

RioTinto

# Slavery and human trafficking statement

2016



## Introduction

Modern slavery is an emerging global issue that businesses need to be alert to and prepared to address. Rio Tinto expects that our employees and suppliers will reject modern slavery.



Image above: Employees conduct a safety briefing at the Oyu Tolgoi copper-gold mine, South Gobi desert, Mongolia.

The challenge of ensuring we avoid any involvement in modern slavery is significant given our size and geographical reach, but we are committed to continuing to evolve our approach to meet developing risks.

This statement, which meets the requirements of the United Kingdom's Modern Slavery Act 2015 (Act), describes the steps taken by Rio Tinto in 2016 to ensure that slavery and human trafficking are not taking place in any part of our business or in any of our supply chains. It uses the government's definition of "modern slavery", including slavery, human trafficking and forced labour.



## Policies and governance

Modern slavery is a human rights issue that does not occur in a vacuum. We explore its links to other risks like corruption to ensure an integrated approach. Our control framework includes various policies and standards, some directly referencing modern slavery, others with more general human rights requirements.

Our global code of business conduct, [The way we work](#), our [Human rights policy](#) and [Employment policy](#) state that we reject any form of slavery and prohibit the use of forced, bonded or child labour. *The way we work* expressly applies to Rio Tinto's consultants, agents, contractors and suppliers and we strive to ensure compliance by our non-managed JVs and companies. Our Human rights policy confirms our approach is consistent with global principles in the area.

In 2016, we replaced our Procurement principles with our [Supplier code of conduct](#) which is part of our contractual arrangements with existing and new suppliers. It 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 we may choose not to work with suppliers who do not meet our expectations.

Complementing the Supplier code of conduct, our Procurement standard 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 and a cross-functional human rights working group helps implement a coordinated human rights approach at the operational level.

We recognise the benefits of multi-stakeholder collaboration and participate in a number of initiatives which provide important forums to discuss modern slavery.



Employees at Dampier Port, Australia, prepare for work.

## 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 assessments; incident reporting and audits; and security and human rights assessments.

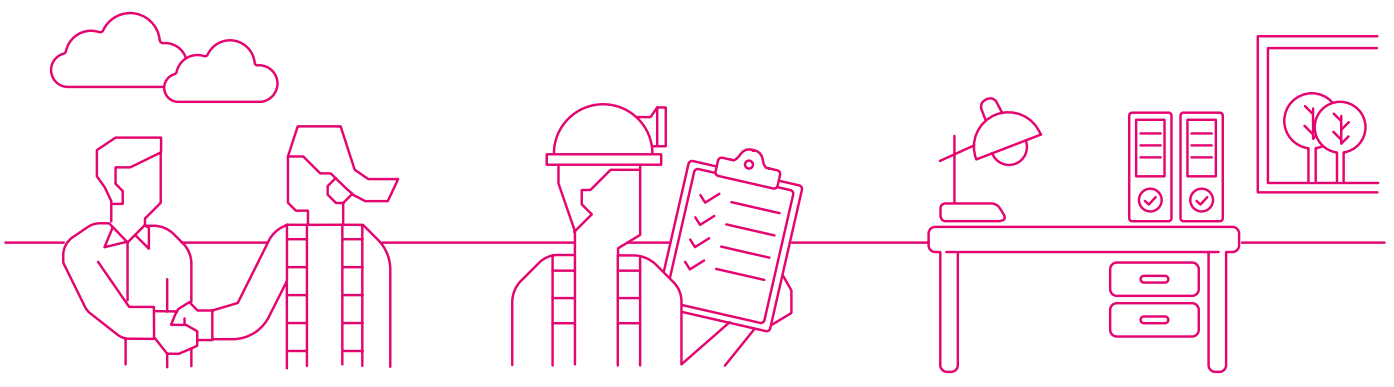
We may conduct standalone human rights studies at high-risk sites. All sites are required to investigate and resolve all actual, suspected and alleged human rights breaches that involve community members in line with Rio Tinto's [Human rights policy](#). Meaningful stakeholder consultation, including with affected rights-holders as appropriate, plays a central role in these processes.

Due diligence regarding suppliers includes a range of steps applied as appropriate, such as pre-qualification checks, contractual arrangements and ongoing monitoring.

In 2016 we launched the Know your supplier procedure, a standardised integrity due diligence process to identify the potential legal, ethical or reputational risks of engaging or renewing a supplier including around human rights. This procedure replaced previous business level integrity due diligence processes and is undergoing a staged roll out for new and existing suppliers.

Taking a risk-based approach, the decision to conduct detailed due diligence is based on the goods or services, country of origin and vendor including spend level. Due diligence reports cover identified human rights risks, including modern slavery.

Grievance mechanisms can strengthen human rights due diligence by highlighting systemic issues. Under our [Communities and Social Performance \(CSP\)](#) standard, all sites are required to have a complaints, disputes and grievance procedure in line with the [UN Guiding Principles on Business and Human Rights'](#) (UNGPs) criteria of effectiveness for non-judicial grievance mechanisms. *Speak-OUT*, the Group's confidential and independently operated whistle blowing service is available to all employees, suppliers and contractors to report concerns. Both site level mechanisms and *Speak-OUT* may be used to raise concerns about modern slavery.



## Risk assessment and mitigation

We consider human rights risks in our operations using integrated Group-wide processes and standalone studies. 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 have different modern slavery risks depending on various factors, including the level of human rights protection and enforcement where they are operating. We use tools to better understand local human rights contexts as well as exposure to related issues such as corruption including the [Transparency International Corruption Perceptions Index](#) and [Verisk Maplecroft Human Rights Atlas](#). While high-risk jurisdictions mainly correlate to our operations in, or suppliers from, emerging markets, we know human rights issues can happen anywhere.

Cross-functional teams have discussed what types of goods and services we procure may be higher risk for human rights including modern slavery. Construction, shipping, cleaning and catering and travel services were amongst the higher-risk activities identified depending on the local context. We have highlighted that increased due diligence around human rights including modern slavery may be needed when suppliers bring larger numbers of employees or contractors, especially those who are lower skilled and providing physical labour, onto Rio Tinto locations.

When 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.

Some operations have initiated their own risk assessment and mitigation processes regarding suppliers alongside Group procedures. Responding to identified risks around payment of wages and working conditions on chartered ships, in 2016 Rio Tinto Marine (RTM) implemented initiatives to help ensure all vessels arriving at Rio Tinto ports provided a Maritime Labour Certificate and/or associated declaration of maritime labour compliance. We are aware of one incident in 2016 of failure to pay wages on a ship chartered by a subsidiary. When concerns were raised RTM immediately asked the ship owner and manager to resolve any wages and working conditions matters. RTM will continue to review its chartering and due diligence processes to further respond to third-party risks, including non-payment of wages.

Rio Tinto Procurement Emerging Markets, largely focused on suppliers from India, China and South East Asia, has instituted self-assessment on a range of issues including forced labour. This helps to better understand suppliers and introduce mitigation measures where needed.

Following a human rights risk analysis which identified labour rights amongst other risks, a project in Africa incorporated a standalone human rights annex into a major construction tender, including requirements around forced labour. This helped map the expertise required for a contractor to be selected in a high-risk jurisdiction.

## Training and capacity building

Awareness-raising is crucial in helping prevent and address modern slavery in our business and supply chains. Our CSP 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 including guidance around forced labour has been mandatory for all employees in Rio Tinto's Procurement function since 2014. As of December 2016, 96 per cent of all Procurement employees had completed the training.

In 2016, we refreshed our human rights training including developing a procurement module. Our new introductory human rights module will be compulsory for all staff in 2017 – it explains that our salient human rights risks include labour rights issues. Our training for security providers under the [Voluntary Principles on Security and Human Rights](#) includes identifying and reporting instances of forced labour and trafficking.

In 2016 we offered training to Procurement specialists and various operations on the Know your supplier procedure and Supplier code of conduct. Our Supplier code of conduct expects international human rights standards to be applied wherever we operate and do business, even where standards go further than local legal compliance. We understand the need to build capacity amongst our own employees as well as suppliers on the importance of meeting these standards.

# 96%

As of December 2016, 96% of all Procurement employees had completed human rights training

## Assessment and effectiveness

This statement outlines our steps to ensure slavery and human trafficking are not taking place in our business or supply chains. We are not suggesting we have solved all challenges in this complex area. We believe that our current policies and processes include important measures which will help us to progress our work.

Several of our processes, including our grievance processes, will help track our performance. We are not aware of any modern slavery complaints during 2016 through either our site level complaints processes or Group-wide *Speak-OUT* process. New targets require all sites to have effective capture and management of community complaints, and 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 implementation and monitoring of mitigation actions from due diligence reviews. This would include any actions relating to modern slavery. Results must be documented and retained in line with Group procedures.

We will consider key performance indicators (KPIs) to help track the effectiveness of actions to prevent and address modern slavery. Conversely, we are not aware of any KPIs for our operations which would incentivise or facilitate modern slavery. Our training programme intends to raise awareness of avoiding these types of actions.

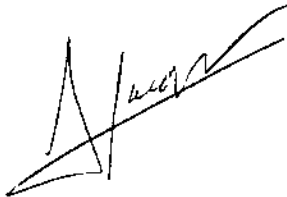
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## Looking ahead

In 2017 we will continue to embed the prevention of modern slavery into operational as well as supplier-driven processes.

For our own operations this includes further integrating management of modern slavery risks into site-level processes. For our supply chains we will focus on implementing the Know your supplier procedure as well as driving compliance with our standards including our new Supplier code of conduct.

Rio Tinto continues to welcome multi-stakeholder collaboration including around evolving the mining industry's response to modern slavery. We will continue to join relevant domestic and international discussions to build consistency and continuous improvement across both regulatory and policy options.



**J-S Jacques**

Chief executive, Rio Tinto

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



