

# **RIO TINTO REMUNERATION COMMITTEE TERMS OF REFERENCE**

## **Purpose**

The objective of the Committee is to assist the Board to fulfil its oversight responsibility to shareholders to ensure that remuneration policy and practices reward fairly and responsibly with a clear link to corporate and individual performance, and having regard to legal requirements and sound corporate governance.

## **Scope**

The Committee shall focus primarily on:

- Remuneration policies, including long and short term incentives
- Remuneration practice and its cost to the company
- Pension and superannuation arrangements and other benefits
- The engagement and independence of external remuneration advisers

## **Membership**

The Committee shall comprise three or more independent non-executive directors who shall be appointed by the Board.

The Committee Chair shall be an independent director appointed by the Board. In the Committee Chair's temporary absence, one of the other Committee members, either nominated by the Committee Chair or elected by the Committee, will act as Committee Chair.

The Chair of the Board may be a member of, but not Chair, the Committee if he or she was considered independent upon appointment.

## **Attendees**

By invitation.

## **Quorum**

A quorum of the Committee shall comprise any two Committee members.

## **Secretary**

The company secretary of Rio Tinto plc, or a nominee, shall be the secretary of the Committee.

## **Frequency**

The Committee shall meet not less than four times a year and at other such times as any member or the secretary of the Committee shall require.

## **Agenda and papers**

The agenda and papers shall be available on request to all members of the Board.

## **Reporting procedures**

- The Committee shall regularly report to the Board on the matters discussed and the minutes of each Committee meeting shall be available upon request.
- The Committee will report to the Board on its work in discharging its responsibilities during the year and the outcomes of its formal performance evaluation and provide a summary report on these matters for inclusion in the Group's Remuneration report.
- The Committee Chair (or another Committee member nominated by the Committee Chair) will attend the annual general meetings of the companies to respond to any shareholder questions on the Committee's activities or the Remuneration report.

## **Delegation**

The Committee has the delegated authority of the Board in respect of the functions and powers in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.

## **Resources**

The Committee shall have full authority and resources to investigate all matters falling within its Terms of Reference and accordingly, the Committee may:

- Obtain directly and at the Group's expense, any outside independent professional advice, including from external remuneration advisers, as it considers necessary in connection with its purpose.
- Have such direct access to the Group's resources as it may reasonably require, including access to Management.
- Oversee the provision of an induction programme following the appointment of members and determine the ongoing training and development of members, taking into account individual requirements.

## **Review and evaluation**

The Committee will undertake a regular formal review of its performance, including the role and responsibilities of the Committee, its organisation and effectiveness. This shall include a review of these Terms of Reference.

## **Appendix- Committee responsibilities**

1. Determine the remuneration framework, policies and their cost for the Chief Executive Officer, Chief Financial Officer and other members of the Executive Committee and the Company Secretary of Rio Tinto plc ("senior executives") to ensure that this population is appropriately incentivised and rewarded.
2. In determining such remuneration framework and policies, take into account all factors which it deems necessary including relevant legal and regulatory requirements.
3. Review and approve the terms of service upon appointment and any subsequent changes, including the total individual remuneration package, for:
  - (a) the Chairman; and
  - (b) each senior executive.

No individual should be directly involved in setting their own remuneration.

4. Review and approve the policy for, and scope of, the pension and superannuation arrangements for senior executives;
5. Determine contractual notice periods and termination commitments and approve any retention and termination arrangements for senior executives;
6. Approve the use of short and long term incentive plans for senior executives;
7. Oversee the operation of the Group's short and long term incentive plans as they relate to the senior executives, including the review and approval of awards, setting of performance criteria, where applicable, and approval of any vesting;
8. Review and approve awards under the Group's long term incentive plans and all-employee share plans;
9. Ensure that the remuneration policies and levels for senior executives are sensitive to employment conditions elsewhere in the Group and consistent with management's approach to developing future leaders;
10. Oversee major changes in benefits for the all-employee population;
11. Review and make recommendations to the Board on remuneration by gender;
12. Annually review reports from Management regarding compliance with standards on employment conformance;
13. Agree the policy for authorising claims for expenses from the Directors;
14. Keep abreast of external remuneration trends and market conditions including receiving an annual presentation from its external remuneration advisers;

15. Review and recommend for approval by the Board the Remuneration Report required to be prepared and included in the Annual Report.
16. Establish the selection criteria for the selection, appointment, remit for and compensation of any remuneration advisers to the Committee. Such advice to be provided directly and independently of management.