

Key performance indicators

Rio Tinto's core objective and long term strategy dictate key performance indicators (KPIs) that the Group monitors, targets and measures. These KPIs fulfil three roles:

- To give senior management a means to evaluate the Group's overall performance from an operational, growth and sustainable development perspective.
- To provide managers and their teams with clarity and focus on the areas that are critical for the successful achievement of the Group's goals.
- To give guidance to the *Remuneration committee* for short term incentive plan calculation purposes.

KPI trend data

The Group's performance against each KPI is covered in detail in later sections of the *Annual Report*. Supporting the data is an explanation of the actions taken by management to maintain and improve the performance of each KPI.

THE GROUP KPIs

All injury frequency rate (AIFR)

Rio Tinto's continuous focus on safety in the workplace means that the AIFR is one of the Group's most important non financial KPIs.

It is calculated based on the number of injuries per 200,000 man hours worked. This includes medical treatment cases, restricted work day and lost day injuries for employees and contractors.

See page 84

Underlying earnings

Underlying earnings is the key financial performance indicator used across the Group. It is a measure of earnings that provides insight into the underlying business performance of the Group's operations. Items excluded from net earnings to arrive at underlying earnings are explained in note 2 of the 2008 *Full financial statements*.

See page 34

Total shareholder return (TSR)

TSR measures the Group's performance against its peers in terms of shareholder wealth generation through dividends and the share price. Rio Tinto's TSR is calculated by an independent third party. The Group's TSR performance compared to the FTSE 100 index, the ASX All Ordinaries index and the HSBC Global Mining index, as well as the relationship between TSR and executive remuneration, are shown on page 146 of the *Remuneration report*.

See page 34

Net debt

In December 2008, Rio Tinto announced its commitment to reduce net debt by US\$10 billion in 2009, including US\$8.9 billion in October 2009.

Net debt is calculated as: the net total of borrowings, cash and cash equivalents, other liquid resources and derivatives related to net debt.

See page 93

Employee engagement

The employee engagement score measures how connected and committed our employees are to Rio Tinto. The first global employee engagement survey was completed in 2008 and this is the first year that the engagement score appears as a KPI. Employee responses to six questions in the survey combine to become the engagement score.

See page 85

Capital expenditure

Capital expenditure tracks new and continuing investment in value added sustaining and growth projects. The Group's capital projects are listed on pages 29 and 30 in the Capital projects section.

See pages 29 and 30

Total greenhouse gas emissions efficiency

Rio Tinto accepts the urgent need for climate change action. Broadly consistent with the Greenhouse Gas Protocol of the World Business Council for Sustainable Development and the World Resources Institute, calculate total greenhouse gas emissions as direct emissions (Scope 1) plus emissions from imports of electricity (Scope 2), minus electricity and steam exports. Efficiency is a measure of changes in emissions per tonne of product resulting from operational performance improvement.

See page 81