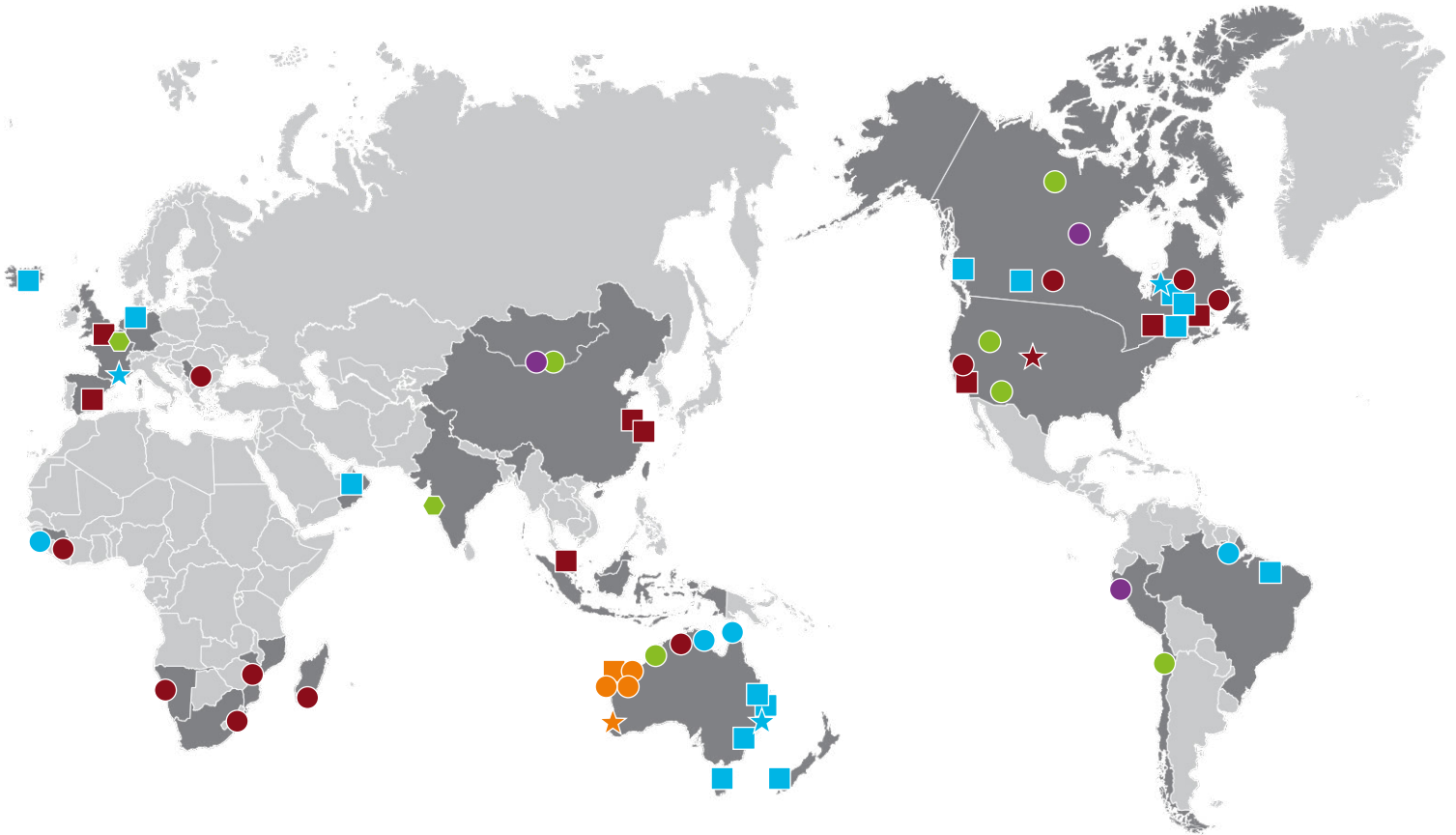
2,400 active contracts

\$12.3bn in spend

## Mine to market value chain



# Group operations



## Key

- Mines and mining projects
- Smelters, refineries, processing plants, port, rail, shipping and power facilities remote from mine
- ◆ Sales and marketing
- ★ Technology and Innovation centres
- Aluminium
- Copper & Diamonds
- Energy & Minerals
- Iron Ore
- Growth & Innovation

Iron Ore Company of Canada and the Simandou iron ore project in Guinea are reported within Energy & Minerals, reflecting management responsibility.



# Policies and governance

We know that modern slavery is unlikely to thrive where other human rights – including core labour rights – are respected, when corruption levels are low and when governance is strong.

To avoid these interconnected issues falling into siloes, and to ensure a rights-based approach, our work helps prevent modern slavery across our own business and supply chains and forms part of our human rights programme.

Relevant policies and standards in our control framework include our global code of business conduct, [The way we work](#), our [Human rights policy](#) and our [Employment policy](#). All of these documents, developed with reference to core international standards including the [Universal Declaration of Human Rights](#), state that we reject any form of slavery and prohibit the use of forced, bonded or child labour. *The way we work*, updated in 2017 with input from cross-functional experts, explicitly applies to our consultants, agents, contractors and suppliers. We also expect our non-managed joint ventures and companies to comply with the principles in our policies and standards.

In 2018, we continued to make our expectations of suppliers clear through our [Supplier code of conduct](#) which is also available on our website, and provided in bilateral discussions and contractual terms. The Supplier code of conduct sets out our expectations of suppliers and their subsidiaries and subcontractors with respect to key issues, including human rights. This includes ensuring that all work is freely chosen and without the use of forced or compulsory labour. It also makes clear that Rio Tinto may choose not to work with suppliers who do not meet our expectations.

“

We know that modern slavery is unlikely to thrive where other human rights – including core labour rights – are respected, when corruption levels are low and when governance is strong.”

Our standard contractual terms include a requirement to comply with our Supplier code of conduct. As the case study alongside explains, our standard procurement terms are being updated as part of a phased, global rollout, and now also expressly include compliance with modern slavery requirements.

By stating that commercial commitments must not be made without a supplier risk assessment and due diligence – based on a threshold determination (nature of goods or services, vendor, country of origin) – our Procurement standard complements the Supplier code of conduct. The “Know your supplier” procedure detailed below explains how this is implemented. Our [Business integrity standard](#) also requires third-party risk assessments and due diligence relating to suppliers, other business partners such as joint venture partners, and new opportunities including acquisitions.

In addition, our Communities and social performance (CSP) standard requires sites to include human rights issues in social risk analyses and impact assessments, and to commission specific human rights risk and impact assessments in high risk contexts; ensure human rights awareness training is provided to staff, contractors and visitors; and report and investigate all actual, suspected and alleged breaches of the Universal Declaration of Human Rights that involve community members. This would include any actual, suspected and alleged breaches of the right to freedom from slavery as set out in the Universal Declaration.

Our board’s [Sustainability Committee](#) monitors compliance with our human rights-related policies and standards. In 2018, the Sustainability Committee received biannual updates on our progress on modern slavery.

Executive Committee accountability for the area is cross-functional and includes leaders responsible for our human rights approach (Group Executive, Corporate Relations), third party due diligence and broader business integrity work (Group Executive, Group General Counsel) and procurement (Group Executive, Chief Commercial Officer).

### CASE STUDY

## Embedding modern slavery requirements into our standard procurement terms

We have developed a new global standard supply contract, which is being rolled out across all Rio Tinto operations (late 2018 to early 2019). This gives us an opportunity to establish a baseline expectation for how we want our suppliers to manage modern slavery risks.

The contract incorporates a modern slavery clause containing the following elements:

Suppliers must:

1. Ensure compliance with all applicable modern slavery laws and take steps to meet international standards around modern slavery.
2. Confirm the supplier has not been convicted or investigated for modern slavery offences.
3. Take reasonable steps to ensure it, its subcontractors, and others in its supply chain have adequate procedures to prevent and address modern slavery.
4. Grant Rio Tinto the right to audit it and its subcontractors for compliance against the above requirements.
5. On request, provide a copy of any modern slavery statement it is required to prepare under relevant modern slavery reporting legislation.

We view this new modern slavery clause as an important development to drive both contractual compliance within our supply chain and also reinforce our own commitment to support the abolition of modern slavery.

We understand that the real test will be in the implementation of the clause and are training our Procurement teams on the new global supply contract, including highlighting the modern slavery clause. We hope this will drive higher levels of awareness, engagement and compliance across our supply chain.

# Our due diligence processes

We integrate human rights considerations, including modern slavery, into our sites' risk management processes. These include site-based social risk analyses and impact assessments; incident reporting and audits; and security and human rights assessments. We also conduct standalone human rights studies at high-risk sites, which include assessments of modern slavery when necessary.

This work forms part of our commitment to implement human rights due diligence in line with the [UN Guiding Principles on Business and Human Rights](#) (UNGPs). This includes identifying and taking appropriate action regarding adverse human rights impacts in which we may be involved, and tracking and communicating our performance. We understand that meaningful stakeholder consultation, including with individuals and groups whose rights may have been affected (rights holders), plays a central role.

Our site-level incident reporting procedure asks employees if a health, safety, environment, community or security incident has had human rights implications. Employees are then asked to say what human rights the incident may have impacted, including a specific prompt relating to labour rights where modern slavery related incidents may be included. We are building our employees' awareness of how best to engage with this tool, appreciating that recognition of what constitutes a human rights incident, including one related to modern slavery, could be improved.

Our risk framework helps our sites to assess and manage risks across a range of areas and also provides guidance on the consequences that follow human rights-related risks, including those with modern slavery implications. This enables sites to more accurately capture the severity of human rights-related risks, in terms of implications both for our company and for rights holders.

When conducting due diligence on suppliers, we apply a range of steps including pre-qualification checks, contractual arrangements and ongoing monitoring. For example, suppliers in China managed by our China Sourcing team must complete a pre-qualification questionnaire explicitly asking about the supplier's policies and practices on preventing child, forced and bonded labour.

In 2018, we continued to implement our "Know your supplier" procedure, our standardised integrity due diligence process designed to identify, for each supplier, the potential legal, ethical or reputational risks of engaging or renewing that supplier, including around human rights. The decision to conduct detailed due diligence on a supplier takes a risk-based approach, considering factors such as the goods or services, country of origin, vendor and spend level. The Third Party Due Diligence team is responsible for administering the "Know your supplier" procedure and is provided with specialist internal support to assess identified human rights risks, including modern slavery, and to recommend mitigation actions.

The same procedure is also used to consider other counter-parties, including due diligence for joint ventures and mergers and acquisitions. This complements the consideration of social risks that is a routine part of due diligence for mergers and acquisitions and partnership assessments including joint ventures. For example, as part of due diligence on a potential target this year we scrutinised how it was managing modern slavery challenges that we learned about from the company as well as from publicly available information. The acquisition did not proceed for unrelated reasons but the experience provided a good opportunity for our Business Development team to see how a target's approach to modern slavery could be relevant to its risk profile.



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## UN Guiding Principles on Business and Human Rights (UNGPs)

Rio Tinto bases its human rights approach, including its modern slavery risk management, on the UNGPs. The UNGPs are the global standard for preventing and addressing adverse impacts on human rights by business. At a baseline, they help business to know and show that they are respecting all internationally recognised human rights across their own activities and business relationships. By framing our efforts to avoid involvement in modern slavery using the UNGPs we are taking a coordinated, integrated and rights-based approach to this important issue. Our approach also recognises that modern slavery needs to be addressed with regard to other human rights issues which may set the foundation for, or exacerbate, modern slavery risks.

2,541  
due diligence  
reviews

87% related  
to suppliers

In 2018 we completed 2,541 due diligence reviews under the “Know your supplier” procedure, of which 87% related to suppliers. There is a requirement for all new suppliers to go through the procedure and in 2018 we started a staged rollout for renewing suppliers. Recognising the importance of local language knowledge in conducting reviews, this year we also hired specialist due diligence analysts experienced in the Mongolian and Chinese markets.

While the “Know your supplier” procedure is primarily based on information obtained through public sources, we also ask for direct information from suppliers in certain circumstances. This would include when modern slavery concerns have been identified or when a supplier represents a higher risk due to where it is operating or the nature of the goods or services it is providing. Further enquiries may include requesting a supplier’s labour policies as well as asking about specific concerns, such as whether and why the supplier retains workers’ identification documents. We may also decide to inspect a supplier’s premises and/or records as a result of risks identified during the “Know your supplier” procedure.

This year the Third Party Due Diligence team also intensified their monitoring of certain public information about third parties that had already undergone due diligence under the “Know your supplier” procedure. This helps to alert colleagues about new information that may change the risk rating of a third party. In 2019, we will explore expanding such monitoring to better cover human rights related issues, with a focus on high risk suppliers.

In 2018, we rolled out a “Know your customer” procedure, focused on identifying potential involvement in money laundering, fraud, sanctions breaches, corruption and other financial crimes. While human rights are not specifically covered at this stage, the procedure aims to identify all regulatory enforcement actions (which would include those relating to human rights) against customers. In 2019 we plan to explore ways to integrate human rights, including modern slavery, more directly into the due diligence procedure for certain types of customers. Whole of value chain initiatives, including certification by the [Aluminium Stewardship Initiative](#), also give us the opportunity to speak with our customers about human rights, including modern slavery.

We recognise the importance of understanding risks in our supply chain beyond the business partners with whom we have a direct contractual relationship (first tier suppliers). While our focus to date has been on these first tier suppliers given the complexity and breadth of our supply chain, we are also exploring ways to better identify and act on risks further up the chain. This includes using contractual clauses to set expectations of suppliers regarding their sub-contractors as well as raising awareness amongst our employees of how to identify potential issues relating to multi-layered arrangements.

Grievance mechanisms can help highlight systemic issues and by doing so, strengthen and inform human rights due diligence. Our CSP standard requires all sites to have a complaints, disputes and grievance procedure in line with the UNGPs’ criteria of effectiveness for non-judicial grievance mechanisms.

In 2018, a key activity was making ongoing improvements to Talk to Peggy, our confidential and independently operated whistleblowing programme available to all employees, contractors and community members. The Supplier code of conduct confirms suppliers can access Talk to Peggy, provides the Talk to Peggy website and strongly encourages suppliers to discuss breaches of the Supplier code of conduct or *The way we work* or to report them via Talk to Peggy. More information on Talk to Peggy, including how employees, suppliers and contractors can access it, is available in our [Sustainable development report](#).

Both site-level mechanisms and Talk to Peggy may be used to raise concerns about modern slavery.



CASE STUDY

## Reflections on identifying modern slavery risks through the “Know your supplier” procedure

This year, our Third Party Due Diligence team, which implements the “Know your supplier” procedure, continued to learn more about how to better identify and act on modern slavery risks with new and existing suppliers. Some reflections from the team:

**How hard is it to determine if a supplier has been involved in modern slavery?**

It’s fairly difficult – if there are no media articles about, or regulatory actions against the company, it’s not always easy to spot past or potential involvement. And it’s even harder with smaller companies and in some high-risk jurisdictions, where there may be restrictions on media reporting on this issue. There can also be challenges regarding allegations in unreliable sources. In such instances we look for more reliable sources, to make sure we have accurate information.

**Are you finding more allegations around modern slavery than in the past?**

Not really, at least not with reputable sources.

**What further training, if any, would make it easier to identify modern slavery risks with our suppliers?**

More discussion about how to identify modern slavery in the public domain – because, despite increasing momentum, it is still unusual to come across explicit public accusations of modern slavery violations at companies, especially in some countries.



# Risk assessment and mitigation

We use integrated Group-wide processes such as social and environmental impact assessments as well as targeted studies such as human rights impact assessments to assess human rights risks across our business. Internal guidance states that both approaches should explore all relevant human rights risks, in some cases with specific reference to modern slavery. For example, our social risk analysis guidance recommends that all sites consider risks relating to potential involvement in forced labour.

Using tools such as the [Global Slavery Index](#) we recognise the heightened risks of exposure to modern slavery in some emerging economies as well as that modern slavery may occur in developed markets. We also know that our modern slavery risks are affected by various factors, including the strength of policies, laws and institutions to protect against modern slavery where we operate. In areas of weaker governance we find that the risk that we may be involved in modern slavery through our supply chain is greater.

To improve our understanding of the different modern slavery risks we may face in different locations as well as exposure to related issues such as broader human rights risks and corruption, we use tools including the [Transparency International Corruption Perceptions Index](#), [Global Slavery Index](#) and [Verisk Maplecroft Human Rights Indices](#).

When we are seeking more in-depth information on identified risks, country, industry and company-specific resources such as the US Department of State's [Trafficking in Persons report](#) and country narratives, [KnowTheChain industry benchmarking](#) and the [Modern Slavery Registry](#) are also useful. For example, we use the Modern Slavery Registry to view suppliers' and other business partners' modern slavery statements where available.

Some goods and services we procure may be higher risk than others. We have assessed construction, shipping, cleaning, catering and other transport services to be among these because of a variety of factors including the use of sub-contracting, migrant workers and lower-skilled labour. In addition to identifying these sectors as higher risk as part of our

initial supply chain risk mapping, we monitor expert analysis – such as research from governments, international institutions and think tanks – to ensure an up-to-date understanding of high-risk sectors.

We also recognise that increased due diligence may be needed when suppliers bring employees or contractors to Rio Tinto locations. In 2018, we introduced a requirement into the “Know your supplier” procedure for suppliers to provide us with labour policies to review in certain circumstances before the contract can proceed. This includes suppliers bringing manual labourers to our sites in high or very high risk countries, as defined in the Transparency Corruption Perceptions Index. Consideration of these policies includes looking for commitments around preventing and addressing modern slavery and may lead to further questions of the supplier on their practices. Review of these responses is done alongside the due diligence report under the “Know your supplier” procedure.

In 2018, we did not have any modern slavery-related “high” or “very high” risk ratings under the “Know your supplier” procedure, a change from four such reports from September 2016 to the end of 2017.

However, we did log three “high” risk ratings relating to other labour rights concerns (such as access to trade unions, late payment of wages and harassment). Recognising that other labour rights issues may lay the foundations for modern slavery, we are looking at better ways to identify modern slavery risks from these types of reports and to ensure that mitigation measures are designed to support respect for labour rights across the board.

If a human rights incident occurs despite our best efforts to prevent it, we seek to mitigate the situation as appropriate in line with our values, policies and standards. We recognise our responsibility to provide for or cooperate in remediation in situations where we identify we have caused or contributed to human rights harm, including modern slavery, in line with the UNGPs.





Image: Geologist at our Pilbara iron ore operations, Australia

## CASE STUDY

# Working with an asset-level project team to identify and mitigate risks

At a project in an emerging economy our Assurance, Procurement and Human Resources teams have been working together to identify potential risks of modern slavery amongst our goods and services providers. Beyond using the “Know your supplier” procedure, which helps us identify potential red flags in the public domain (e.g. media stories), the team has developed a set of questions for suppliers. These enquire about a wide range of issues – from the use of migrant labour and labour hire agencies to the age of workers and retention of identity documents. They were developed because the team discovered that, while reviewing suppliers’ labour policies is helpful, in some cases these may not tell the full story. In other cases, policies may not exist.

Late in 2018, the same project team also participated in a modern slavery awareness-raising session run by the Group’s human rights specialist. This included discussions about what to do if modern slavery was uncovered in the project’s supply chain. Illustrating the challenges our on-the-ground practitioners often face, colleagues at the session said it is not always easy to tell if smaller companies are engaged in abusive labour practices because the team does not always have access to their records. And on another tack, they said that while they do at times see (and act on) labour rights issues including unpaid overtime, failure to provide vacation days and late payment of wages, it can be hard to tell if there is further exploitation at play that amounts to modern slavery.

## OUR STATEMENT ON MODERN SLAVERY

Some of our functions and sites have initiated their own supplier risk assessment and mitigation processes alongside those of the Group. For example, our Marine team implements its chartering and due diligence processes to respond to third-party risks, which help ensure that all vessels arriving at our ports can provide assurance of compliance with the [Maritime Labour Convention](#). This includes boarding chartered ships to inspect workers' conditions.

Our Marine team has a procedure to record all incidents involving actual or suspected human rights impacts, including modern slavery. Rio Tinto's Marine team recently revised standard agreements for ship owners requiring compliance with applicable modern slavery laws. Ship owners will be notified of this new modern slavery clause as the new agreements are rolled out. The Marine team also takes part in internal audits to track compliance of their procedures with key policies and standards, including our Human rights policy.

Our Human Resources team at our Oyu Tolgoi operation in Mongolia conducts audits of our contractors in an effort to ensure all people working at Oyu Tolgoi are paid fair market wages, overtime pay, and receive the promised benefits of their work. These steps help reduce the possibility of modern slavery occurring at Oyu Tolgoi.

Our China Sourcing team is largely focused on suppliers from China and South East Asia. They use a supplier self-assessment that covers a range of issues, including several potential indicators of modern slavery, such as the use of prison labour, retention of identity documents and payment of recruitment fees. Self-assessment occurs alongside the "Know your supplier" procedure as well as mandatory visits to all suppliers' sites.

## CASE STUDY

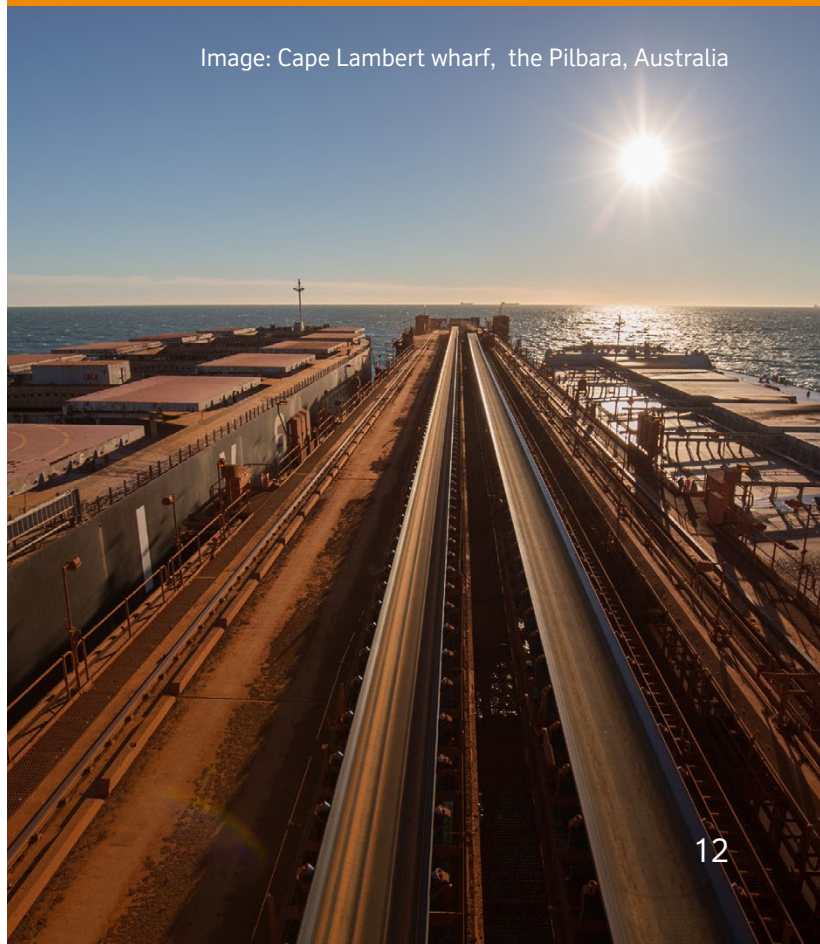
# Innovative steps within major projects

Building on our 2017 work to embed modern slavery considerations in major construction tenders, this year we inserted a "forced and child labour" clause into documentation for a tender for a mining infrastructure project in an emerging economy. While this particular project did not proceed, the clause will nevertheless become part of documentation for a revamped project in the same country, expected to break ground in 2019. The clause, contained in an engineer and supply contract, required the contractor to:

- a. Take all reasonable steps to prevent and address its involvement, including through its business partners such as recruitment agencies, in forced or child labour including by ensuring contractor personnel receive effective training on how to identify and address forced or child labour.
- b. Permit Rio Tinto to access all sites where the contractor was working for Rio Tinto as necessary to verify, monitor and audit the contractor's compliance with Rio Tinto standards including the Supplier code of conduct.

The clause also authorised Rio Tinto to monitor and audit the contractor's compliance with the clause.

Image: Cape Lambert wharf, the Pilbara, Australia





## A note on monitoring and auditing

Key stakeholders including investors and civil society organisations have asked if we audit or otherwise monitor our suppliers, including those off-site. We understand they want confidence that we know, and are acting on, the risks we may have of involvement in modern slavery through our full range of suppliers.

Structured programmes already exist in some high-risk jurisdictions, including site visits for all new suppliers, audits of contractors regarding wage payments and inspecting workers' conditions. However, we are seeking to drive a more consistent Group-wide approach to monitoring, including independent auditing. We also recognise that these practices are often best combined with awareness-raising and other capacity building activities to ensure meaningful change in the practices of suppliers that may be more at risk of involvement in modern slavery.

We are planning to review our risk assessment and mitigation actions for modern slavery in 2019, with increased monitoring, including independent auditing, being one potential action. As part of the review we will draw on current practice within the Group including auditing of suppliers by specific functions and sites and clear contractual rights to audit modern slavery performance afforded by our new global standard supply contracts.



# Training and capacity building

We cannot expect to prevent modern slavery and other human rights issues in our business and supply chains unless we help our employees, suppliers and other business partners spot, report and address them.

Our CSP standard requires all sites to train their employees, contractors and visitors such as other suppliers on human rights.

Our online human rights training programme includes information on labour rights including modern slavery, and our training for security providers under the [Voluntary Principles on Security and Human Rights](#) (VPSHR) includes help identifying and reporting instances of forced labour and trafficking. More information on our security and human rights training programme is available in our *Sustainable development report* and our [Annual report on VPSHR implementation](#).

This year, we continued to train Procurement specialists and others on the “Know your supplier” procedure and the Supplier code of conduct. We also trained key employees to help them better understand, identify and report modern slavery incidents. We continue to provide specialist support to due diligence teams on identifying human rights concerns.

In 2019 we plan to update compulsory human rights training for all Procurement employees including with more information around modern slavery.

We have followed with interest the tools that peers and other organisations are using, such as the post-training surveys used by [Oxfam GB](#), to monitor the effectiveness of their modern slavery training programmes. We plan to explore similar tools in 2019.

Richards Bay Minerals, South Africa



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We cannot expect to prevent modern slavery and other human rights issues in our business and supply chains unless we help our employees, suppliers and other business partners spot, report and address them.”



# Multi-stakeholder collaboration and engagement

We engage with peers, investors, civil society, workers' organisations and business partners on issues related to human rights including modern slavery. We encourage government efforts, especially in countries in which we have a footprint, to help business prevent and address their involvement in modern slavery.

This year, for example, we were proud to support the Australian Modern Slavery Act, publicly endorsing the introduction of the draft legislation as well as its final passage by the Australian Parliament. Our support included signing a multi-stakeholder [letter](#) to the Prime Minister, alongside several leading civil society organisations, investors and business associations, calling for the bill to pass without delay. We also hosted the first meeting, and are a member, of the [Global Compact Network Australia's](#) business-led [Modern Slavery Community of Practice](#), which helps Australian businesses share learning and progress implementation of the Australian Modern Slavery Act and broader modern slavery risk management.

This year we also participated in multi-stakeholder forums to discuss human rights issues, including modern slavery, such as:

- [International Council on Mining & Metals](#)
- [UN Global Compact](#) (including the Australian and UK local networks)
- [Business for Social Responsibility Human Rights Working Group](#)
- [UN Annual Forum on Business and Human Rights](#)

Recognising the importance of engaging with civil society, in 2018 we also convened two roundtables with civil society organisations. The goal of the roundtables, held in Melbourne and Washington, D.C., was to help our chairman, chair of our Sustainability Committee and other senior executives to better understand key concerns from civil society about our approach to sustainability issues, including human rights. We plan to continue these dialogues alongside our bilateral and issue-specific discussions in future. You can read more about these roundtables and their outcomes, including our recently released [statement](#) on the role of civil society organisations, in our 2018 *Sustainable development report*.

We also understand the value of engaging with local civil society organisations to help us to identify and manage modern slavery risks on the ground and aim to develop our partnerships in this area.

Recognising the links between respect for broader labour rights and preventing modern slavery, we continue to engage with workers' organisations at local and global levels. This year, for example, we were pleased to strengthen our relationship with [IndustriALL](#), a global trade union federation representing more than 50 million workers in more than 140 countries. Areas of discussion have included the use of contractors in our workforce and we have reiterated Rio Tinto's commitment to fair conditions for all workers including contractors. This is important for our work to prevent involvement in modern slavery given we know that contractors can be vulnerable to exploitation including modern slavery.

We also continued to engage with investors, both collectively and bilaterally. Modern slavery was recognised as part of our work on environment, social and governance issues at investor roundtables in London and Sydney. We also responded to specific enquiries from investors on modern slavery, including questions about our readiness to implement the Australian Modern Slavery Act.

In 2018 Rio Tinto was ranked as second overall, and the top extractives company, in the [Corporate Human Rights Benchmark](#). The Benchmark ranked 101 of the world's largest companies on their human rights policies and performance and includes modern slavery related indicators.



We also responded to specific enquiries from investors on modern slavery, including questions about our readiness to implement the Australian Modern Slavery Act.”

# Assessment and effectiveness

This statement outlines the steps we are taking to ensure modern slavery is not taking place in our business and supply chains. We will continue to develop our processes and practices to address this challenging and complex issue.

Several of our processes, including our grievance mechanisms, help track our performance. We are not aware of any modern slavery complaints during 2018 through our site-level complaints processes or Group-wide Talk to Peggy process.

We recognise that no, or a low number, of complaints do not necessarily mean that there have been no incidents and are exploring how to better capture data as well as whether our grievance mechanisms can be effectively used by workers and other stakeholders to raise concerns around modern slavery.

For example, our CSP targets require all sites to effectively capture and manage community complaints, and to reduce year-on-year repeat and significant complaints. Through sites working to meet these targets we are getting more and better information about the number and type of complaints filed as well as how they are managed. This will also enable us to better record any modern slavery related complaints made through site-level grievance mechanisms.

Our business conformance audits assessing compliance with sustainability standards and procedures include looking at human rights issues including modern slavery. Our Employee Relations case management system tracks industrial relations disputes and grievances, which may cover a range of labour related issues.

The “Know your supplier” procedure requires our teams to implement mitigation actions arising from due diligence reviews, including any actions relating to modern slavery. Mitigation actions could include recommending site visits to the supplier, including independent audits before and after the supplier comes on board, to ensure any concerns identified during a due diligence review are being managed. This could include a recommendation to embed specific auditing rights into a contract with the supplier. Steps taken to implement mitigation measures must be documented in line with Group procedures. As part of responding to a 2018 audit of various procurement processes across the Group, we are working to strengthen controls so that no supplier can be added to the procurement system unless a “Know your supplier” procedural check has been completed. We are also trying to better monitor internal compliance with mitigation recommendations under the “Know your supplier” procedure.

We believe that the dialogue we maintain between specialist teams and relevant functions and sites on modern slavery continues to show results. Enquiries and decisions by the Third Party Due Diligence team and Procurement specialists have become more informed, particularly in relation to assessing, mitigating and managing modern slavery risk relating to new suppliers. We were also pleased that several of the developments in 2018 around embedding modern slavery in specific projects – including the case studies above regarding inserting modern slavery clauses into the global standard supply contract and tendering agreements for certain major projects – were initiated by project-based staff.

We continue to explore key performance indicators (KPIs) that will help track the effectiveness of actions to prevent and address modern slavery. Conversely, we recognise that KPIs focused on cash cost and productivity could have unintended effects of seeking out lower cost suppliers that could, in turn, have less robust protections against modern slavery. Our training programme raises awareness about these types of implications and highlights that cost minimisation cannot come at the price of our policies and standards, including our Supplier code of conduct.



We believe that the dialogue we maintain between specialist teams and relevant functions and sites on modern slavery continues to show results.”



# Looking ahead

We recognise that tackling modern slavery requires sustained, meaningful commitment.

In 2019, and the years to come, we will continue to collaborate with internal and external stakeholders to prevent and address our own involvement in modern slavery, as well as to encourage progress in international and domestic policy forums.

We will focus on:

## Awareness-raising

- Building more targeted expertise among our Procurement specialists, particularly those working in higher-risk countries or with suppliers from those countries.
- Raising awareness among our suppliers, including as appropriate helping to build the capacity of suppliers to comply with the Australian Modern Slavery Act and NSW Modern Slavery Act, and working with small and medium sized suppliers to avoid overly burdensome requests while still encouraging higher standards.
- Continuing to build expertise with teams at our sites, especially those that rely on contractors in their workforce, so they can better identify and act on any indications of modern slavery.

## Due diligence and risk assessment

- Continuing to evolve third party due diligence processes, to help us identify risk factors from available information sources and determine effective mitigation steps.
- Reviewing our risk assessment and mitigation measures with respect to modern slavery.
- Exploring ways to better identify and act on risks further up our supply chains.



J-S. Jacques,  
Chief executive

## Multi-stakeholder collaboration

- Continuing to collaborate with mining industry groups to address common challenges, helping to ensure the industry learns from best practice in other sectors.
- Talking to customers including within multi-value chain initiatives such as the Aluminium Stewardship Initiative.
- Supporting continued domestic and international policy and regulatory development on modern slavery reporting, including coherence at the regional and global levels.

We are proud of the work we have done, and continue to do, to prevent modern slavery and any inadvertent involvement we may have across our business and supply chains. There is more to do, but we are always looking for new and better ways to eliminate modern slavery, always in partnership with others, knowing that no one can do so on their own.



We are proud of the work we have done, and continue to do, to prevent modern slavery and any inadvertent involvement we may have across our business and supply chains.”

J-S Jacques  
Chief executive  
March 2019

A handwritten signature in black ink, appearing to read 'J-S Jacques'.

**This statement was approved by the boards of Rio Tinto plc and Rio Tinto Limited.**

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