



RioTinto

Slavery and human trafficking statement

2017

Introduction

Modern slavery continues to pose one of the world's greatest challenges to human rights and human development. In 2017, a number of global legal and policy developments underscored that stakeholders – ranging from workers and investors, to governments and customers – expect businesses to understand, and act on, any involvement they might have in modern slavery.



Employees at Rio Tinto Suzhou, Metal Powders Facility, China

Rio Tinto welcomes the progress made in 2017 in raising awareness of this issue and the innovative, often multi-stakeholder, steps being taken to address it.

We continue to set clear expectations that our employees and suppliers will be alert to possible involvement in modern slavery and to reject it. We also know that these expectations need to be supported by knowledge and action to stay relevant and effective.

In March 2016, we published our first [Slavery and human trafficking statement](#). This recognised the challenges of ensuring we avoid any involvement in modern slavery and demonstrated our commitment to addressing any such risks.

This Statement explains what we have done in 2017 to continue strengthening our policies and performance. It meets the requirements of the UK Modern Slavery Act. To ensure a robust and coordinated approach, it was drafted with specialist internal human rights support

as well as input from the wide range of functions that help to protect against modern slavery practices. These functions include Corporate Relations, Procurement, Legal, Human Resources, Marine, Group Security and Ethics & Integrity. We also obtained third party feedback, including from a leading civil society organisation. The Statement uses the UK Government's definition of "modern slavery", including slavery, human trafficking and forced labour.

Headquartered in the UK, 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's joint venture operations or assets which Rio Tinto managed during 2017, as well as the suppliers to those joint ventures. The Statement does not apply to any non-managed joint ventures.

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

Our structure, business and supply chains

Rio Tinto is a leading global mining and metals group with a workforce of 47,000 people in around 35 countries.

We have significant operations in Australia and North America, and also have businesses in Asia, Europe, Africa and South America. You can read more about our business on our [website](#).

In 2017, Rio Tinto continued its work with more than 1,200 procurement staff (in/outsourced) located at 37 sites, with some 33,000 suppliers across the world. The various sourcing projects conducted and over 1,500 procurement bids translated into over 2,000 active contracts, and US\$16.7 billion in spend with suppliers. Rio Tinto Procurement manages the majority of our supplier relationships in partnership with our sites.

The majority by value of our payments are made to goods and services suppliers in Australia, Canada and the US but we generally work with suppliers in all of the countries in which we operate. As illustrated by our projects and operations [map](#) this includes both emerging and developed economies.

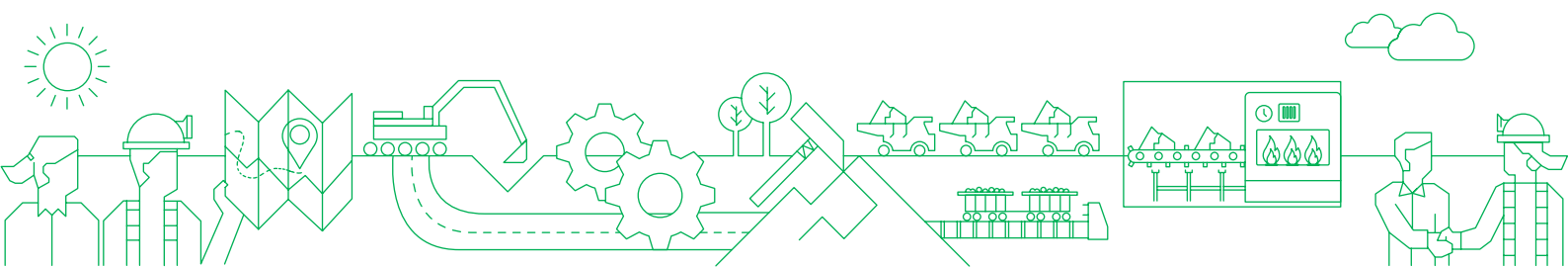
We also procure from countries where we do not have any operations, and in recent years have expanded procurement from suppliers from market competitive countries. The majority of these suppliers come from China and India. Using tools such as the [Global Slavery Index](#) we recognise the heightened risks of exposure to modern slavery in some emerging economies and this Statement explains how we identify and manage these risks.

After Australia, Canada and the US our next highest spend countries include Mongolia, Singapore, China, Great Britain and South Africa. These denote countries where purchase orders were raised and may not always represent the country of origin.

Goods and services cover the mining life cycle, from exploration and construction services to on-site transport, catering and spare parts. Our largest spend categories tend to be fuel, energy, transportation/logistics and materials.

Rio Tinto aims to strengthen communities wherever we operate. One way we do this is through buying locally to deliver benefits for communities, suppliers and our business. As part of this commitment, we also provide small enterprises with technical support to build local communities' procurement opportunities.

**1,200 procurement staff
33,000 suppliers
2,000 active contracts
US\$16.7 billion in spend**



Policies and governance

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

To avoid these interconnected issues falling into siloes, and to ensure a rights-based approach, our work helps protect against modern slavery 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](#). These documents, developed with reference to core international standards including the [Universal Declaration of Human Rights](#), all 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, expressly applies to Rio Tinto's consultants, agents, contractors and suppliers. We also strive to ensure compliance with our policies and standards by our non-managed joint ventures and companies.

In 2017, we continued to raise suppliers' awareness of our [Supplier code of conduct](#), including through information on our website, bilateral discussions and contractual terms. The Supplier code of conduct sets out our expectations of suppliers, their subsidiaries and subcontractors with respect to key issues including human rights. This includes ensuring all work is freely chosen and without the use of forced or compulsory labour. The Supplier code of conduct confirms that we may choose not to work with suppliers who do not meet our expectations. Rio Tinto has also updated its standard contractual terms to include a requirement to comply with the Supplier code of conduct for new or renewed supply arrangements.

Our Procurement standard complements the Supplier code of conduct. It provides that – based on a threshold determination (nature of goods or services, vendor, country of origin) – commercial commitments must not be made without a supplier risk assessment and due diligence. The Know your supplier procedure detailed below explains how to implement this in practice. Our [Business integrity standard](#) also contains requirements around third party risk assessment and due diligence.

Our board [Sustainability Committee](#) monitors compliance with our human rights-related policies and standards. A cross-functional human rights working group helps implement a coordinated human rights approach at an operational level. In 2017, the Sustainability Committee received biannual updates on our progress to protect against 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 (chief commercial officer).



Mine operators at East Weipa mine centre, Australia

Our due diligence processes

We integrate human rights considerations, including modern slavery, into our own operations' risk management processes.

These include site-based social risk analysis and impact assessment; incident reporting and audits; and security and human rights assessments. We may conduct standalone human rights studies at high-risk sites which would include assessment of modern slavery where necessary.

This work forms part of our commitment to carry out human rights due diligence in line with the [UN Guiding Principles on Business and Human Rights](#) (UNGPs), a multi-faceted process requiring companies to identify and manage their human rights risks as well as track and communicate their performance. All sites are required to investigate and resolve all actual, suspected and alleged human rights breaches that involve community members. Meaningful stakeholder consultation as appropriate, including with individuals and groups whose human rights may have been affected (rights holders), plays a central role in these processes.

In 2017, we made changes to our incident reporting procedure at the site level so that employees will now be asked if a health, safety, environment, communities or security (HSECS) incident had human rights implications. It includes a specific prompt relating to modern slavery. We provide guidance for employees that explains what types of indicators may suggest that a HSECS incident had human rights, including modern slavery, implications.

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

When conducting due diligence into suppliers, we apply a range of steps. These include pre-qualification checks, contractual arrangements and ongoing monitoring, as appropriate. For example, suppliers managed by the Rio Tinto Procurement team based in China mainly covering suppliers in China, India and South East Asia must complete a pre-qualification questionnaire explicitly asking about the suppliers' policies and practices on preventing child, forced and bonded labour.

In 2017, we continued to implement our Know your supplier procedure. This is our standardised integrity due diligence process designed to identify the potential legal, ethical or reputational risks of engaging or renewing a supplier, including around human rights. The decision to conduct detailed due diligence takes a risk-based approach, considering factors such as the goods or services, country of origin, vendor and spend level.

We provide specialist internal support to assess identified human rights risks, including around modern slavery, and recommend mitigation actions. Between the procedure's launch in September 2016 and the end of 2017, we have conducted due diligence on 2,050 suppliers. The procedure is now being applied to all new suppliers and is undergoing a staged rollout relating to renewing suppliers, to be completed in 2018.

Case study

Challenges in identifying modern slavery risks through the Know your supplier procedure

2017 provided significant learnings for our Third Party Due Diligence team, which implements the Know your supplier procedure, in how to best identify and act on modern slavery risks relating to new and existing suppliers. Challenges included:

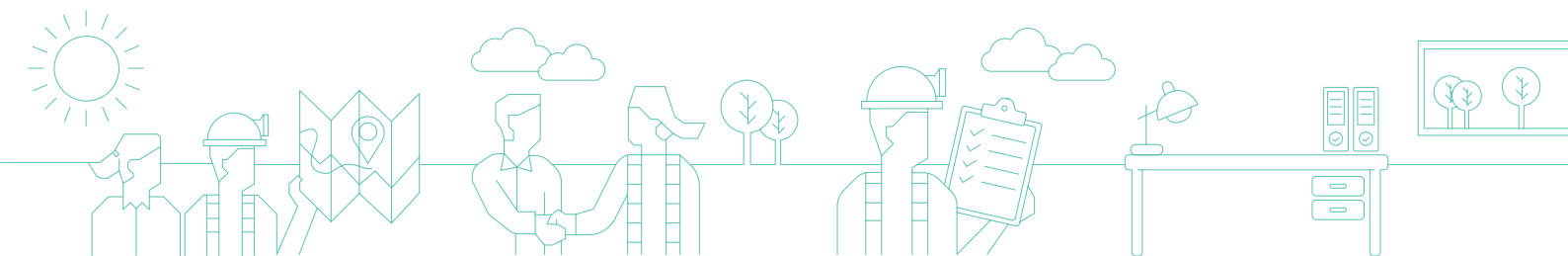
- lack of publicly available information on suppliers' commercial backgrounds;
- reluctance of suppliers to share relevant policies and processes, such as human rights or employment policies, or lack of awareness of which information should be shared; and
- deciding which mitigation options may be most effective in the operating context.

To address these challenges, our response included:

- targeted training for the Third Party Due Diligence team about the types of adverse findings, based on publicly available information, that may suggest a risk of modern slavery;
- engaging with Procurement staff to facilitate more effective discussions with suppliers about their approach to modern slavery; and
- cross-functional coordination to discuss mitigation options.

Grievance mechanisms can highlight systemic issues and thereby strengthen and inform human rights due diligence. Under our Communities and Social Performance standard, all sites are required to have a complaints, disputes and grievance procedure. These must be in line with the UNGPs' criteria of effectiveness for non-judicial grievance mechanisms.

Speak-OUT (also referred to as "Talk to Peggy"), the Group's confidential and independently operated whistleblowing service, is available to all employees, suppliers and contractors to report concerns. Both site level mechanisms and *Speak-OUT* ("Talk to Peggy") may be used to raise concerns about modern slavery.



Risk assessment and mitigation

We use integrated Group-wide processes and standalone studies to consider human rights risks in our operations. Internal guidance states that both approaches should explore all relevant human rights risks, with specific reference to modern slavery in some instances.

For example, our Social risk analysis guidance recommends sites consider risks relating to their impacts on forced labour.

Our businesses' modern slavery risks are affected by various factors, such as the quality of local human rights protection. While suppliers or operations in emerging markets tend to bring the greatest level of risk, we know that human rights issues can happen anywhere. To improve our understanding of local human rights contexts, as well as exposure to related issues such as corruption, we use tools including the [Transparency International Corruption Perceptions Index](#), [Global Slavery Index](#) and [Verisk Maplecroft Human Rights Index](#).

When we are seeking in-depth information on identified risks, country, industry and company-specific resources such as the US State Department's [Trafficking in Persons report](#) and country narratives, [KnowTheChain industry benchmarking](#) and the [Modern Slavery Registry](#) are also useful. For example, the Modern Slavery Registry has provided an important resource to refer to some suppliers' modern slavery statements.

Some of the types of goods and services we procure may be higher risk than others for modern slavery. Depending on the local context, construction, shipping, cleaning and catering and travel services are amongst the higher-risk activities we have identified in this regard. We have also recognised that increased due diligence may be needed when suppliers bring larger numbers of employees or contractors onto Rio Tinto locations, especially those who are lower skilled and providing physical labour.

If a human rights incident occurs, we seek to mitigate the situation as appropriate based on our policies and standards. In line with the UNGPs, this may include remediation based on our involvement.

Case study

Risks identified in 2017 amongst our suppliers

Four of the 2,050 suppliers on which we conducted detailed due diligence from September 2016 to the end of 2017 were identified as high risk for modern slavery related issues. Issues identified included alleged use of trafficked and illegal migrants, poor living and working conditions, and delayed payment of wages.

For example, concerns were raised around a company providing drilling services which had faced public allegations relating to people smuggling. The services were to be provided in a country with a relatively high prevalence of modern slavery according to the Global Slavery Index. In response, our Third Party Due Diligence team liaised with the project staff, human rights specialist and head of Ethics & Integrity to conduct enhanced research on the alleged issue. While dialogue with the supplier suggested the allegations were unfounded, the Third Party Due Diligence team rated the company as high risk given the severity of the allegations and country context, encouraged further dialogue with subject matter experts and suggested various mitigation measures.

The project elected to proceed with the supplier, but with the inclusion of safeguards such as contractual entitlements to interview the supplier's personnel, perform pre-audits of the supplier's working practices and to monitor and audit the supplier's performance through the life of the contract.

Some operations have initiated their own supplier risk assessment and mitigation processes alongside Group procedures. Rio Tinto Marine continues to implement its chartering and due diligence processes to respond to third party risks. These help to ensure that all vessels arriving at Rio Tinto ports can provide assurance that they are compliant with the Maritime Labour Convention.

Rio Tinto Marine is also responding to a 2017 internal audit recommendation to record all incidents involving actual or suspected human rights impacts. This audit, part of our business conformance audits for sites and some Group-wide functions, is part of our process to track compliance with key policies and standards including the Human rights policy. Rio Tinto Marine is also reviewing its risk assessment processes to identify human rights related risks including modern slavery. During 2017, Rio Tinto Marine engaged with our internal human rights specialist about industry developments. This included how best to work with existing due diligence providers such as [Right-Ship](#), which is supporting awareness-raising.

The Rio Tinto Procurement team based in China is largely focused on suppliers from India, China and South East Asia. It has instituted supplier self-assessment on a range of issues including modern slavery. Suppliers are asked questions around several potential indicators of modern slavery, including 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. In 2017, in dialogue with our human rights specialist, the China team requested training to be able to better identify modern slavery, particularly during visits to suppliers. Accordingly, in 2018 we plan to train the team to better recognise indicators of potential modern slavery and how to raise concerns with suppliers, as well as positive ways to engage with suppliers to encourage improved conduct.

Case study

Innovative steps within major projects

In 2017, a Rio Tinto project included a human rights annex in a construction tender. The annex included requirements around forced labour, alongside other labour rights. The three shortlisted tenderers then also went through the Know your supplier procedure. Allegations relating to modern slavery were flagged in relation to one of the tenderers. This company was then asked to provide further information on its current efforts to manage modern slavery related risks. A human rights chapter in the social and environmental impact assessment for this project as a whole will also specifically consider modern slavery related risks.

In 2017, we also engaged with a joint venture partner at a non-managed operation on modern slavery related risks. This engagement was part of our commitment to work with business partners to encourage them to comply with our standards.

Training and capacity building

It is crucial that we build capacity to help our employees, suppliers and other business partners identify, report and address modern slavery issues.

Our Communities and Social Performance standard requires all sites to provide human rights awareness-raising to its staff, contractors and visitors, appropriate to the local context.

Our online human rights training programme includes a module on labour rights and modern slavery. In 2017, the programme's introductory module, which also references modern slavery, was mandatory for all company employees. Our training for security providers under the [Voluntary Principles on Security and Human Rights](#) includes 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](#).

In 2017, we continued to offer training to Procurement specialists and various operations on the Know your supplier procedure and Supplier code of conduct. We also delivered training via webinars to all Procurement employees to improve their ability to understand, identify and report modern slavery incidents. In addition, we are training due diligence teams on human rights red flags.

The training we offer extends beyond our Procurement teams to our wider operations. For example, in 2017 we also delivered an in-person human rights awareness session at one of our project sites, which – given its operating context – included a specific discussion around modern slavery.

The session brought together colleagues from different functions, ranging from site leadership to the Communities and Social Performance team and Procurement specialists. We also held a learning session on modern slavery developments, and Rio Tinto's response to them, at our London corporate office, which was attended by a diverse group of employees.

We are exploring activities in 2018 to raise awareness with targeted suppliers around more effective implementation of our Supplier code of conduct. This would include discussion on modern slavery.

We have followed with interest some of 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 2018.

We are exploring activities in 2018 to raise awareness with targeted suppliers around more effective implementation of our Supplier code of conduct.

Multi-stakeholder collaboration and engagement

We engage with peers, investors, civil society, workers' organisations and business partners around modern slavery and related issues.

We continue to encourage government efforts to help business prevent and address involvement in modern slavery.

In 2017, the Australian Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade launched an inquiry into establishing a [Modern Slavery Act in Australia \(Inquiry\)](#). Rio Tinto was pleased to be referenced in the Committee's final report as being one of the leading Australian businesses supporting legislation, including a requirement for reporting. In addition to our [submission](#) to the Inquiry, we made a [submission](#) to the Government's consultation on the potential nature and form of forthcoming legislation. We also helped facilitate the [Global Compact Network Australia's](#) multi-stakeholder [Modern Slavery Forum](#). More than 100 representatives from Australian business, civil society, investors and the Government took part.

We continue to engage with workers' organisations at a local and global level, recognising the links between respect for broader labour rights and protecting against modern slavery. We were pleased in 2017 to continue to build a positive relationship with [IndustriALL](#), a global union federation representing more than 50 million workers in more than 140 countries. Areas of discussion have included the use of contracting work and we have reiterated Rio Tinto's commitment to fair conditions for all workers including contractors.

We also continued to engage with investors. This included presenting our approach to protect against modern slavery at a sustainable development investor workshop held in Australia. In 2017, Rio Tinto was ranked as third overall in the [Corporate Human Rights Benchmark](#). The Benchmark ranked 98 of the world's largest companies on their human rights policies and performance and includes modern slavery related indicators. It provided another avenue for engaging with investors.

In 2017, we actively participated in several initiatives that provide important multi-stakeholder forums to discuss human rights issues including modern slavery, such as:

- [International Council on Mining & Metals](#)
- [UN Global Compact](#) (including its [Labour & Human Rights Working Group](#), [Australian](#) and [UK](#) Local Networks)
- [Business for Social Responsibility](#) Human Rights Working Group
- [UN Annual Forum on Business and Human Rights](#)

Assessment and effectiveness

This Statement outlines the steps we are taking to ensure modern slavery is not taking place in our business or supply chains.

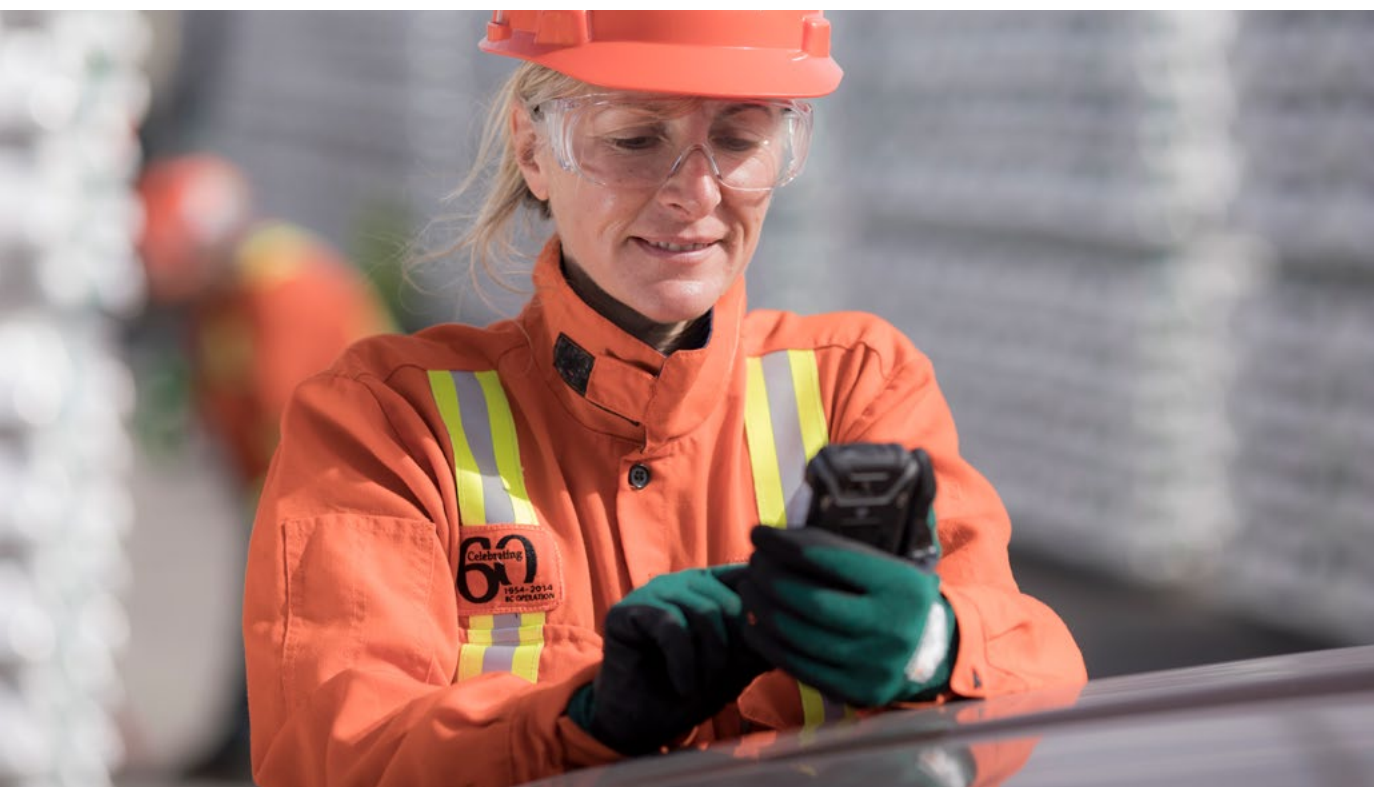
We will continue to develop our processes and practices to address this challenging and complex issue. Several of our processes, including our grievance mechanisms, help track our performance.

We are not aware of any modern slavery complaints during 2017 through our site level complaints processes or Group-wide *Speak-OUT* process.

Our Communities targets require all sites to have effective means for capturing and managing community complaints, and to achieve a year-on-year reduction in repeat and significant complaints. Through these targets we are improving our information about the number and type of complaints filed as well as how they are managed. Industrial relations disputes and grievances, which may cover a range of labour related issues, are tracked globally through the Employee Relations Case Management System.

The Know your supplier procedure requires the implementation and monitoring of mitigation actions arising from due diligence reviews. This includes any actions relating to modern slavery. Results must be documented and retained in line with Group procedures. We believe that the training we provided during 2017 is already showing results. Inquiries and decisions by the Third Party Due Diligence team and Procurement specialists have become more informed, particularly in relation to assessing, mitigating and managing risk relating to new suppliers.

We continue to consider developing 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 with less robust protections against modern slavery. Our training programme raises awareness about these types of implications and highlights that cost minimisation must be in line with our policies and standards including our Supplier code of conduct.



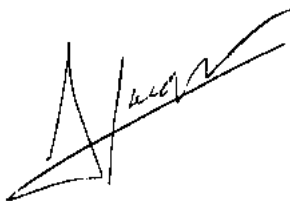
Looking ahead

We recognise that tackling modern slavery requires a continuing year-on-year commitment. In 2018, we will continue to collaborate with internal and external stakeholders to address our own modern slavery risks, as well as to encourage progress in international and domestic policy forums.

We will focus on:

- Building expertise among our Procurement specialists, including those working in emerging markets, in relation to modern slavery issues.
- Raising awareness amongst our suppliers.
- Further developing third party due diligence processes, to help us identify risk factors from available information sources and determine effective mitigation steps.
- Increasing audits of suppliers not operating on our sites.
- Exploring technological options to better monitor how suppliers are implementing our Supplier code of conduct.
- Continuing to collaborate with mining industry groups to address common challenges, helping to ensure the industry does not fall behind other sectors with more evolved practices.
- Developing dialogue with customers including within multi-value chain initiatives such as the Aluminium Stewardship Initiative.
- Encouraging continued domestic and international policy and regulatory development on modern slavery reporting, including coherence at the regional and global levels.

At Rio Tinto we will carry on strengthening our ability to know about, and act on, modern slavery risks. And as part of our commitment to transparency, we also look forward to showing our stakeholders how we are performing and what we are achieving.



J-S Jacques
Chief executive, Rio Tinto

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