

# Respecting human rights

RioTinto

Our statement on modern slavery 2019





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## Our 2019 highlights

- Rolling out and implementation of a modern slavery clause in our global contract for suppliers
- Continuing to strengthen the Know Your Supplier procedure to better understand a broader range of suppliers across our business
- Engaging with stakeholders to support the implementation of the Australian Modern Slavery Act
- Building capacity in our Marine team to identify and act on modern slavery risks

# Our approach

Respecting human rights, including the right to be free from slavery, is inherent in our core values of safety, teamwork, respect, integrity and excellence.

It is also a foundational element of the three pillars of our sustainability strategy: running a safe, responsible and profitable business; collaborating with others to enable long-term economic benefits; and pioneering materials for human progress.

We know that genuinely committing to address modern slavery requires concrete action. Accordingly, we continue to set clear expectations that our people and suppliers must follow, so they can be alert to potential involvement in modern slavery, and take steps to prevent and address it.

However, the global fight against modern slavery needs multi-faceted and collective action. Enforcement of laws, resourcing of preventative and survivor support mechanisms and multi-stakeholder collaboration is essential. Policy coherence and consistent regulation is also key for actors working across jurisdictions.

In 2019, the role of business in combatting modern slavery was once again strengthened by several developments, which we have closely followed:

- The release by the Australian Government of its [Guidance for Reporting Entities](#) under the Australian Modern Slavery Act (for which we provided input);
- [Consultation by the Canadian Government](#) on labour exploitation in global supply chains;

- An [Agenda for Action on Business and Human Rights](#) by the Finnish European Union (EU) Council Presidency, referring to the need for further EU-wide initiatives around governing responsible management of supply chains, including regulation on mandatory human rights due diligence;
- The [UK Government's response](#) to the Independent Review of the UK's Modern Slavery Act (MSA); and
- The release of the [Finance Against Slavery and Trafficking Blueprint](#), highlighting expectations investors and other financial institutions may set of business to manage their modern slavery risks as well as transferable ideas for all sectors on providing support to survivors of modern slavery.

This year's statement explains the actions we took in 2019 to strengthen our policies and performance in line with the requirements of the MSA. We have also considered the new Australian Modern Slavery Act and provided a table at the end of this statement to explain how we are starting to address this most recent legislation. While we are not required to report under the Australian legislation until June 2021 we wanted to highlight our ongoing support for the legislation and our progress in working towards compliance with it.

This is our fourth slavery and human trafficking statement under the MSA: our 2016, 2017 and 2018 statements are available on our [website](#). This statement has been drafted by our internal human rights experts, with valuable contribution from a wide range of functions, including Corporate Relations, Ethics & Integrity, Group Security, Human Resources, Investor Relations, Legal and Commercial (including Marine and Procurement).

Headquartered in the UK and in Australia, the Rio Tinto Group comprises Rio Tinto plc and Rio Tinto Limited. This statement applies to the global operations, subsidiaries and suppliers of both companies, including those subsidiaries we believe to be covered by the MSA<sup>1</sup>. In line with the UK Government's guidance, we have produced one statement, which relevant subsidiaries may use to meet the requirements of the MSA. This 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, although where possible we have highlighted our work to identify over-arching risks relating to these partnerships and to set our expectations for alignment by our partners with our core standards, including ongoing respect for human rights. Information on our joint ventures is contained in our [Annual Report](#).

Our 2019 statement uses the UK Government's definition of "modern slavery", which includes slavery, human trafficking and forced labour. We define "suppliers" in this statement to include suppliers of goods and services. When we refer to our "people", we mean our employees, directors and our Category 1 contractors.

This statement was approved by the full boards of Rio Tinto plc and Rio Tinto Limited, and reviewed by the board's Sustainability Committee. We also obtained third party feedback, including from two civil society organizations and two institutional investors.

1. These subsidiaries are Borax Europe Limited and Rio Tinto International Limited. Our 2020 statement will provide information on all Rio Tinto Limited subsidiaries covered by the Australian Modern Slavery Act including our consultation with those and other related entities in line with the legislation.

# Our structure, business and supply chains

We are a mining and metals company operating in about 35 countries, with 47,500 employees across 60 operations and projects. We produce the materials essential to human progress and by doing so efficiently and effectively, we aim to deliver superior returns to our shareholders while safeguarding the environment and meeting our wider obligations to society. As illustrated by our projects and operations [map](#), we have significant operations in Australia, Canada and the US and important assets elsewhere, including businesses and operations in Asia, Europe, Africa and South America. Our [website](#) provides more detailed information about our business, including our strategy, products and operations, as well as our approach to sustainability.

Rio Tinto manages approximately 37,000 suppliers in more than 120 locations, with a total spend of approximately \$17 billion. Our global procurement team, with approximately 370 employees in 31 locations, manages the majority of this spend, with the support of our *Purchase to Pay* team.

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

We aim to play a positive role in the communities where we operate. We strive to buy local products and engage local services. In areas where the skills, goods and standards we need are unavailable, we invest in developing that capacity, and in doing so, support local economic development. As part of our commitment to local procurement, where needed, we provide prospective suppliers with technical support to help them meet our procurement standards.

The goods and services we buy span the asset life cycle; from exploration and construction services when we build our mines and operations, to on-site transport, catering and equipment for running our operations and tools for land rehabilitation when we close a site. In addition to contracted labour, our largest spend categories are mining equipment, transportation and logistics, fuel and consumables (which include maintenance, repair and operating supplies).

**37,000 suppliers**  
**> 120 locations**  
**~\$17bn in spend**



CASE STUDY

# Working with local suppliers to combat modern slavery

Capacity-building with our suppliers is integral to preventing modern slavery across the value chain. This is a reciprocal approach – we learn from suppliers and assist to increase their awareness as well.

It is important that both prospective and current suppliers understand our expectations. For example, at our Oyu Tolgoi operation in Mongolia, we are working with local government and development agency partners to provide concrete information and help Mongolian businesses avoid negative effects on their workers, the environment and the local community. Our aim is to strengthen local businesses and promote more responsible business conduct.

Our work has included creating two business innovation growth (BIG) centres in Ulaanbaatar and Dalanzadgad. The BIG centres provide information on our requirements for suppliers and capacity-building training. Over 2,100 participants attended in 2019. These sessions have included information on avoiding forced and child labour.

Suppliers may be referred to the BIG centres if they do not meet pre-qualification requirements, including compliance with local labour laws and respect for human rights.

“  
**Our aim is to strengthen local businesses and promote more responsible business conduct.**”

# Policies and governance

Human rights abuses, including modern slavery, are often associated with other governance failures, including corruption and failure to enforce other legal and regulatory requirements. We understand these connections and ensure that our own approach to modern slavery is not siloed from our wider commitment to responsible business conduct. We do so by integrating our response to modern slavery into our broader human rights programme as well as our supplier vetting and monitoring.

Our people and suppliers are required to follow our policies and standards. Several of these instruments include a component that aims to prevent modern slavery. These 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](#) and the [UN Guiding Principles on Business and Human Rights](#) (UNGPs), state that we reject any form of slavery and prohibit the use of forced or bonded labour. The way we work explicitly applies to our suppliers and we expect our joint venture partners and non-controlled companies to respect the principles contained within it.

In 2019, we refreshed our Employment policy to reinforce our commitment to creating an inclusive environment and to demonstrate respect for the broader labour rights of our people, both employees and those working via third party suppliers. Our Human rights policy is due for review in 2020.

Our [Supplier code of conduct](#), available on our website in five languages, is provided to prospective suppliers, and is regularly referenced in discussions with existing suppliers. It sets out our expectations of suppliers (and their subsidiaries and sub-contractors) with respect to key issues such as human rights. Specifically, it requires that all work must be freely chosen and completed without the use of forced or compulsory labour.

The Supplier code of conduct makes it clear that Rio Tinto may decide not to work with suppliers who do not meet our expectations. This is supported by the Supplier code of conduct forming part of our standard contractual terms. This means that non-compliance may allow us to terminate the relationship with a supplier. In 2019 we also added modern slavery requirements into our standard global contract for suppliers.

Our Procurement standard mandates that all new suppliers and certain renewals of existing suppliers must undergo due diligence relating to ethics and integrity (including human rights as detailed in section 4 below) in accordance with the Know Your Supplier procedure.

More broadly, our Business Integrity Procedure requires that before engaging with third parties, such as customers, suppliers and business partners (including joint venture partners and acquisition and divestment targets), we conduct a due diligence assessment.



**The Supplier code of conduct makes it clear that Rio Tinto may decide not to work with suppliers who do not meet our expectations.”**

In 2019 we provided biannual updates to our board’s Sustainability Committee on our progress on tackling modern slavery. The [Sustainability Committee](#) monitors compliance with our human rights-related policies and standards. Executive Committee accountability for the area is cross-functional and includes leaders responsible for our human rights approach (Corporate Relations), third party due diligence and broader business integrity work (Legal & Governance) and procurement (Commercial). Overall coordination of our modern slavery approach is part of our human rights programme and is led by human rights experts in our Corporate Relations team, in close collaboration with the functions that apply our processes on the ground including Ethics & Integrity, Human Resources and Procurement.

Our [Communities and social performance standard](#) has a stand-alone human rights clause that requires each site to include human rights issues in social risk analyses and impact assessments, to provide human rights training to our people, contractors and visitors appropriate to the local context and to report and investigate all actual, suspected and alleged human rights breaches.



CASE STUDY

# Implementation of modern slavery clause in our standard global supply contract

In 2019, we rolled out our new global contract for suppliers, including a clause relating to modern slavery. The contract will be standard across the Rio Tinto group. The modern slavery clause establishes a baseline expectation for how we require our suppliers to assess and manage modern slavery risks. The clause is explained in detail in our [2018 Modern Slavery Statement](#). We have also included a higher level modern slavery requirement in our global standard purchase order conditions which in essence requires suppliers to comply with any applicable legislation and

take appropriate steps to meet international standards around modern slavery. Together the clauses in our global supply contract and purchase order will apply to all suppliers being engaged via our global supply contract and new suppliers who have been engaged solely via a purchase order.

Initial feedback on the modern slavery clause has been limited, but some suppliers have raised queries around Rio Tinto's right to audit against our modern slavery requirements and the

supplier's requirement to confirm that it and its subcontractors have not been investigated or convicted for modern slavery offences, or notify Rio Tinto where there is an allegation relating to any modern slavery activity. Modern slavery clauses are still fairly novel, and information on best practice on their implementation is rare. Accordingly, we welcome supplier engagement with the clauses while maintaining our expectations that suppliers know, and can show us, that they are meaningfully tackling their modern slavery risks.



Image: Handicrafts made by Kanto, a cooperative in Fort Dauphin near our QIT Madagascar Minerals operation



## Setting expectations to help prevent involvement in child labour in our global supply chain

The Australian Modern Slavery Act's definition of "modern slavery" includes the worst forms of child labour as defined by the [International Labour Organization](#). The worst forms of child labour include all forms of slavery and hazardous work. We acknowledge the importance of having robust policies and processes to ensure that through our own activities or business relationships, we are not involved in the worst forms, or indeed any form, of child labour.

Core policies applicable to our people and suppliers, including *The way we work*, our Human rights policy and Employment policy, make it clear that we reject any form of child labour. We understand child labour to be any form of work by children prohibited by international human rights (including labour rights) standards. This includes the prohibition on the worst forms of child labour. Our Supplier code of conduct also confirms that we expect our suppliers to ensure all workers are of local legal age and to prevent the use of illegal child labour. Our enhanced due diligence procedures around higher risk third parties are equipped to identify child labour-related concerns, as are our social risk analysis and impact assessment tools.

Recognising we have more work to do, we were pleased to receive 9.5 out of 10 in the 2019 [Corporate Sector and Children's Rights Benchmark](#), including a strong result in the benchmark's child labour indicator.



**We acknowledge the importance of having robust policies and processes to ensure we are not involved in any form of child labour.”**



# Our due diligence processes

## Human Rights due diligence

We implement human rights due diligence in line with the UNGPs. This includes identifying, and taking appropriate action against, adverse human rights impacts in which we may be involved, and tracking and communicating our performance. We understand that meaningful consultation with individuals and groups whose rights may be (or have been) affected - including workers - plays a central role in human rights due diligence.

We integrate human rights considerations, including modern slavery, into our sites' risk management processes: site-based social risk analyses and impact assessments; incident reporting and audits; and security and human rights assessments.

## Incident reporting

Our site-level incident reporting procedure prompts our people to specifically record whether a health, safety, environment, community or security incident has had human rights implications. They are then asked to identify what specific human right the incident may have impacted, including a targeted prompt relating to labour rights, where modern slavery related incidents may be included. We are not aware of any recorded incidents using this classification in 2019 relating to modern slavery. Noting that it is not compulsory for our people to use this human rights classification when recording incidents, we also recognise more awareness-raising may be needed in explaining why and how to use this functionality.

## Supplier risk assessment

Our supplier risk strategy is activated during the pre-qualification phase and extends through to an ongoing risk assessment, targeting modern slavery along with other issues around responsible business conduct, including trade sanctions compliance, bribery and corruption and other human rights issues. This work is undertaken in collaboration with Ethics & Integrity, Governance, and Risk.

Any red flags are reviewed in partnership with the relevant business unit and actions taken if needed.

## Know Your Supplier procedure

The Know Your Supplier procedure provides the overarching due diligence process for our supplier risk management approach, facilitating identification of the potential risks of engaging, renewing or extending a relationship with a supplier. The procedure is designed to identify a variety of risks relating to responsible business conduct - including human rights, bribery and corruption, money laundering, trade sanctions or denied party transactions. This procedure is also applied to joint venture partners and third parties in relation to mergers and acquisitions, growth projects and strategic acquisitions. It complements the consideration of social risks that is a routine part of due diligence for mergers and acquisitions and partnership assessments, including joint ventures.

The Third Party Due Diligence team sitting within our Ethics & Integrity function is responsible for administering the Know Your Supplier procedure. The team is provided with specialist internal support from our human rights experts to assess identified human rights risks, including modern slavery, and to recommend and monitor the implementation of mitigation actions.

In 2019 we completed 3,273 due diligence reviews on third parties, of which 80% related to suppliers - a 29% increase from 2018. Due diligence reports were requested from across our business, with the most received from Commercial, which includes Procurement (18%) and two of our product groups, Energy & Minerals (17%) and Growth & Innovation (26%), the latter of which leads the development of our major projects. Five of the due diligence reviews completed in 2019 identified labour-related issues. Two of these five reviews warranted further exploration on modern slavery-related concerns.

In 2019 we continued to improve processes around the Know Your Supplier procedure and extended its scope. All new suppliers must go through the procedure and it now covers existing suppliers of all business units and functions in high risk, very high risk and tax haven countries (consistent with lists maintained internally). These lists include consideration of the [Transparency International Corruption Perception Index](#). Recognising the importance of understanding the local context, and following the expansion of our Third Party Due Diligence team in Asia in 2018, we are increasing due diligence expertise in the Americas by hiring due diligence specialists in Montreal in 2020.

We have also adjusted the definition of a supplier's "country" to help determine if a supplier is from a higher risk country and therefore will require enhanced due diligence. A supplier's "country" no longer refers only to where the supplier is incorporated; it now also includes the site or location where the goods or services are provided to Rio Tinto, to ensure activities in higher risk jurisdictions are covered under the Know Your Supplier procedure. Assessing a supplier based simply on their place of incorporation may not provide a complete risk picture, given challenges that may be specific to the context in which they are operating. We rolled out these changes through internal communication and management updates, face-to-face and online training sessions with key internal stakeholders, including our Procurement function, and targeted sessions for on-site procurement personnel.

While the Know Your Supplier due diligence process is primarily based on information obtained through public sources, we also ask for direct information from suppliers in specific circumstances. This would include when modern slavery concerns have been identified.



## Understanding the 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.



## OUR STATEMENT ON MODERN SLAVERY

### Supplier monitoring including audits and self-assessments

We may also decide to inspect, including audit, a supplier's premises and/or records at different stages of the supplier relationship. This includes where we identify risks as part of the Know Your Supplier procedure; as part of prequalification in some locations including China, South Africa and Mongolia; and where issues arise during the term of the contract. For example, in 2019 we undertook an audit of human resources practices for local suppliers in South Africa. We also completed an independent third party audit on a supplier in the US following concerns that were raised by a workers' organisation including around labour rights. The auditor did not find any evidence of modern slavery. We are working with the supplier around mitigation actions on broader points.

We may also ask our suppliers to carry out self-assessments as part of our efforts to identify our human rights risks relating to a particular supplier. For example, in China, we use a supplier self-assessment process 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. These self-assessments occur alongside the Know Your Supplier procedure, as well as mandatory visits to all suppliers' sites. We are not aware of any of these self-assessments or site visits uncovering concerns relating to modern slavery in 2019.

### Know Your Customer procedure

Our Know Your Customer Procedure assesses and identifies risks in relation to a variety of issues including human rights, bribery and corruption, money laundering, trade sanctions or denied party transactions, financial crimes and other reputational risks. In 2020 we will continue to explore ways to integrate human rights, including modern slavery, more directly into the due diligence process for certain types of customers. We continue to be involved in value chain initiatives, including the [Aluminium Stewardship Initiative](#), which also give us the opportunity to speak with our customers about human rights, including modern slavery.

### Grievance mechanisms and remediation

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

Grievance mechanisms help highlight systemic issues and by doing so, strengthen and inform our human rights due diligence.

Our Communities and social performance standard requires all Rio Tinto-managed sites to have a complaints, disputes and grievance procedure in line with the UNGPs' criteria of effectiveness for non-judicial grievance mechanisms.

Our confidential whistleblowing programme, *Talk to Peggy*, is available to all of our people, suppliers (and their workers), community members, other stakeholders and the public to bring allegations of issues and inappropriate behaviour to the attention of senior management. Subject to local law, reports received through *Talk to Peggy* can be on any topic and may relate to (but are not limited to) concerns about material violations of laws or company standards, policies or procedures including fraudulent activities or bribery and corruption.

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

The Supplier code of conduct confirms suppliers can access *Talk to Peggy*, provides the *Talk to Peggy* (formerly known as Speak-OUT) website and strongly encourages suppliers to report breaches of the Supplier code of conduct or *The way we work*. More information on *Talk to Peggy*, including how people can report concerns anonymously, is available on our designated [website](#) for the mechanism and on our broader [Sustainable development web-page](#).



***Talk to Peggy, is available to all of our people, suppliers (and their workers), community members, other stakeholders and the public.***

There were 805 *Talk to Peggy* cases raised in 2019. The issues raised via *Talk to Peggy* broadly relate to personnel, business integrity, information security, health and safety, finance and communities. The *Talk to Peggy* cases that related to personnel in 2019 included issues relating to benefits and compensation, discrimination and bullying and harassment amongst other employee-related matters. The *Talk to Peggy* cases involving suppliers largely related to alleged conflicts of interest between suppliers and employees. We are not aware of any modern slavery-related issues raised via *Talk to Peggy* in 2019. If a modern slavery-related concern was raised through *Talk to Peggy*, it would likely be categorised under personnel as an unfair labour practice issue. There is also a separate sub-category for child labour related complaints to ensure these types of complaints can be identified and addressed.

We are also not aware of any modern slavery complaints raised through site-level mechanisms in 2019. Whilst we believe that the absence of modern slavery-related complaints is a positive reflection of Rio Tinto's efforts in this area, we understand that we must continuously ensure that both internal and external stakeholders trust, and believe it will be helpful to use, our grievance mechanisms. Similarly, we understand the importance of ensuring those who manage our grievance mechanisms, including those who receive complaints, are appropriately trained to identify the signs of labour rights infringements, including modern slavery, even when they are not identified as such by complainants.

# Risk assessment and mitigation

We recognise the importance of understanding and being able to describe the risks of modern slavery practices in our operations and supply chain.

We use broader processes, such as social impact assessments, as well as targeted studies, such as human rights impact assessments and risk analyses, to assess human rights risks across our business. Internal guidance states both social impact assessments and risk analyses 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.

We use tools such as the [Transparency International Corruption Perceptions Index](#), [Global Slavery Index](#) and [Verisk Maplecroft Human Rights Indices](#) to improve our understanding of the modern slavery risks we may face in different locations and our potential exposure to broader human rights risks and corruption. When we need more in-depth information on identified risks, we use 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](#). For example, in 2019 we continued to use the Modern Slavery Registry to view certain suppliers' and other business partners' modern slavery statements where available.

We also use resources like the [Responsible Sourcing Tool](#) to enhance our understanding of which goods or services may be higher risk due to known challenges arising in a particular industry, or because of how goods are manufactured, or services are carried out. These tools have revealed that some of our higher risk sourcing likely includes uniforms and protective equipment as well as construction, shipping, cleaning and

transport services. This is due to a variety of factors in these sectors, including the use of sub-contracting, an increasing use of migrant workers and the prevalence of lower-skilled labour.

We recognise the heightened risks of exposure to modern slavery in some emerging economies but also know that modern slavery can occur in developed markets. We understand that our modern slavery risks are also affected by external factors including the steps governments take to guard against modern slavery.

Our assessment that a country or activity is higher risk may then lead to further checks. For example, a supplier working in a country classified as high risk may require an enhanced due diligence review under the Know Your Supplier procedure. In 2019, we also continued to ask for the labour policies of prospective suppliers that planned to bring manual labourers onto our sites in high or very high risk countries. Our review of these policies – including a consideration of commitments to prevent and address modern slavery – informs our decisions on whether or not to engage those suppliers, and if we do, whether any risk mitigation actions are required.

In 2019, we recorded two modern slavery-related “high” risk ratings as a result of Know Your Supplier due diligence reviews, a change from none in 2018 and four from September 2016 to the end of 2017.

In addition, we logged five “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 all labour rights.



**We use broader processes as well as targeted studies to assess human rights risks across our business.”**

In 2020 we will continue to expand our supplier due diligence process by broadening our scope for the Know Your Supplier procedure, leveraging external expertise, and exploring technological solutions to further embed the Know Your Supplier procedure in procurement processes.

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). Our focus to date has been on these first tier suppliers - given the complexity and breadth of our supply chain. For example, our Know Your Supplier procedure applies only to direct suppliers. However, 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 own supply chain, as well as raising awareness amongst our people of how to identify potential issues relating to multi-layered arrangements such as suppliers with known complex labour hire arrangements.



## Reflections on reviewing suppliers' labour policies

Throughout 2019 our Third Party Due Diligence team, which implements the Know Your Supplier procedure, continued to seek support from our internal subject matter experts at various stages of the procedure's implementation.

This included referring our Procurement team to source labour policies from suppliers (where required as part of the procedure as noted above) for review by our human rights experts. These reviews are designed to help us assess if suppliers are committed to respect labour rights, including freedom from slavery, in line with our Supplier code of conduct.

Our human rights experts reflected that it can be challenging to understand how commitments in labour and other policies are implemented within a supplier's business and value chains. However, there has been a concerted effort and willingness from suppliers to answer any questions we may have around implementation of these policies. On the whole, the documents do provide a helpful indication of what gaps the supplier may have in their policies and practices.

Another challenge has been that some smaller suppliers may not have formal labour policies. In these cases, we may ask instead for information on the supplier's general approach to areas usually covered in a labour policy.

Overall, there has been increasing uptake of feedback provided to suppliers during this process, which we believe is helping to raise standards aligned with our Supplier code of conduct.



CASE STUDY

# Working with our Marine function to understand modern slavery ‘red flags’

As a part of our internal assurance programme, our Marine function underwent a strategic review in 2019. This review involved a cross-functional internal audit team, including our human rights experts, visiting ports and vessels. The audit team also engaged with key business partners, including ship managers based in Singapore.

A key focus of this review was the implementation of the Communities and social performance standard, in particular the management of human rights risks. Before the review commenced, we took time to understand the processes we have to ensure that all vessels we use at our

ports provide assurance of compliance with the Maritime Labour Convention. This includes boarding chartered ships to inspect workers' conditions including freedom from slavery.

The review highlighted that our internal policies and procedures were being implemented across the Marine function to help manage human rights risks prevalent across the shipping industry. The review also highlighted positive changes to embed respect for human rights, such as the Marine team's introduction, in 2019, of a modern slavery clause into its standard voyage charter party agreements.

As a follow up to this review, our human rights experts provided a presentation on red flags for modern slavery in shipping for the team to share with our ship managers to help raise awareness. Issues colleagues could look for included identity document retention without reasonable access, payment of recruitment fees, signs of physical or psychological harm, poor living and working conditions and lack of understanding of job requirements. Our human rights experts will continue to work with Marine to embed the review's outcomes.



Image: Cape Lambert Port, Australia



# Training and capacity building

Our people are our first line of defence in identifying and helping us to address any instances of modern slavery. It is imperative that they understand the key signs of modern slavery, particularly those colleagues most likely to be exposed to it. We also want them to understand how our modern slavery risk management fits into our broader human rights programme and wider sustainability strategy. This helps us to ensure we are coordinated and avoid working in silos. We use a variety of different forums and tools to raise this awareness.

Our Communities and social performance standard requires all sites to train employees, contractors and visitors (such as other suppliers) on human rights and during 2019 we provided face-to-face human rights training at two sites in Africa.

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 for security providers to identify and report instances of forced labour and trafficking. More information on our security and human rights training programme, including in-person training provided in 2019, is available on our website and our [Annual report on VPSHR implementation](#).

We continued to provide specialist support to the Third Party Due Diligence Team on identifying human rights concerns throughout 2019. We are also planning a training session in 2020 to update the Third Party Due Diligence Team on modern slavery developments.

In 2019 we produced tailored training materials for our Marine team on modern slavery 'red flags' and updated Procurement senior management on the reporting requirements under the Australian Modern Slavery Act. Our training

programme seeks to emphasise that cost reduction must not come at the price of our policies and standards, including our Supplier code of conduct.

Our Procurement function has also committed to roll out in 2020 a new compulsory human rights training module which will include a focus on labour rights, including modern slavery. As part of our recognition of cross-functional collaboration, the module will be developed by our human rights experts in consultation with Procurement to ensure it is practical and fit for purpose. To help update colleagues in the interim, we will conduct two webinars for the Global Procurement function on modern slavery in early 2020, including what steps they should take if they find any indication of modern slavery. A follow up survey to the webinars will ask colleagues what further information they would like on modern slavery and we plan to embed a similar process into the formal training to ensure we continue to assess its effectiveness.



Image: Vaudreuil Works, in the Saguenay – Lac-Saint-Jean region, Quebec, Canada

# 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 operations, to help business prevent and address their involvement in modern slavery. This includes supporting reporting legislation such as the Australian Modern Slavery Act and related tools. For example, in 2019 we were pleased to continue our support for the Australian Modern Slavery Act by providing input to the Australian Government's Guidance for Reporting Entities under the legislation.

We understand the importance of targeting modern slavery at its source. In 2020, we intend to increase our understanding of the work of civil society organizations to prevent modern slavery and support victims, with a view to exploring partnering with these organisations in a higher risk location.

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In 2019, for the second year running, we were ranked second overall, and the top extractives company, in the Corporate Human Rights Benchmark (CHRB).”

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 [Global Compact Network Australia's](#) Modern Slavery Community of Practice)
- [UN Annual Forum on Business and Human Rights](#)

Recognising the importance of engaging with civil society, in 2019, we also convened two roundtables with civil society organizations. The goal of the roundtables, held in Montreal and Sydney, was to help our chairman, the chair of the Board's 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 as well as our approach to engaging with civil society, including human rights defenders, on our [website](#) and in our [statement on the role of civil society organisations](#).

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 continued to strengthen our relationship with [IndustriALL](#), a global trade union federation representing more than 50 million workers in more than 140 countries. In November 2019, a senior employee represented Rio Tinto at the IndustriALL Global Union Conference on Corporate Social Responsibility and Labour Relations in Berlin. In December 2019, our Industrial Relations steering committee met with

global unions to discuss various matters, including the global deployment of our Supplier code of conduct. We have also continued to engage in constructive dialogue with our union partners throughout 2019 and we held a forum in North America for union directors and presidents as well as senior management representatives from Rio Tinto Aluminium, Rio Tinto Iron and Titanium and the Iron Ore Company of Canada.

In 2019 we continued to engage with investors, both collectively and bilaterally. In 2019, our approach to implementing the Australian Modern Slavery Act was raised at a meeting for superannuation funds in Sydney. We also responded to specific enquiries from the investor community on modern slavery, including how we engage with our joint venture and other business partners around modern slavery, how we are gathering data on risk areas and our preparedness to act if we find modern slavery.

In 2019, for the second year running, we were ranked second overall, and the top extractives company, in the [Corporate Human Rights Benchmark \(CHRB\)](#). The CHRB ranks 200 of the world's largest companies on their human rights policies and performance and includes modern slavery related indicators. We were pleased with our result but know that ongoing work is required to continue to improve our performance including around modern slavery and living wage related areas. We also participated in the [Workforce Disclosure Initiative \(WDI\)](#) survey for the first time, and will be proactively engaging with WDI in 2020 to discuss how we can better demonstrate the work we do through our survey responses.



# Assessment and effectiveness

We understand the importance of assessing the effectiveness of the actions we are taking to assess and address modern slavery risks. Several of our processes help track our performance.

They aim to ensure that we continuously improve our processes and practices to address this challenging and complex issue.

One important tool is our grievance mechanisms which help to show if there are systemic issues, enabling us to evolve our preventative measures as well as addressing complaints. We know though that we will only be able to rely on our grievance mechanisms for these purposes if the mechanisms are trusted and secure.

As noted above, *Talk to Peggy* (our whistleblowing service) and our site-level grievance mechanisms are our key fora for raising complaints around human rights, including modern slavery.

Our Communities and social performance targets require all sites to effectively capture and manage community complaints, and to reduce year-on-year repeat **and** significant complaints. The aim is not to avoid complaints but to address recurring issues, especially for more severe concerns. We conducted webinars during 2019 on complaints and grievance mechanisms to better equip site-level staff to more effectively track complaints and run site-level grievance mechanisms.

“  
**Tracking implementation of our Know Your Supplier procedure is a vital part of managing our modern slavery risks.”**

In 2020, we will focus on improving the efficiency and accessibility of site level grievance mechanisms. This will include ensuring that these mechanisms better facilitate investigation and remediation of all human rights harms, including modern slavery.

Our internal assurance processes also help us to track our performance. For example, our business conformance audits, carried out by internal subject matter experts, assess sites' compliance with sustainability standards and procedures. This includes looking at human rights issues. None of our business conformance audits in 2019 identified issues relating to modern slavery. Our strategic reviews, such as the review carried out for our Marine function in 2019 (noted above) also help us to address strategic risks at a group level.

Other relevant processes include our Employee Relations case management system which tracks industrial relations disputes and grievances, which may cover a range of labour related issues.

Tracking implementation of our Know Your Supplier procedure is a vital part of managing our modern slavery risks. Under the procedure, colleagues who receive a due diligence report with mitigation actions are responsible for their implementation. Mitigation actions may include recommending visits to the supplier, including independent audits before and after the supplier comes on board, to ensure any concerns are being addressed. This may 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.

In 2019, a system was set up to better monitor implementation of mitigating recommendations resulting from Know Your Supplier due diligence reviews. We have also initiated a project to improve the end-to-end procurement process and, as part of that, are exploring systems options to strengthen preventative controls as part of the vendor on-boarding process.

We believe that the dialogue we maintain between specialist teams and relevant functions and sites on modern slavery continues to produce results. Enquiries and assessment made by the Third Party Due Diligence team and Procurement specialists have become more informed, particularly in relation to assessing, mitigating and managing modern slavery risks relating to new suppliers.

We actively participate in certification schemes (such as the [Aluminium Stewardship Initiative \(ASI\)](#)) and other voluntary initiatives to validate company performance on human rights (such as the International Council on Mining & Metals' (ICMM) [Performance Expectations](#)) which not only help us to highlight our practices but assist us to identify opportunities for improvement at the group and asset level. Both the ASI and ICMM initiatives contain indicators on preventing involvement in forced and child labour.

# How we are starting to address the Australian Modern Slavery Act’s mandatory reporting criteria

UK Modern Slavery Act recommended reporting criterion	Australian Modern Slavery Act mandatory reporting criterion	Reference in this statement	Examples from this statement addressing criterion
Organisation’s structure, its business and its supply chains.	Identify the reporting entity.	Section 1	<ul style="list-style-type: none"> <li>– Relevant reporting entity including subsidiaries subject to the UK legislation</li> <li>– Corporate structure, countries with most operations and main locations of suppliers</li> <li>– 2020 statement will reference additional reporting entities (as required) to comply with the Australian Modern Slavery Act</li> </ul>
As above.	Describe the reporting entity’s structure, operations and supply chains.	Section 2	<ul style="list-style-type: none"> <li>– As above</li> </ul>
Parts of the organisation’s business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk.	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	Section 4 Section 5	<ul style="list-style-type: none"> <li>– Tools we use to identify high risk countries, goods and services</li> <li>– Steps we take for higher risk suppliers</li> <li>– Helping colleagues to understand red flags for modern slavery risks</li> </ul>
Organisation’s policies in relation to slavery and human trafficking; its due diligence processes in relation to slavery and human trafficking in its business and supply chains; the training about slavery and human trafficking available to its staff.	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.	Section 3 Section 4 Section 6	<ul style="list-style-type: none"> <li>– Our approach to preventing and addressing child labour due to inclusion of the worst forms of child labour in Australian legislation</li> <li>– Application of human rights due diligence processes to modern slavery risk management including social risk analysis and impact assessment</li> <li>– Accessibility of grievance mechanisms to address modern slavery related complaints</li> </ul>
Organisation’s effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate.	Describe how the reporting entity assesses the effectiveness of such actions.	Section 8	<ul style="list-style-type: none"> <li>– Monitoring our site-level and group-wide grievance mechanisms</li> <li>– Internal assurance and tracking implementation of our Know Your Supplier procedure</li> <li>– Site level business conformance audits and group and function level strategic reviews</li> </ul>
N/A	Describe the process of consultation with (i) any entities the reporting entity owns or controls; and (ii) for a reporting entity covered by a joint statement, the entity giving the statement.	N/A	We have commenced work to identify Australian reporting entities as well as to review current consultation processes with those entities and others that we own or control.
N/A	Include any other information that the reporting entity, or the entity giving the statement, considers relevant.	Section 7 Section 9	<ul style="list-style-type: none"> <li>– Multi-stakeholder collaboration</li> <li>– Support for policy and legislative developments</li> <li>– Overview of future action we will take to progress modern slavery risk management</li> </ul>



# Looking ahead



**We recognise that preventing and addressing modern slavery risks in our operations and supply chains requires long-term planning and vigilance.”**



It also requires an integrated cross-functional approach that is embedded across our organisation. Internal and external partnerships are vital to address our own potential involvement in modern slavery, as well as to achieve international and domestic policy coherence. We have also been pleased to see various initiatives by the mining sector in 2019 to address sector wide risks; we encourage further such collaboration in 2020.

In 2020 we will focus on:

#### **Building our capability**

- Conducting targeted training for the Procurement function to increase understanding of our modern slavery risks and the unique role Procurement can play in helping to tackle them;
- Continuing proactive supplier engagement to uplift knowledge of human rights, including modern slavery and other core labour rights issues;
- Ensuring the wider business, including site-based teams, has access to information and reference materials around how to identify and address modern slavery.

#### **Understanding and acting on our modern slavery risks**

- Exploring further technological solutions to further embed the Know Your Supplier procedure in procurement processes;
- Improving our ability for modern slavery related information to influence decision-making across our organisation;
- Exploring partnering with civil society organizations to address the root causes of modern slavery at a higher risk location, to help us ensure that our various preventative efforts are fit for purpose in reducing vulnerabilities that may lead to modern slavery.

#### **Refreshing our control framework**

- Reviewing and updating our Human rights policy and Communities and social performance standard;
- Embedding any changes to our policies and standards through targeted business-wide training;
- Strengthening asset-level implementation of global and site-specific grievance mechanisms.

We are confident these steps will help inform our continued multi-faceted approach to preventing and addressing modern slavery, at our own operations and across our supply chains. But we know there is more to do – and we will continue to seek progress on this global issue through meaningful and effective action, at our business and in partnership with others.

**J-S Jacques**  
Chief Executive  
March 2020

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

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